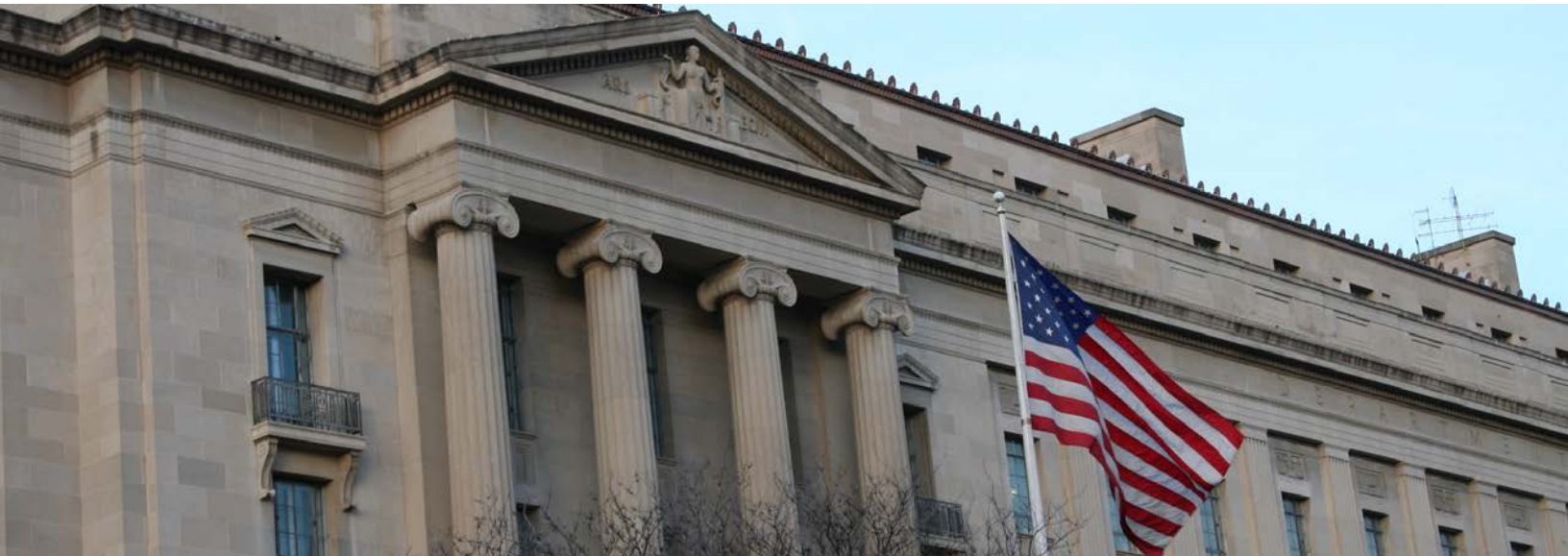




**Office of the Inspector General**  
U.S. Department of Justice

**OVERSIGHT ★ INTEGRITY ★ GUIDANCE**



**Audit of the Office of Justice  
Programs Juvenile Drug Treatment  
Courts Training and Technical  
Assistance Award to  
American University,  
Washington, D.C.**



# Executive Summary

*Audit of the Office of Justice Programs Juvenile Drug Treatment Courts Training and Technical Assistance Award to American University, Washington, D.C.*

## Objectives

The Office of Juvenile Justice and Delinquency Prevention (OJJDP) within the Office of Justice Programs (OJP) awarded American University (AU) a cooperative agreement, including a supplemental award, totaling \$3 million for the Juvenile Drug Treatment Courts (JDTC) Training and Technical Assistance (TTA) Program. The objectives of this audit were to: (1) determine whether costs claimed under the cooperative agreement were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and (2) determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives.

## Results in Brief

Our audit did not identify significant concerns regarding AU's semiannual progress reports, budget management, drawdowns, and federal financial reports. AU demonstrated progress towards meeting award goals and objectives; however, we found that AU was not on schedule to complete all of the award objectives by the award's end date of September 30, 2019 and requested a no-cost extension to the agreement's performance period. We further determined that AU did not adhere to its own policies and procedures to review consultant work annually, and we found that AU charged to the award \$8,867 in unallowable consultant fees and associated costs.

## Recommendations

Our report contains four recommendations to OJP to assist AU in improving its award management and administration, and to remedy questioned costs. We provided our draft audit report to AU and OJP, and their responses can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

## Audit Results

OJJDP awarded the cooperative agreement to support AU's efforts to provide TTA to JDTCs by aligning their operations with OJJDP's newly instituted national JDTC Guidelines (the Guidelines). While there is no deadline for JDTCs to comply fully with the Guidelines, OJJDP encourages JDTCs to incorporate best practices cited by the Guidelines in future operations. The project period for the audited award was from October 2016 through September 2019. As of June 2019, AU had drawn down nearly 60 percent of the \$3 million award.

