



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

**OVERSIGHT ★ INTEGRITY ★ GUIDANCE**



**Audit of the Office of Justice Programs  
Comprehensive School Safety  
Initiative Grant Awarded to  
Central Falls School District,  
Central Falls, Rhode Island**



# Executive Summary

*Audit of the Office of Justice Programs Comprehensive School Safety Initiative Grant Awarded to Central Falls School District, Central Falls, Rhode Island*

## Objectives

The Office of Justice Programs (OJP) awarded the Central Falls School District (CFSD), Central Falls, Rhode Island, a grant totaling \$3,680,000 for the Comprehensive School Safety Initiative. The objectives of this audit were to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether CFSD demonstrated adequate progress towards achieving program goals and objectives.

## Results in Brief

As a result of our audit, we concluded that CFSD demonstrated adequate progress towards the grant's stated goals and objectives. This audit did not identify significant concerns regarding CFSD's progress reports or compliance with the award special conditions. However, we determined CFSD did not demonstrate compliance with award conditions related to supporting grant costs, procuring products and services through the grant, and administering grant funds in accordance with the grant budget. We also identified deficiencies with CFSD's compliance with the requirements for drawdowns of federal funds and financial reporting. In addition, we determined CFSD did not comply with all subrecipient monitoring requirements, and CFSD's process for reviewing and approving subrecipient costs could be improved to ensure costs are administered in compliance with subaward agreements. As a result of our testing, we identified \$1,803,747 in questioned costs.

## Recommendations

Our report contains 10 recommendations to OJP. We requested a response to our draft audit report from CFSD and OJP, and their responses are appended to this final report in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

## Audit Results

The purpose of the OJP grant we reviewed was to develop knowledge about the effects of personnel, programs, and activities on school safety in the United States. The project period for the grant was from January 2015 through August 2019, and CFSD had drawn down \$3,131,713 of the available grant funds as of December 2018.

**Program Goals and Accomplishments** - We determined CFSD demonstrated adequate progress towards the grant's stated goals and objectives.

**Personnel and Fringe Benefit Costs** - We identified \$369,666 in unallowable personnel and fringe costs that were not authorized by the grant budget. We also found that CFSD's process for charging personnel and fringe benefit costs to the grant did not include time and effort reports or periodic certifications for grant-funded employees. This resulted in \$369,666 in unsupported personnel and fringe benefit costs.

**Contractual Costs** - We found that CFSD did not adequately document that all of its procurements were conducted in compliance with the Rhode Island State Procurement Regulations' competitive requirements. This resulted in \$166,334 in unsupported contractual costs that lacked adequate procurement documentation. We also found CFSD could not demonstrate all of its contractual costs were reasonable, resulting in \$1,434,081 in unsupported contractual costs that lacked an adequate justification of price. In addition, we determined that CFSD did not require or obtain time and effort reports for all of its consultants, resulting in \$447,490 in unsupported consultant costs. Further, we identified deficiencies with CFSD's subrecipient monitoring, including its process for reviewing and approving subrecipient costs.

**Drawdowns** - We identified an instance where CFSD drew down funds in advance and did not spend or return the funds after 10 days, in violation of grant cash management requirements.

**Financial Reporting** - We found five of six financial reports reviewed did not match CFSD's accounting records because its report process did not ensure the accuracy of financial reports.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
COMPREHENSIVE SCHOOL SAFETY INITIATIVE GRANT  
AWARDED TO CENTRAL FALLS SCHOOL DISTRICT,  
CENTRAL FALLS, RHODE ISLAND**

**TABLE OF CONTENTS**

INTRODUCTION .....	1
The Grantee .....	1
OIG Audit Approach .....	2
AUDIT RESULTS.....	3
Program Performance and Accomplishments .....	3
Program Goals and Objectives.....	3
Required Performance Reports .....	3
Compliance with Special Conditions.....	4
Grant Financial Management .....	5
Grant Expenditures .....	5
Personnel and Fringe Benefit Costs .....	5
Contractual Costs .....	7
Budget Management and Control .....	11
Drawdowns .....	12
Federal Financial Reports .....	12
CONCLUSION AND RECOMMENDATIONS.....	14
APPENDIX 1: OBJECTIVES, SCOPE, AND METHODOLOGY .....	16
APPENDIX 2: SCHEDULE OF DOLLAR-RELATED FINDINGS.....	17
APPENDIX 3: CENTRAL FALLS SCHOOL DISTRICT RESPONSE TO THE DRAFT AUDIT REPORT .....	18
APPENDIX 4: OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT AUDIT REPORT .....	22
APPENDIX 5: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT .....	28

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
 COMPREHENSIVE SCHOOL SAFETY INITIATIVE GRANT  
 AWARDED TO CENTRAL FALLS SCHOOL DISTRICT,  
 CENTRAL FALLS, RHODE ISLAND**

**INTRODUCTION**

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of a grant awarded by the Office of Justice Programs (OJP) National Institute of Justice (NIJ) to Central Falls School District (CFSD) in Central Falls, Rhode Island. CFSD was awarded one grant totaling \$3,680,000 as shown in Table 1.

**Table 1**

**Comprehensive School Safety Initiative Grant Awarded to CFSD**

<b>Award Number</b>	<b>Program Office</b>	<b>Award Date</b>	<b>Project Period Start Date</b>	<b>Project Period End Date</b>	<b>Award Amount</b>
2014-CK-BX-0025	OJP	09/30/2014	01/01/2015	08/31/2019	3,680,000

Source: OJP's Grant Management System (GMS)

Funding through the Comprehensive School Safety Initiative is intended to support the development of knowledge about the effects of personnel, programs, and activities on school safety in the United States. The purpose of awards administered through the Comprehensive School Safety Initiative were to contribute significantly to the base of knowledge about specific activities that improve school safety in a sustainable and cost-effective manner. This program furthers the Department's mission by supporting research to provide objective, independent knowledge and tools to meet the challenges of crime and justice, particularly at the state and local levels.

**The Grantee**

Central Falls School District (CFSD) is an urban school district providing primary and secondary education to approximately 2,900 students through 6 schools within the City of Central Falls, Rhode Island. CFSD's mission is to develop its diverse student population into responsible citizens, effective communicators, innovative problem-solvers, and critical thinkers who are able to fully participate in and positively contribute to society.

Prior to 1991, the City of Central Falls was declared unable to meet its contractual, legal, and regulatory obligations without increased funding, which it could not afford because its tax base had sustained little or no growth over several years. Subsequently, the state of Rhode Island assumed responsibility for the administration and operational funding of CFSD on July 1, 1991. In 2002, a board of trustees was appointed by the Rhode Island's Board of Education to govern CFSD. CFSD's primary source of funding is state general aid.

## **OIG Audit Approach**

The objectives of this audit were to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether CFSD demonstrated adequate progress toward 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.

