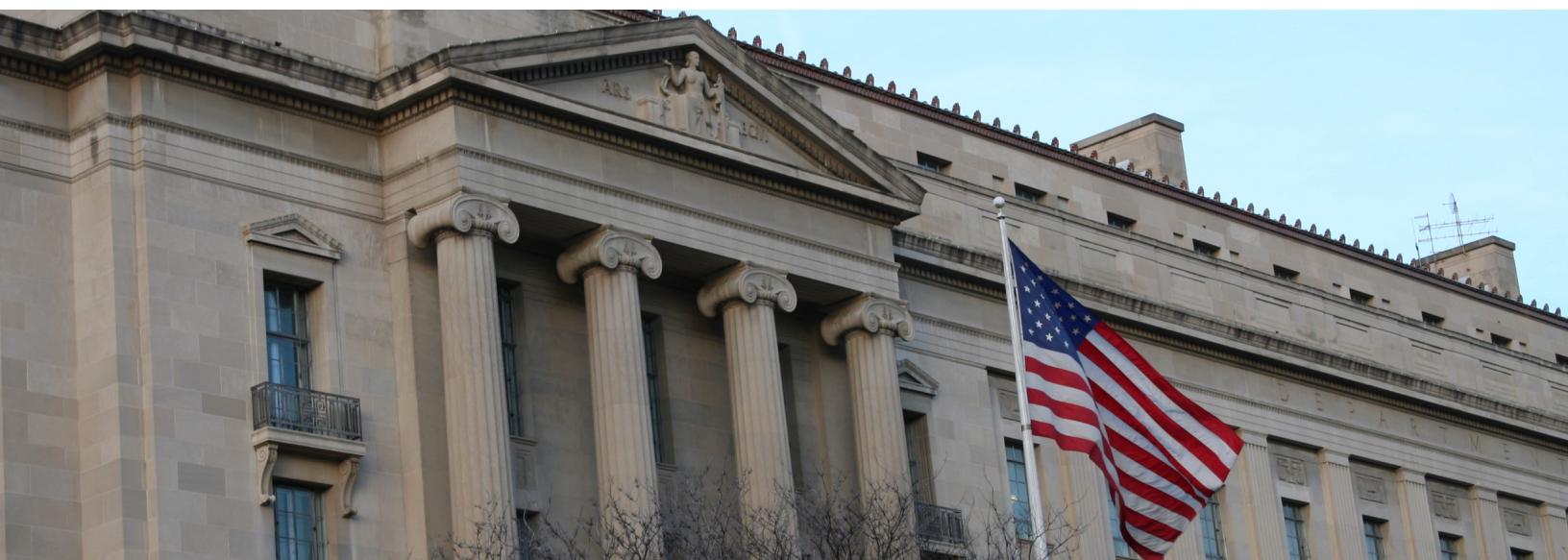




Office of the Inspector General

U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



Audit of the Department of Justice Grant Award Closeout Process



Executive Summary

Audit of the Department of Justice Grant Award Closeout Process

Objectives

In December 2006, the Office of the Inspector General (OIG) issued an audit of the *Department of Justice's (DOJ) Grant Closeout Process* (Audit Report 07-05). Due to the significant issues identified in that report, including \$726,998,107 in dollar-related findings, we determined that a follow-up audit was appropriate.

We conducted this audit to: (1) ensure that expired awards are closed properly and in a timely manner; (2) ensure that award funds are appropriately managed after award periods have ended, including deobligations and subsequent drawdowns; and (3) determine whether appropriate controls are in place to ensure that closeout data reported by recipients is accurate and supported.

Results in Brief

As compared to our 2006 results, this report identifies significant progress in agency closeout timeliness and fund management. However, we also identified \$28,810,221 in funding that remained obligated against awards that were eligible for closeout, including \$1,465,592 in funding obligated to organizations that had not been operational for as many as 10 years. We further identified \$762,183 in unallowable spending by award recipients that was not detected by the awarding agencies because reported data did not accurately reflect important expenditure information. The DOJ awarding agencies remedied \$18,068,288 of these costs prior to issuance of this final report. As a result, this report identifies \$10,744,009 in remaining funds that can be put to better use, and \$760,107 in remaining questioned costs.

Recommendations

This report provides 61 recommendations for DOJ awarding agencies to improve the closeout process. DOJ awarding agencies provided sufficient documentation to close 3 recommendations after our draft report was issued, and provided responses contained in Appendices 4, 5, and 6 of this report. The OIG's analysis of those responses and summary of actions necessary to close the remaining recommendations and remedy the remaining \$11,504,116 in dollar-related findings is in Appendix 7.

Background

Each year, the DOJ awards billions of dollars in grant and cooperative agreement funding, referred to collectively throughout this report as "awards." Each award has a pre-determined project period. When this period expires, or when all administrative actions have been completed, the award is eligible for "closeout." Closeout is the final point of accountability for the recipient, and the process by which the awarding agency determines that all applicable administrative actions and required work of the award has been completed.

To this end, award recipients are required to submit documentation to the awarding agency to demonstrate their award spending, programmatic accomplishments, and completion of certain terms and conditions required by the award program. For the period covered by this audit, award recipients had 90 days to fulfill these obligations; the awarding agencies then had an additional 90 days, for a total of 180 days, to close the award.

Audit Results

This audit reviewed closeout actions for DOJ's primary award-making agencies: the Office of Justice Programs (OJP), the Office of Community Oriented Policing Services (COPS Office), and the Office on Violence Against Women (OVW). This audit concentrated on, but was not limited to, 43,099 awards totaling over \$26 billion that ended between October 1, 2008, and September 30, 2016.

DOJ AWARDS ENDED FISCAL YEARS 2009 THROUGH 2016 (in billions)		
AWARDING AGENCY	NUMBER OF AWARDS	AMOUNT AWARDED
OJP	32,058	\$19.4
COPS Office	6,501	\$3.4
OVW	4,540	\$3.3
Total:	43,099	\$26.1

Closeout Timeliness – For the period covered by this audit, agency regulations generally required that awards be closed within 180 days after expiration of the project period. While revisions to the Code of Federal Regulations in 2014 extended this time period to 1 year



Executive Summary

Audit of the Department of Justice Grant Award Closeout Process

following the receipt and acceptance of all final reports, neither the OJP, COPS Office, nor OVW had adopted the new timeframes. Therefore, we evaluated closeout timeliness against the 180 day criteria established by the awarding agencies.

We identified significant improvement in agency actions related to closeout timeliness. Specifically, in our 2006 report, we found that 82 percent of OJP awards, 99 percent of COPS Office awards, and 87 percent of OVW awards were closed after the allowable 180-day timeframe. In this audit, we determined that 13 percent of OJP awards, 19 percent of COPS Office awards, and 42 percent of OVW awards were closed after 180 days.

Agency Fund Management – Again, we identified significant improvement in agency actions related to fund management. In 2006, we identified a backlog of 12,505 awards (20 percent of the universe audited) that were expired, but not closed. For this report, we identified only 782 expired awards (2 percent of the universe audited) that remained open at the time of our analysis. Finally, and most significantly, in our 2006 report we identified over \$550 million in award recipient drawdowns that were made after the expiration of the award liquidation deadline. In this audit, we found that the awarding agencies had effectively implemented controls that prevent such drawdowns from occurring.

However, this report identified \$28,810,221 in obligated funding for awards that were eligible for closeout, including \$1,465,592 in OJP and OVW funding obligated to organizations that had not been operational for as many as 10 years. Also included in this amount was nearly \$4 million in unused OJP, COPS Office, and OVW funding that was obligated for awards that expired as many as 6 years ago, and over \$1 million in refunds submitted by recipients as many as 5 years ago that the awarding agencies had not deobligated. In response to our draft report, the OJP, COPS Office, and OVW provided evidence that they had remedied \$18,066,212 of these funds, leaving \$10,744,009 in remaining funds that should be put to better use.

Recipient Data Verification – As part of a closeout package, award recipients are generally required to submit two final reports: a Federal Financial Report (FFR), which details all expenditures incurred under the

award, and the final progress report, which provides detail on the accomplishments made towards the award's programmatic goals and objectives. These reports are used by the awarding agencies to measure overall award spending, and to determine the achievements made in relation to the award's goals and objectives. Data in the final reports is also used to report on the efficacy of agency programs to Congress and the general public.

We reviewed sample of 118 final FFRs and 57 final progress reports submitted by award recipients. Through our testing, we identified \$762,183 in unallowable spending not detected by the awarding agencies because reported data did not accurately reflect important expenditure information. Specifically, we identified \$482,860 in expenses that violated agency restrictions regarding spending by budget category, \$84,880 in expenses not included in the recipient's approved budgets, \$81,045 in unallowable indirect cost expenses, \$61,984 in spending that occurred before or after the approved project period, and \$51,415 in drawdowns that exceeded total award expenditures. Specific examples include two recipients who used \$8,623 in award funds to purchase airline tickets for family members, one recipient who paid itself \$3,000 in rent to utilize a campground it owns, and one recipient who used \$11,340 in award funds to pay salary and fringe expenses for 9 months after the award period ended. In response to our draft report, the COPS Office provided evidence that it had remedied \$565 of the total amount identified as unallowable, and OJP remedied \$1,511 in the total amount identified as unallowable, leaving \$760,107 in remaining questioned costs.

Further, we identified over \$19,000 spent to bring six youths and five chaperones on a cultural exchange to Hawaii – a rather high chaperone to youth ratio. In our judgment, these types of findings indicate that improved and additional layers of review at the awarding agencies are warranted.

AUDIT OF THE DEPARTMENT OF JUSTICE GRANT AWARD CLOSEOUT PROCESS

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AUDIT OF THE DEPARTMENT OF JUSTICE GRANT AWARD CLOSEOUT PROCESS

INTRODUCTION

Each year, the United States Department of Justice (DOJ) awards billions of dollars in grant and cooperative agreement funding that enhance DOJ's mission to enforce the law, ensure public safety against threats foreign and domestic, provide federal leadership in preventing and controlling crime, seek just punishment for those guilty of unlawful behavior, and ensure fair and impartial administration of justice for all Americans. These awards support a diverse set of goals including crime reduction, innovative research, and the provision of services to victims and at-risk populations. As a steward of federal funds, it is imperative that DOJ provide effective accountability and oversight in managing these resources.

The majority of DOJ awards are managed by one of three awarding agencies: the Office of Justice Programs (OJP), the Office of Community Oriented Policing Services (COPS Office), or the Office on Violence Against Women (OVW). Each agency provides services to national, state, local, territorial, and tribal agencies in the form of grants or cooperative agreements, referred to collectively throughout this report as awards. Between October 1, 2008 and September 30, 2016, the OJP, COPS Office, and OVW administered 43,099 awards totaling over \$26.1 billion, as shown in Table 1.

Table 1
Awards Ended Between
Fiscal Years (FY) 2009 and 2016
(Dollars in Billions)

AWARDING AGENCY	NUMBER OF AWARDS	AMOUNT AWARDED
OJP	32,058	\$19.4
COPS Office	6,501	\$3.4
OVW	4,540	\$3.3
Total:	43,099	\$26.1

Source: OJP, COPS Office, OVW

OJP provides leadership to federal, state, local, and tribal justice systems by disseminating state-of-the art knowledge and practices across the United States of America, and providing awards for the implementation of these crime fighting strategies. OJP works in partnership with the justice community to identify the most pressing crime-related challenges confronting the justice system and to provide information, training, coordination, and innovative strategies and approaches for addressing these challenges.

The COPS Office is responsible for advancing the practice of community policing by the nation's state, local, territorial, and tribal law enforcement agencies through information and award resources. The COPS Office awards funds to hire community policing professionals, develop and test innovative policing strategies,

and provide training and technical assistance to community members, local government leaders, and all levels of law enforcement.

OVW's mission is to provide federal leadership in developing the national capacity to reduce violence against women and administer justice for and strengthen services to victims of domestic violence, dating violence, sexual assault, and stalking. OVW administers award programs to help provide victims with the protection and services they need to pursue safe and healthy lives, while simultaneously enabling communities to hold offenders accountable for their violence. Funding is provided to local, state, and tribal governments; courts; non-profit organizations; community-based organizations; secondary schools; institutions of higher education; and state and tribal coalitions.

Each award has a pre-determined project period. When this period expires, or when all administrative actions have been completed, the award is eligible for "closeout." Closeout is the final point of accountability for the recipient, and the process by which the awarding agency determines that all applicable administrative actions and required work of the award has been completed. Therefore, timely award closeout is an essential program and financial management practice because it can identify recipients that have failed to comply with award requirements, detect excess and unallowable costs charged to the award, and determine whether unused funds remain that should be deobligated and used for other purposes.

Background

In December 2006, the Office of the Inspector General (OIG) issued an audit of the DOJ's grant award closeout process (2006 Closeout Report) which included 60,933 expired OJP, COPS Office, and OVW awards totaling \$25.02 billion.¹ The audit consisted of 44,197 awards totaling \$17.61 billion that were closed from October 1997 through December 2005, and 16,736 expired awards totaling \$7.41 billion that had not been closed as of December 2005. Overall, the 2006 Closeout Report found that the OJP, COPS Office, and OVW substantially failed to ensure that the awards were closed appropriately, and identified \$726,998,107 in total dollar related findings. Specific issues identified included \$554,192,410 in drawdowns made after expiration of the recipient's liquidation period, and an additional \$529,043 in unallowable drawdowns exceeding the total award amount. The OIG also identified \$163,955,084 in unused funding that remained on expired award accounts, and an additional \$8,321,570 in unused funds from closed awards that had not been deobligated and put to better use.

The 2006 Closeout Report also found that 87 percent of the 44,197 awards reviewed were not closed in a timely manner. Specifically, 82 percent of OJP awards, 99 percent of COPS Office awards, and 87 percent of OVW awards were closed after the allowable 180 day timeframe.

¹ U.S. Department of Justice Office of the Inspector General, *Audit of The Department of Justice's Grant Closeout Process*, Audit Report 07-05, December 2006.

The 2006 Closeout Report included 44 recommendations that focused on specific steps that the OJP, COPS Office, and OVW should take to improve the closeout process. The report included recommendations that:

- Expired awards are closed within 6 months of the award end date;
- Timelines are established for eliminating the backlog of expired awards that have not been closed;
- Recipients are prohibited from drawing down award funds after the end of the 90-day liquidation period, unless an extension is requested by the recipient and approved by the DOJ awarding agency;
- Questioned costs related to drawdowns after the end of the 90-day liquidation period are addressed; and
- Unused award funds for expired and closed awards are deobligated within 6 months after the award end date and put to better use.

Additionally, each year, the OIG submits to the Attorney General a report detailing the top management and performance challenges facing the DOJ. For the past 16 years, award management and administration has been included in the top challenges. As detailed in the Recipient Data Verification section of this report, between January 2013 and March 2017, the OIG conducted 95 OJP audits, 17 COPS Office audits, and 46 OVW audits. Based on the results of these individual audits, we found that 85 percent identified issues related to unallowable or unsupported recipient spending, 45 percent identified deficiencies related to the accuracy of recipient Federal Financial Report (FFR) submissions, and 39 percent identified deficiencies related to the accuracy of recipient progress report submissions.

Finally, on January 28, 2016, the 114th Congress passed Public Law 114-117, also referred to as the Grant Oversight and New Efficiency Act (GONE Act). The GONE Act focuses on identifying and closing out expired Federal awards, and requires awarding agencies to submit to Congress, no later than December 31, 2017, a report that:

- (A) lists each Federal grant award held by such agency;
- (B) provides the total number of Federal grant awards, including the number of grants—
 - (i) by time period of expiration;
 - (ii) with zero dollar balances; and
 - (iii) with undisbursed balances;
- (C) for an agency with Federal grant awards, describes the challenges leading to delays in closeout; and
- (D) for the 30 oldest Federal grant awards of an agency, explains why each Federal grant award has not been closed out.

The GONE Act also requires that, not later than 1 year after the date on which the head of an agency provides notice to Congress under subsection (b)(2), the Inspector General of an agency with more than \$500,000,000 in annual grant funding shall conduct a risk assessment to determine if an audit or review of the agency's grant closeout process is warranted. DOJ provided the required notice to Congress in November 2017.

In response to GONE Act requirements, the Office of Management and Budget (OMB) issued new guidance updating existing financial reporting requirements. This guidance, which became effective on August 15, 2017, the awarding agencies to submit a brief high-level discussion of GONE Act information, including a summary table showing: (1) the total number of Federal awards for which closeout has not yet occurred but for which the period of performance has elapsed by more than two years, (2) any balances associated with those awards, and (3) the total amount of undisbursed balances.

Additionally, the awarding agencies must submit a brief narrative of the challenges leading to delays in award closeout and planned corrective actions to address those challenges. The information must be provided to OMB, the Government Accountability Office, and Congress, beginning on November 15, 2017, and annually thereafter. As the requirement was not in place at the time we conducted our analysis, we did not test the awarding agency's adherence with the new guidelines. However, in our judgment, the new reporting requirements are likely to have a positive impact on award closeout.

Audit Objectives

Based on the frequency and magnitude of the findings related to award closeout in the 2006 Closeout Report, as well as in response to requirements made in the GONE Act, we conducted a follow-up audit of the OJP, COPS Office, and OVW closeout processes to determine if their award closeout policies and procedures are adequate to ensure that:

- expired awards are closed properly and in a timely manner;
- award funds are appropriately managed after award period has ended, including deobligations and subsequent drawdowns; and
- appropriate controls are in place to ensure that closeout data reported by recipients is accurate and supported.

In conducting our audit, we tested compliance with what we consider to be the most important conditions of the closeout process. Unless otherwise stated in this report, the criteria we used to evaluate compliance are contained in the Code of Federal Regulations (CFR), the DOJ Grants Financial Guide, OJP's Grant Management Manual, COPS Office Closeout Policies and Procedures, and OVW's Grant Monitoring Manual. We also interviewed key employees at the awarding agencies in Washington, D.C., as well as reviewed financial and programmatic documentation from 118 award recipients. Finally, we reviewed additional relevant items, such as closeout process reports, grant monitoring documentation, FFRs, and progress reports.

AUDIT RESULTS

The OIG found that the OJP, COPS Office, and OVW have made significant improvements to the award closeout process since the issuance of our 2006 Closeout Report. Most significantly, in our 2006 report we identified over \$550 million in award recipient drawdowns that were made after expiration of the award liquidation deadline. In this audit, we found that the awarding agencies had effectively implemented controls that prevent such drawdowns from occurring. In addition, the agencies made marked improvements in closing awards following 180 days of an award's end date. Further, in 2006 we identified a backlog of 12,505 awards (20 percent of the universe audited) that were expired and had not been closed. For this report, we identified 782 awards (2 percent of the universe audited) that remained open after expiration at the time of our analysis.

However, in this audit we also identified important deficiencies related to timely award closeout, effective fund management, and recipient spending. Specifically, we identified \$28,810,221 in funding that remained obligated against awards that were eligible for closeout at the time of our audit, and in some cases had ended as far back as 2005, as well as \$762,183 in recipient spending that was not allowable under the terms and conditions of the awards.

Federal Regulations Regarding Award Closeout

Prior to December 26, 2014, the Code of Federal Regulations (CFR) did not establish specific timeframes in which agency closeout actions must be completed. However, the 2006 Closeout Report recommended that the OJP, COPS Office, and OVW implement policy requiring expired awards to be closed within 6 months of the project end date; these policies were implemented, and remained in effect during the period covered by this audit. However, in December 2014, 2 CFR § 200.343 was modified to require that federal awards be closed no later than 1 year after receipt and acceptance of all required final reports.²

During our audit, the COPS Office and OVW stated their intention to adopt, with modifications, the criteria as stated in the CFR. Specifically, the COPS Office will be extending its timeframes to allow agency actions to be completed within 365 days following expiration of the project period. OVW has proposed requiring that standard closeouts be completed within the existing 180 day timeframes, but will allow 1 year after receipt and acceptance of all required final reports for administrative closeouts.³ OJP officials stated that OJP intends to continue adhering to its own more stringent criteria, which generally requires that awards be closed within 180 days.

² The updated criteria did not affect closeout requirements for award recipients; these recipients are still required to submit all final award documentation, and liquidate all award expenses, within 90 days after expiration of the project period.

³ A standard closeout is a process that involves the consent and participation of both the award recipient and OVW. Administrative closeouts are initiated by OVW to resolve administrative matters which require closing of the award with or without the recipient's consent.

However, none of these agencies have adopted formal written policies regarding the proposed modifications to the current CFR award closeout requirements.

The OIG recognizes that the awarding agencies have the option to adopt the criteria in the CFR without modification. However, should the awarding agencies adopt revised criteria subsequent to the issuance of this report, we believe that any updated policy should establish finite timeframes against which agency closeout actions can be measured to ensure timely award closeout and the effective management of federal funds. In our judgment, any updated and implemented agency policy should address:

- (1) Finite deadlines for agency approval of all required final reports from the recipient. This should include approval of the final performance report, final financial report, and any other final reports that may be required under the terms and conditions of the award. As award recipients are required to submit these reports within 90 days after expiration of the award period, agency deadlines should not exceed 455 days after the project period has ended.⁴
- (2) The completion of all financial-related closeout activities for awards left open due to recipient refunds or U.S. Department of the Treasury (U.S. Treasury) collection referrals. Specifically, if funds have been returned to DOJ, or if the awarding agencies have resorted to referring delinquent debt to the U.S. Treasury, consideration should be made as to whether any other funds remaining on the account should be immediately deobligated.
- (3) Awards left open due to OIG audit or other monitoring activity should be reported to the OIG on a semi-annual basis to ensure that each agency is working to close open issues or recommendations, and that awards have not been left open due to OIG monitoring activity that is no longer active.
- (4) Finally, awards remaining open after the 455th day should require justification which should be reviewed and approved by agency officials. In order to conduct this review, agency staff should query the list of awards that have expired, but have not been closed, and determine which awards have been expired for over 455 days. Agency staff should note the reason each award remains open, and what steps are being taken to move forward with closeout. Senior agency officials should then review the list and determine if the delays are justified. This list should be queried on a semi-annual basis.