**Program Goals and Accomplishments** – As of June 2019, AU had facilitated fewer trainings and site visits than initially anticipated and had about \$1.27 million remaining in unspent award funds. In addition, we found that AU had relied more on subrecipient organizations instead of individual consultants to provide training and assistance, resulting in differences between the award's approved budget and actual costs. AU officials cited various reasons for program implementation delays and requested from OJP a 5-month, no-cost extension to provide additional time to complete award objectives. Therefore, we recommend that OJP work with AU to: (1) submit a budget modification to capture accurately consultant activity on the award and (2) consider whether the submitted no-cost extension provides sufficient additional performance period time to achieve award goals and objectives.

**Consultant Costs and Evaluations** – We found that AU charged \$6,201 in fees related to a consultant who lacked a valid agreement to work on the award. AU charged \$2,666 in indirect costs associated with the unallowable consultant costs, and we recommend that OJP remedy these costs.

Additionally, we determined that AU had not followed its consultant evaluation policies detailed by its JDTC TTA Consultant Handbook. Instead of conducting annual performance reviews of consultants, which the handbook required, AU stated it provided verbal, ongoing feedback to consultants at site visits and conferences. Therefore, we recommend that OJP work with AU to ensure that it conducts annual evaluations to provide JDTC-specific performance feedback to each consultant.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
JUVENILE DRUG TREATMENT COURTS TRAINING AND  
TECHNICAL ASSISTANCE AWARD TO AMERICAN UNIVERSITY,  
WASHINGTON, D.C.**

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# AUDIT OF THE OFFICE OF JUSTICE PROGRAMS JUVENILE DRUG TREATMENT COURTS TRAINING AND TECHNICAL ASSISTANCE AWARD TO AMERICAN UNIVERSITY, WASHINGTON, D.C.

## INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of a cooperative agreement awarded by the Office of Justice Programs (OJP), Office of Juvenile Justice and Delinquency Prevention (OJJDP), Juvenile Drug Treatment Courts (JDTC) Training and Technical Assistance (TTA) Program to American University (AU) in Washington, D.C. As shown in Table 1, between fiscal years (FY) 2016 and 2019, AU was awarded the cooperative agreement and a supplemental award totaling \$3,000,000.<sup>1</sup>

**Table 1**  
**OJJDP Cooperative Agreement Awarded to American University**

Award Number	Award Date	Project Period Start Date	Project Period End Date	Award Amount (\$)
2016-DC-BX-K001	09/20/2016	10/01/2016	09/30/2017	1,000,000
2016-DC-BX-K001 (Supplemental Award)	09/06/2017	10/01/2016	09/30/2019	2,000,000
<b>Total:</b>				<b>\$3,000,000</b>

Source: OJP's Grant Management System (GMS)

The JDTC TTA Program supports OJJDP's mission to promote effective juvenile drug courts practices to facilitate positive outcomes and treatment for youth with substance abuse issues.<sup>2</sup> The primary purpose of the JDTC TTA Program is to train and support mental health and substance abuse treatment practitioners and juvenile drug court teams, to include judges, treatment specialists, and court staff across the United States. In December 2016, OJJDP released the JDTC Guidelines (the Guidelines) in an effort to provide the program with an evidence-based, treatment-oriented approach supporting research and implementation considerations.<sup>3</sup> OJJDP aims to use the TTA initiative to improve the delivery of treatment services of JDTCs, enhance the juvenile drug court model, promote best

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<sup>1</sup> OJJDP awards a cooperative agreement when it anticipates being substantially involved with the recipient during performance of the funded activity. We use the terms cooperative agreement, grant, and award interchangeably throughout this report.

<sup>2</sup> JDTCs are designed for youth with substance abuse disorders who come into contact with the juvenile justice system.

<sup>3</sup> OJJDP partnered with a research team, experts in the field, and other federal agencies to develop the Guidelines to support judges and professional court staff, young people with substance abuse disorders, and their families. The Guidelines include key objectives with corresponding guideline statements and supporting research.

practices and behavioral approaches, facilitate coordination of resources, and enhance research efforts.

## **The Grantee**

Founded in 1893, Congress chartered AU as a private, coeducational institution in Washington, D.C. AU is comprised of 8 schools and colleges with over 170 different programs, and more than 14,000 undergraduate, graduate, and law students. The Justice Programs Office (JPO) at AU's School of Public Affairs is a TTA provider that helps JDTCs apply evidenced-based practices in their programs to improve outcomes for the youth served. In performing project work, JPO collaborates with two subrecipient nonprofit organizations (subrecipient partners). One subrecipient partner provides training specifically designed to assist JDTCs with aligning their operations with the Guidelines to ensure more consistent and positive outcomes for youth, while the other subrecipient partner assists AU with providing TTA to JDTCs on the racial and ethnic disparities framework.<sup>4</sup>

## **OIG Audit Approach**

The objectives of this audit were to determine whether costs claimed under the award 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 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 considered to be the most important conditions of the award. The Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (OMB Guidance); the 2015 DOJ Grants Financial Guide; and the award documents contained the primary criteria we applied during the audit. We also reviewed relevant policies and procedures and interviewed personnel from AU, its consultants, and subrecipients to measure its progress towards achieving the award objectives.