We tested compliance with what we consider to be the most important conditions of the grant. The OJP Financial Guide and the award documents contain the primary criteria we applied during the audit. Since the state of Rhode Island is responsible for the administration and operation of CFSD, and CFSD is a component within the Rhode Island Department of Education's operating budget, we also applied the Uniform Administrative Requirements for grants to state and local governments and state of Rhode Island requirements, including Rhode Island State Procurement Regulations, as criteria 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

To determine whether CFSD demonstrated adequate progress towards achieving its program goals and objectives, we reviewed required performance reports, interviewed officials responsible for grant performance, and reviewed grant documentation. We also reviewed progress reports to determine if the required reports were accurate and timely. Finally, we reviewed CFSD's compliance with the special conditions identified in award documentation. As described in the following sections, we found CFSD to be in compliance.

### *Program Goals and Objectives*

According to the Project Director and CFSD's progress reports, the goals and objectives of the award included: (1) building and maintaining a restorative justice conferencing system for students; (2) building a restorative community, primarily in the schools but extending out from the schools' immediate community; and (3) working with grant subrecipients to construct an evaluation to assess improvements in school safety.<sup>1</sup>

We determined CFSD established a subaward to hire conference facilitators and provide restorative conferencing services to students within six schools. CFSD also established a second subaward to oversee all project evaluation activities, and a third subaward to function as the data intermediary for the project to ensure that the evaluator has access to clean, pre-processed, and linked datasets. We reviewed grant performance data and case notes, and determined restorative conferences were conducted to students through the grant. Although key project deliverables of the program's evaluation were not expected to be completed until the end of the award period, we reviewed evidence of program evaluation and outreach, including a publically available first-year research report for implementing restorative justice in Rhode Island schools and restorative justice training and implementation materials, created with assistance from grant funds.

Based on our review, we found CFSD demonstrated adequate progress toward the grant's goals and objectives.

### *Required Performance Reports*

The OJP Financial Guide states grant 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 addition, the recipient is required to submit semiannual progress reports that are due 30 days after the

---

<sup>1</sup> According to grant documents, the philosophy of restorative justice provides a possible solution to improving school safety without the punitive culture currently found in many schools. Restorative justice methods focus on repairing harm to victims as opposed to seeking retribution for offenses.

reporting period. Based on our review, CFSD submitted each of its progress reports on time.

In order to verify the information in CFSD's progress reports, we reviewed whether CFSD accurately reported the number of restorative justice conference referrals and completed conferences by comparing grant performance data to reported activities. Additionally, we judgmentally selected a sample of 5 reported activities from CFSD's 2 most recently submitted reports for a total sample size of 10 reported activities. We traced each reported activity to available supporting documentation.

We found evidence supporting each sampled activity, but also identified minor differences between CFSD's performance data and the number of reported conferences and conference referrals. Although CFSD's reported conferences and referrals did not match exactly to CFSD's performance data, we determined the differences did not significantly affect the usefulness of the reports.

### *Compliance with Special Conditions*

Special conditions are the terms and conditions that are included with the award. We evaluated the special conditions for the grant and selected a judgmental sample of the requirements that are significant to performance under the grant but are not addressed in another section of this report. We evaluated three special conditions for additional testing. As described in more detail below, we did not identify any instances of CFSD violating the award special conditions we reviewed.

According to the OJP Financial Guide, CFSD was required to report first-tier subawards of \$25,000 or more to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System. We reviewed whether CFSD reported each subaward required by FFATA and determined that CFSD reported the required subawards.

CFSD was also required to comply with a requirement to submit a properly executed Privacy Certificate in compliance with the Code of Federal Regulations (CFR) to the NIJ for approval.<sup>2</sup> As the grant involved data collection for its program evaluation, we tested CFSD's compliance with this condition by reviewing whether CFSD submitted a Privacy Certificate that complied with CFR requirements. Based on our review, we determined CFSD submitted the required Privacy Certificate in compliance with CFR requirements.

Another requirement of the award was to comply with CFR requirements regarding the protection of human research subjects, including the obtainment of Institutional Review Board (IRB) approval.<sup>3</sup> We determined student information was collected for the evaluation of this project. Subsequently, we reviewed

---

<sup>2</sup> CFSD was required to submit its Privacy Certificate in compliance with 28 CFR Part 22 which provides information for the confidentiality of identifiable research and statistical information.

<sup>3</sup> CFSD was required to comply with the requirements of 28 CFR Part 46 regarding the protection of human research subjects including obtainment of IRB approval.

whether CFSD obtained the required annual IRB approval to protect the rights and welfare of the students involved in the research activities, and found that CFSD obtained IRB approval annually as required.

## **Grant Financial Management**

According to the OJP Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess CFSD's financial management of the grant covered by this audit, we conducted interviews with financial staff, examined policies and procedures, and inspected grant documents. We also reviewed the state of Rhode Island's Single Audit Report for FY 2017 and CFSD's Financial Statement Audit for FY 2018 to identify internal control weaknesses and any significant non-compliance issues related to federal awards.<sup>4</sup> Finally, we performed testing in the areas that were relevant for the management of this grant, as discussed throughout this report.

Based on our review, we determined CFSD created an account code for the grant within its accounting system and separately tracked grant costs and revenues. However, we found that grant financial management related to administering grant funds in accordance with the grant budget, supporting grant costs, and procuring products and services through the grant could be improved.

Specifically, we found that CFSD did not ensure that grant funds were spent in accordance with the approved grant budget, and did not adequately support all employee and consultant time worked on the grant-funded project with time and effort reports or periodic certifications. We also found that CFSD was not able to demonstrate that all of its grant-related procurements met the requirements for competition, or that amounts paid were reasonable and supported. Furthermore, CFSD did not comply with all of the requirements for subrecipient monitoring, and CFSD's process for reviewing and approving subrecipient costs did not ensure costs were administered in compliance with subaward agreements. These deficiencies are discussed in more detail in the "Personnel and Fringe Costs" and "Contractual Costs" sections of this report.

## **Grant Expenditures**

Between January 1, 2015, and December 31, 2018, CFSD spent grant funds totaling \$3,512,997. 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. We reviewed documentation, accounting records, and performed verification testing related to grant expenditures. Based on this testing, we recommend that CFSD remedy \$1,803,747 in questioned costs as described in the following sections.

### *Personnel and Fringe Benefit Costs*

---

<sup>4</sup> CFSD, as a component of the Rhode Island Department of Education's operating budget, is included in the state of Rhode Island's Single Audit Report as a non-major component unit.



CFSD charged \$256,012 in personnel costs and \$113,654 in fringe benefit costs to the grant totaling \$369,666, or 11 percent of the total grant costs. We reviewed CFSD's personnel costs and determined CFSD paid three employees with grant funds, including the Project Director, a Youth Development Coordinator, and a Community Worker. CFSD also paid fringe benefits costs including Medical, Dental, FICA, and Retirement benefits for its grant-funded employees. We interviewed each employee paid through the grant and determined each grant-funded employee's roles and responsibilities had a logical relationship to grant activities. However, we found that CFSD's personnel and fringe benefit costs were not charged in accordance with its grant budget and were not adequately supported with time and effort reports or periodic certifications as described in further detail below.