We recommend that each agency develop and implement revised closeout policies resulting from this audit, or in response to 2 CFR § 200.343, to (1) ensure that any such policies consider the 455-day timeframe for closing an award, (2) ensure that awards that remain open for 455 days or more be subject to additional layers of agency review, and (3) enhance collaboration and communication between the

⁴ During our audit, OJP stated that 455 days, which comprises the recipient's 90 day submission requirements and the 1 year agency requirements allowable under CFR, should be considered the minimum interpretation of the CFR's requirement. We agree with OJP's determination, and have used the 455 days in our outline above.

OIG and the awarding agencies by submitting to the OIG, on a semi-annual basis, a list of awards that remain open due to OIG audit or other monitoring activity.

Closeout Timeliness

Timely award closeout is an essential safeguard to ensure recipients have complied with award requirements, and to verify that all work required by the award has been completed. Additionally, timely closeout is important because, according to federal regulations, recipients are only required to maintain financial records, supporting documents, statistical records, and all other records pertinent to the award for a period of 3 years from the date that the final expenditure report was submitted. If awards are not closed in a timely manner, it may be years before the DOJ awarding agency identifies recipients who have failed to comply with programmatic and financial requirements, at which time the recipient may no longer be required to maintain the records necessary to resolve any compliance issues.

To determine whether DOJ is closing awards in a timely manner, we reviewed all awards closed during FYs 2009 through 2016. This review included 40,022 closed OJP, COPS Office, and OVW awards totaling \$24 billion.⁵ While the CFR currently states that awards must be closed no later than 1 year after receipt and acceptance of all required final reports, neither the OJP, COPS Office, nor OVW had adopted policies implementing these timeframes. Instead, awarding agencies require 180 days to close out awards. Therefore, for each award in our universe, we reviewed agency closeout actions to determine whether the award was closed within 180 days of the project end date, in accordance with the awarding agencies current closeout criteria.

Our 2006 Closeout Report found that 82 percent of OJP awards, 99 percent of COPS Office awards, and 87 percent of OVW awards were not closed within the 180-day timeframe. However, our current work found that each awarding agency has made progress since the 2006 Closeout Report, as shown in Table 2.

⁵ This dollar value differs from that in Table 1 because some expired awards were not yet eligible for closeout at the time of our analysis. Awards that were expired for at least 180 days, but had not been closed, are addressed in the Closeout Fund Management section of this report.

Table 2
Analysis of Closed DOJ Awards

NUMBER OF MONTHS TO AWARD CLOSEOUT	OJP AWARDS CLOSED LATE ^a	COPS OFFICE AWARDS CLOSED LATE	OVW AWARDS CLOSED LATE
6 Months – 1 Year	3,160	10.56%	983
1 Year – 2 Years	590	1.97%	166
2 Years – 3 Years	120	0.40%	27
Over 3 Years	74	0.25%	13
Total Closed Late:	3,944	13.18%	1,189
			18.87%
			1,597
			42.09%

^a It is OJP's goal to ensure that no more than 10 percent of closeouts, or 250 closeouts, remain open in excess of 180 days after the award has ended. Based on our analysis, we found that OJP was near or beneath this goal for 5 of the 8 years audited.

Source: OJP, COPS Office, OVW

As shown in Table 2, we found that only 13 percent of OJP awards, 19 percent of COPS Office, and 42 percent of OVW awards were not closed within 180 days. Our detailed results as they pertain to each agency are included below.

The Office of Justice Programs

Our audit included 29,928 closed OJP awards totaling \$17.5 billion. We found that 25,984 awards (87 percent) were closed within 180 days. As shown in Table 2, only 3,944 awards (13 percent) were closed after the allowable 180-day timeframe, indicating that OJP has made significant progress in the timely closure of its awards.

Nonetheless, we reviewed closeout actions in OJP's Grant Management System (GMS), and conducted detailed analysis on a sample of 30 OJP awards that were closed late, as well as 30 additional awards that were expired, but not closed as of September 30, 2016 in order to identify specific issues that contributed to delayed closeouts. Based on our analysis, we found that a variety of factors can cause delays in the closeout process, ultimately contributing to closeouts being completed after the allowable 180-day timeframe. These factors can include, but are not limited to, late recipient submissions, final reports for which OJP requests additional information or clarification from the recipient, or the completion of required upward or downward adjustments to award funds.

OJP officials also stated that another significant factor contributing to closeout delays relates to open programmatic, financial, or audit-related reviews. Specifically, any awards with associated monitoring activity are placed in a special "hold" status, and will generally remain in that status until all associated findings or recommendations resulting from the review have been closed. Our testing confirmed that monitoring activity did have a significant impact on delayed closeouts. Specifically, 21 of the 30 awards that were expired, but not closed as of September 30, 2016, (70 percent) were, at some point, affected by an OJP, OIG, or other review.

Again, we recognize OJP's significant improvement since issuance of the OIG's 2006 Closeout Report. While the OIG makes targeted recommendations

regarding improvements in overall fund management in the following section of this report, we make no additional recommendations related to closeout timeliness.

The Office of Community Oriented Policing Services

This audit included 6,300 closed COPS Office awards totaling \$3.3 billion. We found that 5,111 awards (81 percent) were closed within 180 days. As shown in Table 2, 1,189 (19 percent) were closed after the allowable 180 day timeframe, indicating that the COPS Office has made meaningful progress in ensuring awards are closed in a timely manner.

We also communicated with COPS Office officials, analyzed award source documentation, and reviewed a sample of 30 COPS Office awards that were closed late as well as 29 awards that were expired, but not closed as of September 30, 2016, in order to identify specific issues that contributed to delayed closeouts.⁶ We confirmed that ongoing monitoring activity was a significant factor leading to delays in award closeout; specifically, 16 of the 29 (55 percent) awards in our review had associated monitoring activity. Additionally, COPS Office officials stated that some delays were caused by technical issues in the award management system. Again, our review confirmed that technical issues did have an impact on delayed closeouts and that the COPS Office generally addressed these issues during our audit. We further address this issue in the Closeout Fund Management section of this report.

As previously noted, COPS Office officials stated that the COPS Office intends to adopt, with modification, the closeout timeframes allowable in the CFR. Therefore, we analyzed COPS Office closeout actions for FY 2016, the only year for which the CFR criteria would have been fully applicable. We found that the COPS Office closed 96 percent of awards within 365 days after expiration of the award period.

Again, we recognize the COPS Office's meaningful improvement since issuance of the OIG's 2006 Closeout Report. While the OIG makes targeted recommendations regarding fund management in the following section of this report, we make no additional recommendations related to closeout timeliness.

The Office on Violence Against Women

This audit included 3,794 closed OVW awards totaling \$2.8 billion. We found that 2,197 awards (58 percent) were closed within 180 days. As shown in Table 2, 1,597 (42 percent) were closed after the allowable 180 day timeframe, indicating that OVW has made continued progress in ensuring awards are closed in a timely manner.

Again, we reviewed a sample of 30 OVW awards that were closed late, as well as 30 additional awards that were expired, but not closed as of September 30, 2016, in order to identify specific issues that contributed to delayed closeouts. We

⁶ As explained in the Closeout Fund Management section of this report, we identified and reviewed a total of 34 COPS Office awards that were expired, but not closed.

also discussed issues with OVW staff in order to assess the issues that contribute to delayed closeouts. OVW officials stated that OVW operates with the maximum possible efficiency given chronic and severe staffing shortages, noting that OVW Program Specialists carry, on average, award loads that are twice the size considered by OVW to be normal.⁷ Further, OVW officials identified issues related to recipient staff turnover, technical problems with its GMS, and active programmatic or financial monitoring that can create delays in closeout.

OVW officials also noted that OVW received \$225 million in funding through American Recovery and Reinvestment Act (ARRA) in 2009, which was distributed across five award programs. OVW officials stated that the majority of those awards ended between 2011 and 2014, which largely accounts for the increases in closeout volume during those years. These awards also had a “hard” closeout date, meaning that OVW was required to prioritize the closeout of ARRA awards, leading to delays in the closeouts of non-ARRA awards. Additionally, from January 2011 through FY 2013, OVW was subject to the DOJ hiring freeze. OVW officials stated that as OVW was already understaffed, an extended hiring freeze deepened and lengthened the impact of the understaffing. The OIG did not conduct a review of optimal staffing, and makes no recommendations in relation to understaffing or staff turnover. However, we do not dispute that such issues could contribute to delayed closeouts.

OVW officials also stated that award monitoring is a contributing factor to delayed closeouts. Again, as discussed further in the Closeout Fund Management section of this report, our detailed testing confirmed this statement. As previously noted, OVW officials stated that OVW intends to adopt, with modification, the closeout timeframes allowable in the CFR. Therefore, we analyzed OVW closeout actions for FY 2016, only year for which the CFR criteria would have been fully applicable. We found that OVW closed 84 percent of awards within 365 days after expiration of the award period.

Again, we recognize OVW’s continued improvement since issuance of the OIG’s 2006 Closeout Report. Our targeted recommendations in the following section of this report address issues related to award monitoring, financial review, and fund management, which we believe will assist in improving OVW’s closeout process.

Closeout Fund Management

Award closeout is an essential component of the financial management process. An effective financial review can identify excess and unallowable costs charged to the awards, as well as any unused award funds that should be

⁷ OVW considers a portfolio of 45 awards to be appropriate for a Program Specialist, but notes that award loads over the past several years have averaged between 70 and 90 awards. OVW determined 45 awards to be appropriate based on its review of activities that take place during the active award period. Contributing factors included how many Grant Adjustment Notices (GANs) a Program Specialist can be expected to review, or how much monitoring is expected. OVW reviewed different units and different Program Specialists and ultimately determined that 45 awards per Program Specialist was a reasonable workload.

deobligated and either repurposed by the awarding agency or returned to the U.S. Treasury. As a steward of federal funds, it is imperative that DOJ provide effective accountability and oversight in managing these resources throughout the life of the awards.

Between October 1, 2008, and September 30, 2016, the OJP, COPS Office, and OVW administered 43,099 awards totaling over \$26 billion. To determine if funds were effectively managed, we conducted an evaluation of agency actions related to the financial aspects of the closeout process. Our review focused primarily on two areas: expired awards that have not been closed, including subsequent deobligations, and recipient drawdowns following the award liquidation period.

In the 2006 Closeout Report, the OIG identified \$554,192,410 in recipient drawdowns that occurred after expiration of the 90-day liquidation period.⁸ This report found that the OJP, COPS Office, and OVW have made significant progress in this area. Specifically, in June 2010 the awarding agencies implemented a control in the Grants Payment Request System (GPRS) which automatically “locks down” funds, prohibiting recipients from initiating a drawdown after the 90-day liquidation period has expired. We tested the efficacy of this control by analyzing drawdowns that posted after the 90th day and did not identify significant deficiencies with its implementation. As a result, we make no recommendations related to recipient drawdowns after the liquidation period.

Additionally, in 2006 we identified a backlog of 12,505 awards (20 percent of the universe audited) with a total remaining balance of \$163,955,084 that were expired, but not yet closed. As shown in Table 3, this audit identified 782 awards (2 percent of the universe audited) that were expired, but remained open at the time of our analysis.

⁸ 2 CFR § 200.343 and agency regulations require that award recipients liquidate all obligations incurred under a federal award not later than 90 calendar days after the end date of the period of performance.

Table 3
**Universe of Expired Awards
 That Have Not Been Closed
 as of September 30, 2016**

YEARS SINCE AWARD EXPIRATION	OJP	BALANCE REMAINING	COPS OFFICE	BALANCE REMAINING	OVW	BALANCE REMAINING
6 Months – 1 Year	84	\$2,326,429	10	\$2,253,825	59	\$1,424,687
1 Year – 2 Years	137	\$4,772,570	14	\$67,630	151	\$4,349,050
2 Years – 3 Years	39	\$1,826,062	2	\$17,017	41	\$1,969,033
3 Years – 4 Years	47	\$1,247,574	-	-	19	\$1,211,444
Over 4 Years ^a	108	\$1,701,706	3	\$18,544	68	\$5,624,651
Total:	415	\$11,874,341	29	\$2,357,016	338	\$14,578,864^a

^a Here and throughout the report, differences in total amounts are due to rounding.

Source: OJP, COPS Office, OVW

While the summary results presented in Table 3 above demonstrate the significant improvement by the OJP, COPS Office, and OVW, we identified additional areas for continued improvement with regard to closing expired grants. We discuss these issues as they relate to each agency in the sections below.

The Office of Justice Programs

Our current review found that OJP has made significant progress towards decreasing the number of expired awards that have not been closed. Specifically, we identified only 415 awards (1.39 percent of the universe eligible for closeout) that were expired for at least 180 days, but had not been closed. Of these 415 awards, 249 had a remaining balance totaling \$11,874,341.

To assess OJP's management of award funds, we conducted a detailed review of the 30 oldest awards with a balance remaining that had not been closed. The total amount still obligated against these awards was \$1,596,341. For these 30 awards, we reviewed closeout documentation, award monitoring activity, prior audits, investigative activity, recipient FFRs, or Payment History Reports (PHRs) to determine, broadly, the underlying reasons that funds remained obligated against awards that are expired. Our analysis identified three areas for potential improvement: (1) the prompt resolution of monitoring activity, (2) the prompt deobligation of funds the recipient reported as unused, and (3) the prompt deobligation of monies refunded by award recipients. The detailed results of our analysis are presented in the following sections.

Ongoing Award Monitoring

While it is the current policy of each awarding agency to close awards within 180 days after the project end date, each agency will also place an award in a special "hold" status if the award has ongoing monitoring activity. For OJP, such monitoring activity can include a program office site visit, an Office of the Chief Financial Officer (OCFO) desk review or site visit, an OIG audit, or other review.

Monitoring activity can legitimately delay the closeout of an award. For example, recipient funds may be frozen pending completion of an audit or other review. If these reviews extend beyond the project end date, the award must be kept open to ensure that programmatic issues are resolved. Additionally, in some cases, resolution of associated recommendations and a final review of recipient expenditures may determine that funds are due to the recipient. However, our review of the 30 oldest awards with funds remaining found that, in some cases, monitoring activity was not current, or did not justify keeping an award open years after the project period ended. For example, we identified:

- One award that ended in September 2010 but remains open was to an organization that was legally dissolved in January 2011.⁹ The award has a remaining balance of \$148,685, nearly all of which was reported as unobligated by the recipient.¹⁰
- Four awards that ended between July and September 2010, but remain open due to monitoring activity. However, no monitoring activity has been recorded against these awards since January 2015, and the remaining balance totals \$588,918.
- Five awards that ended between September 2010 and January 2012 that were impacted by a site visit that took place in May 2010; the total remaining balance is \$89,848. In 2013, the OCFO requested that the remaining issues be resolved in order to move forward with closeout. As of September 2016, one issue pertaining to the lack of submission of a Subgrant Information Form remains unresolved, delaying closure of the site visit, and therefore the awards. In our judgment, an issue such as this should not contribute to a multi-year delay in award closeout.
- One award that ended in June 2010 and was processed as a non-compliant closeout because the recipient did not submit the required documentation after multiple requests. Multiple attempts to obtain the required documentation were conducted by OJP without success, and a non-compliant closeout was approved in February 2015. As of September 2016, the award remains open with a balance of \$142,000, the entire award amount.
- Seven awards that ended between September 2009 and September 2011 remain open due to an OIG audit; however, we determined that all funding should have been deobligated by OJP as it was comprised of either recipient refunds, or funds reported as unobligated by the recipient on their final FFR. Additionally, the only recommendation open as of September 30, 2016, pertains to a deobligation of OVW funds; there are no open recommendations to OJP. The total balance remaining is \$300,622.

⁹ The OIG conducted an audit of this organization in 2014. As the organization was dissolved at that time, a related entity responded to the OIG's audit, and stated that it "closed out" the award in December 2010.

¹⁰ The actual amount reported as unobligated by the recipient was \$148,677. We consider the difference to be immaterial.

The OIG acknowledges that monitoring activity can legitimately delay award closeout. However, based on the issues identified above, we determined that areas for improvement exist in the prompt resolution of monitoring activity, and therefore in the prompt closeout of OJP awards. We recommend that OJP develop and implement a process to review awards that are expired, but not closed, on an annual basis and take appropriate action for: (1) any funding that is obligated against recipients that are no longer operational, (2) awards that remain open due to stale monitoring activity, and (3) awards that were approved for non-compliant closeout or are affected by other extenuating circumstances that are delaying award closeout. Additionally, we recommended that OJP remedy and put to better use the \$148,685 in funds obligated against Award Number 2006-IP-BX-K001, as the organization has been legally dissolved since January 2011. In response to our draft report, OJP provided evidence demonstrating that it had deobligated all funds associated with Award Number 2006-IP-BX-K001. As a result, this recommendation is closed in this final report.

Funds Reported as Unobligated

Award recipients must submit, no later than 90 calendar days after the end date of the period of performance, a final FFR detailing all expenses incurred under the award. Recipients are also required to report the amount of federal funds being returned to the awarding agency as the “unobligated balance.” The DOJ Grants Financial Guide defines “unobligated balance” as a refund of federal award monies that is being returned by the recipient to DOJ. We reviewed the most recent FFR in GMS for awards that were expired, but not closed, to determine if the recipient had reported all or a portion of the balance remaining as unobligated, and identified \$461,002 (29 percent of sampled amount) reported as unused. As shown in Table 4, the unobligated amounts were reported as long as 6 years ago, yet remain obligated.

Table 4
Funds Reported as Unobligated by the Recipient

AWARD NUMBER	BALANCE REMAINING	FUNDS REPORTED AS UNOBLIGATED	DATE OF FFR SUBMISSION	YEARS BETWEEN FINAL FFR SUBMISSION AND SEPTEMBER 2016
2006-DD-BX-K272 ^a	\$26,643	\$23,515	06/18/2010	6.3
2006-IP-BX-K001	\$148,685	\$148,677	12/27/2010	5.8
2006-VR-GX-0009 ^b	\$145,962	\$17,980	12/01/2010	5.8
2007-AC-BX-0012	\$147,975	\$31,174	12/29/2010	5.8
2007-IC-BX-0044	\$79,615	\$24,825	12/29/2010	5.8
2007-IJ-CX-0037	\$61	\$61	07/29/2011	5.2
2009-WS-QX-0174	\$36,131	\$35,627	08/01/2011	5.2
2009-AH-FX-0079	\$19,335	\$19,335	08/09/2011	5.2
2008-JP-FX-0036	\$48,360	\$48,360	10/10/2011	5.0
2007-JP-FX-0059	\$19,415	\$17,997	10/10/2011	5.0
2008-VA-GX-0030	\$205,854	\$401	10/31/2011	4.9
2010-WS-QX-0013	\$156,906	\$33,554	11/23/2011	4.9
2008-DJ-BX-0055	\$42,861	\$15,519	12/29/2011	4.8
2008-DJ-BX-0726	\$2,518	\$2,518	12/29/2011	4.8
2010-WS-QX-0120	\$1,876	\$1,876	12/12/2011	4.8
2009-MU-GX-0003	\$3,908	\$3,908	04/09/2012	4.5
2007-DN-BX-0011	\$3,000	\$2,292	07/29/2012	4.2
2008-JF-FX-0076	\$20,000	\$33,383	07/02/2012	4.3
Total:	\$1,109,105	\$461,002		

^a For Award Numbers 2006-DD-BX-K272, 2008-VA-GX-0030, and 2008-DJ-BX-0055, the total balance remaining is comprised of both refunds and amounts reported as unobligated by the recipient; refunds are presented in Table 5 below. After accounting for both the refund and the amount reported as unobligated for Award Number 2006-DD-BX-K272, an immaterial difference of \$45 remains.

^b Award Numbers 2006-DD-BX-K272, 2006-VR-GX-0009, 2007-AC-BX-0012, 2007-DN-BX-0011, and 2007-IC-BX-0044 were under external review as of February 2018. However, we maintain that the amounts reported as unobligated by the recipient should be deobligated and put to better use.

Source: OJP

In our judgment, such funding should not remain on award accounts for years after the award has ended, regardless of monitoring activity. We recommend that OJP develop and implement policies and procedures to ensure that funding reported as unobligated by the recipient be deobligated and put to better use within a timely manner, as appropriate, regardless of ongoing monitoring activity.

Refunds Received by OJP

Audits, reviews, or OJP's financial reconciliation process may identify funds drawn down by a recipient that were unallowable under the terms and conditions of the award, or for which the recipient cannot produce adequate supporting documentation. Unless the recipient can provide support for those drawdowns, or

unless the awarding agency provides retroactive approval for the expenditures in question, the recipient will generally be required to return the unsupported or unallowable funds to the awarding agency. In these cases, the refunded monies could indicate that funds previously drawn down by the recipient were not for reimbursable expenditures.

We reviewed the 30 oldest awards with a balance remaining to determine the impact refunds have on balances remaining in award accounts for months or years after the project end date, and to determine if OJP was deobligating those refunds in a timely manner. As shown in Table 5, we identified refunds totaling \$365,694 received by OJP as long as 5.8 years ago; this amount represents approximately 23 percent of the total balance remaining for the 30 awards in our review.

Table 5
**Refunds Not Deobligated by
OJP as of September 30, 2016**

AWARD NUMBER	BALANCE REMAINING	REFUNDED AMOUNT	PROJECT END DATE	DATE OF REFUND	YEARS BETWEEN REFUND AND OIG SCOPE END DATE
2006-DD-BX-K272	\$26,643	\$3,083	03/31/2010	12/10/2010	5.8
2006-DJ-BX-1123	\$42	\$42	09/30/2009	01/19/2012	4.7
2008-DJ-BX-0050	\$85,606	\$85,606	09/30/2011	01/18/2012	4.7
2008-JB-FX-0027	\$2,686	\$2,686	01/21/2012	05/03/2012	4.4
2006-JF-FX-0060	\$503	\$503	09/30/2009	06/22/2012	4.3
2007-JB-FX-0076	\$3,811	\$3,811	11/26/2010	02/12/2013	3.6
2007-JL-FX-K006	\$4,283	\$4,283	09/30/2010	02/25/2015	1.6
2008-DJ-BX-0055	\$42,861	\$2,589	09/30/2011	02/25/2015	1.6
		\$2,100		05/21/2015	1.4
		\$2,100		11/25/2015	0.9
		\$20,553		07/15/2016	0.2
2010-VF-GX-0001	\$7,811	\$2,604	12/31/2011	06/22/2015	1.3
		\$2,604		07/09/2015	1.2
		\$2,604		08/10/2015	1.1
2008-VA-GX-0030	\$205,854	\$205,453	09/30/2011	07/15/2016	0.2
2007-JP-FX-0023	\$25,075	\$25,075	09/30/2009	07/15/2016	0.2
Total:	\$405,174	\$365,694			

Source: OJP

We asked OJP why refunds made by the recipient were not immediately deobligated and put to better use. OJP officials stated that because closeout had not yet been initiated for these awards, the OCFO had not yet moved forward with deobligation of the refunds; however, OJP generally agreed that the refunds should be deobligated. Due to the frequency of occurrences detailed above, we recommend that OJP develop and implement policies to ensure that monies refunded by a recipient are deobligated, as appropriate, in a timely manner after receipt.