Appendix 1 contains additional information on this audit's objectives, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

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<sup>4</sup> Through the JDTC TTA Program, JDTCs have access to local, regional, and online TTA in each category of the Guidelines, including implementing best treatment practices; addressing co-occurring disorders; providing trauma and gender-responsive services; addressing the needs of youth in rural and tribal communities; cultural competence; racial and ethnic disparities; family involvement; positive youth development and adolescent brain science; developing aftercare plans and programs; and clarifying roles and responsibilities of all those involved in juvenile drug courts.

# AUDIT RESULTS

## Program Performance and Accomplishments

We reviewed award documents as well as solicitations and interviewed officials from AU, its consultants, and subrecipients to determine whether AU demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed the two most recent semiannual progress reports to determine if the reports were accurate. Finally, we reviewed AU's compliance with a sample of special conditions selected from the award documents.

### *Program Goals and Objectives*

The goals for the JDTC TTA cooperative agreement were to improve: (1) outcomes for adolescents whose drug use has contributed to their involvement in the juvenile justice system, and (2) the functioning of JDTCs so that these type of courts can better address the needs of youth involved. Under the award, AU and its subrecipient partners provided TTA to JDTCs that focused on aligning existing JDTC operations with the Guidelines. Specifically, the objectives of the award were to: (1) assess and address JDTC training needs from a behavioral health perspective; (2) provide JDTCs with local and regional TTA that will enhance their knowledge and skills; (3) develop, implement, expand, and enhance TTA materials and activities based on best practices; (4) provide TTA to JDTCs that will build capacity, assess needs, initiate strategic planning, implement appropriate program improvements, evaluate program performance, and help sustain JDTC programs; (5) design and execute a TTA plan (in coordination with OJJDP) to assist with the implementation of the Guidelines; (6) provide JDTCs with TTA to address challenges presented by adolescent opioid use; and (7) share information related to JDTCs and treatment practices.

To determine whether AU assisted JDTCs with implementing the Guidelines, we observed training presented to four JDTC teams from across the United States, which was hosted by AU, its subrecipients, and consultants. We concluded that the training was specifically tailored to the Guidelines and assisted with their implementation.

Additionally, to determine whether AU was on track to meet its award objectives, we verified a sample of performance metrics and deliverables stated in OJJDP's Data Collection and Technical Assistance Tool's (DCTAT) Performance Data Report. As a part of the reporting requirements, AU collected data on a variety of performance measures, including the number of: on-site trainings, TTA requests, conference presentations, and meetings with juvenile justice collaborators. We judgmentally selected 6 of 10 performance metrics from the semiannual period, from January 2018 through June 2018, and traced metrics to supporting documents maintained and reported to OJJDP by AU and identified no discrepancies.

However, this review indicated that AU was not on schedule to complete all award objectives by the award's end date of September 2019. Notably, AU stated that it needed to complete certain trainings, site visits, and webinars. As of June

2019, AU still had approximately \$1.27 million of \$3 million remaining in unspent award funds. This included amounts budgeted for consultants who, as of the time of our review, had not provided services under the award.

We asked AU officials why the consultants listed did not provide services as contemplated by the approved budget. AU officials told us that they developed a list of consultants based on results and needs identified at the beginning of the project. AU then provided the list to OJJDP, who approved it as part of the budget. AU officials also told us that they believed that there was no need to use all of the consultants listed in the budget because the approved budget also included consultants from both of its subrecipient partners. AU officials stated that consultants with its subrecipient partners facilitated the training and technical assistance supported by the cooperative agreement. AU officials told us they plan to submit a budget modification request to reprogram any unused consultant costs.

Considering the amount of unspent award funds, AU officials informed us that they have requested a 5-month no-cost extension from OJJDP to complete fully all of the award goals and objectives with the remaining funds.<sup>5</sup> We reviewed the request, which OJJDP had not yet approved, and found that AU cited a number of justifications for the extension, such as OJJDP's late release of the Guidelines and the addition of a requisite self-assessment tool, which delayed the project's start, including the provision of JDTC TTA and associated site visits.<sup>6</sup>

The extension request stated that AU and its subrecipients plan to perform remaining project activities, including in-person training, site visits to JDTCs, and a series of opioid webinars. We believe that AU's request for a no-cost extension, submitted more than 3 months in advance of the closing date, demonstrates an awareness of the modest progress towards achieving the award goals and objectives. However, AU needs to ensure that the award budget accurately reflects its use of consultants, thereby ensuring that OJP has up-to-date information when monitoring JDTC TTA program progress. We therefore recommend that OJP work with AU to: (1) submit a budget modification to capture accurately consultant activity on the award and (2) consider whether the submitted no-cost extension provides sufficient additional performance period time to achieve award goals and objectives.