### Compliance with the Grant Budget

The OJP Financial Guide states that grant recipients are required to spend grant funds in budget categories that are approved within the grant budget or must submit a budget modification to obtain prior approval from the awarding agency. We reviewed CFSD's final budget for the grant and determined personnel and fringe benefits costs were not approved within the budget. Subsequently, we identified that CFSD spent \$256,012 in unallowable personnel costs and \$113,654 in unallowable fringe benefit costs that were charged to the grant without obtaining prior approval by OJP.

We determined CFSD charged costs that were not authorized by its grant budget because CFSD's process for budget management did not include an accurate comparison of actual to budgeted costs, as described in the "Budget Management and Control" section of this report. Grant funds spent outside of approved budget categories increase the risk of fraud, waste, and abuse of funds. As a result, we recommend OJP remedy \$256,012 in unallowable personnel costs and \$113,654 in unallowable fringe benefit costs that were spent within non-approved budget categories. We also make a recommendation for CFSD to improve its process for budget management as described in the "Budget Management and Control" section of this report.

### Time and Effort Reports and Periodic Certifications

According to the OJP Financial Guide, personnel charges must be supported by time and effort reports demonstrating actual time worked that are signed by the employee and approved by a supervisory official with first-hand knowledge of the work performed. Based on discussions with CFSD officials, we determined CFSD did not require its grant-funded employees to complete and maintain time and effort reports or periodic certifications demonstrating actual time worked on the grant. Therefore, we found CFSD's personnel and fringe benefit costs, totaling \$256,012 and \$113,654 respectively, were unsupported as there were no time and effort reports or periodic certifications.

We determined CFSD officials were not aware of the requirements to maintain time and effort reports or periodic certifications for its grant-funded

employees. It is important to ensure periodic certifications or time and effort reports are completed for grant-funded employees to ensure time charged to the grant is based on actual hours worked and can be verified. As a result, we recommend OJP ensure CFSD implements and adheres to written policies and procedures for payroll that require grant-funded employees to document actual time worked using time and effort reports or periodic certifications that are approved by a supervisory official with firsthand knowledge of the employee's work. We also recommend OJP remedy \$256,012 in unsupported personnel costs and \$113,654 in unsupported fringe benefit costs that were not adequately supported with time and effort reports or periodic certifications.

### *Contractual Costs*

CFSD's contractual costs for the grant included subrecipient, contract, and consultant costs and totaled \$3,136,077, or 89 percent of all costs charged to the grant. As previously described in the "Program Goals and Objectives" section of the report, CFSD established three separate subawards to three subrecipients: (1) hire conference facilitators to conduct restorative justice conferences in schools, (2) oversee all project evaluation activities, and (3) function as the data intermediary of the project. In addition to the subrecipients, consultants were paid through the grant for services including, but not limited to, program management, graphic design, marketing, and communications and technology development for restorative practices. Additionally, CFSD established a contract through the grant to expand its existing restorative justice practices and develop and support the implementation of a district-wide vision for student behavioral success. CFSD identified each of the primary vendors providing grant-related services in its final approved budget for the grant.

To conduct testing of the subrecipient, consultant, and contract costs, we selected a judgmental sample of 29 transactions, totaling \$395,631, or 13 percent of the costs for the "contractual" budget category approved for the grant. For each transaction, we reviewed financial system data and supporting documentation. In addition, we reviewed for procurement and cost reasonableness documentation, representing \$3,091,589 in costs, to determine whether procurements and vendor selections were conducted and documented in compliance with Rhode Island (RI) State Procurement Regulations and Cost Principles for federal grants.<sup>5</sup>

Based on our testing, we determined that CFSD was not able to demonstrate compliance with RI State Procurement Regulations' requirements for competitive procurements and documenting price reasonableness resulting in \$166,334 in unsupported costs that lacked adequate procurement documentation. Further, we identified \$1,434,081 in unsupported costs that lacked adequate justification of price. Additionally, we found CFSD could not provide adequate support for its consultant costs resulting in \$447,490 in unsupported costs that lacked time and effort reports. We also determined CFSD did not comply with all subrecipient

---

<sup>5</sup> Since the state of Rhode Island is responsible for the administration and operation of CFSD and CFSD is a component within the Rhode Island Department of Education's operating budget, we applied Rhode Island State Procurement Regulations during the audit.

monitoring requirements and can improve its process for reviewing and approving subrecipient costs. We discuss these findings in further detail below and outline questioned costs in Table 2.

**Table 2**  
**Unsupported Subrecipient, Consultant, and Contract Costs**  
**for Each Sampled Vendor**

Vendor	Amount Paid as of December 31, 2018	Unsupported Costs Lacking Procurement Documentation	Unsupported Costs Lacking Justification of Price	Unsupported Costs Lacking Time and Effort Reports
Subrecipient 1	\$1,657,508	\$ -	\$ -	\$ -
Subrecipient 2	633,694	-	633,694	-
Subrecipient 3 <sup>a</sup>	297,003	-	297,003	-
Consultant 1 <sup>b</sup>	337,050	-	337,050	337,050
Consultant 2	110,440	110,440	110,440	110,440
Consultant 3	25,894	25,894	25,894	-
Contract 1	30,000	30,000	30,000	-
<b>Grand Total</b>	<b>\$3,091,589</b>	<b>\$166,334</b>	<b>\$1,434,081</b>	<b>\$447,490</b>

a. The amount paid to Subrecipient 3 includes payments to two organizations because the original subrecipient was acquired during the award period. We consider Subrecipient 3 as one subrecipient because the project tasks and overall estimated project costs did not change as a result of the acquisition.

b. The amount paid to Consultant 1 includes only costs paid for consultant services and excludes any consultant travel or supply expenditures.

Source: CFSD's accounting records and OIG analysis of CFSD's accounting records.

### Procurement and Cost Reasonableness

OMB Circular A-87, which provides Cost Principles for federal grants, states that costs must be reasonable and adequately documented. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration shall be given to the requirements of sound business practices, arms-length bargaining, federal, state, and other laws and regulations, and market prices for comparable goods and services.

Based on the Uniform Administrative Requirements for federal grants, grant recipients will use their own procurement procedures which reflect applicable state and local laws and regulations. The CFSD Finance Director informed us that CFSD adheres to RI State Procurement Regulations. According to RI State Procurement Regulations, sealed written competitive bids shall be required for purchases exceeding \$5,000 unless it is determined in writing that this method is not practicable. Additionally, sufficient information shall be maintained in purchasing files to document procurement activities, reasons for selection of the supplier's product or service, and justification of price. At a minimum, documentation of procurement activities shall include adequate justification of source selection and

pricing.

From our sample, we identified all contractors and consultants with costs over \$5,000. We found these contractors and consultants were selected through four procurements with costs totaling \$503,384. To support the costs in our sample, we requested procurement documentation supporting the selection of the vendor and price. We also requested documentation supporting the reasonableness of costs reimbursed to each subrecipient in our sample, totaling \$2,588,205 reimbursed to three subrecipients. Specifically, we reviewed whether the procurement and selection documentation demonstrated CFSD complied with RI State Procurement Regulations requirements for competition and could demonstrate the costs were reasonable.