Other Issues Contributing to Closeout Delays

We further analyzed the universe of awards that remain open to determine, broadly, the reasons that closeouts were not occurring in a timely manner. First, we identified nine awards marked as open that expired prior to our scope start-date of October 1, 2008. Of these nine awards, we found that funds remain obligated against only three awards, as shown in Table 6.

Table 6
**Expired OJP Awards with Funds Remaining
as of September 30, 2016**

AWARD NUMBER	PROJECT END-DATE	AMOUNT REMAINING
2003-VR-GX-0006	08/31/2006	\$1,090
2002-IP-BX-0002	09/29/2006	\$2,970
2003-AC-BX-1025	12/31/2006	\$67,204
Total:		\$71,264

Source: OJP

While the recipients of each of these awards have undergone extensive monitoring activity, the remaining funds should be remedied as each award has been expired in excess of 10 years. We recommended that OJP remedy and put to better use the \$71,264 in funds that remain obligated against awards that expired prior to the OIG's scope start-date of October 1, 2008. In response to our draft report, OJP provided evidence demonstrating that it had deobligated \$43,867 in funds on awards that ended prior to October 1, 2008. The actions necessary to remedy the balance are discussed in Appendix 7 of this final report.

Of the remaining six awards that expired prior to our scope start-date, we identified varying reasons the awards remain open, as shown in Table 7.

Table 7
**Additional Expired OJP Awards
as of September 30, 2016**

AWARD NUMBER	PROJECT END DATE	AWARD STATUS ^a
2000-DB-MU-0069	09/30/2003	Programmatically Closed
2002-TY-FX-0002	09/30/2005	End Date Passed
2000-DD-VX-K001	06/30/2006	Programmatically Closed
1999-IP-VX-0002	06/30/2007	Programmatically Closed
2005-DJ-BX-1514	09/30/2008	Award Rejected
2005-LB-BX-1000	09/30/2008	Programmatically Closed

^a Status codes indicate awards that are closed programmatically, but not fiscally; awards for which the end date has passed; and an award that was rejected by the recipient.

Source: OJP

We reviewed activity in OJP's GMS in an attempt to identify the reason the awards listed above remain open, but did not identify specific, documented reasons why the awards remain open. In our judgment, awards that have been expired for

the lengths of time identified above should be reviewed and closed by OJP. We recommend that OJP review its universe of awards that expired prior to October 1, 2008, for which closeout has not yet occurred, address the individual issues resulting in delayed final closeout, and close all awards as appropriate.

As previously noted, the total amount outstanding against OJP expired awards, as of September 30, 2016, was \$11,874,341. We previously issued two recommendations to remedy the \$148,685 in funds obligated against an organization that is no longer operational, and an additional \$71,264 in funds that remain on awards that ended prior to October 1, 2008. However, due to the issues identified above and because the awards have been expired for over 180 days, we also question the remaining \$11,654,392 as funds that should be put to better use. We recommended that OJP review and put to better use, as appropriate, the remaining \$11,654,392 in funds obligated against awards that have expired, but have not been closed. In response to our draft report, OJP provided evidence demonstrating that it had remedied \$10,285,273 of this total. The actions necessary to remedy the balance are discussed in Appendix 7 of this final report.

The Office of Community Oriented Policing Services

Our current review found that the COPS Office has made outstanding progress in decreasing the number of expired awards that have not been closed. Specifically, we identified only 29 awards (0.46 percent of the universe eligible for closeout) with a remaining balance of \$2,357,016.¹¹ We reviewed detailed information related to each of the 29 awards, and found that in 11 cases, closeout was delayed due to system issues that were generally addressed by the COPS Office during the course of our audit.

We identified an additional 16 awards that were open due to current monitoring activity. Generally, the COPS Office will not close an award if:

1. The recipient has open compliance, legal, or other outstanding issues active once the award has expired;
2. The recipient has an open or pending audit, is in litigation, or is under appeal;
3. Allowable costs have not been paid or the final reimbursement has not been made available for payment to the recipient prior to the end of the award period.

We reviewed each of the 16 awards with monitoring activity and determined that 12 of the 16 had a remaining balance totaling \$2,357,016.¹² We first reviewed all final FFRs for the 16 awards, and identified 12 cases in which funds were reported as unobligated by the recipient, as shown in Table 8.

¹¹ In the sections below, we discuss 11 awards open due to technical issues, and an additional 16 open due to monitoring issues. The remaining two awards were held open as the COPS Office waits on a deliverable financed by the award.

¹² The remaining four awards had been fully drawn down, meaning no balance remained.

Table 8
Funds Reported as Unobligated by the Recipient

AWARD NUMBER	BALANCE	FUNDS REPORTED AS UNOBLIGATED	DATE OF FFR SUBMISSION	YEARS BETWEEN FINAL FFR SUBMISSION AND SEPTEMBER 2016
2007-CK-WX-0294	\$18,544	\$18,544	10/22/2010	5.95
2010-CK-WX-0592	\$16,984	\$16,984	07/24/2013	3.19
2010-HE-WX-0002	\$33	\$33	04/08/2014	2.48
2010-UM-WX-0235	\$33	\$33	07/08/2015	1.23
2011-CK-WX-K006	\$67,597	\$4,419 ^a	11/23/2015	0.85
2007-CK-WX-0268	\$39,479	\$38,815	01/15/2016	0.71
2013-CK-WX-K033	\$5,827	\$5,827	01/22/2016	0.69
2007-CK-WX-0052	\$202,806	\$50,041 ^b	01/27/2016	0.68
2007-CK-WX-0048	\$1,851,842	\$1,444,767	04/01/2016	0.50
2011-HH-WX-0010	\$21,821	\$22,479	04/11/2016	0.47
2011-UL-WX-0020	\$72,180	\$72,180	04/29/2016	0.42
2011-CK-WX-0109	\$59,870	\$66,382 ^c	04/28/2016	0.42
Totals:	\$2,357,016	\$1,740,502		

^a Award Numbers 2011-CK-WX-K006 and 2007-CK-WX-0048 were affected by both amounts reported as unobligated and recipient refunds; for this reason, they are included in both Tables 8 and 9. For Award Number 2011-CK-WX-K006, the recipient actually reported a higher amount as unobligated than indicated here. The COPS Office contacted the recipient for a refund, which was received. We handle that issue in the refunds table below.

^b In this case, the recipient did indicate that additional funds were due. However, a COPS Office review of this award has identified millions of dollars in questioned costs, indicating that a deobligation of the remaining balance may be a prudent action.

^c For this award, COPS did recover the difference between the balance remaining and the funds reported as unobligated. This action took place after our scope end-date, and therefore the refund is not included in our analysis.

Source: COPS Office

Again, in our judgment, funds that are reported as unobligated by the recipient should be promptly deobligated and put to better use, regardless of monitoring activity. We recommend that the COPS Office develop and implement policies and procedures to ensure that funding reported as unobligated by the recipient be deobligated and put to better use within a timely manner, as appropriate, regardless of ongoing monitoring activity.

We also reviewed all open awards with a balance remaining to determine if that balance was comprised of a refund. As shown in Table 9, we identified two awards with a total of \$479,088 in monies refunded by the recipient.

Table 9
Refunds Not Deobligated by the COPS Office
as of September 30, 2016

AWARD NUMBER	BALANCE	REFUNDED AMOUNT	PROJECT END DATE	REFUND DATE	YEARS BETWEEN REFUND AND OIG Scope END DATE
2011-CK-WX-K006	\$67,597	\$54,107	08/31/2015	12/23/2015	0.77
		\$8,250		02/04/2016	0.65
		\$821		06/10/2016	0.31
2007-CK-WX-0048	\$1,851,842	\$415,910	02/29/2016	06/10/2016	0.31
Total:	\$1,919,440	\$479,088			

Source: COPS Office

As noted above, the COPS Office will not move forward with closeout if the recipient is undergoing monitoring activity; for the purposes of this audit, we did not generally take issue with this policy. However, in our judgment, funds returned to the COPS Office by the recipient should be deobligated and put to better use. Therefore, as a best practice, we recommend that the COPS Office develop and implement policies and procedures to ensure that any refunds submitted by the recipient after the award period has ended are deobligated and put to better use, as appropriate, within a timely manner after receipt. Finally, we recommended that the COPS Office review and put to better use, as appropriate, the remaining \$2,357,016 in funds obligated against awards that have expired, but have not been closed. In response to our draft report, the COPS Office provided evidence demonstrating that it had remedied \$2,132,357 of this total. The actions necessary to remedy the balance are discussed in Appendix 7 of this final report.

The Office on Violence Against Women

The OIG's 2006 Closeout Report of expired OVW awards identified 370 awards (54 percent of the universe audited), that were more than 180 days past the project end date, but had not been closed. Our review found that OVW has made significant progress in the timely closeout of expired awards in relation to its overall universe. Specifically, we identified only 338 awards (8 percent of the universe eligible for closeout) that expired at least 180 days prior to our scope-end date, but had not been closed. Of these 338 awards, 231 (5 percent of the universe eligible for closeout) have obligated balances totaling \$14,578,864.

To assess OVW's management of award funds, we conducted a detailed review of the 30 oldest awards that are expired, but open, with funds still obligated. The total dollar amount tested was \$3,707,297.

Again, our review identified three areas for improvement: (1) the prompt resolution of monitoring activity, (2) the prompt deobligation of funds the recipient reported as unused, and (3) the prompt deobligation of monies refunded by the recipient. The detailed results of our analysis are presented in the following sections.

Ongoing Award Monitoring and Reconciliation Issues

As with OJP and COPS Office, OVW will place an award in a special “hold” status if the award has ongoing monitoring activity. While monitoring activity can legitimately delay the closeout of an award, it is imperative that such activity be resolved within a timely manner to ensure the most effective stewardship of federal funds.

Our review found that, for the 30 awards reviewed, monitoring activity was not always current, or did not justify the delayed closeout and corresponding deobligation of funds. Specifically, we identified the following examples:

- Four awards that ended between June 2009 and August 2012 were affected by OIG audits or OVW reviews, but remain open despite the fact that the recipients are no longer operational. A total of \$1,143,359 remains obligated against these awards. Based on this finding, we expanded our review of recipients who are no longer operational to include all expired awards, and ultimately identified a total of \$1,316,907 in funds still obligated to defunct recipients. In one case, the recipient had not been operational for over 10 years.
- Five awards that ended between December 2009 and August 2012 have refunds due to DOJ, as determined by OVW. Despite multiple outreach attempts, the refunds have not been received and the awards remain open. The total amount still obligated against these awards is \$393,757.
- One award ended in January 2012, but remains open pending ongoing monitoring activity. No monitoring activity has been recorded against this award since January 2015, and the remaining balance totals over \$30,000.
- Four awards exist for which the recipient has been unresponsive to multiple rounds of resolution action by OVW. The total amount still obligated is \$541,567.
- Six awards ended between April 2011 and April 2012 for which OVW has made multiple rounds of outreach in order to reconcile outstanding indirect cost rate issues, and issues with special condition compliance. The issues remain unreconciled, and the total amount still obligated against these awards is \$732,637.
- One award ended in March 2012 for which OVW has attempted to reconcile an issue related to a budget modification since May 2013. The issue remains unreconciled. The total balance remaining is \$86,742, nearly all of which was reported as unobligated by the recipient.

Based on the issues identified above, we determined that room for improvement exists in the prompt closeout of OVW awards. We recommend that OVW develop and implement a process to review awards that are expired but not closed on an annual basis, and take appropriate action to: (1) identify any funding that is obligated against recipients that are no longer operational, (2) review awards that remain open due to stale monitoring activity, and (3) ensure outstanding programmatic or financial issues that contribute to the delays in closing

awards are addressed in a timely manner. Finally, we recommended that OVW remedy and put to better use the \$1,316,907 in funding that remained obligated against Award Numbers 2004-SW-AX-0036, 2005-IW-AX-0009, 2005-IW-AX-0010, 2005-WL-AX-0073, 2005-WR-AX-0011, 2006-WL-AX-0023, 2007-TW-AX-0033, 2009-WH-AX-0010, and 2007-IW-AX-0005, as the recipients are no longer operational. In response to our draft report, OVW provided evidence demonstrating that it had deobligated all funds associated with this recommendation. As shown in Appendix 7, this recommendation is closed.

We also identified multiple awards for which the entire balance remaining was comprised of recipient refunds, or amounts reported as unobligated by the recipient. We discuss these in more detail in the sections below.

Funds Reported as Unobligated

For the 30 oldest open awards with funds still obligated, we reviewed the most recent FFR in GMS to determine if the recipient had reported all or a portion of the balance remaining as unobligated, or if during the review process OVW had determined that funds were unused. We identified \$1,831,332 (49 percent of the total balance remaining) that was reported as unobligated, as shown in Table 10.

Table 10
Funds Reported as Unobligated by the Recipient

AWARD NUMBER	BALANCE	FUNDS REPORTED AS UNOBLIGATED ^a	DATE OF FFR SUBMISSION	YEARS BETWEEN FINAL FFR SUBMISSION AND OIG SCOPE END DATE
2007-WF-AX-0053	\$283,226	\$47,563	12/31/2009	6.8
2007-WR-AX-0092	\$33,478	\$36,166	10/02/2010	6.0
2007-WE-AX-0044	\$26,878	\$7,075	10/22/2010	5.9
2009-WH-AX-0010	\$110,000	\$210,350	12/30/2010	5.8
2006-WE-AX-0026	\$86,655	\$8,077	07/13/2011	5.2
2007-TW-AX-0022	\$50,655	\$8,871	09/28/2011	5.0
2008-TW-AX-0055	\$27,443	\$16,155	10/31/2011	4.9
2007-WF-AX-0028	\$140,043	\$19,721	11/29/2011	4.8
2006-WL-AX-0023	\$246,108	\$328,152	01/18/2012	4.7
2006-WE-AX-0075	\$37,500	\$36,060	01/27/2012	4.7
2007-CW-AX-0001	\$299,352	\$307,637	01/17/2012	4.7
2009-UW-AX-0039	\$12,167	\$12,167	01/31/2012	4.7
2007-TW-AX-0062	\$4,995	\$36,536	03/12/2012	4.6
2007-TW-AX-0029	\$70,050	\$62,368	02/29/2012	4.6
2004-WA-AX-0015	\$86,742	\$86,102	06/27/2012	4.3
2008-WF-AX-0044	\$86,307	\$243,144	07/06/2012	4.2
2007-TW-AX-0007	\$33,841	\$33,841	08/17/2012	4.1
2006-WH-AX-0042	\$35,227	\$4,117	11/26/2012	3.8
2008-TW-AX-0049	\$29,362	\$31,337	02/01/2013	3.7
2005-WR-AX-0054	\$173,711	\$15,522	07/24/2014	2.2
2007-WE-AX-0041	\$378,788	\$163,295	10/02/2014	2.0
2006-WI-AX-0002	\$119,794	\$83,905	06/18/2015	1.3
2006-WH-AX-0009	\$33,170	\$33,170	06/21/2016	0.3
Total:	\$2,405,492	\$1,831,332		

^a Differences between the amount reported as unobligated and the balance remaining are due to a variety of factors, including recipient refunds, repayment plans, funds affected by audit or review, or recipients who did not make a final drawdown that corresponds to expenditures as reported on the final FFR.

Source: OVW

We found that in 9 cases (30 percent), the recipient had reported as unobligated an amount that equals or exceeds the remaining balance. In an additional 14 cases (47 percent), at least a portion of the balance remaining had been reported as unobligated by the recipient, or was adjusted during the review process by OVW to indicate that the funds were unobligated.

It is OVW's policy to place a hold on closeouts if there are pending programmatic or financial monitoring reports, any open OIG audits, or any recommendations identified during a recipient's single audit. We asked OVW officials if OVW differentiates between placing an overall hold on the closeout, and allowing a deobligation. OVW officials stated that no funds are deobligated until the hold has been released, as the outcome of the site visit or audit may determine that the recipient owes additional funds back to OVW, or that funds may be due to the recipient. In our judgment, monitoring activity can legitimately delay the

closeout of an award. However, we identified two areas for improvement in this process.

The OIG recognizes that, in some cases, it is necessary to leave funds obligated against an award during the audit resolution process. For example, an audit or other review may result in a recipient's funds being temporarily frozen; upon resolution of the audit, it may be determined by the OIG or by the awarding agency that additional funds are due to the recipient. In such cases, placing a hold on the financial closeout as well as the programmatic closeout is necessary. However, in our judgment, the policy default of leaving funds obligated against awards with monitoring activity does not provide effective stewardship of federal funds as, in many cases, those funds could be deobligated and put to better use. In our sample, we identified funds reported as unobligated by the recipient that remained obligated against accounts that expired as far back as 2009. It is the recipient's responsibility to submit a final FFR with accurate expenses noted. Therefore, if funds are not frozen, and if the recipient has submitted a final FFR indicating that an unobligated balance exists, those funds should not remain on the award account for months or years after the end date. We recommend that OVW develop and implement policies and procedures to review balances reported as unobligated by the recipient during the liquidation period, or balances amended by OVW to include unobligated funds, and to deobligate these balances, as appropriate, within a timely manner.

Refunds Not Deobligated by OVW

Award monitoring or OVW's financial reconciliation process may identify funds drawn down by a recipient that were unallowable under the terms and conditions of the award, or for which the recipient cannot produce adequate supporting documentation. Unless the recipient can provide support for those drawdowns, or unless the awarding agency provides retroactive approval for the expenditures in question, the recipient will generally be required to return the unsupported or unallowable funds to the awarding agency. In these cases, the refunded monies could indicate that the funds previously drawn down by the recipient were not for reimbursable expenditures.

We reviewed the 30 oldest open OVW awards with funds remaining to determine the impact refunds had on the existing balance. We identified a total of \$288,751 (8 percent of the total balance remaining) in refunded monies obligated against 10 different awards, as shown in Table 11.

Table 11
Refunds Not Deobligated by OVW
as of September 30, 2016

AWARD NUMBER	BALANCE REMAINING	REFUNDED AMOUNT	PROJECT END DATE	DATE OF REFUND	YEARS BETWEEN REFUND AND OIG SCOPE END DATE
2007-TW-AX-0022	\$50,655	\$289	06/30/2011	09/12/2011	5.1
		\$565		10/20/2011	5.0
		\$349		01/09/2015	1.7
		\$41,435		03/26/2015	1.5
2009-TA-AX-K056	\$57,341	\$35,290	07/31/2011	06/19/2012	4.3
		\$22,051		12/03/2015	0.8
2007-WF-AX-0028	\$140,043	\$128,326	08/31/2011	03/16/2012	4.5
2007-WR-AX-0092	\$33,478	\$21,600	06/30/2010	10/05/2012 ^a	4.0
2007-WR-AX-0061	\$26,563	\$26,813	09/30/2011	10/05/2012 ^b	4.0
2007-TW-AX-0062	\$4,995	\$4,421	02/28/2011	11/02/2012	3.9
2007-WE-AX-0041	\$378,788	\$231	04/30/2012	10/14/2014	2.0
2006-WH-AX-042	\$35,227	\$5,231	08/31/2012	03/10/2015	1.6
2007-WF-AX-0053	\$283,226	\$1,601	11/30/2009	02/25/2015	1.6
2006-WE-AX-0071	\$108,019	\$549	08/31/2012	04/24/2015	1.4
Total:	\$1,118,333	\$288,751			

^a This recipient has entered into a repayment plan with OVW. The total represents multiple refunds for approximately \$675 each made between 2012 and 2017.

^b This recipient has also entered into a repayment agreement with OVW. The first refund, applied on October 5, 2012, was in the amount of \$24,013. The remaining refunds have been applied since May 2014 and October 2016, and are in amounts ranging from \$1,000 to \$100.

Source: OVW

In all cases, the refunds were made after the award end date; these refunds were applied as far back as September 2011. We recommend that OVW develop and implement policies and procedures to ensure that any refunds submitted by the recipient after the award period has ended are deobligated and put to better use, as appropriate, within a timely manner.

Other Issues Contributing to Closeout Delays

We further analyzed the universe of awards that remain open to determine, broadly, the reasons that closeouts were not occurring in a timely manner. We first evaluated awards that expired prior to the OIG's scope start-date of October 1, 2008, but were still open as of September 30, 2016. We identified a total of 24 awards that fell into this category; in all cases, the awards had been expired for at least 8 years.¹³ This includes 11 awards with a remaining balance totaling \$676,494. We reviewed monitoring activity for each of the recipients with funds remaining, and identified nothing active.

¹³ OVW did not start processing closeouts until 2010; prior to that, OVW closeouts were processed by OJP.

We worked with OVW to understand the issues that caused the delays in closeout for these awards. OVW officials stated that, over the course of our audit they realized that a number of OVW awards are miscoded in GMS, and that these miscodings prevented the awards from appearing on OVW's closeout reports. During our audit, OVW began reviewing the status of each award, moving forward with closeout or working with OJP if closeouts cannot be completed due to system issues, and considering making referrals for collection to the U.S. Treasury.

We previously recommended that OVW remedy the \$1,316,907 in funds that remain obligated against recipients who are no longer operational, and close the awards. We also recommend that OVW remedy and put to better use the remaining \$579,248 in funding that remains obligated against awards that have been expired for over 8 years.¹⁴ Finally, based on the broad range of issues identified above, and because the awards have been expired in excess of 180 days, we question the remaining \$12,682,709 as funds that should be put to better use. We recommended that OVW review and put to better use, as appropriate, the remaining \$12,682,709 in funds obligated against awards that had expired, but had not been closed. In response to our draft report, OVW provided evidence demonstrating that it had remedied \$4,139,124 of that total. The actions necessary to remedy the balance are discussed in Appendix 7 of this final report.