### *Progress Reports*

According to the DOJ Grants Financial Guide, the award recipient should ensure that valid and auditable source documents are 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 sample of five

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<sup>5</sup> The DOJ Grants Financial Guide states that recipients may request a no-cost extension by submitting a Grant Adjustment Notice at least 30 days prior to the end of the award.

<sup>6</sup> Upon receiving a TTA request, AU administers a self-assessment tool for the requesting JDTC team(s). Based on the results of the self-assessment and conversations with the JDTC, AU will determine the type and breadth of need, and create an individualized TTA curriculum for the JDTC team.



performance measures from the January 2018 through June 2018 report, and four performance measures from the July 2018 through December 2018 report submitted for this cooperative agreement for a total sample size of nine performance measures. We then traced each measure to supporting documents maintained by AU. Also, based on progress report data, we determined that AU and its partners have facilitated 21 TTAs to date. The tested accomplishments described in the required reports matched evidence provided in supporting documents.

### *Compliance with Special Conditions*

Recipients must meet special conditions that OJJDP included with the award. We evaluated the special conditions for the award by judgmentally selecting seven requirements that we considered significant to grant performance: (1) approval, planning, and reporting of initiated conferences, meetings, trainings, and other events; (2) policies banning employees from text messaging while driving; (3) submitting developed TTA materials, such as training modules, with the National Training and Technical Assistance Center (NTTAC); (4) the replacement of key program personnel; (5) reporting first-tier subawards of \$25,000 or greater as required by the Federal Funding Accountability and Transparency Act of 2006; (6) tracking and reporting of TTA data per OJP requirements; and (7) coordinating TTA activities and deliverables with OJJDP.<sup>7</sup> Based on this testing, AU demonstrated it had met these additional special conditions.

### **Award Expenditures**

The approved award budget included personnel, fringe, travel, contractual, supplies, indirect and other costs. As of June 2019, AU had drawdown \$1.73 million (58 percent) of the total award funds. To determine whether costs charged to the award were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of 85 transactions representing \$433,564 in expenditures. These transactions included AU's personnel costs (salaries and fringe), contractor and consultant services, travel, supplies, and other direct and indirect costs. For each tested transaction, we reviewed supporting documents, accounting records, and performed verification testing related to cooperative agreement expenditures. While our testing found that AU generally supported personnel and fringe, travel, supplies, and other expenses, it identified \$8,867 in unallowable consultant costs.

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<sup>7</sup> More specifically, grantees are required to coordinate their TTA activities and deliverables with the NTTAC through TTA360, which serves as OJJDP's centralized TTA request system. TTA360 allows users to submit TTA requests, create accounts, and view the status of requests. The NTTAC assigns each TTA request to an agency TTA provider, who then manages the TTA request's lifecycle after acceptance.

### *Personnel Costs*

The DOJ Grants Financial Guide requires that award recipients base salary, wage, and fringe benefit charges on payroll records approved by responsible officials and in accordance with the established policies and practices of the organization. Additionally, whenever an award recipient works on multiple award programs or activities, it must apply a reasonable allocation of costs amongst each activity.

We obtained a list of AU employees paid using award funds. We compared this list of personnel working on award-related activities to the positions in the approved award budget. We determined that the approved budget included the positions and associated salaries actually funded by the cooperative agreement. Additionally, we judgmentally selected three non-consecutive pay periods, which included \$57,546 in salary and \$13,464 in fringe benefit expenditures. Our testing found that AU properly computed, authorized, and recorded the tested salary expenses and the associated fringe benefit costs.

### *Contractual Costs*

The approved award budget included costs for contractors, consultants, and subrecipients. As of September 2018, AU charged a total of \$287,653 to these cost categories. We judgmentally selected and reviewed a sample of these expenditures for compliance with AU's policies and procedures, the DOJ Grants Financial Guide, and other award criteria.

#### Contractors

AU acquired support services through several contractual agreements to achieve the goals and objectives of the cooperative agreement. During our audit, we tested a sample of these contract expenses, totaling \$7,731. We reconciled contract costs to invoices and other supporting documents, such as contracts and proof of payment, and did not identify any discrepancies related to these costs.

#### Consultants

AU enlisted several consultants to assist with facilitating TTAs tailored to the Guidelines. The DOJ Grants Financial Guide establishes a maximum daily rate of \$650 for consultant services. We judgmentally selected consultant costs, totaling \$15,113. We traced these costs to invoices and other supporting documents, and verified the rates and total costs were in accordance with those allowed in the approved budget. Based on our review, we determined that AU complied with the \$650 maximum per day rate for the provided services.

Additionally, we reviewed 15 consultant agreements and verified whether AU approved the agreements for the specific TTA tasks subsequently performed by the consultants. According to the JDTC TTA Project Consultant Handbook, the consultant agreement serves as the overarching contract between the consultant and AU. The agreement also formalizes AU's policies and procedures governing

each consultant's work, including grant-funded permissible reimbursements, and defines terms, such as the "daily rate."