CFSD officials informed us that due to staff turnover during the award period, they were not involved in the selection of the vendors at the beginning of the award period and were not able to provide an explanation for the lack of documentation supporting its contractual costs. We found CFSD could not provide adequate documentation demonstrating that two consultants and one contractor, with costs totaling \$166,334, were procured with sealed written competitive bids or a written determination that competitive bidding was not practicable as required by RI State Procurement Regulations.

In addition, although CFSD was able to adequately support the reasonableness of costs associated with one of its subrecipients, we found during our testing that CFSD could not demonstrate that the costs associated with two of its subrecipients, three of its consultants, and one of its contractors were reasonable because CFSD did not provide an adequate justification of price paid to each service provider. As a result, we found all of the costs associated with these service providers, totaling \$1,434,081, to be unsupported, as documentation establishing the reasonableness of costs was not present for any of the charges made to the grants we reviewed. We determined CFSD did not have a written procurement policy in effect at the district level to ensure compliance with RI State Procurement Regulations and federal requirements for determining the reasonableness of costs. It is important that CFSD adheres to RI State Procurement Regulations and documents an adequate justification of source selection and pricing for its contractual costs to ensure federal funds are being spent efficiently and to reduce the risk of waste and abuse of funds.

As a result, we recommend OJP ensure CFSD implements and adheres to written procurement policies and procedures at the district level that are in compliance with RI State Procurement Regulations and federal criteria to ensure a fair and transparent procurement process that results in prices that are reasonable and supported. We also recommend OJP remedy \$166,334 in unsupported contractual costs that lacked adequate documentation demonstrating the procurement was conducted in compliance with RI State Procurement Regulations, and remedy \$1,434,081 in unsupported contractual costs that lacked adequate justification of price demonstrating the costs were reasonable.

#### Consultant Billing

The OJP Financial Guide states that time and effort reports are required for consultants. Based on discussions with CFSD officials, we determined that CFSD's process for approving and charging consultant costs to the grant did not require consultants to complete and maintain time and effort reports. Subsequently, based on our testing, we found CFSD paid two consultants without obtaining time and effort reports, resulting in \$447,490 in unsupported consultant costs. Both consultants were paid based on an invoice that charged a flat monthly rate without supporting documents demonstrating the number of hours worked or details of the work performed during the billing period.

Without adequate documentation supporting the consultant invoices, we were not able to determine the actual hourly or daily rate paid to these consultants. Consultants are required to document and maintain time and effort reports to ensure that actual time worked on grant activities and rates of pay can be verified and reviewed for accuracy. Failing to adequately support consultant services with time and effort reports increases the risk of fraud, waste, and abuse of grant funds.

As a result, we recommend OJP ensure CFSD implements and adheres to policies and procedures that require consultant costs to be adequately supported with time and effort reports that demonstrate actual hours worked on grant activities. We also recommend OJP remedy \$447,490 in unsupported consultant costs that were not adequately supported with time and effort reports.

#### Subrecipient Reimbursements and Monitoring

Based on the OJP Financial Guide, grant recipients must have established, written policies on subrecipient monitoring. Additionally, award recipients are required during the program period to monitor the subrecipient's use of Federal funds and should develop, implement, and perform procedures to ensure that subrecipients obtain required Single Audit Act audits.<sup>6</sup> The purpose of these monitoring activities is to provide reasonable assurance that the subrecipient has administered the pass-through funding in compliance with the laws, regulations, and the provisions of the award, and that the required performance goals are being achieved.

We determined CFSD did not have established written policies on subrecipient monitoring effective at the time of the audit. Additionally, based on discussions with CFSD officials, we determined CFSD's process for monitoring its subrecipients did not include procedures to ensure that its subrecipients obtained the required audits. Furthermore, we found CFSD's process for reimbursing its subrecipients did not include procedures to verify subrecipient costs were charged in accordance with the subaward agreement and budget.

---

<sup>6</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.

Specifically, we found that one subrecipient was reimbursed for a \$100 hourly rate. However, the \$100 hourly rate charged to the grant was not documented within CFSD's written agreement with the subrecipient. To determine whether the rate was allowable, the subrecipient had to provide an after-the-fact written justification supporting the suitability of the rate. Although we did not identify any transactions that were unallowable per the subaward agreements, we determined it is important for CFSD to verify subrecipient costs match pricing specifications within the subaward agreement to ensure costs are administered in accordance with the subaward budget and other terms and conditions of the agreement.

CFSD's Finance Director informed us that CFSD created written subrecipient policies and procedures as a result of our audit that were adopted in School Year 2019 and will be fully implemented after the audit. We reviewed CFSD's new policy for subrecipient monitoring and determined its new process addresses these deficiencies and is well-designed to adequately address current subrecipient monitoring criteria. As a result, we recommend OJP ensure CFSD implements and adheres to its recently developed written subrecipient monitoring policies and procedures.

### **Budget Management and Control**

According to the OJP Financial Guide, the grant 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 (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 to determine whether CFSD transferred funds among budget categories in excess of 10 percent. We determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent. However, as previously described in the "Personnel and Fringe Benefit Costs" section, we determined that CFSD charged grant costs within non-approved budget categories because CFSD's process for budget management did not ensure costs were spent in accordance with the grant budget. Specifically, we determined CFSD's external spreadsheet used to monitor the grant budget was not updated to reflect the final grant budget after a budget modification was approved in June 2018. Therefore, any budget to actual comparisons using this spreadsheet were not accurate. Accurately comparing actual costs to the grant budget decreases the risk of unallowable expenditures.

As a result, we recommend OJP ensure CFSD implements and adheres to written policies and procedures for budget management that require CFSD to periodically compare its grant costs to the grant budget to ensure all grant funds are spent within approved budget categories.

## **Drawdowns**

According to the OJP Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. Grant recipients should time their drawdown requests to ensure Federal cash on hand is the minimum needed for disbursements to be made immediately or within 10 days. If funds are not spent or disbursed within 10 days, the funds must be returned to the awarding agency.

As of December 31, 2018, CFSD made 15 drawdowns totaling \$3,131,713 in federal funds. To assess whether CFSD managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures recorded within CFSD's accounting records at the time of each drawdown and identified one instance where CFSD drew down funds in advance and did not return the funds within 10 days as described in more detail below.

CFSD's written policy for drawdowns stated CFSD's process is to drawdown funds on a reimbursement basis. However, based on our testing, we identified an instance where CFSD drew down funds in advance and did not spend the funds on grant activities or return the federal funds within 10 days as required by the OJP Financial Guide. According to CFSD officials, the funds were drawn down in excess due to an overpayment to a subrecipient that was later returned to CFSD and adjusted in CFSD's accounting records. However, we determined CFSD's written policy for drawdowns did not contain effective controls to detect inadvertent drawdowns taken in advance and did not include a documented level of review for drawdown requests. Holding excess cash on hand may increase the Federal government's borrowing costs.

As a result, we recommend OJP ensure CFSD updates its written policies and procedures for grant drawdowns to include effective controls to ensure any drawdowns taken in advance are detected and returned after 10 days if unspent.