Recipient Data Verification

As part of a closeout package, award recipients are generally required to submit two final reports: a final FFR, which details all expenditures incurred under the award, and the final progress report, which provides detail on the accomplishments made towards the award's programmatic goals. These reports are used by the awarding agencies to measure overall award spending, and to determine the achievements made in relation to the award's goals and objectives. Data in the final reports is also used to report on the efficacy of agency programs to Congress and the general public.

Prior OIG Work

As part of our broad range of work, the OIG conducts audits of the OJP, COPS Office, and OVW award recipients. OIG audits identify unallowable and unsupported recipient spending, as well as measure the accuracy of data as reported to the awarding agencies on the recipient's FFR and progress reports. In order to determine overall rates of questioned costs, as well as the rates of error identified in recipient FFR and progress reports, we reviewed all OIG audits of the OJP, COPS Office, and OVW recipients issued between January 2013 and March 2017. Of the 158 reports in our review, 135 (85 percent) contained findings related to unallowable or unsupported questioned costs, as shown in Table 12.

¹⁴ This amount differs from the total of \$676,494 in funding on awards that have been expired for over 10 years due to overlap with funding still obligated to recipients who are no longer operational.

Table 12
**Prior DOJ OIG Reports with
Questioned Costs**

AWARDING AGENCY	PRIOR OIG REPORTS JAN 2013 – MAR 2017	REPORTS WITH QUESTIONED COSTS IDENTIFIED	PERCENTAGE OF PRIOR REPORTS WITH QUESTIONED COSTS	NET QUESTIONED COSTS
OJP	95	89	94%	\$91,554,993
COPS Office	17	8	47%	\$8,131,608
OVW	46	38	83%	\$15,507,602
Total:	158	135	85%	\$115,194,203

Source: OIG Public Website

We also reviewed all reports to determine the rate at which FFR inaccuracies were identified, as shown in Table 13.

Table 13
**Summary of OIG Audits with Findings
Related to FFR Inaccuracy**

AWARDING AGENCY	OIG REPORTS JAN 2013 – MAR 2017	OIG REPORTS WITH FFR INACCURACIES	PERCENTAGE OF FFR INACCURACIES TO TOTAL
OJP	95	37	39%
COPS Office	17	6	35%
OVW	46	28	61%
Total:	158	71	45%

Source: OIG Public Website

As shown in Table 13, we found that 39 percent of OJP awards, 35 percent of COPS Office awards, and 61 percent of OVW awards contained findings related to FFR inaccuracies. FFR findings can indicate a broad range of error, such as expenditures reported to the awarding agency that were not recorded during the correct time period, or expenditures reported that are not supported by the recipient's accounting records.

Finally, we determined that 61 out of the 158 reports reviewed (39 percent) contained findings related to progress report inaccuracies.

Table 14
**Summary of OIG Audits with Findings
 Related to Progress Report Inaccuracy**

AWARDING AGENCY	PRIOR OIG REPORTS JAN 2013 – MAR 2017	REPORTS WITH PROGRESS REPORT INACCURACIES	PERCENTAGE OF PROGRESS REPORT INACCURACIES TO TOTAL
OJP	95	35	37%
COPS Office	17	2	12%
OVW	46	24	52%
Total:	158	61	39%

Source: OIG Public Website

The findings related to progress report inaccuracies summarized in Table 14 can also indicate a broad range of error, such as data that was over or under supported by actual source documentation, data that was inaccurately reported under a particular award program, or data for which no source documentation was available.

Additionally, the OIG has conducted work assessing the reliability of data reported to the awarding agency at the agency level. Specifically, the Audit of the National Institute of Justice's (NIJ) Oversight of the Solving Cold Cases with DNA Program, conducted a detailed review of six sites reporting data to OJP, and found that progress reports submitted by each of the six sites were inaccurate.¹⁵ The OIG found that recipients double counted some cases, or included cases that should not have been counted as reviewed under the Cold Case program. While NIJ had conducted monitoring of the recipients through an enhanced performance desk review, as well as conducted its standard review and approval of the recipient progress reports, the errors identified by the OIG were not identified by OJP. Ultimately, the OIG recommended that NIJ enhance its monitoring efforts to include verification of the accuracy of performance reporting by requiring Cold Case award recipients submit supporting documentation for performance metrics along with progress reports. OJP agreed with this recommendation.

In addition to evaluating the findings from previous OIG audits, we also selected a random sample of 118 final FFRs and 57 final progress reports submitted by recipients. We conducted this testing to broadly assess the data reported by recipients, and to determine if that data is reliable, accurate, supported, and allowable under the terms and conditions of the award. We did not conduct full audits of these recipients; rather, we requested recipient accounting records and compared total costs as listed on the final FFR to those recorded in the accounting records, and conducted a limited review of expenses in the accounting records to identify any potentially unallowable spending, or spending that, in our judgment, occurred outside the objectives of the award. From the 57 final progress reports, we selected a judgmental sample of performance measures from each of the recipient's progress reports. We requested from each recipient supporting

¹⁵ U.S. Department of Justice Office of the Inspector General, *Audit of the National Institute of Justice's Oversight of the Solving Cold Cases with DNA Program*, Audit Report 14-30, July 2014.

documentation for these measures, and reviewed that documentation to determine the accuracy of the data reported to the agency.

As detailed in the sections below, we identified improper expenditures in 29 percent of the final FFRs in our review, which included \$762,183 in unallowable or unsupported spending. We also found that 32 percent of progress reports reviewed contained data that was inaccurate or not supported by recipient source documentation. In all cases, these final reports had been reviewed and approved by the awarding agencies. Our analysis of the agency review process, as well as our detailed results and recommendations, are presented below.

Agency Review of Final Reports

During closeout, the OJP, COPS Office, and OVW financial staff review each recipient's final FFR in order to verify recipient spending, make any necessary upward or downward adjustments to award spending, and close the award. To determine the measures in place to verify the data reported by recipients, we interviewed staff at each awarding agency. Those officials stated that a financial reconciliation is conducted as part of the final review, and that the reconciliation generally consists of a comparison of the total expenditures as listed on the final FFR to the final PHR. Each PHR contains a list of all recipient drawdowns (reimbursements for expenditures) during the award period, and includes the date and amount for each transaction, as well as the total amount drawn and the total balance remaining. If the awarding agency determines that the final FFR shows expenditures exceeding those drawn down, the agency may contact the recipient to determine if a final expense payment is warranted. Conversely, if the agency determines that the final FFR shows drawdowns exceeding reported expenditures, the agency will contact the recipient for a refund. Generally, no actual review of supporting documentation such as a recipient's accounting records is conducted, nor is such a review required.

Similarly, we interviewed agency officials to determine what measures are in place to verify the data reported on the final progress reports. Agency officials stated that agency staff reviews final progress reports for apparent anomalies, or data that appears to be inconsistent with the goals and objectives of the award.¹⁶ If such anomalies are identified, the agency staff will contact the recipient to obtain additional information in attempt to reconcile and correct the data. Generally, however, agency staff do not review source documentation to validate the data reported, and such a review is not required.

We provide the detailed results of our analysis, as well as a comprehensive discussion of review practices at each agency, followed by a summarization of our results and corresponding recommendations, in the sections below.

¹⁶ For example, numbers that appear to be transposed, or reported accomplishments for which no staff were funded.

Federal Financial Report Accuracy

In the 90 days following expiration of the award period, each recipient is required to submit a final FFR which demonstrates the actual funds spent, and any unliquidated obligations incurred, both for the reporting period and cumulatively, for each award. The following criteria is established in the DOJ Grants Financial Guide:

- Any costs that are incurred either before the start of the project period or after the expiration of the project period are not allowable, unless written approval covering pre-agreement costs or a no-cost extension is granted by the awarding agency.
- Award recipients may move dollars between approved budget categories up to 10 percent of the total award amount (the 10 percent rule). The recipient must initiate a Grant Adjustment Notice (GAN) or other budget modification if the proposed cumulative change is greater than 10 percent of the total award amount.
- Transferring funds into or out of the indirect cost category is not allowable without prior approval from the awarding agency. A budget modification or GAN is required.
- Rental costs may not be charged to the award if the recipient owns the building or has a financial interest in the property.

We reviewed 118 final FFRs to: (1) evaluate recipient compliance with the applicable criteria, and (2) determine if award expenditures were reasonable and allowable under the terms and conditions of the award. Of the 118 sampled FFRs, we identified 34 occurrences (29 percent) in which expenditures reported on the FFRs violated applicable criteria; the associated questioned costs are summarized in Table 15.

Table 15
FFR and Accounting Record Analysis Summary

AWARDING AGENCY	NUMBER OF RECIPIENTS REVIEWED	NUMBER OF RECIPIENTS WITH UNALLOWABLE EXPENDITURES	PERCENTAGE OF RECIPIENTS WITH UNALLOWABLE EXPENDITURES	TOTAL QUESTIONED COSTS
OJP	39	9	23%	\$279,315
COPS Office	40	6	15%	\$361,974
OVW	39	19	49%	\$120,894
Total:	118	34	29%	\$762,183

Source: OJP, COPS Office, OVW; 118 award recipients

The \$762,183 identified as unallowable or unreasonable includes spending outside the project period, drawdowns that exceeded recorded expenditures, violations of categorical budget spending, and items not included in the recipient's approved budget. The results of our analysis as they pertain to each agency are presented in the following sections.

The Office of Justice Programs

Our review of 39 recipient final FFRs identified 9 recipients (23 percent) with \$279,315 in total unallowable costs, as shown below.¹⁷

- Three recipients charged a total of \$43,929 in expenditures incurred after the award's project end-date;
- Four recipients charged indirect cost expenditures exceeding the approved amount by a total of \$30,592;
- Three recipients exceeded the 10 percent rule by a total of \$140,690;
- Three recipients charged the award for expenditures totaling \$64,104 that were not included in the approved budget, including \$39,557 of expenses in a category not approved by OJP.¹⁸

As part of the review summarized above, we identified one recipient who expended \$4,044 in award funds to pay for the airfare of family members. The recipient stated that it was their policy to "initially pay for family to fly with the employee, and then the employee would pay back the [recipient]." After the recipient submitted its final FFR, it did reclassify a portion of the flights to its general fund, as the recipient realized the expenses were not allowable under the terms and conditions of the award. However, the funds were already drawn down and no refund was provided to OJP. As a result, we question the \$4,044 as unallowable. The same recipient was also approved to purchase a laptop computer, which should have been used to contribute to the accomplishment of award goals and objectives. The recipient did not purchase the laptop, but did spend \$13,546 on unbudgeted office equipment including \$7,796 on fire proof file cabinets and \$928 on leather mesh chairs. While the items were purchased for general office use, the costs were not shared between programs, as required by agency requirements. Finally, we identified another recipient who charged the award \$3,000 to rent campground space at a facility it owns; as noted above, rental costs may not be paid if the recipient owns or has a financial interest in the property.

We also identified examples of what constitute, in our judgment, expenditures that may warrant additional review at the agency level. For example, we identified one recipient whose approved budget included approximately \$26,000 in funding for eight youths and two chaperones for two separate trips to increase cultural capacity and build relationships. After reviewing the accounting records and contacting the recipient for more information, we determined that roughly 6 months prior to the project end date, the recipient contacted OJP and requested to transfer the money allotted for both trips to fund a 5-day cultural exchange in Kona, Hawaii. The goal of the trip, as stated by the service provider, was to promote social tolerance and environmental responsibility through the perpetuation of the cultural traditions and practices associated with the traditional

¹⁷ In response to our draft report, OJP provided evidence demonstrating that \$1,511 of this total had been remedied. The actions required to remedy the remaining balance are included in Appendix 7 of this final report.

¹⁸ For some recipients, we identified questioned costs in more than one area.

Hawaiian Canoe. While the recipient did not provide details on the number of youths benefitting from the trip, OJP approved the transfer. We conducted additional research and found that, while the funding initially approved in the budget should have assisted 16 youths on two separate trips, the trip to Hawaii assisted only six girls and five adult chaperones. The total funds spent on the 5-day trip exceeded \$19,000. While we recognize OJP's important work in providing cultural assistance and opportunity to youths around the nation, we believe this particular trip represents the appearance of wasteful use of federal funds considering the number of youths who benefited from the assistance.

As previously noted, we did not conduct full audits of the recipients in our sample, and we acknowledge that additional questioned costs may be identified should a full audit be conducted. Rather, we conducted a limited review of recipient accounting records to identify occurrences of unallowable spending that should be readily apparent to agency staff if the awarding agencies required recipients to submit accounting records in conjunction with the final FFR. In our judgment, a similar review should be conducted by OJP. Specifically, the review should be conducted in order to: (1) verify actual total project spending, (2) identify potentially unallowable spending that is in clear violation of OJP's approved budgets, and (3) preemptively stop spending that may otherwise occur weeks or months after the project period has ended.

We provided OJP officials with our preliminary results and requested comment. In regards to the first two items, OJP officials stated that recipients sign each FFR, certifying that it is true, complete, and accurate. By signing the FFR, the recipient is acknowledging to OJP that any false, fictitious, or fraudulent information may subject them to criminal, civil, or administrative penalties. Additionally, OJP officials stated that OCFO closeout analysts perform a reconciliation of budget to indirect costs reported, specifically to identify unallowable spending. OJP also performs a compliance check for any program matching requirements. Once OJP has reviewed all items, the closeout analyst performs a reconciliation between expenditures reported and actual disbursements to the recipient, followed by deobligating any remaining balances and closing the award file.

With regards to item three, OJP officials stated that GMS creates an automatic hold on 100 percent of the remaining award balance when a recipient fails to timely submit progress and financial reports. Additionally, once a closeout is generated in GMS – either by the recipient or by GMS automatically on the 91st day – recipients are prevented from drawing funds.

OJP officials further stated that it has implemented a strong framework of oversight and internal controls to mitigate the risk of misuse or loss of funds. Each fiscal year, OJP conducts a comprehensive risk assessment of every active award. OJP's Grant Assessment Tool (GAT) provides a structured methodology for OJP to systematically and objectively assess risk associated with OJP's awards and/or award recipients. Program offices and the OCFO use this information to assist in planning and prioritizing monitoring activities based on potential vulnerabilities. The GAT utilizes a number of risk criteria to automatically assess information about the financial, administrative, and programmatic performance of each award.

Additionally, OJP officials stated that both risk-based and judgmental selection factors are applied to its total active award population, and this information is used to develop monitoring plans for each fiscal year. Financial monitoring may include reconciling amounts reported on the quarterly FFRs to the expenditures recorded in the recipient's accounting systems; reviewing a sample of award-related transactions to determine if expenditures are allowable, allocable, reasonable, and necessary; monitoring programs for compliance, including determining that progress reports and expenditures comport with stated program objectives, budgets, and progress to date; and providing technical assistance to address issues noted.

Finally, OJP noted that the OCFO completes a quarterly excess cash analysis for recipient drawdowns that exceed expenditures reported on the FFR by \$50,000 or more. OCFO reviews the recipient drawdowns and compares them to their total outlays for the quarter. If the recipient is in excess cash status and is not responsive in resolving the excess cash, the recipient is referred to the OCFO's Grants Financial Management Division for a desk review or site visit.

The OIG does not dispute that OJP has policies and procedures in place to regulate the closeout process, and to refer at-risk recipients for additional monitoring. However, these policies and procedures were in place at the time of our identification of numerous unallowable costs. Additionally, any financial review utilizing a recipient's final FFR relies upon an acceptance that the data reported in the final FFR is accurate. Again, as our work demonstrates, unallowable spending exists even when recipients have certified that all reported expenses are true, complete, and accurate. Additionally, a review of the final FFR, budget, and PHR would not demonstrate to OJP that unallowable spending had occurred. Identification of such spending is, in many cases, determined only through a review of actual recipient expenditures. Finally, while the automatic freezing of funds in GMS is an invaluable tool for disallowing potentially unallowable spending, it does not prevent the recipient from drawing funds for expenses incurred during the liquidation period, and it does not prevent a recipient from making a final drawdown to fund expenses for weeks or months into the future.

OJP officials stated that implementing a requirement that recipients submit their accounting records in conjunction with their final FFR would be extremely labor intensive and cost prohibitive to implement, adding that it would significantly delay the completion of, and create a significant backlog in the volume of closeouts. While an evaluation of accounting records to recipient FFRs for every award may be ideal, we agree that such a review would present a challenge, and could create a significant backlog in the closeout process as a whole. However, while the OIG recognizes the importance of timely award closeout, a goal for timely completion of closeouts should not override the duty to ensure that award funds are being utilized effectively, and in accordance with the terms and conditions of the awards. As our work shows, the review process in place at the time of our audit must be strengthened in order to provide assurance to taxpayers that funds awarded by DOJ are utilized with the utmost integrity.

Office of Community Oriented Policing Services

Our review of 40 COPS Office award recipient FFRs and accounting records identified 6 recipients (15 percent) with \$361,974 in total unallowable costs, as shown below.¹⁹

- Three recipients who exceeded the 10 percent rule by a total of \$310,467;
- Three recipients whose drawdowns exceeded expenditures by a total of \$46,054; and
- One recipient whose indirect cost charges exceeded the approved amount by \$5,453;

We provided our preliminary results to the COPS Office and requested comment. COPS Office officials explained that COPS Office staff accountants perform a financial review and reconciliation of the final FFR and the PHR. The purpose of this review is to:

- Verify the approved federal share amount based on the completed project and account for local match share amounts;
- Determine and de-obligate remaining amounts under the award no later than 180 days following the award end date;
- Determine and make payments available for unliquidated balances owed to the recipient no later than 90 days following the award end date; and
- Deobligate any remaining balance if recipient has been advised and fails to request eligible funds within 90 days after award end date.

COPS Office officials also stated that, if discrepancies are identified when reviewing the final FFR, the staff accountant will request source documentation. Based on the closeout financial review, if it is determined that a recipient: (1) has an excess cash issue, (2) failed to meet the required local match, (3) failed to draw down allowable costs, and/or (4) has other financial issues related to the award, the staff accountant will work to resolve the issues using previously established protocol. The staff accountant will establish contact with the recipient, send COPS Office-approved letters addressing the financial issue and request a response. COPS Office officials also stated that recipients are routinely monitored through desk audits, site visits, financial reviews, and Single Audits.

Based on the processes in place at the time of our audit, COPS Office officials do not believe that additional measures requiring all recipients to submit their general ledgers as part of the closeout process is necessary. Those officials stated that they do not believe this would be a prudent use of both COPS Office and recipient limited resources. Additionally, COPS Office officials stated that they do

¹⁹ In response to our draft report, the COPS Office provided evidence demonstrating that \$565 of this total had been recovered from the recipient, and deobligated. Therefore, recommendation 27 of this final report is closed.

not believe that this requirement would result in a significant increase in the identification of improper payments.

The OIG does not dispute that the COPS Office has policies and procedures in place to regulate the financial closeout process. However, these policies and procedures were in place at the time of our identification of numerous unallowable costs. Additionally, a financial review that relies upon the final FFR assumes the accuracy of that FFR, and an FFR that reconciles to the PHR does not necessarily mean that the recipient did not engage in unallowable spending. Again, as our work demonstrates, unallowable spending exists even when recipients have certified that all reported expenses are true, complete, and accurate.

Office on Violence Against Women

Our review of 39 OVW recipient FFRs and accounting records identified 19 recipients (49 percent) with \$120,894 in total unallowable costs, as shown below.

- Four recipients who charged a total of \$18,055 for expenditures that were incurred before or after the award period, including one recipient who, upon submission of their accounting records to the OIG, stated that it realized that the total reported expenditures and corresponding request for reimbursement were inaccurate. This includes the utilization of \$11,340 in award funds to pay salary and fringe expenses for 9 months after the award period ended. Neither discrepancy had been reported to OVW.
- Seven recipients whose indirect cost charges exceeded the amount approved by OVW by a total of \$45,000, including one recipient who charged indirect costs to the award without having approval for any indirect costs.
- Four recipients who exceeded the 10 percent rule by a total of \$31,703;
- Seven recipients who charged the award for expenditures totaling \$20,776 not included in the approved budget. This includes \$4,579 of airline expenses for the children of the recipient.²⁰
- Two recipients who drew down \$5,361 more than what was actually expended.

We provided our preliminary results to OVW, and interviewed staff to determine the process in place to verify the accuracy of data reported on the recipient's final FFR. OVW officials stated that the agency staff ensures that the FFR has been submitted and is complete, and checks to see if funding will be returned to OVW or if funding is owed to the recipient. Should anomalies be identified, OVW will reach out to the recipient to address any concerns. As previously noted, reviews of source documentation are not generally conducted, nor are they required.

²⁰ During our audit, the OIG conducted a separate audit of this recipient and ultimately identified a total of \$13,069 in funds used to pay for the airfare of dependents. We questioned only the amount that was readily identifiable during this audit of DOJ's grant award closeout process.

Summary of Results Related to FFR Accuracy

The OIG does not dispute that the awarding agencies have policies and procedures in place to regulate the financial closeout process. However, those policies and procedures were in place at the time of our review, indicating that improvements in the financial closeout process are warranted.

In our judgment, the awarding agencies should enhance the existing grant risk assessment process to monitor awards that are either closed or in the closeout process to include a review of the final ledger of grant accounting activity and transactions for a portion of awards closed each year. The awarding agencies should employ a risk-based methodology for reviewing these ledgers, giving consideration to: (1) prior audits, site visits, or other reviews; (2) OJP's GAT; (3) DOJ's high-risk designation; and (4) any other anomalies, inconsistencies, or risk factors identified during the active award period. Due to the rates of unallowable expenses identified during our audit, as well as the unallowable and unsupported questioned costs regularly identified during the OIG's external audit work, we recommend that the OJP, COPS Office, and OVW develop and implement policies and procedures to: (1) enhance the existing monitoring and risk assessment process by conducting a review of final grant ledger accounting activity for a portion of awards that are either closed or in the closeout process, and (2) include a special condition in all award packages notifying recipients that grant accounting ledgers are subject to agency review. Additionally, we recommend that the OJP, COPS Office, and OVW review and remedy, as appropriate, the unallowable costs identified in Table 15 and broken down by recipient in the Conclusion and Recommendations section of this report.