This review found that 1 of the 15 consultants did not have an agreement in place to perform work on the cooperative agreement. We determined that this consultant had an agreement to work on a separate award received by AU from the Bureau of Justice Assistance; yet, AU reimbursed the consultant using funds from the JDTC cooperative agreement. The reimbursement included consultant fees, associated lodging, and travel costs totaling \$6,201. AU officials told us that this error occurred because an official responsible for overseeing the award thought that the consultant had a standing agreement for the current OJJDP cooperative agreement. Based on AU's policies, a written consultant agreement should be in place before a consultant commences work on an assigned task. The DOJ Grants Financial Guide further prohibits award recipients from using funds specifically received for one project to support a different one. Therefore, we recommend that OJP remedy the \$6,201 in unallowable consulting expenses charged to the JDTC award.<sup>8</sup>

Furthermore, to assess how AU reviewed its grant-funded consultants, we interviewed AU officials, along with a selection of consultants, and reviewed the related policies in the JDTC TTA Consultant Handbook. AU's self-evaluation policies require that all consultants undergo an annual review. When we asked AU officials if they conducted such reviews of their consultants, they told us that a representative from AU is always present to supervise, monitor, and evaluate consultant work at conference and site visit presentations. According to AU officials, this real-time presence immediately informs them on consultant performance and allows them to take action to address any concerns, to include ending the contract or ameliorating the consultant's performance through verbal, ongoing feedback and course correction suggestions. However, several of AU's consultants told us that they did not receive any official feedback from AU regarding their services. By not formally evaluating JDTC TTA consultants annually, as required by AU policies and procedures, we believe AU is missing an opportunity to provide additional feedback on how the consultants may better facilitate TTAs and improve the services provided to drug court practitioners as well as JDTC's juvenile beneficiaries.

AU officials agreed that they were not performing reviews of consultants as described in their own policies. These officials also identified the need to update the consultant handbook to reflect how they actually monitor consultant work. However, considering the integral role that consultants have in the JDTC TTA project, we believe that a formal evaluation process is necessary to provide AU with the capability to document, evaluate, and report project success accurately. Obtaining this information would also help AU to ensure that OJP can monitor effectively ongoing award activity considering the award's changed performance period. Therefore, we recommend that OJP ensure that AU conduct annual

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<sup>8</sup> In its response to the draft report, AU stated that it had reallocated the consulting expenses at issue from the audited award. We detail additional analysis of this action in Appendix 5.

consultant evaluations to provide JDTC-specific performance feedback to each consultant.

### Subrecipients

AU granted a subaward of \$1,050,000 to one subrecipient partner to provide local and regional training to JDTCs working to incorporate the Guidelines into their own respective policies, procedures, and practices. AU made a second subaward of \$100,000 to its other subrecipient partner to develop and deliver TTA for JDTCs in their efforts to reduce racial and ethnic disparities in alignment with the Guidelines. To verify costs associated with these subrecipients, we reviewed a sample of expenses listed in AU's accounting records and traced costs to subrecipient supporting documents. The sampled expenses totaled \$53,018 and supporting invoices included consultant and travel costs. The review found the subrecipients supported sampled expenses with appropriate documentation.

In addition, according to the DOJ Grants Financial Guide, the primary recipient is responsible for monitoring its subrecipients and verifying that they fulfill all financial and programmatic responsibilities. Furthermore, primary recipients must confirm that subrecipient financial management systems are sufficient to ensure award funds are used in accordance with OJP guidance. The DOJ Grants Financial Guide also requires primary recipients to have written subgrantee monitoring policies and procedures. We found that AU had a written subrecipient monitoring policy to ensure compliance with the DOJ Grants Financial Guide and award criteria. Also, we reviewed the subrecipients' Single Audits for the period of performance of the cooperative agreement and determined that the reports did not identify significant deficiencies or issues.

### *Travel, Supplies, and Other Costs*

We also tested a sample of expenditures for travel, supplies, and other items, totaling \$21,845 and determined the costs were allowable and supported.

### *Indirect Costs*

Indirect costs are costs of an organization that are not readily identifiable to a particular project, but are necessary to the operation of the organization and the performance of the project. Non-Federal entities may apply an indirect cost rate—as approved by a federal awarding agency—to all federal awards, provided the rate is current and based on an acceptable allocation method. AU had an approved indirect cost rate agreement of 43 percent for the cooperative agreement and applied this rate to all direct costs.<sup>9</sup>

To ensure AU had properly applied this indirect cost rate to the direct costs allowable per the approved budget, we calculated the maximum allowable using the approved indirect costs rate according to the agreement and compared that to the

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<sup>9</sup> Direct costs included salaries and wages, fringe benefits, materials and supplies, services (which included consultant costs), travel, and up to the first \$25,000 of each subaward.

actual indirect costs charged to the cooperative agreement through September 2018. We determined that AU did not exceed the maximum allowable indirect cost expenditure. Nevertheless, we found that AU applied the indirect cost rate to the aforementioned unallowable consultant costs, resulting in \$2,666 in questioned costs. Therefore, we recommend that OJP remedy \$2,666 in unallowable indirect costs.<sup>10</sup>

## **Award Financial Management**

According to the DOJ Grants Financial Guide, all grant recipients and subrecipients must establish and maintain adequate accounting systems and financial records to account for award funds accurately. To assess AU's financial management of the award, we interviewed financial staff, examined relevant policies and procedures, and inspected award documents. Finally, we performed testing in the areas that were relevant to the management of this cooperative agreement, as discussed throughout this report.