## **Federal Financial Reports**

According to the OJP Financial Guide, grant recipients shall report the actual expenditures incurred for the reporting period on each financial report as well as cumulative expenditures. For the periods between January 1, 2015, and December 31, 2018, CFSD submitted a total of 16 Federal Financial Reports (FFRs) for the grant. To determine whether CFSD submitted accurate FFRs, we compared six reports to CFSD's accounting records, including the five most recently submitted reports.

We found that CFSD's accounting records did not match the reported quarterly amount for three of six reports and did not match the reported cumulative amount for five of six reports we reviewed. According to CFSD officials, CFSD's accounting system was not designed to generate expenditure reports covering more than one fiscal year in order to review cumulative expenditures. We determined CFSD's process for submitting FFRs did not ensure accuracy because it did not require CFSD to periodically reconcile cumulative reported amounts to its

accounting records and did not include a documented review of FFRs prior to submission. Inaccurate FFRs hinder OJP's ability to effectively monitor the award.

As a result, we recommend that OJP ensure CFSD implements and adheres to written policies and procedures for financial reporting that require CFSD to periodically reconcile cumulative reported amounts with grant costs recorded in CFSD's accounting system and review its financial reports for accuracy.



## CONCLUSION AND RECOMMENDATIONS

As a result of our audit testing, we found that CFSD demonstrated adequate progress towards achieving the grant's stated goals and objectives. We did not identify significant issues regarding CFSD's progress reports or compliance with the award special conditions. However, we found that CFSD did not demonstrate compliance with essential award conditions related to supporting grant costs, procuring products and services through the grant, and administering grant funds in accordance with the grant budget. We also identified deficiencies with CFSD's compliance with the requirements for drawdowns of federal funds and financial reporting. In addition, we determined CFSD did not comply with all subrecipient monitoring requirements, and its process for reviewing and approving subrecipient costs could be improved to ensure costs are administered in compliance with subaward agreements. We provide 10 recommendations to CFSD to address these deficiencies.

We recommend that OJP:

1. Remedy \$256,012 in unallowable personnel costs and \$113,654 in unallowable fringe benefit costs that were spent within non-approved budget categories.
2. Ensure CFSD implements and adheres to written policies and procedures for payroll that require grant-funded employees to document actual time worked using time and effort reports or periodic certifications that are approved by a supervisory official with firsthand knowledge of the employee's work.
3. Remedy \$256,012 in unsupported personnel costs and \$113,654 in unsupported fringe benefit costs that were not adequately supported with time and effort reports or periodic certifications.
4. Ensure CFSD implements and adheres to written procurement policies and procedures at the district level that are in compliance with RI State Procurement Regulations and federal criteria to ensure a fair and transparent procurement process that results in prices that are reasonable and supported.
5. Remedy \$1,434,081 in unsupported contractual costs associated with the following issues:
  - a. Remedy \$1,434,081 in unsupported contractual costs that lacked an adequate justification of price demonstrating the costs were reasonable.
  - b. Remedy \$166,334 in unsupported contractual costs that lacked adequate documentation demonstrating the procurement was conducted in compliance with RI State Procurement Regulations.
  - c. Remedy \$447,490 in unsupported consultant costs that were not adequately supported with time and effort reports.

6. Ensure CFSD implements and adheres to policies and procedures that require consultant costs to be adequately supported with time and effort reports that demonstrate actual hours worked on grant activities.
7. Ensure CFSD implements and adheres to its recently developed written subrecipient monitoring policies and procedures.
8. Ensure CFSD implements and adheres to written policies and procedures for budget management that require CFSD to periodically compare its grant costs to the grant budget to ensure all grant funds are spent within approved budget categories.
9. Ensure CFSD updates its written policies and procedures for grant drawdowns to include effective controls to ensure any drawdowns taken in advance are detected and returned after 10 days if unspent.
10. Ensure CFSD implements and adheres to written policies and procedures for financial reporting that require CFSD to periodically reconcile cumulative reported amounts with grant costs recorded in CFSD's accounting system and review its financial reports for accuracy.

**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 and accomplishments, grant financial management, grant 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 grant number 2014-CK-BX-0025 awarded to the Central Falls School District (CFSD) under the Comprehensive School Safety Initiative. As of December 31, 2018, CFSD had drawn down \$3,131,713 of the total grant funds awarded. Our audit concentrated on, but was not limited to January 1, 2015, the project period start date for grant number 2014-CK-BX-0025, through December 31, 2018, the last full month before our audit entrance conference. Grant number 2014-CK-BX-0025 was ongoing during our audit.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of CFSD’s activities related to the audited grant. We performed sample-based audit testing for grant expenditures including payroll, fringe benefit, and contractual costs as well as financial reports, drawdowns, special conditions, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grant reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The OJP Financial Guide, award documents, and state requirements including Rhode Island State Procurement Regulations contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP’s Grant Management System as well as CFSD’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>		
Unsupported Personnel Costs	\$256,012	7
Unsupported Fringe Benefit Costs	113,654	7
Unsupported Contractual Costs		
Costs lacking justification of price	1,434,081	10
Costs lacking procurement documentation	166,334	9
Costs lacking time and effort reports	<u>447,490</u>	10
<i>Gross Unsupported Costs</i>	\$2,417,571	
Unallowable Personnel Costs	\$256,012	6
Unallowable Fringe Benefit Costs	<u>113,654</u>	6
<i>Gross Unallowable Costs</i>	\$369,666	
<i>Gross Questioned Costs</i>	\$2,787,237	
Less Duplicate Questioned Costs <sup>8</sup>	<u>(983,490)</u>	
<b>Net Questioned Costs</b>	<b>\$1,803,747</b>	

---

<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 provision of supporting documentation, where appropriate.

<sup>8</sup> Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amounts, which includes \$369,666 in personnel and fringe benefit costs that were questioned as unsupported and unallowable, and \$613,824 in contractual costs that were questioned as unsupported in two areas.

**CENTRAL FALLS SCHOOL DISTRICT RESPONSE TO THE DRAFT  
AUDIT REPORT**



September 17, 2019

US Department of Justice  
Office of the Inspector General  
Attn: Thomas O. Puerzer, Regional Audit Manager  
Linda J. Taylor, CPA, Lead Auditor, Audit and Review Division  
70 Market Street, Suite 2300  
Philadelphia, PA 19106

Dear Mr. Puerzer,

Please see below CFSD's written responses as requested to the draft audit report.

1. Remedy \$256,012 in unallowable personnel costs and \$113,654 in unallowable fringe benefit costs that were spent within non-approved budget categories.

We, CFSD agree with the United States Department of Justice, Office of the Inspector General's Audit Division that 256,012 were spent initially in unallowable personnel cost and 113,654 in unallowable fringe benefits. To remedy this finding, CFSD worked with the United States Department of Justice, Office of Grants Management Division, NIJ subdivision to execute a budget modification, which granted the aforementioned cost to be allowable.

2. Ensure CFSD implements and adheres to written policies and procedures for payroll that require grant-funded employees to document actual time worked using time and effort reports or periodic certifications that are approved by a supervisory official with firsthand knowledge of the employee's work.