Finally, in our judgment, a recipient engaging in unallowable spending using funds from one agency presents an increased risk of engaging in similar unallowable spending with other DOJ funds. For that reason, we reviewed our universe of recipients with unallowable costs to determine if those recipients had received additional funding from the other awarding agencies. We found:

- Six OJP recipients received 48 awards totaling approximately \$58.9 million from OVW, and 4 recipients received 11 awards totaling approximately \$4.3 million from the COPS Office.²¹
- Three COPS Office award recipients received 32 OJP awards totaling approximately \$13.9 million.
- Ten OVW recipients received 94 awards totaling \$44.9 million from OJP, and 4 recipients received 13 awards totaling \$2.7 million from the COPS Office.

Currently, the OJP, COPS Office, and OVW maintain and share the DOJ high risk list, which identifies high-risk recipients based on past performance, risk factors, and other criteria. This process is in place to facilitate appropriate stewardship of federal funds and to enhance programmatic results. While we acknowledge that unallowable spending may not merit an inclusion on the high risk

²¹ This review included all awards that ended between October 1, 2008 and September 30, 2016.

list, we believe that a similar list should be in place to share the identities of recipients who are found to have engaged in significant unallowable spending. We recommend that each awarding agency develop and implement policies and procedures to ensure that recipients with significant issues identified during the closeout process be shared between the three awarding agencies.

Progress Report Accuracy

Awards are made with specific goals and objectives in place to advance DOJ's mission of fighting crime, ensuring public safety, and providing assistance to victims. To measure progress towards completing these goals, recipients collect data throughout the award period; this data may include services provided to victims of domestic violence or sexual assault, services provided to enhance community justice programs, or the numbers of law enforcement officials hired under a particular award. On an annual or semi-annual basis, depending on award type, recipients compile and report this data to the awarding agency in order to demonstrate progress made toward completion of award objectives. At the end of the award, a final progress report must be submitted within 90 days.

As recipient progress reports provide an overview of actual accomplishments made under each award, the reports are of immense value to the awarding agencies. The agencies use these reports to: (1) ensure that the recipient is on track to complete the goals and objectives of the award, and (2) provide data to Congress and the general public detailing, broadly, the benefits of each agency's award programs. Considering the broad use of the data collected and reported by recipients, it is imperative that the data be reliable and accurate.

To measure the accuracy of the data provided to the awarding agencies, we selected a random sample of 57 final progress reports submitted during the closeout process. From those 57 reports, we selected a judgmental sample of 151 performance measures for individual review; we then reached out to the 57 recipients and requested source documentation to support the data provided to the awarding agencies. As shown in Table 16, we found that data reported to OJP and OVW was not consistently accurate. Specifically, 31 percent of the metrics tested for OJP recipients and 46 percent of the metrics tested for OVW recipients were not supported by the source documentation provided.

Table 16
Final Progress Report Analysis Summary

AWARDING AGENCY	NUMBER OF RECIPIENTS REVIEWED	NUMBER OF MEASUREMENTS SELECTED FOR REVIEW ²²	NUMBER OF INACCURATE METRICS	PERCENTAGE OF INACCURATE MEASUREMENTS
OJP	19	49	15	31%
COPS Office	20	30	0	0%
OVW	18	72	33	46%
Total:	57	151	48	32%

Source: OJP, the COPS Office, OVW

The following sections of this report discuss our detailed results as applicable to OJP and OVW. We do not address the COPS Office in this section of the report, as we identified no inaccuracies in any of the 30 metrics tested.

Office of Justice Programs

As shown in Table 16, we reviewed data related to 49 performance measures as reported by 19 OJP recipients. Our work identified discrepancies in 15 out of the 49 performance measures reviewed, or 31 percent of the metrics sampled. The instances of inaccuracy included:

- Five instances in which metrics reported by recipients were overstated;
- Seven instances in which the metrics reported were understated; and
- Three instances in which the recipient stated upon submission of their supporting documentation that they knew the data as reported to OJP was incorrect.

We provided our preliminary results to OJP and requested comment. Specifically, we asked that OJP provide detail on the steps taken to ensure the accuracy of data as reported by award recipients. OJP officials stated that the Grant Management Manual requires that agency staff review progress reports to determine the next action for the report. The agency staff member is responsible for reviewing and approving or requesting a change to the report within 30 days of the report submission date in GMS. Specifically, agency staff should review reports for the following:

- Performance measures and associated data.
- Status of each goal scheduled to be achieved or completed during that six month period.
- Any implementation problems or issues and corrective action planned.

²² The number of metrics selected for review varies by agency due to differing reporting requirements. For example, an OVW progress report may contain over 60 measurable metrics, while a COPS Office hiring award may contain only one measurable metric (i.e., the officer hired under the award). Our sample was selected in order to evaluate the data that, in our judgment, was most meaningful in relation to the terms and conditions of the award.

- Any training or technical assistance needed.
- Check to ensure that activities reported are in line with the last submitted quarterly financial report.
- Documentation that describes the recipient data verification process.

If, during their review, the agency staff member has questions or concerns from the review of the report, he or she can “change request” the progress report back to the recipient. The recipient can then make any necessary adjustments, and resubmit the report. If the progress report is not acceptable, the grant manager continues to change request the progress report and work with the recipient to submit an acceptable progress report. Once the progress report is acceptable, the agency staff member must approve the report.

In addition, OJP agency staff conducts an annual programmatic desk review of all active awards. The desk review requires the agency staff answer the following questions:

- Is the rate of recipient’s drawdown of funds proportionate to the level of program activity?
- Is recipient in compliance with progress reporting requirements?
- Were the two most recent required progress reports submitted and received within the required timeframe?
- Is the recipient current with reporting performance measurement data, either in GMS or other performance measurement tools?
- Has the recipient submitted complete performance data?

OJP’s desk review is not an in-depth review of programmatic performance, nor is it intended to be. However, OJP officials stated that recipients are selected for in-depth monitoring through a risk assessment process. This monitoring is generally conducted through a site visit by OJP programmatic staff, and does include the review and collection of source data detailing the services or activities described in the progress reports.

Finally, different Bureaus or Program Offices within OJP have designed additional requirements for progress report review. For example, NIJ requires that its discretionary progress reports be reviewed by the agency staff member, and also by an assigned scientist to ensure scientific soundness. Additionally, OJP officials stated that OVC performance data is verified and validated through a multistep process before analysis takes place. This includes reviews of the data by analysts, recipient helpdesk staff, and other agency staff.

Office on Violence Against Women

As shown in Table 16, we reviewed data related to 72 performance measures as reported by 18 OVW recipients. Our work identified discrepancies in 33 out of the 72 performance measures reviewed, or 46 percent of the metrics sampled. The instances of inaccuracy included:

- Twelve instances in which recipient data was overstated;
- Four instances in which the metrics reported were understated;
- Fifteen instances in which recipient data was inadequately supported, leaving the OIG unable to make a reasonable assessment as to the accuracy of the data, and;
- One recipient who stated, upon submission of their data, that they knew the data as reported to OVW to be inaccurate.

Again, we provided our preliminary results to OVW and requested comment. OVW officials explained that recipient data is analyzed through an intensive review process, including multiple verifications of accuracy. Once received, recipient data is reviewed by an OVW Program Specialist to ensure that the recipient is “doing what it was funded to do,” accomplishing project goals, and not engaging in unallowable activities or activities that compromise victim safety. Program Specialists are also supplied with a spreadsheet of each recipient’s reported expenditures for the two quarters corresponding to the progress report period, so they can check for glaring discrepancies between reported expenditures and activities. If the report appears satisfactory, the Program Specialist approves it; if anomalies appear to exist, OVW staff will conduct additional outreach to the award recipient. Finally, OVW contracts with the Muskie School of Public Service at the University of Southern Maine (Muskie). OVW officials stated that Muskie conducts detailed analytical reviews to ensure that reports are complete and correct, and performs additional outreach to recipients if anomalies are identified.

Summary of Results Related to Progress Report Accuracy

The OIG does not dispute that the awarding agencies have multi-layered processes in place to perform verification of the programmatic data reported by award recipients. However, these processes were in place at the time of our audit, and were not sufficient to prevent inaccurate programmatic reporting by the recipients reviewed.

In our judgment, programmatic concerns are best identified during the active award period, in order to ensure that recipients are on track to meet the goals and objectives of the award. Additionally, we believe that requiring review of recipient source documentation during the closeout process would likely lead to a sizeable increase in the backlog of awards that have expired, but have not been closed. Finally, requiring review of recipient source documentation for programmatic accomplishments may present a significant burden for agency officials.

Nonetheless, we believe that improvements must be made in order to improve the integrity of the data maintained and submitted by award recipients. Such improvements may include increased training or access to technical assistance, and increased review of recipient source documentation during the active award period for recipients identified as medium or high risk. We recommend that OJP and OVW review existing policies and procedures to identify improvements in ensuring the accuracy of data collected and submitted by award recipients.

CONCLUSION AND RECOMMENDATIONS

The OIG found that the OJP, COPS Office, and OVW have made significant improvements to the award closeout process since the issuance of our 2006 Closeout Report. Most significantly, in our 2006 report we identified over \$550 million in award recipient drawdowns that were made after expiration of the award liquidation deadline. In this audit, we found that the awarding agencies had effectively implemented controls that prevent such drawdowns from occurring. Additionally, in this audit we determined that 13 percent of OJP awards, 19 percent of COPS Office awards, and 42 percent of OVW awards were closed after allowable 180 day timeframe, a marked improvement from our 2006 results, which found 82 percent, 99 percent, and 87 percent were closed late, respectively. Finally, in 2006 we identified a backlog of 12,505 awards (20 percent of the universe audited) that were expired, but had not been closed. For this report, we identified 782 awards (2 percent of the universe audited) that were expired, but remained open at the time of our analysis.

However, in this audit we identified multiple deficiencies in DOJ's award closeout processes and practices that require improvement. Specifically, we identified \$28,810,221 in funding that remains obligated against awards that were eligible for closeout at the time of our audit, and in some cases had ended as far back as 2005, including \$1,465,592 in OJP and OVW funding still obligated to organizations that have not been operational for as many as 10 years. Additionally, our sample testing identified approximately \$4 million in unused OJP, COPS Office, and OVW funding that remains obligated against awards that expired as many as 6 years ago, and over \$1 million in refunds submitted by recipients as many as 5 years ago that has not been deobligated and put to better use. We determined that a broad range of circumstances can lead to delayed closeouts, including, but not limited to, late recipient submissions of final reports, recipient reports for which the awarding agency requests updated or additional information, the resolution of financial discrepancies between a recipient's final FFR and PHRs, or a delay in recipients submitting final products or deliverables funded by the award. Additionally, for awards that had been expired for extended periods of time, we found that technical issues or ongoing monitoring activity by the awarding agencies were often significant factors. Over the course of our audit, we communicated with agency officials, and those officials have already begun conducting detailed reviews of expired awards that remain open and taking corrective actions, as appropriate.

Finally, we found that the system in place at the time of our audit to verify the accuracy and allowability of recipient spending is not always effective. As part of our work, we conducted a limited review of recipient accounting records that identified \$762,183 in unallowable questioned costs. Conducting full audits of these recipients was not necessary in order to identify the unallowable spending. Rather, issues such as (1) spending before or after the project period, (2) expenditures not approved by the awarding agencies, (3) spending in excess of approved budget categories, and (4) drawdowns that were not supported by the recipient's accounting records were readily identifiable.

DOJ awards billions of dollars in funding each year, and the OIG recognizes that the OJP, COPS Office, and OVW cannot perform detailed monitoring or reviews of all recipients. However, enhancing the existing closeout review process would strengthen effective award administration in several areas. First, as previously discussed, a limited review of this data will uncover certain areas of readily-identifiable unallowable spending. The results of these reviews could also enhance existing monitoring processes by strategically informing the selection process for future award monitoring. Finally, implementing processes to review recipient accounting records during closeout enhances DOJ's controls and should help deter award recipients from engaging in unallowable spending given that their accounting entries will be available to DOJ officials at the end of an award.

We believe that making the following enhancements to the award closeout process is reasonable and necessary in consideration of the critical responsibility that DOJ awarding agencies have to ensure effective fiscal stewardship of billions of dollars awarded each year.

We recommend that OJP:

1. Develop and implement revised closeout policies resulting from this audit, or in response to 2 CFR § 200.343, to: (1) ensure that any such policies consider the 455-day timeframe for closing an award, (2) ensure that awards that remain open for 455 days or more be subject to additional layers of agency review, and (3) enhance collaboration and communication between the OIG and the awarding agencies by submitting to the OIG, on a semi-annual basis, a list of awards that remain open due to OIG audit or other monitoring activity.
2. Develop and implement a process to review awards that are expired, but not closed, on an annual basis, and take appropriate action for: (1) any funding that is obligated against recipients that are no longer operational; (2) awards that remain open due to stale monitoring activity; and (3) awards that were approved for non-compliant closeout or are affected by other extenuating circumstances that are delaying award closeout.
3. Remedy and put to better use the \$148,685 in funds obligated against Award Number 2006-IP-BX-K001, as the organization has been legally dissolved since January 2011.
4. Develop and implement policies and procedures to ensure that funding reported as unobligated by the recipient be deobligated and put to better use within a timely manner, as appropriate, regardless of ongoing monitoring activity.
5. Develop and implement policies to ensure that monies refunded by a recipient are deobligated, as appropriate, in a timely manner after receipt.

6. Remedy and put to better use the \$71,264 in funds that remain obligated against awards that expired prior to the OIG's scope start-date of October 1, 2008.
7. Review its universe of awards that expired prior to October 1, 2008, for which closeout has not yet occurred, address the individual issues resulting in delayed final closeout, and close awards as appropriate.
8. Review and put to better use, as appropriate, the remaining \$11,654,392 in funds obligated against awards that have expired, but have not been closed.
9. Develop and implement policies and procedures to: (1) enhance the existing monitoring and risk assessment process by conducting a review of final grant ledger accounting activity for a portion of awards that are either closed or in the closeout process, and (2) include a special condition in all award packages notifying recipients that grant accounting ledgers are subject to agency review.
10. Develop and implement policies and procedures to ensure that recipients with significant issues identified during the closeout process be shared between the three awarding agencies.
11. Review existing policies and procedures to identify improvements in ensuring the accuracy of data collected and submitted by award recipients.
12. Remedy \$14,614 in unallowable indirect, personnel, and fringe-related questioned costs associated with OJP Award Number 2010-TY-FX-0105.
13. Remedy \$52,325 in unallowable contractual, equipment, and travel-related questioned costs associated with OJP Award Number 2011-AC-BX-0017.
14. Remedy \$32,906 in unallowable questioned costs incurred outside of the award period associated with OJP Award Number 2010-DC-BX-0116.
15. Remedy \$20,114 in unallowable indirect, incentive and entertainment-related questioned costs associated with OJP Award Number 2010-TY-FX-0103.
16. Remedy \$20,641 in unallowable fringe, personnel, and indirect-related questioned costs associated with OJP Award Number 2011-JU-FX-0022.
17. Remedy \$10,880 in unallowable questioned costs incurred outside of the award period associated with OJP Award Number 2013-CD-BX-0031.
18. Remedy \$3,462 in unallowable indirect questioned costs which exceeded the amount approved by OJP associated with OJP Award Number 2010-TY-FX-0108.
19. Remedy \$122,720 in unallowable personnel-related questioned costs which exceeded the 10 percent rule associated with OJP Award Number 2008-DN-BX-K184.

20. Remedy \$1,654 in unallowable questioned costs related to consultants and costs incurred outside of the award period associated with OJP Award Number 2013-DJ-BX-0313.

We recommend that the COPS Office:

21. Develop and implement revised closeout policies resulting from this audit, or in response to 2 CFR § 200.343, to: (1) ensure that any such policies consider the 455-day timeframe for closing an award, (2) ensure that awards that remain open for 455 days or more be subject to additional layers of agency review, and (3) enhance collaboration and communication between the OIG and the awarding agencies by submitting to the OIG, on a semi-annual basis, a list of awards that remain open due to OIG audit or other monitoring activity.
22. Develop and implement policies and procedures to ensure that funding reported as unobligated by the recipient be deobligated and put to better use within a timely manner, as appropriate, regardless of ongoing monitoring activity.
23. Develop and implement policies and procedures to ensure that any refunds submitted by the recipient after the award period has ended are deobligated and put to better use, as appropriate, within a timely manner after receipt.
24. Review and put to better use, as appropriate, the remaining \$2,357,016 in funds obligated against awards that have expired, but have not been closed.
25. Develop and implement policies and procedures to: (1) enhance the existing monitoring and risk assessment process by conducting a review of final grant ledger accounting activity for a portion of awards that are either closed or in the closeout process, and (2) include a special condition in all award packages notifying recipients that grant accounting ledgers are subject to agency review.
26. Develop and implement policies and procedures to ensure that recipients with significant issues identified during the closeout process be shared between the three awarding agencies.
27. Remedy \$565 in unallowable questioned costs resulting from the recipient drawing down more funds than what was expended associated with COPS Office Award Number 2009-HE-WX-0058.
28. Remedy \$33,544 in unallowable personnel-related questioned costs associated with COPS Office Award Number 2010-UM-WX-0245.
29. Remedy \$33,015 in unallowable questioned costs resulting from the recipient drawing down more funds than what was expended associated with COPS Office Award Number 2010-UM-WX-0331.

30. Remedy \$5,453 in unallowable indirect questioned costs associated with COPS Office Award Number 2012-CK-WX-K026.
31. Remedy \$265,504 in unallowable equipment-related questioned costs associated with COPS Office Award Number 2011-CK-WX-0027.
32. Remedy \$23,983 in unallowable costs associated with COPS Office Award Number 2010-RK-WX-0004, including:
 - a. \$12,474 in unallowable charges resulting from the recipient drawing down more funds than what was expended.
 - b. \$11,419 in unallowable personnel charges which exceeded the 10 percent rule.

We recommend that OVW:

33. Develop and implement revised closeout policies resulting from this audit, or in response to 2 CFR § 200.343, to: (1) ensure that any such policies consider the 455-day timeframe for closing an award, (2) ensure that awards that remain open for 455 days or more be subject to additional layers of agency review, and (3) enhance collaboration and communication between the OIG and the awarding agencies by submitting to the OIG, on a semi-annual basis, a list of awards that remain open due to OIG audit or other monitoring activity.
34. Develop and implement a process to review awards that are expired, but not closed, on an annual basis, and take appropriate action to: (1) identify any funding that is obligated against recipients that are no longer operational, (2) review awards that remain open due to stale monitoring activity, and (3) ensure outstanding programmatic or financial issues that contribute to the delays in closing awards are addressed in a timely manner.
35. Remedy and put to better use the \$1,316,907 in funding that remains obligated against Award Numbers 2004-SW-AX-0036, 2005-IW-AX-0009, 2005-IW-AX-0010, 2005-WL-AX-0073, 2005-WR-AX-0011, 2006-WL-AX-0023, 2007-TW-AX-0033, 2009-WH-AX-0010, and 2007-IW-AX-0005, as the recipients are no longer operational.
36. Develop and implement policies and procedures to review balances reported as unobligated by the recipient during the liquidation period, or balances amended by OVW to include unobligated funds, and to deobligate these balances, as appropriate, within a timely manner.
37. Develop and implement policies and procedures to ensure that any refunds submitted by the recipient after the award period has ended are deobligated and put to better use, as appropriate, within a timely manner.
38. Remedy the remaining \$579,248 in funds to better use that remain obligated against awards that have been expired over 8 years.

39. Review and put to better use, as appropriate, the remaining \$12,682,709 in funds obligated against awards that have expired, but have not been closed.
40. Develop and implement policies and procedures to: (1) enhance the existing monitoring and risk assessment process by conducting a review of final grant ledger accounting activity for a portion of awards that are either closed or in the closeout process, and (2) include a special condition in all award packages notifying recipients that grant accounting ledgers are subject to agency review.
41. Develop and implement policies and procedures to ensure that recipients with significant issues identified during the closeout process be shared between the three awarding agencies.
42. Review existing policies and procedures to identify improvements in ensuring the accuracy of data collected and submitted by award recipients.
43. Remedy \$5,423 in unallowable personnel questioned costs which exceeded the 10 percent rule associated with OVW Award Number 2012-WL-AX-0011.
44. Remedy \$637 in unallowable indirect questioned costs which exceeded the amount approved by OVW associated with OVW Award Number 2010-TA-AX-K012.
45. Remedy \$655 in unallowable supplies questioned costs which were not in the OVW approved budget associated with OVW Award Number 2012-WL-AX-0059.
46. Remedy \$17,224 in unallowable questioned costs resulting from the recipient drawdowns that exceeded grant expenditures, and costs incurred outside of the award period associated with OVW Award Number 2011-WE-AX-0017.
47. Remedy \$685 in unallowable facility rent-related questioned costs not approved in the OVW approved budget associated with OVW Award Number 2013-FL-AX-0018.
48. Remedy \$4,579 in unallowable travel-related questioned costs associated with OVW Award Number 2013-TA-AX-K016.
49. Remedy \$7,603 in unallowable supplies, indirect, and other questioned costs associated with OVW Award Number 2011-WH-AX-0017.
50. Remedy \$2,647 in unallowable personnel questioned costs not approved in the OVW approved budget associated with OVW Award Number 2008-WE-AX-0038.
51. Remedy \$442 in unallowable personnel questioned costs which exceeded the 10 percent rule associated with OVW Award Number 2014-DW-AX-0002.

52. Remedy \$4,844 in unallowable expenditures exceeding the 10 percent rule, outside the approved project period, and drawdowns in excess of recorded expenditures associated with OVW Award Number 2014-SW-AX-0023.
53. Remedy \$11,285 in excess indirect costs and unallowable mileage expenses associated with OVW Award Number 2010-TW-AX-0030.
54. Remedy the \$5,231 in unallowable contract and indirect questioned costs associated with OVW Award Number 2010-TW-AX-0043.
55. Remedy the \$1,069 in unallowable classified ad and bank fee questioned costs budget associated with OVW Award Number 2013-IW-AX-0002.
56. Remedy \$22,895 in unallowable indirect questioned costs which exceeded the approved amount OVW approved budget associated with OVW Award Number 2012-TW-AX-0024.
57. Remedy \$5,000 in unallowable consultant-related questioned costs incurred outside of the project period associated with OVW Award Number 2012-W5-AX-K004.
58. Remedy \$21,837 in unallowable personnel questioned costs charges which exceeded the 10 percent rule associated with OVW Award Number 2012-FW-AX-K002.
59. Remedy \$146 in unallowable indirect questioned costs which exceeded the approved amount in the OVW approved budget associated with OVW Award Number 2011-WC-AX-K020.
60. Remedy \$349 in unallowable questioned costs incurred outside of the project period associated with OVW Award Number 2011-TW-AX-0006.
61. Remedy \$8,344 in unallowable indirect questioned costs associated with OVW Award Number 2011-TA-AX-K127.