Based on our review, we concluded that award financial management related to consultant costs could be improved. As detailed in the Award Expenditures section, we identified concerns with AU's procedures for charging consultant services and associated costs, such as travel and lodging. We found that AU charged consultant costs to the cooperative agreement without a written consultant agreement, which caused AU to incur unallowable costs. We also determined that AU did not evaluate its consultants in accordance with its established consultant handbook policies and procedures, and applied its indirect rate to the unallowable consultant expenses, which resulted in unallowable indirect costs.

We also reviewed AU's Single Audit Reports for FYs 2016 and 2017 for internal control weaknesses and significant non-compliance issues related to federal awards received by AU.<sup>11</sup> These reports did not identify any significant deficiencies or material weaknesses specifically related to AU's internal controls over financial reporting and federal programs.

## **Budget Management and Control**

According to the 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 grant recipient must initiate a Grant Adjustment Notice for

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<sup>10</sup> In its response to the draft report, AU stated that it had reallocated the indirect costs at issue from the audited award. We detail additional analysis of this action in Appendix 5.

<sup>11</sup> 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 2 C.F.R. 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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.

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 the cooperative agreement expenditures to the approved budgets to determine whether AU transferred funds among budget categories in excess of 10 percent. Specifically, we found that AU's use of consultants with its subrecipient partners did not result in a cumulative change in funds between budget categories. We determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent.

## **Drawdowns**

According to the DOJ Grants Financial Guide, award recipients should establish an adequate accounting system to maintain documents that support all receipts of federal funds. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. As of June 2019, AU had drawn down a cumulative amount of \$1.73 million under the award.

To assess whether AU managed its cooperative agreement receipts in accordance with federal requirements, we reviewed policies and procedures for preparing drawdown requests and compared the total amount reimbursed to the total expenditures in the accounting records. According to AU's policies governing preparation and submittal of electronic drawdowns on federal awards, AU monitors the monthly fiscal activity of drawdowns and payments for each grant and requests the reimbursement of expenses incurred. AU's policies also state that electronic drawdown requests must reflect expenses posted to the financial system and include the appropriate allocation of indirect costs.

We analyzed AU's drawdowns from December 2016 through February 2019 and compared the overall amount of these drawdowns to AU's general ledger. Based on our review, we determined that AU's requested drawdowns correctly reflected the amounts stated in the general ledger. Therefore, we determined that our testing did not identify any significant deficiencies related to AU's process for developing drawdown requests and the total amount reimbursed matched the total expenditures in the accounting records.

## **Federal Financial Reports**

According to the 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 AU submitted accurate FFRs, we assessed written policies for preparing FFRs and compared the four most recent reports to AU's accounting records for cooperative agreement 2016-DC-BX-K001. We found that the quarterly and cumulative expenditures for the reports reviewed matched the accounting records.

## CONCLUSION AND RECOMMENDATIONS

While AU demonstrated progress towards meeting award goals and objectives, AU did not adhere to all tested award requirements. Specifically, we found that AU did not appear to be on schedule to complete all of the award objectives by the award end date of September 30, 2019. We also found that AU charged to the award unallowable consultant fees, including associated lodging, travel, and indirect costs, totaling \$8,867. Finally, we determined that AU was not evaluating consultants in accordance with its established policies and procedures. We provide four recommendations to AU to address these deficiencies.

We recommend that OJP:

1. Work with AU to: (1) submit a budget modification to capture accurately consultant activity on the award and (2) consider whether the submitted no-cost extension provides sufficient additional performance period time to achieve award goals and objectives.
2. Remedy \$6,201 in unallowable consultant charges.
3. Ensure that AU conduct annual consultant evaluations to provide JDTC-specific performance feedback to each consultant.
4. Remedy \$2,666 in unallowable indirect costs.

### OBJECTIVES, SCOPE, AND METHODOLOGY

#### Objectives

The objectives of this audit were to determine whether the costs claimed under the award 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 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.

#### 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 the Office of Justice Programs (OJP) Office of Juvenile Justice and Delinquency Prevention (OJJDP) cooperative agreement awarded to American University (AU) under the Juvenile Drug Treatment Courts (JDTC) Training and Technical Assistance (TTA) Program. As of June 2019, AU had drawn down \$1.73 million of the \$3 million total funds awarded. Our audit concentrated on, but was not limited to, September 20, 2016, the award date for Cooperative Agreement Number 2016-DC-BX-K001, through June 2019, the last day of our audit work. This cooperative agreement is still ongoing.