We, CFSD agree with the United States Department of Justice, Office of the Inspector General's Audit Division. As a result, CFSD adopted written policies, as specified within the file labeled "Grant Monitoring Protocol" that became implemented on March 27, 2019. Adhering to the specifications within this document allow CFSD to document actual time worked using time and effort reports for all hourly positions that require direct supervisory sign-off.

3. Remedy \$256,012 in unsupported personnel costs and \$113,654 in unsupported fringe benefit costs that were not adequately supported with time and effort reports or periodic certifications.

We, CFSD agree with the United States Department of Justice, Office of the Inspector General's Audit Division that 256,012 were spent seemingly in unallowable personnel cost and 113,654 in unallowable fringe benefits. To remedy this exposure, CFSD worked with the Office of Grants Management, NIJ subdivision within the Department of Justice to execute a budget modification granting the aforementioned cost to be allowable. Time and Effort reports were not in written form, however through Direct Supervisory confirmation of time and effort, and actualized programmatic accomplishments, the district did ensure correct responsibilities were achieved. These achievements allowed CFSD restorative to be a model for other urban districts throughout the country and, consequently, we are confident that the aforementioned cost were utilized appropriately.

4. **Ensure CFSD implements and adheres to written procurement policies and procedures at the district level that are in compliance with RI State Procurement Regulations and federal criteria to ensure a fair and transparent procurement process that results in prices that are reasonable and supported.**

We, CFSD agree with the United States Department of Justice, Office of the Inspector General's Audit Division that we are to be in compliance with policies and procedures at the District level pertaining to RI State Procurement Regulations and federal criteria to ensure a fair and transparent procurement process that results in prices that are reasonable and supported. Therefore, on August 19, CFSD revamped, refined, and implemented its procurement procedures in accordance with those that govern the Rhode Island Department of Education (RIDE).

5. **Remedy \$1,434,081 in unsupported contractual costs associated with the following issues: a. Remedy \$1,434,081 in unsupported contractual costs that lacked an adequate justification of price demonstrating the costs were reasonable. b. Remedy \$166,334 in unsupported contractual costs that lacked adequate documentation demonstrating the procurement was conducted in compliance with RI State Procurement Regulations. c. Remedy \$447,490 in unsupported consultant costs that were not adequately supported with time and effort reports.**

We, CFSD agree with the United States Department of Justice, Office of the Inspector General's Audit Division that 1,434,081 were spent initially in unsupported contractual cost. To remedy this exposure, CFSD worked with the Office of Grants Management, NIJ subdivision within the Department of Justice to execute a budget modification granting the aforementioned cost to be allowable. We disagree that the 1,434,081 lacked adequate justification as an unreasonable cost. CFSD contracted with Industry leaders who had actual past performance in implementing and executing restorative justice research-based best practices customized to meet the unique needs of the district. Due to the limited field of applied restorative justice providers there was no comparable cost wherein to gauge comparative unreasonableness.

6. **Ensure CFSD implements and adheres to policies and procedures that require consultant costs to be adequately supported with time and effort reports that demonstrate actual hours worked on grant activities.**

We, CFSD agree with the United States Department of Justice, Office of the Inspector General's Audit Division; and as a result, have adopted written policies as identified within "Grant Monitoring Protocol" full implemented on March 27, 2019 to document actual time worked using time and effort reports for all hourly positions that require direct supervisory sign-off.

7. **Ensure CFSD implements and adheres to its recently developed written subrecipient monitoring policies and procedures.**

We, CFSD agree with the Office of the Inspector General's Audit Division of the United States Department of Justice that CFSD needs to adhere to the recently developed written subrecipient monitoring policies and procedures. These policies and procedures became effective within CFSD on March 27, 2019 within the document identified as "Grant Monitoring Protocol".

8. **Ensure CFSD implements and adheres to written policies and procedures for budget management that require CFSD to periodically compare its grant costs to the grant budget to ensure all grant funds are spent within approved budget categories.**

We, CFSD agree with the Office of the Inspector General Audit Division of the United States Department of Justice that CFSD needs to adhere to recently developed policies and procedures for budget management that include periodic grant cost to the grant budget to ensure all grant funds are spent within the approved budget categories. In accordance with the written policies and procedures, effective Q4 of SY19, CFSD runs monthly reports to ensure that the budgetary setup and spending falls within the threshold of all costed categories for actuals as well as projected expenditures to eliminate cost overruns.

9. **Ensure CFSD updates its written policies and procedures for grant drawdowns to include effective controls to ensure any drawdowns taken in advance are detected and returned after 10 days if unspent.**

We, CFSD agree with the Office of the Inspector General Audit Division of the United States Department of Justice, and so has updated its drawdown procedures in written form to ensure that any drawdowns taken in advance are identified and returned after 10 days if unspent.

10. **Ensure CFSD implements and adheres to written policies and procedures for financial reporting that require CFSD to periodically reconcile cumulative reported amounts with grant costs recorded in CFSD's accounting system and review its financial reports for accuracy**

We, CFSD agree with the Office of the Inspector General Audit Division of the United States Department of Justice that CFSD needs to adhere to its written policies and procedures for financial reporting that require CFSD to periodically reconcile cumulative reported amounts with grant costs recorded in CFSD's accounting system with final review for accuracy. Effective as of April 15 2019, CFSD reviews all grants monthly to ensure compliance and accuracy of reports regardless of monthly/quarterly reporting requirements, thus permitting CFSD to minimize risk and mitigate inaccuracies.

Sincerely,

A handwritten signature in blue ink, appearing to read "Steph D Toledo".

Stephanie Downey Toledo, Ed. L.D.  
Interim Superintendent

CC.: Keree Simmons  
Director of Finance  
Central Falls School District

Jason Midwood  
Executive Director of McKenna Center  
Central Falls School District

Juan Taveras  
Grants Manager  
Central Falls School District



OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT  
AUDIT REPORT



U.S. Department of Justice

Office of Justice Programs



Office of Audit, Assessment, and Management

---

Washington, D.C. 20531

SEP 24 2019

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 Grant, Awarded to Central Falls School District, Central Falls, Rhode Island*

This memorandum is in reference to your correspondence, dated September 3, 2019, transmitting the above-referenced draft audit report for the Central Falls School District (CFSD). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **10** recommendations and **\$1,803,747<sup>1</sup>** in net 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 OJP's response.

- 1. We recommend that OJP remedy \$256,012 in unallowable personnel costs and \$113,654 in unallowable fringe benefit costs that were spent within non-approved budget categories.**

OJP agrees with the recommendation. We will review the \$369,666 in questioned costs, related to \$256,012 in unauthorized personnel costs and \$113,654 in unauthorized fringe benefits costs that were charged to Award Number 2014-CK-BX-0025, and will work with CFSD to remedy, as appropriate.

---

<sup>1</sup> Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amounts.

2. **We recommend that OJP ensure CFSD implements and adheres to written policies and procedures for payroll that require grant-funded employees to document actual time worked using time and effort reports or periodic certifications that are approved by a supervisory official with firsthand knowledge of the employee's work.**

OJP agrees with the recommendation. We will coordinate with CFSD to obtain a copy of written policies and procedures, developed and implemented, that require grant-funded employees to document actual time worked using time and effort reports, or periodic certifications, that are approved by a supervisory official with firsthand knowledge of the employee's work.