STATEMENT ON INTERNAL CONTROLS

As required by *Government Auditing Standards*, we tested, as appropriate, internal controls significant within the context of our audit objectives. A deficiency in an internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect in a timely manner: (1) impairments to the effectiveness and efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations. Our evaluation of the OJP, COPS Office, and OVW's internal controls was not made for the purpose of providing assurance on its internal control structure as a whole. The OJP, COPS Office, and OVW management is responsible for the establishment and maintenance of internal controls.

As noted in the Audit Results section of this report, we identified deficiencies in the OJP, COPS Office, and OVW's internal controls that are significant within the context of the audit objectives and based upon the audit work performed we believe adversely affect the OJP, COPS Office, and OVW's ability to properly close awards.

Because we are not expressing an opinion on the OJP, COPS Office, and OVW's internal control structure as a whole, this statement is intended solely for the information and use of the OJP, COPS Office, and OVW. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

STATEMENT ON COMPLIANCE WITH LAWS AND REGULATIONS

As required by the *Government Auditing Standards*, we tested, as appropriate given our audit scope and objectives, selected transactions, records, procedures, and practices to obtain reasonable assurance that the OJP, COPS Office, and OVW's management complied with federal laws and regulations for which noncompliance, in our judgment, could have a material effect on the results of our audit. The OJP, COPS Office, and OVW's management is responsible for ensuring compliance with applicable federal laws and regulations. In planning our audit, we identified the following laws and regulations that concerned the operations of OJP, COPS Office, and OVW that were significant within the context of the audit objectives:

- Public Law 114-117, the Grants Oversight and New Efficiency Act
- 2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- 28 CFR Part 66, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments

Our audit included examining, on a test basis, the OJP, COPS Office, and OVW's compliance with the aforementioned laws and regulations that could have a material effect on the OJP, COPS Office, and OVW's operations, through analyzing data, assessing internal control procedures, and examining procedural practices by interviewing auditee personnel. Nothing came to our attention that caused us to believe that the OJP, COPS Office, and OVW were not in compliance with the aforementioned laws and regulations.

APPENDIX 1

OBJECTIVES, SCOPE, AND METHODOLOGY

Audit Objectives

The objectives of our audit were to: (1) ensure that expired awards are closed properly and in a timely manner, (2) ensure that award funds are appropriately managed after award periods have ended, including deobligations and subsequent drawdowns, and (3) determine whether appropriate controls were in place to ensure that closeout data reported by recipients was accurate and supported.

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. In conducting our audit, we tested compliance with what we consider to be the most important conditions of the closeout process. Unless otherwise stated in this report, the criteria we used to evaluate compliance are contained in the Code of Federal Regulations (CFR), the DOJ Grants Financial Guide, OJP's Grant Management Manual, COPS Office Closeout Policies and Procedures, and OVW's Grant Monitoring Manual.

Due to programmatic and financial concerns routinely identified through prior OIG audit work, the oversight requirements included in the GONE Act, and the significant issues identified in the 2006 Closeout Report, we determined a follow-up audit was timely and appropriate.²³ Our audit generally covered, but was not limited to, October 1, 2008, through September 30, 2016. To assess the OJP, COPS Office, and OVW's closeout procedures, oversight, and management, we conducted interviews with the OJP, COPS Office, and OVW officials, and performed detailed analysis as described in the sections below.

Closeout Timeliness

To determine whether the OJP, COPS Office, and OVW closed expired awards properly and in a timely manner, we obtained a list of all awards that ended from FYs 2009 through 2016. We then reviewed internal policies and procedures for each agency to determine the timelines that the agency utilized for the award closeout process. We also compared agency policy to those included in 2 CFR § 200.343. We determined that the internal policies and procedures for each agency are more stringent than the CFR requirements; additionally, neither the

²³ U.S. Department of Justice Office of the Inspector General, *Audit of the Department of Justice's Grant Closeout Process*, Audit Report 07-05, December 2006.

OJP, COPS Office nor OVW had adopted the policies as stated in the CFR at the time of our audit. Therefore, we conducted our analysis in accordance with the policies set internally by each agency.

We reviewed the data provided to determine if any awards were not closed within the established timeframes. All closeouts exceeding the 180-day timeframes established by the awarding agencies were identified as late, and are summarized in Table 2 of this report.

To assess the reliability of the data analyzed in this report, we (1) reviewed each agency's data submission for errors related to completeness or accuracy, (2) traced a statistically random sample of data to source documents. We found that data tracking recipient refunds was not sufficiently reliable for the purposes of this audit. Any discussion of refunds in this report is reliant on source documentation obtained from the agency's grant management systems, or from the Grants Payment Request System. While other minor discrepancies were identified, we considered the discrepancies to be immaterial to our work. On the basis of our assessment, we believe the data are sufficiently reliable for the purposes of this review.

Closeout Fund Management

To determine if the OJP, COPS Office, and OVW appropriately managed award funds after the award period ended, we reviewed the list of all awards that ended during our scope, as well as each agency's entire universe of expired, but open awards. We conducted a detailed review (1) the 30 oldest awards that are expired with funds still obligated, but for which closeout has not occurred, and (2) 30 additional awards for each agency that had been closed after the allowable 180 day timeframe. Specifically, we reviewed closeout documentation, award monitoring activity, prior audits, recipient FFRs, and PHRs to determine, broadly, the underlying reasons that funds remained obligated against awards that are expired, and other factors that contribute to delayed closeouts. We also reviewed the awards to determine the total amount of funds that remain obligated, as well as to determine if the remaining obligated amounts on the award were comprised of recipient refunds or unobligated balances.

To determine if the OJP, COPS Office, and OVW appropriately managed drawdowns following the end of the project period, we reviewed internal policy and procedures as well as Federal regulations to determine the allowable timeframe for recipient drawdowns. According to the 2 CFR § 200.343 and agency regulations, award recipients must liquidate all obligations incurred under a Federal award no later than 90 calendar days after the end date of the period of performance. We analyzed the drawdowns to determine if any drawdowns were made by the recipients after the end of the 90 day liquidation period. Drawdowns that appeared to post after the liquidation period were further reviewed in order to verify that they had been requested within the allowable timeframe.

Closeout Accuracy

To determine if the OJP, COPS Office, and OVW maintained appropriate controls to ensure that closeout data reported on the FFR by recipients was accurate and supported, we selected a random sample of 118 recipients for FFR data verification. The retention period for all financial and programmatic records, supporting documents, statistical records, and other award records is 3 years from the date that the final expenditure report was submitted. Therefore, the scope of our sample was awards that ended within the last 3 years. We requested accounting records from the 118 sampled recipients to determine if (1) the expenditures recorded match those reported on the final FFR, and (2) the drawdowns recorded did not exceed recorded expenditures. Additionally, we conducted a limited review of award expenditures to ensure that the expenditures were allowable and reasonable per the approved budget. We obtained all applicable award documentation and supporting documentation for the review from the applicable agency and the recipient.

To determine if the OJP, COPS Office, and OVW maintained appropriate controls to ensure that closeout data reported on the final progress report by recipient were accurate and supported, we selected a random sample of 57 recipients for progress report data verification. The retention period for all financial and programmatic records, supporting documents, statistical records, and other award records is 3 years from the date that the final expenditure report was submitted. Therefore, the scope of our sample were awards that were closed within the last 3 years. From the random sample of 57 recipients, we judgmentally selected between one and four performance measures for review and reviewed supporting documentation for the selected measures. The documentation was reviewed to determine the accuracy of the data reported on the progress report provided to the awarding agency.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs:		
OJP Unallowable Recipient Expenses	\$279,315	31
COPS Office Unallowable Recipient Expenses	\$361,974	34
OVW Unallowable Recipient Expenses	<u>\$120,894</u>	35
Unallowable Costs	\$762,183	
<i>Less Remedied Costs²⁴</i>	-2,076	
Net Questioned Costs²⁵	\$760,107	
Funds remaining on expired awards more than 180 days past the project expiration:		
OJP	\$11,654,392	18
COPS Office	\$2,357,016	20
OVW	\$12,682,709	22
Remedy OJP funds associated with 2006-IP-BX-K001	\$148,685	14
Remedy OVW funds associated with recipients that are no longer operational	\$1,316,907	22
Remedy OVW funds associated with awards that ended over 8 years ago	\$579,248	26
Remedy OJP funds associated with awards that ended over 8 years ago	\$71,264	17
Total Funds to Better Use	\$28,810,221	
<i>Less Remedied Costs²⁶</i>	-18,066,212	
Net Funds to Better Use	\$10,744,009	
TOTAL DOLLAR-RELATED FINDINGS	<u>\$11,504,116</u>	

²⁴ Prior to the issuance of this final report, the COPS Office had remedied a total of \$565 in questioned costs, and OJP remedied a total of \$1,511 in questioned costs.

²⁵ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

²⁶ Prior to the issuance of this final report, the OJP, COPS Office, and OVW remedied a total of \$18,066,212 in funds to better use.

APPENDIX 3

RECIPIENT DATA VERIFICATION ITEMIZED QUESTIONED COSTS

Office of Justice Programs

Coordinate with award recipients to remedy the unallowable costs identified during our review of final FFRs and accounting records, as follows:

1. Remedy \$14,614 in unallowable indirect, personnel, and fringe costs associated with OJP award number 2010-TY-FX-0105:
 - i. \$7,385 in unallowable indirect cost charges which exceeded the amount approved by OJP.
 - ii. \$4,433 in unallowable personnel charges to an individual not in the OJP approved budget.
 - iii. \$2,796 in unallowable fringe charges to an individual not in the OJP approved budget.
2. Remedy \$52,325 in unallowable costs associated with OJP award number 2011-AC-BX-0017, including:
 - i. \$39,557 in unallowable contractual charges, a category not approved by OJP.
 - ii. \$8,724 in unallowable equipment charges not in the OJP approved budget.
 - iii. \$4,044 in unallowable travel charges for employee family members.
3. Remedy \$32,906 in unallowable charges incurred outside of the award period associated with OJP award number 2010-DC-BX-0116.
4. Remedy \$20,114 in unallowable costs associated with OJP award number 2010-TY-FX-0103, including:
 - i. \$15,564 in unallowable indirect cost charges which exceeded the amount approved by OJP.
 - ii. \$4,550 in unallowable incentive and entertainment charges not in the OJP approved budget.
5. Remedy \$20,641 in unallowable costs associated with OJP award number 2011-JU-FX-0022, including:
 - i. \$10,391 in unallowable fringe charges which exceeded the 10 percent rule.
 - ii. \$6,069 in unallowable personnel charges which exceeded the 10 percent rule.

- iii. \$4,181 in unallowable indirect cost charges which exceeded the amount approved by OJP.
- 6. Remedy \$10,880 in unallowable charges incurred outside of the award period associated with OJP award number 2013-CD-BX-0031.
- 7. Remedy \$3,462 in unallowable indirect cost charges which exceeded the amount approved by OJP associated with OJP award number 2010-TY-FX-0108.
- 8. Remedy \$122,720 in unallowable personnel charges which exceeded the 10 percent rule associated with OJP award number 2008-DN-BX-K184.
- 9. Remedy \$1,654 in unallowable costs associated with OJP award number 2013-DJ-BX-0313, including:
 - i. \$1,511 in unallowable consultant charges which exceeded the 10 percent rule.
 - ii. \$143 in unallowable charges incurred outside of the award period.

Community Oriented Policing Services

Coordinate with award recipients to remedy the unallowable costs identified during our review of final FFRs and accounting records, as follows:

- 10. Remedy \$565 in unallowable charges resulting from the recipient drawing down more funds than what was expended associated with COPS Office award number 2009-HE-WX-0058.
- 11. Remedy \$33,544 in unallowable personnel costs which exceeded the 10 percent rule associated with COPS Office award number 2010-UM-WX-0245.
- 12. Remedy \$33,015 in drawdowns exceeding recorded expenditures associated with COPS Office award number 2010-UM-WX-0331.
- 13. Remedy \$5,453 in unallowable indirect costs which exceeded the approved amount in the COPS Office-approved budget associated with COPS Office award number 2012-CK-WX-K026.
- 14. Remedy \$265,504 in unallowable equipment charges which exceeded the 10 percent rule associated with COPS Office award number 2011-CK-WX-0027.
- 15. Remedy \$23,893 in unallowable costs associated with COPS Office award number 2010-RK-WX-0004, including:
 - i. \$12,474 in unallowable charges resulting from the recipient drawing down more funds than what was expended.

- ii. \$11,419 in unallowable personnel charges which exceeded the 10 percent rule.

Office on Violence Against Women

Coordinate with award recipients to remedy the unallowable costs identified during our review of final FFRs and accounting records, as follows:

- 16. Remedy \$5,423 in unallowable personnel charges which exceeded the 10 percent rule associated with OVW award number 2012-WL-AX-0011.
- 17. Remedy \$637 in unallowable indirect cost charges which exceeded the amount approved by OVW associated with OVW award number 2010-TA-AX-K012.
- 18. Remedy \$655 in unallowable supplies charges which were not in the OVW approved budget associated with OVW award number 2012-WL-AX-0059.
- 19. Remedy \$17,224 in unallowable costs associated with OVW award number 2011-WE-AX-0017, including:
 - i. \$12,040 in unallowable charges incurred outside of the award period.
 - ii. \$5,184 in unallowable charges resulting from drawdowns exceeding recorded expenditures.
- 20. Remedy \$685 in unallowable facility rent charges not approved in the OVW approved budget associated with OVW award number 2013-FL-AX-0018.
- 21. Remedy \$4,579 in unallowable airfare costs associated with OVW award number 2013-TA-AX-K016.
- 22. Remedy \$45,302 in unallowable indirect costs associated with OVW award number 2011-WH-AX-0017.
- 23. Remedy \$2,647 in unallowable personnel charges not approved in the OVW approved budget associated with OVW award number 2008-WE-AX-0038.
- 24. Remedy \$442 in unallowable personnel charges which exceeded the 10 percent rule associated with OVW award number 2014-DW-AX-0002.
- 25. Remedy \$4,844 in unallowable costs associated with OVW award number 2014-SW-AX-0023, including:
 - i. \$4,001 in unallowable personnel charges which exceeded the 10 percent rule.
 - ii. \$666 in unallowable consultant charges incurred outside of the project period.
 - iii. \$177 in unallowable charges resulting from the recipient drawing down more funds than what was expended.

26. Remedy \$11,285 in unallowable costs associated with OVW award number 2010-TW-AX-0030, including:
 - i. \$7,841 in unallowable mileage reimbursement charges not approved in the OVW approved budget.
 - ii. \$3,444 in unallowable indirect costs charges which exceeded the approved amount in the OVW approved budget.
27. Remedy the \$5,231 in unallowable costs associated with OVW award number 2010-TW-AX-0043, including:
 - i. \$3,330 in unallowable contract charges which was not an approved category in the OVW approved budget.
 - ii. \$1,931 in unallowable indirect costs charges which exceeded the approved amount in the OVW approved budget.
28. Remedy the \$1,069 in unallowable classified ad and bank fee charges which were not in the OVW approved budget associated with OVW award number 2013-IW-AX-0002.
29. Remedy \$22,895 in unallowable indirect costs which exceeded the approved amount OVW approved budget associated with OVW award 2012-TW-AX-0024.
30. Remedy \$5,000 in unallowable consultant expenses incurred outside of the project period associated with OVW award 2012-W5-AX-K004.
31. Remedy \$21,837 in unallowable personnel charges which exceeded the 10 percent rule associated with OVW award number 2012-FW-AX-K002.
32. Remedy \$146 in unallowable indirect costs which exceeded the approved amount in the OVW approved budget associated with OVW award 2011-WC-AX-K020.
33. Remedy \$349 in unallowable expenses incurred outside of the project period associated with OVW award number 2011-TW-AX-0006.
34. Remedy \$8,344 in unallowable indirect costs associated with OVW award number 2011-TA-AX-K127.

APPENDIX 4

THE OFFICE OF JUSTICE PROGRAMS' RESPONSE TO THE DRAFT AUDIT REPORT²⁷



U.S. Department of Justice

Office of Justice Programs

Office of the Assistant Attorney General

Washington, D.C. 20530

FEB - 6 2018

MEMORANDUM TO: Michael E. Horowitz
Inspector General
United States Department of Justice

THROUGH: Jason R. Malmstrom
Assistant Inspector General for Audit
Office of the Inspector General
United States Department of Justice

FROM: Alan R. Hanson *OJP-H*
Principal Deputy Assistant Attorney General

SUBJECT: Response to the Office of the Inspector General's Draft Audit Report, *Audit of the Department of Justice Grant Award Closeout Process*

This memorandum provides a response to the Office of the Inspector General's (OIG) January 11, 2018, draft audit report entitled, *Audit of the Department of Justice Grant Award Closeout Process*. The Office of Justice Programs (OJP) appreciates the opportunity to review and comment on the draft report.

OJP has worked diligently since the release of the previous OIG audit report (Report Number 07-05), *Department of Justice's Grant Closeout Process*, in December 2006, to develop policies and procedures to address the backlog in grant closeouts. Specifically, a closeout module was developed and integrated within OJP's Grant Management System (GMS) to replace manual processes and to streamline the grant closeout process. Metric reports generated from GMS have enabled OJP to assess and prioritize the closeout universe and close out most grants within OJP established timeframes. Additionally, OJP's comprehensive monitoring strategies have contributed significantly to improvements in the overall closeout process.

The draft audit report contains 20 recommendations directed to OJP. Eight of the recommendations relate to enhancing policies and procedures and the remaining 12 recommendations relate to addressing \$279,315 in questioned costs and \$11,874,341 in funds to better use. For ease of review, the recommendations directed to OJP are summarized below and followed by OJP's response.

²⁷ Attachments to this response were not included in this final report.

- 1. Develop and implement revised closeout policies resulting from this audit, or in response to 2 CFR § 200.343, to: (1) ensure that any such policies consider the 455-day timeframe for closing an award, (2) ensure that awards that remain open for 455 days or more be subject to additional layers of agency review, and (3) enhance collaboration and communication between the OIG and the awarding agencies by submitting to the OIG, on a semi-annual basis, a list of awards that remain open due to OIG audit or other monitoring activity.**

The Office of Justice Programs agrees with this recommendation. As noted in the draft report, it is OJP's goal to ensure that no more than 10 percent of closeouts, or 250 closeouts remain open in excess of 180 days after an award has ended. OJP will review and consider revising, as necessary, its grant closeout policies in response to 2 CFR 200.343 by May 31, 2018. Any required changes will be reflected in the next release of the DOJ Grants Financial Guide and OJP's Grants Management Manual, as applicable.

In addition, beginning with the six-month period ending June 30, 2018, OJP will submit to the OIG, a listing of awards that remain open due to open OIG audits, investigations, or other monitoring activity. The first listing will be provided no later than July 31, 2018, and OJP will continue this reporting practice for each six month period, thereafter.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

- 2. Develop and implement a process to review awards that are expired, but not closed, on an annual basis, and take appropriate action for: (1) any funding that is obligated against recipients that are no longer operational; (2) awards that remain open due to stale monitoring activity; and (3) awards that were approved for non-compliant closeout or are affected by other extenuating circumstances that are delaying award closeout.**

The Office of Justice Programs agrees with this recommendation. By May 31, 2018, Office of the Chief Financial Officer (OCFO) will develop and implement a process to annually review awards that are expired, but not closed to ensure that appropriate action is taken on awards to recipients that are no longer operational; pending actions related to monitoring activity; or open due to other extenuating circumstances.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

- 3. Remedy and put to better use the \$148,685 in funds obligated against Award Number 2006-IP-BX-K001, as the organization has been legally dissolved since January 2011.**

The Office of Justice Programs agrees with this recommendation. OJP deobligated \$148,685 against Award Number 2006-IP-BX-K001, on October 27, 2017. Additionally,

subsequent to receiving a refund from the grantee, in the amount of \$71,542, OJP deobligated the remaining balance of this award, on January 22, 2018. See Attachment 1 for supporting documentation.

The Office of Justice Programs requests closure of this recommendation and written acceptance of this action from your office.

- 4. Develop and implement policies and procedures to ensure that funding reported as unobligated by the recipient be deobligated and put to better use within a timely manner, as appropriate, regardless of ongoing monitoring activity.**

The Office of Justice Programs agrees with this recommendation. By May 31, 2018, OJP will develop and implement policies and procedures to ensure that funding reported as unobligated by recipients is timely deobligated and put to better use, as appropriate, regardless of ongoing monitoring activity.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

- 5. Develop and implement policies to ensure that monies refunded by a recipient are deobligated, as appropriate, in a timely manner after receipt.**

The Office of Justice Programs agrees with this recommendation. By May 31, 2018, OJP will develop and implement policies to ensure that monies refunded by recipients are timely deobligated, as appropriate.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

- 6. Remedy and put to better use the \$71,264 in funds that remain obligated against awards that expired prior to the OIG's scope start-date of October 1, 2008.**

The Office of Justice Programs agrees with this recommendation. OJP has deobligated \$43,867 of the \$71,264 in funds on awards that expired prior to October 1, 2008 (see Attachment 2). For the remaining \$27,397, based on the grantee's final Federal Financial Report, OJP determined that the funds were owed to the grant recipient and will be disbursed accordingly (see Attachment 3).