The DOJ Grants Financial Guide and the award documents contain the primary criteria we applied during the audit. To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of AU's activities related to the audited award. We performed sample-based audit testing for award expenditures including program performance metrics, special conditions of the award, payroll and fringe benefit charges, consultant, contractor, and subrecipient costs, indirect rate costs, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the cooperative agreement reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. When selecting a judgmental sample of transactions to test for allowability and support, we selected from a universe of General Ledger expenses as of September 2018.

During our audit, we obtained information from OJP's Grants Management System, or other applicable system as well as AU'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 documents from other sources.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
<b>Questioned Costs:</b>		
Unallowable Consultant Costs	\$6,201 <sup>12</sup>	7
Unallowable Indirect Costs	2,666	9
<b>Total Questioned Costs<sup>13</sup></b>	<b><u>\$8,867</u></b>	

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<sup>12</sup> Includes \$4,875 in consultant fees and \$1,326 in associated costs for travel and lodging.

<sup>13</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.

## AMERICAN UNIVERSITY RESPONSE TO THE DRAFT AUDIT REPORT



AMERICAN UNIVERSITY  
WASHINGTON, DC

### American University Management Response to Audit Results and Recommendations

AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION JUVENILE DRUG  
TREATMENT COURTS TRAINING AND TECHNICAL ASSISTANCE COOPERATIVE AGREEMENT  
2016-DC-BX-K001

#### Result #1:

AU had relied more on subrecipient organizations instead of individual consultants to provide training and assistance, resulting in differences between the award's approved budget and actual costs.

#### Recommendation:

OJP works with AU to: (1) submit a budget modification to capture accurately consultant activity on the award and (2) consider whether the submitted no-cost extension provides sufficient additional performance period time to achieve award goals and objectives.

#### Management Response:

AU has accepted this recommendation. AU recognized the cost savings generated by relying on subrecipient organizations instead of individual consultants and submitted a no-cost extension request and re-budget letter to OJP on June 3, 2019 to reinvest those savings and enhance programmatic deliverables. Since the receipt of the aforementioned recommendations, AU has considered the sufficiency of the no-cost extension and budget modification request submitted to OJP on June 3, 2019 and is working with the OJP program office to make necessary adjustments. Based on program deliverables and remaining outcomes, AU expects the adjusted request communicated to OJP on July 9, 2019 will provide ample time for the successful completion of remaining programmatic goals and objectives.

#### Result #2 and #4:

AU charged \$6,201 in fees related to a consultant who lacked a valid agreement to work on the award. AU charged \$2,666 in indirect costs associated with the unallowable consultant costs

#### Recommendation:

Remedy \$6,201 in unallowable consultant charges. Remedy \$2,666 in unallowable indirect costs.

#### Management Response:

AU has accepted the recommendation and while all funds received for award 2016-DC-BX-K001 were used for work performed on the award, AU understands the importance of proper documentation. As a result, AU will ensure all consultant agreements fully outline and include all awards for which a consultant will perform work.

Consultant charges deemed unallowable (\$6,201) and all associated indirect costs (\$2,666) were removed on April 25, 2019. The results of the removal were submitted to OIG on June 26, 2019 and will be reflected in the FFR submitted to DOJ for the quarter ended June 30, 2019.

**Result #3:**

AU had not followed its consultant evaluation policies detailed by its JDTC TTA Consultant Handbook. As a result, AU did not conduct annual performance reviews of its consultants, which the handbook required.

**Recommendation:**

Ensure that AU conduct annual consultant evaluations to provide JDTC-specific performance feedback to each consultant.

**Management Response:**

AU understands this recommendation. Verbal feedback is provided to consultants on a regular basis during site visits and is evidenced by real time programmatic adjustments implemented to better future outcomes. However, going forward, AU will ensure annual written consultant evaluations are provided to each consultant and will keep such documentation on file for compliance and record keeping purposes.

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

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Washington, D.C. 20531

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

FROM: Ralph E. Martin   
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Office of Juvenile Justice and Delinquency Prevention, Juvenile Drug Treatment Courts Training and Technical Assistance Cooperative Agreement, Awarded to American University, Washington, D.C.*

This memorandum is in reference to your correspondence, dated July 2, 2019, transmitting the above-referenced draft audit report for American University (AU). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **four** recommendations and **\$8,867** in questioned costs. The following is OJP's 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 work with AU to: (1) submit a budget modification to capture accurately consultant activity on the award and (2) consider whether the submitted no-cost extension provides sufficient additional performance period time to achieve award goals and objectives.**

OJP agrees with this recommendation. We will require AU to work with the Office of Juvenile Justice and Delinquency Prevention to: (1) submit a budget modification that accurately captures consultant activity, and (2) request and receive approval for an award period extension, to provide them with sufficient time to achieve the award goals and objectives.