3. **We recommend that OJP remedy \$256,012 in unsupported personnel costs and \$113,654 in unsupported fringe benefit costs that were not adequately supported with time and effort reports or periodic certifications.**

OJP agrees with the recommendation. We will review the \$369,666 in questioned costs, related to \$256,012 in unsupported personnel costs and \$113,654 in unsupported fringe benefits costs that were charged to Award Number 2014-CK-BX-0025, and will work with CFSD to remedy, as appropriate.

4. **We recommend that OJP ensure CFSD implements and adheres to written procurement policies and procedures at the district level that are in compliance with Rhode Island State Procurement Regulations and Federal criteria to ensure a fair and transparent procurement process that results in prices that are reasonable and supported.**

OJP agrees with the recommendation. We will coordinate with CFSD to obtain a copy of written policies and procedures, developed and implemented, that are in compliance with Rhode Island State Procurement Regulations and Federal procurement criteria, to ensure a fair and transparent procurement process that results in prices that are reasonable and supported.

5. **We recommend that OJP remedy \$1,434,081 in unsupported contractual costs associated with the following issues:**
- a. **\$1,434,081 in unsupported contractual costs that lacked an adequate justification of price demonstrating the costs were reasonable.**
  - b. **\$166,334 in unsupported contractual costs that lacked adequate documentation demonstrating the procurement was conducted in compliance with RI State Procurement Regulations.**
  - c. **\$447,490 in unsupported consultant costs that were not adequately supported with time and effort reports.**

OJP agrees with each subpart of this recommendation. We will review the \$1,434,081 in questioned costs, related to unsupported contractual and consultant costs that were charged to Award Number 2014-CK-BX-0025, and will work with CFSD to remedy, as appropriate.

6. **We recommend that OJP ensure CFSD implements and adheres to policies and procedures that require consultant costs to be adequately supported with time and effort reports that demonstrate actual hours worked on grant activities.**

OJP agrees with the recommendation. We will coordinate with CFSD to obtain a copy of written policies and procedures, developed and implemented, to ensure that consultant costs are adequately supported with time and effort reports, or similar documentation, which demonstrates the actual hours worked on grant activities.

7. **We recommend that OJP ensure CFSD implements and adheres to its recently developed written subrecipient monitoring policies and procedures.**

OJP agrees with the recommendation. We will coordinate with CFSD to obtain documentation supporting that its subrecipient monitoring policies and procedures are fully implemented and consistently followed.

8. **We recommend that OJP ensure CFSD implements and adheres to written policies and procedures for budget management that require CFSD to periodically compare its grant costs to the grant budget to ensure all grant funds are spent within approved budget categories.**

OJP agrees with the recommendation. We will coordinate with CFSD to obtain a copy of written policies and procedures, developed and implemented, to ensure that it periodically compares its grant costs to the approved grant budget, to verify that funds are spent within approved budget categories.

9. **We recommend that OJP ensure CFSD updates its written policies and procedures for grant drawdowns to include effective controls to ensure any drawdowns taken in advance are detected and returned after 10 days if unspent.**

OJP agrees with the recommendation. We will coordinate with CFSD to obtain a copy of written policies and procedures, developed and implemented, to ensure that any grant drawdowns taken in advance are detected and returned after 10 days, if unspent.

10. **We recommend that OJP ensure CFSD implements and adheres to written policies and procedures for financial reporting that require CFSD to periodically reconcile cumulative reported amounts with grant costs recorded in CFSD's accounting system and review its financial reports for accuracy.**

OJP agrees with the recommendation. We will coordinate with CFSD to obtain a copy of written policies and procedures, developed and implemented, to ensure that it periodically reconciles the cumulative amounts reported on its financial reports with the grant costs recorded in its accounting system, to ensure accuracy.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Jeffery A. Haley, Deputy Director, Audit and Review Division, on (202) 616-2936.

cc: Katharine T. Sullivan  
Deputy Assistant Attorney General  
for Operations and Management

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

LeToya A. Johnson  
Senior Advisor  
Office of the Assistant Attorney General

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

David B. Muhlhausen  
Director  
National Institute of Justice

Howard Spivak  
Deputy Director  
National Institute of Justice

cc: Jennifer Scherer  
Deputy Director  
National Institute of Justice

Renee Cooper  
Director, Office of Grants Management  
National Institute of Justice

Alissa Genovese  
Division Director, Office of Grants Management  
National Institute of Justice

Alan C. Spanbauer  
Supervisory Grants Management Specialist  
Office of Grants Management  
National Institute of Justice

Charlene Hunter  
Program Analyst  
National Institute of Justice

Lisa Johnson  
Administrative Specialist  
National Institute of Justice

Cathy Girouard  
Senior Grants Management Specialist  
National Institute of Justice

Leigh A. Benda  
Chief Financial Officer

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

Joanne M. Suttington  
Associate Chief Financial Officer  
Finance, Accounting, and Analysis Division  
Office of the Chief Financial Officer

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

cc: Louise Duhamel  
Acting Assistant Director, Audit Liaison Group  
Internal Review and Evaluation Office  
Justice Management Division

OJP Executive Secretariat  
Control Number IT20190904142713

## APPENDIX 5

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

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the Central Falls School District (CFSD). The responses for CFSD and OJP are incorporated in Appendices 3 and 4, respectively. CFSD agreed with the nine recommendations and partially agreed with one recommendation. OJP agreed with the 10 recommendations and, as a result, the status of the report is resolved. The following provides the OIG analysis of the responses and a summary of actions necessary to close the report.

#### Recommendations for OJP:

- 1. Remedy \$256,012 in unallowable personnel costs and \$113,654 in unallowable fringe benefit costs that were spent within non-approved budget categories.**

Resolved. OJP agreed with the recommendation and stated it will work with CFSD to remedy the unallowable personnel and fringe benefit costs.

CFSD agreed with the recommendation and stated that it executed a budget modification to make the costs allowable within the grant budget.

This recommendation can be closed when we receive evidence that the unallowable costs were remedied.

- 2. Ensure CFSD implements and adheres to written policies and procedures for payroll that require grant-funded employees to document actual time worked using time and effort reports or periodic certifications that are approved by a supervisory official with firsthand knowledge of the employee's work.**

Resolved. OJP agreed with the recommendation and stated it will coordinate with CFSD to obtain written policies and procedures, developed and implemented, that require grant-funded employees to document actual time worked on the grant using time and effort reports, or periodic certifications, that are approved by a supervisory official with firsthand knowledge of the employee's work.

CFSD agreed with the recommendation and stated it has implemented written policies that ensure CFSD documents actual time worked using time and effort reports that require direct supervisory sign-off.

This recommendation can be closed when we receive evidence that CFSD has developed and implemented written policies and procedures for payroll that ensure grant-funded employees document actual time worked using time and

effort reports or periodic certifications that are approved by a supervisory official with first-hand knowledge of the employee's work.

**3. Remedy \$256,012 in unsupported personnel costs and \$113,654 in unsupported fringe benefit costs that were not adequately supported with time and effort reports or periodic certifications.**

Resolved. OJP agreed with the recommendation and stated it will work with CFSD to remedy the unsupported personnel and fringe benefit costs.