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

7. **Review its universe of awards that expired prior to October 1, 2008, for which closeout has not yet occurred, address the individual issues resulting in delayed final closeout, and close awards as appropriate.**

The Office of Justice Programs agrees with this recommendation. During OJP's monthly review of standard grant management metrics, OJP routinely monitors the status of the entire grant portfolio and takes actions, as appropriate. With respect to the universe of awards that expired prior to October 1, 2008, for which closeout has not yet occurred, by May 31, 2018, OJP will address the individual issues resulting in delayed final closeout and close the award, as appropriate.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

8. **Review and put to better use, as appropriate, the remaining \$11,654,392 in funds obligated against awards that have expired, but have not been closed.**

The Office of Justice Programs agrees with this recommendation. As of December 31, 2017, OJP had deobligated \$10,701,532.78 of the funds identified by the OIG (see Attachment 4). By March 31, 2018, OJP will review the remaining \$952,859.22 in funds on awards that have expired and have a remaining balance, but have not been closed, and deobligate remaining funds, as appropriate.

The Office of Justice Programs requests closure of \$10,701,532.78 in funds to better use associated with this recommendation. Supporting documentation has been submitted under separate coverage. In addition, OJP considers this recommendation resolved and requests written acceptance of this action from your office.

9. **Develop and implement policies and procedures to: (1) enhance the existing monitoring and risk assessment process by conducting a review of final grant ledger accounting activity for a portion of awards that are either closed or in the closeout process, and (2) include a special condition in all award packages notifying recipients that grant accounting ledgers are subject to agency review.**

The Office of Justice Programs agrees with this recommendation. By September 30, 2018, OJP will leverage its existing grant risk assessment tool and develop a process to incorporate a review of final grant award ledgers for a risk-based selection of awards that are either within three years of closure or in the closeout process.

For FY 2018 awards, OJP will modify the standard special conditions, as appropriate, in all award packages to notify recipients that final award accounting ledgers are subject to agency review up to three years following the date of award closure.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

- 10. Develop and implement policies and procedures to ensure that recipients with significant issues identified during the closeout process be shared between the three awarding agencies.**

The Office of Justice Programs agrees with this recommendation. The Office of Audit, Assessment, and Management (OAAM) will work with OCFO, the Office on Violence Against Women, and the Office of Community Oriented Policing Services to develop and implement procedures to ensure that recipients with significant issues identified during the grant closeout process are shared between the three awarding agencies. OAAM anticipates that these policies and procedures will be developed and implemented by the end of FY 2018.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

- 11. Review existing policies and procedures to identify improvements in ensuring the accuracy of data collected and submitted by award recipients.**

The Office of Justice Programs agrees with this recommendation. OAAM revised the standard monitoring checklist questions related to reviewing, verifying, and validating progress and performance data during in-depth monitoring reviews. A draft of the revised checklist is currently being reviewed by OJP program offices. OAAM anticipates that this checklist will be finalized and implemented by May 31, 2018.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

- 12. Remedy \$14,614 in unallowable indirect, personnel, and fringe-related questioned costs associated with OJP award number 2010-TY-FX-0105.**

The Office of Justice Programs agrees with this recommendation. We will review the \$14,614 in questioned costs, related to unallowable indirect, personnel, and fringe benefits costs that were charged to Grant Number 2010-TY-FX-0105, and will work with the grantee to remedy, as appropriate.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

13. Remedy \$52,325 in unallowable contractual, equipment, and travel-related questioned costs associated with OJP award number 2011-AC-BX-0017.

The Office of Justice Programs agrees with this recommendation. We will review the \$52,325 in questioned costs, related to unallowable contractual, equipment, and travel-related costs that were charged to Grant Number 2011-AC-BX-0017, and will work with the grantee to remedy, as appropriate.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

14. Remedy \$32,906 in unallowable questioned costs incurred outside of the award period associated with OJP award number 2010-DC-BX-0116.

The Office of Justice Programs agrees with this recommendation. We will review the \$32,906 in questioned costs, related to unallowable expenses incurred outside of the award period for Grant Number 2010-DC-BX-0116, and will work with the grantee to remedy, as appropriate.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

15. Remedy \$20,114 in unallowable indirect, incentive and entertainment-related questioned costs associated with OJP award number 2010-TY-FX-0103.

The Office of Justice Programs agrees with this recommendation. We will review the \$20,114 in questioned costs, related to unallowable indirect, incentive, and entertainment-related costs that were charged to Grant Number 2010-TY-FX-0103, and will work with the grantee to remedy, as appropriate.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

16. Remedy \$20,641 in unallowable fringe, personnel, and indirect-related questioned costs associated with OJP award number 2011-JU-FX-0022.

The Office of Justice Programs agrees with this recommendation. We will review the \$20,641 in questioned costs, related to unallowable fringe, personnel, and indirect-related costs that were charged to Grant Number 2011-JU-FX-0022, and will work with the grantee to remedy, as appropriate.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

17. **Remedy \$10,880 in unallowable questioned costs incurred outside of the award period associated with OJP award number 2013-CD-BX-0031.**

The Office of Justice Programs agrees with this recommendation. We will review the \$10,880 in questioned costs, related to unallowable expenses incurred outside of the award period for Grant Number 2013-CD-BX-0031, and will work with the grantee to remedy, as appropriate.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.
18. **Remedy \$3,462 in unallowable indirect questioned costs which exceeded the amount approved by OJP associated with OJP award number 2010-TY-FX-0108.**

The Office of Justice Programs agrees with this recommendation. We will review the \$3,462 in questioned costs, related to unallowable indirect costs which exceeded the amount approved by OJP for Grant Number 2010-TY-FX-0108, and will work with the grantee to remedy, as appropriate.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.
19. **Remedy \$122,720 in unallowable personnel-related questioned costs which exceeded the 10 percent rule associated with OJP award number 2008-DN-BX-K184.**

The Office of Justice Programs agrees with this recommendation. We will review the \$122,720 in questioned costs, related to unallowable personnel-related costs which exceeded the 10 percent rule for Cooperative Agreement Number 2008-DN-BX-K184, and will work with the grantee to remedy, as appropriate.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.
20. **Remedy \$1,654 in unallowable questioned costs related to consultants and costs incurred outside of the award period associated with OJP award number 2013-DJ-BX-0313.**

The Office of Justice Programs agrees with this recommendation. We will review the \$1,654 in questioned costs, related to unallowable consultants and costs incurred outside of the award period for Grant Number 2013-DJ-BX-0313, and will work with the grantee to remedy, as appropriate.

The Office of Justice Programs considers this recommendation resolved and requests written acceptance of this action from your office.

Thank you for the opportunity to respond to this draft report, and for your continued collaboration to improve the administration of our grant programs. If you have any questions regarding this response, please contact Ralph E. Martin, Director, Office of Audit, Assessment, and Management, at (202) 305-1802.

Attachments

cc: Maureen A. Henneberg
Deputy Assistant Attorney General

Nadine M. Neufville
Deputy Director
Grant Development and Management
Office on Violence Against Women

Russell Washington
Acting Director
Office of Community Oriented Policing Services

Ralph E. Martin
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Leigh Benda
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Office of the Inspector General

OJP Executive Secretariat
Control Title IT20180112084118

APPENDIX 5

THE OFFICE OF COMMUNITY ORIENTED POLICING SERVICES' RESPONSE TO THE DRAFT AUDIT REPORT²⁸



U.S. DEPARTMENT OF JUSTICE
OFFICE OF COMMUNITY ORIENTED POLICING SERVICES
Office of the Director
145 N Street, N.E., Washington, DC 20530

COPS

MEMORANDUM TO: Michael E. Horowitz
Inspector General
United States Department of Justice

THROUGH: Jason R. Malmstrom
Assistant Inspector General for Audit
Office of the Inspector General
United States Department of Justice

FROM: Russell Washington
Acting Director
Office of Community Oriented Policing Services

DATE: February 8, 2018

SUBJECT: Response to the Office of the Inspector General's Draft Audit Report, *Audit of the Department of Justice Grant Award Closeout Process*

This memorandum is in response to the Office of the Inspector General's (OIG) draft audit report entitled, "Audit of the Department of Justice Grant Award Closeout Process" dated January 11, 2018. Thank you for the opportunity to review and comment on the above-referenced draft. The Department of Justice (DOJ) Office of Community Oriented Policing Services (COPS Office) appreciates the work of the OIG and has carefully considered the findings and recommendations presented in OIG's draft report. Below please find our response to each recommendation.

Since the release of the OIG Audit Report 07-05, Department of Justice's Grant Closeout Process, in December 2006, the COPS Office has made substantial improvements to our processes and procedures to address the backlog in grants closeouts and other deficiencies identified in the closeout process. In addition, the COPS Office has updated our closeout policies and closely coordinated with the Office of Justice Programs (OJP) to ensure that required enhancements were made to the Grant Payment Request System (GPRS). The COPS Office appreciates OIG's acknowledgement of our closeout process improvements and we are in the process of completing the new recommendations.

The draft audit report contains 61 recommendations, which include \$762,183 in questioned costs, and \$28,810,221 in funds to better use. Twelve of these recommendations (Numbers 21 – 32) are directed to the COPS Office, and include \$361,794 in questioned costs, and \$2,357,016 in funds to better use. For ease of review, the recommendations directed to the COPS Office are summarized below and followed by our response.

ADVANCING PUBLIC SAFETY THROUGH COMMUNITY POLICING

²⁸ Attachments to this response were not included in this final report.

Recommendation 21. Develop and implement revised closeout policies resulting from this audit, or in response to 2 CFR § 200.343, to: (1) ensure that any such policies consider the 455-day timeframe for closing an award, (2) ensure that awards that remain open for 455 days or more be subject to additional layers of agency review, and (3) enhance collaboration and communication between the OIG and the awarding agencies by submitting to the OIG, on a semiannual basis, a list of awards that remain open due to OIG audit or other monitoring activity.

The COPS Office concurs with this recommendation.

The COPS Office is currently revising its closeout policy to incorporate the closeout timeframes noted above, as identified in 2 CFR § 200.343. We expect to complete these revisions by March 30, 2018.

In addition, the COPS Office will begin reporting on awards that remain open due to open OIG audit activity or other monitoring activity, to the OIG. This reporting will occur on a semi-annual basis, and will begin with the six-month period ending June 30, 2018. We will provide the report within 30 days of the semi-annual period end date, with our first report due on July 30, 2018.

Recommendation 22. Develop and implement policies and procedures to ensure that funding reported as unobligated by the recipient be deobligated and put to better use within a timely manner, as appropriate, regardless of ongoing monitoring activity.

The COPS Office concurs with this recommendation.

The COPS Office will revise our procedures for resolving open OIG grantee audit recommendations and alleged noncompliance issues to include conducting a preliminary review to determine if funding that has not been obligated by the recipient may be deobligated and put to better use. As part of this review, we will ensure that de-obligation of funds will not interfere with our ability to remedy questioned costs and/or whether the grantee may be entitled to reimbursement of allowable costs in view of the ongoing monitoring or audit activity. We expect to complete the revisions to our policy by May 31, 2018.

Recommendation 23. Develop and implement policies and procedures to ensure that any refunds submitted by the recipient after the award period has ended are deobligated and put to better use, as appropriate, within a timely manner after receipt.

The COPS Office concurs with this recommendation.

The COPS Office will develop and implement policies as necessary, to ensure that monies refunded by a recipient are deobligated and put to better use, as appropriate, in a timely manner after receipt. We expect to complete and implement this policy by May 31, 2018.

Recommendation 24. Review and put to better use, as appropriate, the remaining \$2,357,016 in funds obligated against awards that have expired, but have not been closed.

The COPS Office concurs with this recommendation.

The COPS Office has previously provided supporting documentation to the OIG, which shows that \$2,132,356 of these funds have been deobligated, and that the underlying grants been closed. The COPS office requests that the final audit report be updated to reflect these deobligations and closures. The remaining awards are currently being reviewed for closeout, and we will work to deobligate the remaining grant funds of \$224,660, in accordance with our closeout policies.

Recommendation 25. Develop and implement policies and procedures to: (1) enhance the existing monitoring and risk assessment process by conducting a review of final grant ledger accounting activity for a portion of awards that are either closed or in the closeout process, and (2) include a special condition in all award packages notifying recipients that grant accounting ledgers are subject to agency review.

The COPS Office concurs with this recommendation.

The COPS Office will work with the Office of Justice Programs, Office of Audit, Assessment and Management (OAAM), to implement this recommendation. OAAM will leverage the existing OJP grant risk assessment tool (GAT) to identify a risk based selection of awards for this review. The COPS Office will develop a process to incorporate a review of grantee accounting (general) ledgers for the selected awards. This review will occur for awards that are either within three years of closure or in the closeout process. We expect to finalize and implement this process for use in Fiscal year 2019.

The COPS Office will include a special condition in all award packages notifying recipients that their accounting ledgers and other supporting documentation will be subject to our review for a period of three years from the date of award closure, and that the recipient will provide these documents to the COPS office upon request. We expect to include this special condition beginning with our FY2018 awards.

Recommendation 26. Develop and implement policies and procedures to ensure that recipients with significant issues identified during the closeout process be shared between the three awarding agencies.

The COPS Office concurs with this recommendation.

The COPS Office will work with OAAM and the Office on Violence Against Women (OVW) to develop and implement procedures to ensure that recipients with significant issues identified during the closeout process are shared between the three awarding agencies. We anticipate that these policies and procedures will be developed and implemented by the end of FY 2019.

Mr. Michael E. Horowitz
February 8, 2018
Page 4.

Recommendation 27. Remedy \$565 in unallowable questioned costs resulting from the recipient drawing down more funds than what was expended associated with COPS Office award number 2009-HE-WX-0058.

The COPS Office concurs with this recommendation and requests closure.

The COPS Office has remedied the unallowable questioned costs. Attached please find our supporting documentation showing that the grantee has repaid these funds and that the funds have been deobligated.

28. Remedy \$33,544 in unallowable personnel-related questioned costs associated with COPS Office award number 2010-UM-WX-0245.

The COPS Office concurs with this recommendation.

The COPS Office agrees with this recommendation and will work with the grantee to remedy these questioned costs.

29. Remedy \$33,015 in unallowable questioned costs resulting from the recipient drawing down more funds than what was expended associated with COPS Office award number 2010-UM-WX-0331.

The COPS Office concurs with this recommendation.

The COPS Office agrees with this recommendation and will work with the grantee to remedy these questioned costs.

30. Remedy \$5,453 in unallowable indirect questioned costs associated with COPS Office award number 2012-CK-WX-K026.

The COPS Office concurs with this recommendation.

The COPS Office agrees with this recommendation and will work with the grantee to remedy these questioned costs.

31. Remedy \$265,504 in unallowable equipment-related questioned costs associated with COPS Office award number 2011-CK-WX-0027.

The COPS Office concurs with this recommendation.

The COPS Office agrees with this recommendation and will work with the grantee to remedy these questioned costs.

32. Remedy \$23,983 in unallowable costs associated with COPS Office award number 2010-RK-WX-0004, including:

- a. \$12,474 in unallowable charges resulting from the recipient drawing down more funds than what was expended.**
- b. \$11,419 in unallowable personnel charges which exceeded the 10 percent rule.**

The COPS Office concurs with this recommendation.

The COPS Office agrees with this recommendation and will work with the grantee to remedy these questioned costs.

The COPS Office thanks the Office of the Inspector General for the opportunity to review and respond to this draft audit. If you have any questions, please contact Donald Lango at (202) 616-9215. If I may be of further assistance to you, please do not hesitate to contact me.

cc: Richard P. Theis
Assistant Director, Audit Liaison Group
Justice Management Division

Wayne Henry, Acting Deputy Director
Management Services Directorate
Office of Community Oriented Policing Services

Katherine McQuay, Chief of Staff
Office of Community Oriented Policing Services

Andrew Dorr, Deputy Director
Grant Operations Directorate
Office of Community Oriented Policing Services

David Sheeren
Regional Audit Manager, Denver Regional Audit Office
Office of the Inspector General

APPENDIX 6

THE OFFICE ON VIOLENCE AGAINST WOMEN'S RESPONSE TO THE DRAFT AUDIT REPORT²⁹



U.S. Department of Justice
Office on Violence Against Women

Washington, DC 20530

February 27, 2018

MEMORANDUM

TO: Jason R. Malmstrom
Assistant Inspector General for Audit

THROUGH: Nadine M. Neufville
Deputy Director for Grants Development and Management

FROM: Donna Simmons
Associate Director, Grants Financial Management Division

Rodney Samuels
Audit Liaison/Staff Accountant

SUBJECT: Draft Audit Report (Revised, #42) – The Department of Justice
Grant Award Closeout Process

This memorandum is in response to your correspondence dated January 18, 2018 transmitting the above draft audit report for the Department of Justice Grant Award Closeout Process. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains sixty-one recommendations and \$29,572,405 in Total Dollar Related Findings. There are twenty recommendations identified for OJP, twelve recommendations identified for COPS and twenty-nine recommendations identified for the Office on Violence Against Women (OVW). OVW is committed to addressing and bringing the recommendations identified for our office to a close as quickly as possible. The following is our analysis of each OVW Recommendations.

33. Develop and implement revised closeout policies resulting from this audit, or in response to 2 CFR § 200.343, to: (1) ensure that any such policies consider the 455-day timeframe for closing an award, (2) ensure that awards that remain open for 455 days or more be subject to additional layers of agency review, and (3) enhance collaboration and communication between the OIG and the awarding agencies by submitting to the OIG, on a semiannual basis, a list of awards that remain open due to OIG audit or other monitoring activity.

²⁹ Attachments to this response were not included in this final report.

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Concur: By FY 2019, OVW will develop and implement revised closeout policies that. This process will include ensuring that awards that remain open for 455 days or more are subject to additional agency review. Starting with the 4th Quarter of FY 2018, OVW will prepare and submit semiannually to the OIG a list of awards that remain open due to OIG audit or other monitoring activity.

34. Develop and implement a process to review awards that are expired, but not closed, on an annual basis, and take appropriate action to: (1) identify any funding that is obligated against recipients that are no longer operational, (2) review awards that remain open due to stale monitoring activity, and (3) ensure outstanding programmatic or financial issues that contribute to the delays in closing awards are addressed in a timely manner.

Concur: By FY 2019, OVW will develop and implement a process for reviewing annually awards that are expired, but not closed, and for taking appropriate action to: (1) identify any funding that is obligated against recipients that are no longer operational, (2) review awards that remain open due to stale monitoring activity, and (3) ensure outstanding programmatic or financial issues that contribute to the delays in closing awards are addressed in a timely manner. OVW will develop this process by the 4th Quarter of FY 2018 and begin implementation during the 1st Quarter of FY 2019.

35. Remedy and put to better use the \$1,316,907 in funding that remains obligated against Award Numbers 2004-SW-AX-0036, 2005-IW-AX-0009, 2005-IW-AX-0010, 2005-WL-AX-0073, 2005-WR-AX-0011, 2006-WL-AX-0023, 2007-TW-AX-0033, 2009-WH-AX-0010, and 2007-IW-AX-0005, as the recipients are no longer operational.

Concur in part: OVW has completed this recommendation; however, of the nine grants identified, two were deobligated more than 8 years ago. These are 2005-IW-AX-0010 (deobligated 7/15/2009, closed 5/6/2014) and 2005-WL-AX-0073 (deobligated 7/15/2009). Therefore, the “amount of funds put to better use” for this recommendation should be revised accordingly. Attached you will find the payment history reports showing the two grants that had previously been deobligated and a separate attachment showing the payment history reports of the seven remaining grants in this recommendation that were recently deobligated in FMIS.

36. Develop and implement policies and procedures to review balances reported as unobligated by the recipient during the liquidation period, or balances amended by OVW to include unobligated funds, and to deobligate these balances, as appropriate, within a timely manner.

Concur: By FY 2019, OVW will develop and implement policies and procedures to review balances reported as unobligated by the recipient during the liquidation period, or balances amended by OVW to include unobligated funds, and to deobligate these balances, as appropriate, within a timely manner.

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37. Develop and implement policies and procedures to ensure that any refunds submitted by the recipient after the award period has ended are deobligated and put to better use, as appropriate, within a timely manner.

Concur: By FY 2019, OVW will develop and implement policies and procedures to ensure that any refunds submitted by the recipient after the award period has ended are deobligated and put to better use, as appropriate, within a timely manner.

38. Remedy the remaining \$579,248 in funds to better use that remain obligated against awards that have been expired over 8 years.

Concur: By FY 2019, OVW will remedy the remaining \$579,248 in funds to better use that remain obligated against awards that have been expired over 8 years.

39. Review and put to better use, as appropriate, the remaining \$12,682,709 in funds obligated against awards that have expired, but have not been closed.

Concur: By FY 2019, OVW will review and put to better use, as appropriate, the remaining \$12,682,709 in funds obligated against awards that have expired, but have not been closed.

40. Develop and implement policies and procedures to: (1) enhance the existing monitoring and risk assessment process by conducting a review of final grant ledger accounting activity for a portion of awards that are either closed or in the closeout process, and (2) include a special condition in all award packages notifying recipients that grant accounting ledgers are subject to agency review.

Concur: By fiscal year 2019 OVW will leverage its existing grant risk assessment tool and develop a process to incorporate review of final award ledgers for a portion of awards that are either in the closeout process or that have been closed for 3 years or less. Starting with Fiscal Year 2018 awards, OVW will include a special condition notifying recipients that grant accounting ledgers are subject to agency review throughout the life of the award, during the close out process, and for three years after award closure.

41. Develop and implement policies and procedures to ensure that recipients with significant issues identified during the closeout process be shared between the three awarding agencies.

Concur: During FY 2018, OVW will work with the other grant awarding agencies, through our shared Grants Challenges working group, to develop policies and procedures to ensure that recipients with significant issues identified during the closeout process are shared between the three awarding agencies. By FY 2019, OVW will begin implementation of the related policies and procedures.

42. Review existing policies and procedures to identify improvements in ensuring the accuracy of data collected and submitted by award recipients.

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Concur: OVW accepts this recommendation and will review our existing policies and procedures to identify improvements in ensuring the accuracy of data collected and submitted by award recipients.

Although OVW concurs and looks forward to identifying improvements, our response would be incomplete without a forthright discussion of the viability – and indeed desirability – of demanding 100 percent accuracy in all data reported by grantees. We think this discussion is especially important because this closeout review suggests a heightened OIG scrutiny of OVW grantee progress reports. OVW sees in its grantees' performance data the opportunity to identify problems and support grantees in being maximally effective; we do not expect or require the same level of precision in performance reports as in financial ones. Moreover, it may be impossible for OVW staff to detect these minor imperfections without employing exhaustive monitoring methods that would, among other things, draw our staff's attention away from identifying and correcting larger problems that can have a direct bearing on crime victims' safety. That being said, we readily acknowledge that some reporting errors may be evidence of gross negligence or falsification, demanding close inspection and corrective action.