2. **We recommend that OJP remedy \$6,201 in unallowable consultant charges.**

OJP agrees with this recommendation. We will review the \$6,201 in unallowable consultant charges, and will work with AU to remedy, as appropriate.

3. **We recommend that OJP ensure that AU conduct annual consultant evaluations to provide JDTC-specific performance feedback to each consultant.**

OJP agrees with this recommendation. We will coordinate with AU to obtain documentation demonstrating that it has: developed and implemented procedures to ensure that evaluations of consultants are performed annually; conducted evaluations of its consultants under Cooperative Agreement Number 2016-DC-BX-K001; and provided the consultants with performance feedback.

4. **We recommend that OJP remedy \$2,666 in unallowable indirect costs.**

OJP agrees with this recommendation. We will review the \$2,666 in unallowable indirect costs, and will work with AU 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.

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OJP Executive Secretariat  
Control Number IT20190703081817

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

The Office of the Inspector General (OIG) provided a draft of this audit report to American University (AU) and the Office of Justice Programs (OJP). AU's responses are incorporated in Appendix 3, and OJP's responses are incorporated in Appendix 4 of this final report. In response to our draft report, AU stated that it accepted or understood the recommendations. OJP agreed 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. Work with AU to: (1) submit a budget modification to capture accurately consultant activity on the award and (2) consider whether the submitted no-cost extension provides sufficient additional performance period time to achieve award goals and objectives.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will require AU to work with the Office of Juvenile Justice and Delinquency Prevention to: (1) submit a budget modification that accurately captures consultant activity, and (2) request and receive approval for an award period extension, to provide AU with sufficient time to achieve award goals and objectives.

AU stated that it accepted our recommendation and that it will work with OJP to make the necessary adjustments and expects that the adjusted budget will provide it with ample time to successfully complete the remaining programmatic goals and objectives.

This recommendation can be closed when we receive documentation demonstrating a modified budget that accurately captures consultant activity was submitted to and approved by OJP, and whether the submitted no-cost extension provides sufficient additional performance period time to achieve award goals and objectives.

- 2. Remedy \$6,201 in unallowable consultant charges.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$6,201 in unallowable consultant charges and work with AU to remedy, as appropriate.

AU stated that it accepted our recommendation and that, while all funds received for Cooperative Agreement Number 2016-DC-BX-K001 were used for work performed on the award, AU understands the importance of proper documentation and it will ensure all consultant agreements fully outline and include all awards for which a consultant will perform work. AU stated that



consultant charges deemed unallowable were removed in April 2019 and that the results of the removal were submitted to the OIG. In addition, AU stated that the removal of charges will be reflected in its Federal Financial Report (FFR) submitted to DOJ for the quarter ended June 2019. AU provided documentation purporting to show that it reallocated the unallowable consultant charges of \$6,201 from the award's account to another account. However, AU did not provide support showing that it had adjusted its FFR and that OJP verified the offset, which is necessary to demonstrate that the unallowable costs had been adjusted properly.

This recommendation can be closed once we receive the cumulative detailed general ledger that includes the adjustments to the award and the FFR, demonstrating that OJP remedied the \$6,201 in questioned costs.

**3. Ensure that AU conduct annual consultant evaluations to provide JDTC-specific performance feedback to each consultant.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with AU to obtain documentation demonstrating that it has: (1) developed and implemented procedures to ensure that evaluations of consultants are performed annually, (2) conducted evaluations of its consultants under Cooperative Agreement Number 2016-DC-BX-K001, and (3) provided the consultants with performance feedback.

AU stated that it understood our recommendation and that it will ensure annual written consultant evaluations are provided to each consultant and will keep such documentation on file for compliance and record keeping purposes.

This recommendation can be closed when we receive documentation demonstrating that AU has developed and implemented procedures to ensure evaluations of consultants are performed annually, evaluations have been conducted of consultants whose costs are charged to Cooperative Agreement Number 2016-DC-BX-K001, and performance feedback are provided to consultants.

**4. Remedy \$2,666 in unallowable indirect costs.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$2,666 in unallowable indirect costs, and will work with AU to remedy, as appropriate.

AU stated that it accepted our recommendation, that all associated indirect costs were removed in April 2019, and that the results of the removal were submitted to the OIG. In addition, AU stated that the removal of charges will be reflected in its FFR submitted to DOJ for the quarter ended June 2019. AU provided documentation purporting to show that it reallocated the unallowable indirect costs of \$2,666 from the award's account to another account. However, AU did not provide support showing that it had adjusted

its FFR and that OJP verified the offset, which is necessary to demonstrate that the unallowable costs had been adjusted properly.

This recommendation can be closed once we receive the cumulative detailed general ledger that includes the adjustments to the award and the FFR, demonstrating that OJP remedied the \$2,666 in questioned costs.



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