CFSD agreed with the recommendation and stated that although time and effort reports were not documented, the costs were utilized appropriately.

This recommendation can be closed when we receive evidence that the unsupported costs were remedied.

**4. Ensure CFSD implements and adheres to written procurement policies and procedures at the district level that are in compliance with RI State Procurement Regulations and federal criteria to ensure a fair and transparent procurement process that results in prices that are reasonable and supported.**

Resolved. OJP agreed with the recommendation and stated it will coordinate with CFSD to obtain written policies and procedures, developed and implemented, that are in compliance with Rhode Island State Procurement Regulations and Federal procurement criteria, to ensure a fair and transparent procurement process that results in prices that are reasonable and supported.

CFSD agreed with the recommendation and stated that it has implemented procurement procedures in accordance with the State of Rhode Island.

This recommendation can be closed when we receive evidence that CFSD has developed and implemented written policies and procedures that are in compliance with RI State Procurement Regulations and federal criteria to ensure a fair and transparent procurement process that results in prices that are reasonable and supported.

**5. Remedy \$1,434,081 in unsupported contractual costs associated with the following issues:**

- a. **Remedy \$1,434,081 in unsupported contractual costs that lacked an adequate justification of price demonstrating the costs were reasonable.**
- b. **Remedy \$166,334 in unsupported contractual costs that lacked adequate documentation demonstrating the procurement was conducted in compliance with RI State Procurement Regulations.**



**c. Remedy \$447,490 in unsupported consultant costs that were not adequately supported with time and effort reports.**

Resolved. OJP agreed with the recommendation and each subpart and stated it will work with CFSD to remedy the unsupported contractual and consultant costs.

CFSD agreed with part of the recommendation. However, CFSD stated in its response that it disagreed that the \$1,424,081 in unsupported contractual costs were unreasonable. CFSD stated that it contracted with industry leaders with actual past performance in restorative justice research-based best practices, and there were no comparable costs to gauge unreasonableness.

CFSD's response misinterprets our report finding that these costs were unreasonable. As stated on pages 8 and 9 of this report, we found that CFSD was not able to demonstrate that these costs were reasonable because CFSD did not adhere to RI State Procurement Regulations, which requires sufficient documentation to justify the price paid, or comply with federal requirements for establishing the reasonableness of costs. We found that CFSD did not document its process for determining that these contractual costs were reasonable, and therefore determined that the costs were unsupported.

This recommendation can be closed when we receive evidence that the unsupported costs were remedied.

**6. Ensure CFSD implements and adheres to policies and procedures that require consultant costs to be adequately supported with time and effort reports that demonstrate actual hours worked on grant activities.**

Resolved. OJP agreed with the recommendation and stated it will coordinate with CFSD to obtain written policies and procedures, developed and implemented, to ensure consultant costs are adequately supported with time and effort reports, or similar documentation, which demonstrate the actual hours worked on grant activities.

CFSD agreed with the recommendation and stated it has implemented written policies that ensure CFSD documents actual time worked using time and effort reports.

This recommendation can be closed when we receive evidence that CFSD has developed and implemented policies and procedures that ensure consultant costs are adequately supported with time and effort reports that demonstrate actual hours worked on grant activities.

**7. Ensure CFSD implements and adheres to its recently developed written subrecipient monitoring policies and procedures.**

Resolved. OJP agreed with the recommendation and stated it will coordinate with CFSD to obtain documentation supporting that its subrecipient monitoring policies and procedures are fully implemented and consistently followed.

CFSD agreed with the recommendation and stated the recently developed written subrecipient monitoring policies and procedures became effective in March 2019.

This recommendation can be closed when we receive evidence that CFSD has implemented its written subrecipient monitoring policies and procedures.

**8. Ensure CFSD implements and adheres to written policies and procedures for budget management that require CFSD to periodically compare its grant costs to the grant budget to ensure all grant funds are spent within approved budget categories.**

Resolved. OJP agreed with the recommendation and stated it will coordinate with CFSD to obtain written policies and procedures, developed and implemented, to ensure CFSD periodically compares its grant costs to the grant budget to verify that funds are spent within approved budget categories.

CFSD agreed with the recommendation and stated that it developed and implemented written policies and procedures for budget management that require CFSD to run monthly reports to ensure budgetary setup and spending falls within the threshold of all cost categories.

This recommendation can be closed when we receive evidence that CFSD has developed and implemented written policies and procedures for budget management that require CFSD to compare its grant costs to the grant budget to ensure all grant funds are spent within approved budget categories.

**9. Ensure CFSD updates its written policies and procedures for grant drawdowns to include effective controls to ensure any drawdowns taken in advance are detected and returned after 10 days if unspent.**

Resolved. OJP agreed with the recommendation and stated it will coordinate with CFSD to obtain written policies and procedures, developed and implemented, to ensure grant drawdowns taken in advance are detected and returned after 10 days if unspent.

CFSD agreed with the recommendation and stated that it updated its written policies and procedures for grant drawdowns to ensure any drawdowns taken in advance are identified and returned after 10 days if unspent.

This recommendation can be closed when we receive evidence that CFSD has updated its written policies and procedures for grant drawdowns to ensure any drawdowns taken in advance are detected and returned after 10 days if unspent.

**10. Ensure CFSD implements and adheres to written policies and procedures for financial reporting that require CFSD to periodically reconcile cumulative reported amounts with grant costs recorded in CFSD's accounting system and review its financial reports for accuracy.**

Resolved. OJP agreed with the recommendation and stated it will coordinate with CFSD to obtain written policies and procedures, developed and implemented, to ensure that CFSD periodically reconciles cumulative amounts reported on its financial reports with the grant costs recorded in its accounting system to ensure accuracy.

CFSD agreed with the recommendation and stated that it implemented written policies and procedures that require CFSD to periodically reconcile cumulative reported amounts with grant costs recorded in CFSD's accounting system with a final review for accuracy.

This recommendation can be closed when we receive evidence that CFSD has developed and implemented written policies and procedures for financial reporting that require CFSD to periodically reconcile cumulative reported amounts with grant costs recorded in CFSD's accounting system.



The Department of Justice Office of the Inspector General (DOJ OIG) is a statutorily created independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct in the Department of Justice, and to promote economy and efficiency in the Department's operations.

To report allegations of waste, fraud, abuse, or misconduct regarding DOJ programs, employees, contractors, grants, or contracts please visit or call the **DOJ OIG Hotline** at [oig.justice.gov/hotline](https://oig.justice.gov/hotline) or (800) 869-4499.

**U.S. DEPARTMENT OF JUSTICE OFFICE OF THE INSPECTOR GENERAL**  
950 Pennsylvania Avenue, NW  
Washington, DC 20530 0001

**Website**  
[oig.justice.gov](https://oig.justice.gov)

**Twitter**  
[@JusticeOIG](https://twitter.com/JusticeOIG)

**YouTube**  
[JusticeOIG](https://www.youtube.com/JusticeOIG)

Also at [Oversight.gov](https://Oversight.gov)