OVW collects extensive performance data as a means of monitoring what grantees are doing with their grant funds and ensuring that the broad range of activities undertaken with OVW grant funds are captured in reported outputs and grantees' anecdotal reflections (i.e., narrative responses) on the impact of their work. OVW values narrative performance data just as much as numeric data, as narrative information offers a glimpse into the harder-to-quantify impacts of grant funding, and an understanding of the challenges grantees encounter in their efforts to combat domestic and sexual violence. Footnote 20 on page 40 of the draft report states that metrics tested by the OIG were selected "in order to evaluate the data that, in [the OIG's] judgment, was most meaningful in relation to the terms and conditions of the award." However, some of the metrics selected may not in fact represent the most "meaningful" indicators of grantees' progress toward project goals and adherence to grant requirements.

Examples of data audited among multiple grants for the closeout review, for which OVW expects some degree of imprecision and some amount of missing data, are the numbers of people trained using grant funds (award nos. 2008-WE-AX-0038, 2014-SW-AX-0023, etc.) and numbers of people reached through community education (2010-TW-AX-0043, 2010-TW-AX-0030, etc.). Grantees may fail to proffer complete training registration records or sign-in sheets that can be used to fully substantiate all of the training numbers reported, and/or they may miscount the number of people trained by some nominal amount. They may have no precise way to measure the number of community members educated when they address parishioners at a church, air a public service announcement on a local radio station, or staff a booth at a county fair. Such discrepancies in recording these numbers are to be expected, and in such cases, a close approximation should be sufficient to establish that the training took place.

Thus, while OVW employs extensive data verification procedures¹ to ensure that progress report data are accurate, OVW knows that minor errors do occur. Recognition of the difference

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between a significant problem (e.g., inability to verify from source documentation that a training event was held) and a trivial error (e.g., slight miscounting of the number of people trained) is critical to OVW's and its grantees' ability to resolve OIG findings and implement the OIG's recommendations. Inconsequential discrepancies in the recorded number of people trained do not bear on OVW's determination of whether a grantee met its project goals, spent federal dollars prudently, and used best practices for keeping victims safe and holding offenders accountable, whereas grossly overstated/understated or wholly unsubstantiated data requires OVW's attention.

Going forward, OVW proposes to work more closely with the OIG to understand the nature and implications of findings related to performance data and determine, on a case-by-case basis, when a finding is significant enough to warrant concern and resolution.

43. Remedy \$5,423 in unallowable personnel questioned costs which exceeded the 10 percent rule associated with OVW award number 2012-WL-AX-0011.

Concur: OVW will work with the grantee to address this recommendation.

44. Remedy \$637 in unallowable indirect questioned costs which exceeded the amount approved by OVW associated with OVW award number 2010-TA-AX-K012.

Concur: OVW will work with the grantee to address this recommendation.

45. Remedy \$655 in unallowable supplies questioned costs which were not in the OVW approved budget associated with OVW award number 2012-WL-AX-0059.

Concur: OVW will work with the grantee to address this recommendation.

46. Remedy \$17,224 in unallowable questioned costs resulting from the recipient drawdowns that exceeded grant expenditures, and costs incurred outside of the award period associated with OVW award number 2011-WE-AX-0017.

Concur: OVW will work with the grantee to address this recommendation.

¹ OVW applies a rigorous, multistage review to grantees' performance reports, designed to identify performance deficiencies and reporting errors. This process including a review by an OVW Program Specialist to confirm that grantees are using their OVW funds as intended and within parameters determined by statute, and making adequate progress toward their project goals. Following approval of a final progress report containing any revisions stipulated by the OVW Program Specialist, the data are transferred to the University of Southern Maine's Measuring Effectiveness Initiative (MEI), which receives funding from OVW to further verify the data, identify potential inaccuracies, reach out to grantees to make corrections, store and synthesize the data, and assist OVW in fulfilling its Congressional reporting requirements. Furthermore, MEI trains and provides individual technical assistance to grantees to support them in collecting and accurately report performance data to OVW. This training is provided at in-person new grantee orientations and through periodic, web-based learning opportunities.

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47. Remedy \$685 in unallowable facility rent-related questioned costs not approved in the OVW approved budget associated with OVW award number 2013-FL-AX-0018.

Concur: OVW will work with the grantee to address this recommendation.

48. Remedy \$4,579 in unallowable travel-related questioned costs associated with OVW award number 2013-TA-AX-K016.

Concur: OVW will work with the grantee to address this recommendation.

49. Remedy \$7,603 in unallowable supplies, indirect, and other questioned costs associated with OVW award number 2011-WH-AX-0017.

Concur: OVW will work with the grantee to address this recommendation.

50. Remedy \$2,647 in unallowable personnel questioned costs not approved in the OVW approved budget associated with OVW award number 2008-WE-AX-0038.

Concur: OVW will work with the grantee to address this recommendation.

51. Remedy \$442 in unallowable personnel questioned costs which exceeded the 10 percent rule associated with OVW award number 2014-DW-AX-0002.

Concur: OVW will work with the grantee to address this recommendation.

52. Remedy \$4,844 in unallowable expenditures exceeding the 10 percent rule, outside the approved project period, and drawdowns in excess of recorded expenditures associated with OVW award number 2014-SW-AX-0023.

Concur: OVW will work with the grantee to address this recommendation.

53. Remedy \$11,285 in excess indirect costs and unallowable mileage expenses associated with OVW award number 2010-TW-AX-0030.

Concur: OVW will work with the grantee to address this recommendation.

54. Remedy the \$5,231 in unallowable contract and indirect questioned costs associated with OVW award number 2010-TW-AX-0043.

Concur: OVW will work with the grantee to address this recommendation.

55. Remedy the \$1,069 in unallowable classified ad and bank fee questioned costs budget associated with OVW award number 2013-IW-AX-0002.

Concur: OVW will work with the grantee to address this recommendation.

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56. Remedy \$22,895 in unallowable indirect questioned costs which exceeded the approved amount OVW approved budget associated with OVW award number 2012-TW-AX-0024.

Concur: OVW will work with the grantee to address this recommendation.

57. Remedy \$5,000 in unallowable consultant-related questioned costs incurred outside of the project period associated with OVW award number 2012-W5-AX-K004.

Concur: OVW will work with the grantee to address this recommendation.

58. Remedy \$21,837 in unallowable personnel questioned costs charges which exceeded the 10 percent rule associated with OVW award number 2012-FW-AX-K002.

Concur: OVW will work with the grantee to address this recommendation.

59. Remedy \$146 in unallowable indirect questioned costs which exceeded the approved amount in the OVW approved budget associated with OVW award number 2011-WC-AX-K020.

Concur: OVW will work with the grantee to address this recommendation.

60. Remedy \$349 in unallowable questioned costs incurred outside of the project period associated with OVW award number 2011-TW-AX-0006.

Concur: OVW will work with the grantee to address this recommendation.

61. Remedy \$8,344 in unallowable indirect questioned costs associated with OVW award number 2011-TA-AX-K127.

Concur: OVW will work with the grantee to address this recommendation.

We appreciate the opportunity to review and comment on the draft report. If you have any questions or require additional information, please contact Rodney Samuels at (202) 514-9820.

cc Rachel K. Parker
 Chief of Staff and Legal Counsel
 Office of the Associate Attorney General

Stephen Cox
Deputy Associate Attorney General

MEMORANDUM

Subject: Draft Audit Report – The Department of Justice Grant Award Closeout Process

Scott Schools
Associate Attorney General

Mathew Sheehan
Counsel to the Deputy Attorney General

Maureen A. Henneberg
Deputy Assistant Attorney General for Operations and Management
Office of Justice Programs
Ralph E. Martin
Director
Office of Audit, Assessment and Management
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Jeffrey A. Haley
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Linda J. Taylor
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Office of Audit, Assessment, and Management
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Richard P. Theis
Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

APPENDIX 7

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), the Office of Community Oriented Policing Services (COPS Office), and the Office on Violence Against Women (OVW). The responses from the OJP, COPS Office, and OVW are incorporated in Appendix 4, Appendix 5, and Appendix 6, of this final report. The OJP, COPS Office, and OVW concurred with all recommendations. We describe and, where appropriate, reply to these responses in the applicable recommendations below. 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. Develop and implement revised closeout policies resulting from this audit, or in response to 2 CFR § 200.343, to: (1) ensure that any such policies consider the 455-day timeframe for closing an award, (2) ensure that awards that remain open for 455 days or more be subject to additional layers of agency review, and (3) enhance collaboration and communication between the OIG and the awarding agencies by submitting to the OIG, on a semi-annual basis, a list of awards that remain open due to OIG audit or other monitoring activity.**

Resolved. OJP concurred with the recommendation. In its response to the draft report, OJP stated that it would review and consider revising its closeout policies in response to 2 CFR § 200.343 by May 30, 2018. Additionally, OJP stated that it would submit to the OIG a listing of awards that remain open due to open OIG audits, investigations, or other monitoring activity. The first listing will be provided no later than July 31, 2018, and this reporting practice will be continued on a semi-annual basis.

This recommendation can be closed when we receive evidence that OJP (1) has reviewed its existing closeout policies for potential revisions; and (2) updates its policies to require semi-annual submissions detailing all awards that are expired, but left open due to OIG audit, investigation, or other monitoring activity; and (3) submits to the OIG a report following its policies.

- 2. Develop and implement a process to review awards that are expired, but not closed, on an annual basis, and take appropriate action for: (1) any funding that is obligated against recipients that are no longer operational; (2) awards that remain open due to stale monitoring activity; and (3) awards that were approved for non-compliant**

closeout or are affected by other extenuating circumstances that are delaying award closeout.

Resolved. OJP concurred with the recommendation. OJP stated in its response that, by May 31, 2018, the Office of the Chief Financial Officer (OCFO) will develop and implement a process to annually review awards that are expired, but not closed, to ensure that appropriate action is taken on awards to recipients that are no longer operational; pending actions related to monitoring activity; or open due to other extenuating circumstances.

This recommendation can be closed when we receive evidence that the OCFO has developed and implemented processes to address the items outlined above.

3. Remedy and put to better use the \$148,685 in funds obligated against Award Number 2006-IP-BX-K001, as the organization has been legally dissolved since January 2011.

Closed. OJP concurred with the recommendation, and provided evidence that it had deobligated all funds associated with Award Number 2006-IP-BX-K001. As a result, this recommendation is closed.

4. Develop and implement policies and procedures to ensure that funding reported as unobligated by the recipient be deobligated and put to better use within a timely manner, as appropriate, regardless of ongoing monitoring activity.

Resolved. OJP concurred with the recommendation. In its response, OJP stated that, by May 31, 2018, it would develop and implement policies and procedures to ensure that funding reported as unobligated by recipients is deobligated and put to better use in a timely manner, as appropriate, regardless of ongoing monitoring activity.

This recommendation can be closed when we receive evidence that OJP has developed and implemented policies to address balances reported as unobligated by the recipient.

5. Develop and implement policies to ensure that monies refunded by a recipient are deobligated, as appropriate, in a timely manner after receipt.

Resolved. OJP concurred with the recommendation. In its response, OJP stated that, by May 31, 2018, OJP would develop and implement policies to ensure that monies refunded by recipients are deobligated within a timely manner, as appropriate.

This recommendation can be closed when we receive evidence that OJP has developed and implemented policies to address recipient refunds.

6. Remedy and put to better use the \$71,264 in funds that remain obligated against awards that expired prior to the OIG's scope start-date of October 1, 2008.

Resolved. OJP concurred with the recommendation. In its response, OJP provided evidence that it had remedied \$43,867 in funds obligated against awards that ended prior to October 1, 2008.

OJP further stated that, for the \$27,397 remaining, it reviewed the recipient's final Federal Financial Report (FFR) and determined that the funds were owed to the recipient. OJP stated that those funds would be disbursed accordingly.

In our judgment, the remaining funds should not be disbursed unless the recipient can provide evidence that the funds were spent in accordance with the terms and conditions of the award. To arrive at this conclusion, we considered: (1) the issues related to FFR inaccuracy identified on page 35 this audit report, which demonstrate that final FFRs are not consistently accurate and therefore should not be accepted as exclusive evidence that funds are due; (2) the fact that OJP initiated a Closeout Draw Down Notice on July 12, 2011, to which the recipient did not make the final request for reimbursement; (3) the age of the award; and (4) the recipient's inclusion on the DOJ High Risk List. We strongly encourage OJP to ensure that it exercises due diligence in its efforts to safeguard taxpayer funds prior to making any additional payment against this award.

This recommendation can be closed when we receive evidence that OJP has appropriately reviewed and addressed the issues related to the remaining \$27,397.

7. Review its universe of awards that expired prior to October 1, 2008, for which closeout has not yet occurred, address the individual issues resulting in delayed final closeout, and close awards as appropriate.

Resolved. OJP concurred with the recommendation. In its response, OJP stated that, during its monthly reviews of standard grant management metrics, OJP routinely monitors the status of the entire grant portfolio and takes actions, as appropriate. OJP further stated that it would address the issues related to awards that expired prior to October 1, 2008, for which closeout has not yet occurred, by May 31, 2018, and close those awards, as appropriate.

This recommendation can be closed when we receive evidence that the issues related to awards that expired prior to October 1, 2018, have been addressed, and that the affected awards have been closed, as appropriate.

8. Review and put to better use, as appropriate, the remaining \$11,654,392 in funds obligated against awards that have expired, but have not been closed.

Resolved. OJP concurred with the recommendation. In its response to the draft report, OJP stated that it had remedied \$10,701,533 of the funds identified by the OIG as of December 31, 2017. Our review of the documentation provided demonstrated that the total amount remedied was actually \$10,285,273. OJP has, or intends to, reach out to various recipients in order to remedy the difference of \$416,260. As this balance remains on the expired accounts, we do not consider it appropriately remedied.

This recommendation can be closed when we receive evidence that OJP has remedied, as appropriate, the remaining \$1,369,119 in funds obligated against awards that have expired, but have not been closed.

9. Develop and implement policies and procedures to: (1) enhance the existing monitoring and risk assessment process by conducting a review of final grant ledger accounting activity for a portion of awards that are either closed or in the closeout process, and (2) include a special condition in all award packages notifying recipients that grant accounting ledgers are subject to agency review.

Resolved. OJP concurred with the recommendation. In its response, OJP stated that, by September 30, 2018, OJP will leverage its existing grant risk assessment tool and develop a process to incorporate a review of final grant award ledgers for a risk-based selection of awards that are either within 3 years of closure or in the closeout process.

OJP further stated that, for Fiscal Year (FY) 2018 awards, OJP will modify the standard special conditions, as appropriate, in all award packages to notify recipients that final award accounting ledgers are subject to agency review up to 3 years following the date of award closure.

This recommendation can be closed when we receive evidence that (1) OJP has developed and implemented policies to incorporate a review of final grant award ledgers that are within 3 years of closure, or in the closeout process; and (2) OJP has modified its standard special conditions in order to notify recipients that final award accounting ledgers are subject to agency review up to 3 years following the date of award closure.

10. Develop and implement policies and procedures to ensure that recipients with significant issues identified during the closeout process be shared between the three awarding agencies.

Resolved. OJP concurred with the recommendation. In its response, OJP stated that the Office of Audit, Assessment, and Management (OAAM) will work with the OCFO, the OVW, and COPS to develop and implement

procedures to ensure that recipients with significant issues identified during the closeout process are shared between the three awarding agencies. OAAM anticipates that these policies and procedures will be developed and implemented by the end of FY 2018.

This recommendation can be closed when we receive evidence that OJP has developed and implemented policies and procedures to ensure that recipients with significant issues identified during the closeout process are shared between the three awarding agencies.

11. Review existing policies and procedures to identify improvements in ensuring the accuracy of data collected and submitted by award recipients.

Resolved. OJP concurred with the recommendation. In its response, OJP stated that OAAM revised the standard monitoring checklist questions related to reviewing, verifying, and validating progress and performance data during in-depth monitoring reviews. A draft of that checklist is currently being reviewed by OJP program offices, and OAAM anticipates that this checklist will be finalized and implemented by May 31, 2018.

This recommendation can be closed when we receive evidence that OJP has reviewed its existing policies and procedures to identify improvements in ensuring the accuracy of data collected and submitted by award recipients.

12. Remedy \$14,614 in unallowable indirect, personnel, and fringe-related questioned costs associated with OJP Award Number 2010-TY-FX-0105.

Resolved. OJP concurred with the recommendation, and stated that it would review the questioned costs and work with the recipient to remedy the costs as appropriate.

This recommendation can be closed when we receive evidence that OJP has remedied, as appropriate, the questioned costs associated with Award Number 2010-TY-FX-0105.

13. Remedy \$52,325 in unallowable contractual, equipment, and travel-related questioned costs associated with OJP Award Number 2011-AC-BX-0017.

Resolved. OJP concurred with the recommendation, and stated that it would review the questioned costs and work with the recipient to remedy the costs as appropriate.

This recommendation can be closed when we receive evidence that OJP has remedied, as appropriate, the questioned costs associated with Award Number 2011-AC-BX-0017.

14. Remedy \$32,906 in unallowable questioned costs incurred outside of the award period associated with OJP Award Number 2010-DC-BX-0116.

Resolved. OJP concurred with the recommendation, and stated that it would review the questioned costs and work with the recipient to remedy the costs as appropriate.

This recommendation can be closed when we receive evidence that OJP has remedied, as appropriate, the questioned costs associated with Award Number 2010-DC-BX-0116.

15. Remedy \$20,114 in unallowable indirect, incentive and entertainment-related questioned costs associated with OJP Award Number 2010-TY-FX-0103.

Resolved. OJP concurred with the recommendation, and stated that it would review the questioned costs and work with the recipient to remedy the costs as appropriate.

This recommendation can be closed when we receive evidence that OJP has remedied, as appropriate, the questioned costs associated with Award Number 2010-TY-FX-0103.

16. Remedy \$20,641 in unallowable fringe, personnel, and indirect-related questioned costs associated with OJP Award Number 2011-JU-FX-0022.

Resolved. OJP concurred with the recommendation, and stated that it would review the questioned costs and work with the recipient to remedy the costs as appropriate.

This recommendation can be closed when we receive evidence that OJP has remedied, as appropriate, the questioned costs associated with Award Number 2011-JU-FX-0022.

17. Remedy \$10,880 in unallowable questioned costs incurred outside of the award period associated with OJP Award Number 2013-CD-BX-0031.

Resolved. OJP concurred with the recommendation, and stated that it would review the questioned costs and work with the recipient to remedy the costs as appropriate.

This recommendation can be closed when we receive evidence that OJP has remedied, as appropriate, the questioned costs associated with Award Number 2013-CD-BX-0031.

18. Remedy \$3,462 in unallowable indirect questioned costs which exceeded the amount approved by OJP associated with OJP Award Number 2010-TY-FX-0108.

Resolved. OJP concurred with the recommendation, and stated that it would review the questioned costs and work with the recipient to remedy the costs as appropriate.

This recommendation can be closed when we receive evidence that OJP has remedied, as appropriate, the questioned costs associated with Award Number 2010-TY-FX-0108.

19. Remedy \$122,720 in unallowable personnel-related questioned costs which exceeded the 10 percent rule associated with OJP Award Number 2008-DN-BX-K184.

Resolved. OJP concurred with the recommendation, and stated that it would review the questioned costs and work with the recipient to remedy the costs as appropriate.

This recommendation can be closed when we receive evidence that OJP has remedied, as appropriate, the questioned costs associated with Award Number 2008-DN-BX-K184.

20. Remedy \$1,654 in unallowable questioned costs related to consultants and costs incurred outside of the award period associated with OJP Award Number 2013-DJ-BX-0313.

Resolved. OJP concurred with the recommendation. Subsequent to the issuance of our draft report, OJP provided information that appropriately remedied \$1,511 of the costs identified above. OJP further stated that it would review the remaining questioned costs and work with the recipient to remedy those costs as appropriate.

This recommendation can be closed when we receive evidence that OJP has remedied, as appropriate, the remaining \$143 associated with Award Number 2013-DJ-BX-0313.

Recommendations for the COPS Office

- 21. Develop and implement revised closeout policies resulting from this audit, or in response to 2 CFR § 200.343, to: (1) ensure that any such policies consider the 455-day timeframe for closing an award, (2) ensure that awards that remain open for 455 days or more be subject to additional layers of agency review, and (3) enhance collaboration and communication between the OIG and the awarding agencies by submitting to the OIG, on a semi-annual basis, a list of awards that remain open due to OIG audit or other monitoring activity.**

Resolved. The COPS Office concurred with the recommendation. In its response, the COPS Office stated that it is currently revising its closeout policy to incorporate the closeout timeframes noted above, as identified in 2 CFR § 200.343. The COPS Office expects to complete these revisions by March 30, 2018.

Additionally, the COPS Office stated that it will begin reporting to the OIG awards that remain open due to open OIG audit activity or other monitoring activity. This reporting will occur on a semi-annual basis and will begin with the 6-month period ending June 30, 2018. The COPS Office will provide the report within 30 days of the semi-annual period end date, with the first report due on July 30, 2018.

This recommendation can be closed when we receive evidence that the COPS Office (1) has reviewed its existing closeout policies for potential revisions; and (2) updates its policies to require semi-annual submissions detailing all awards that are expired, but left open due to an OIG audit, investigation, or other monitoring activity; (3) and submits to the OIG a report following its policies.

- 22. Develop and implement policies and procedures to ensure that funding reported as unobligated by the recipient be deobligated and put to better use within a timely manner, as appropriate, regardless of ongoing monitoring activity.**

Resolved. The COPS Office concurred with the recommendation. In its response, the COPS Office stated that it would revise procedures for resolving open OIG grantee audit recommendations and alleged noncompliance issues to include conducting a preliminary review to determine if funding that has not been obligated by the recipient may be deobligated and put to better use. As part of this review, the COPS Office will ensure that deobligation of funds will not interfere with the ability to remedy questioned costs and/or whether the grantee may be entitled to reimbursement of allowable costs in view of the ongoing monitoring or audit activity.

This recommendation can be closed when we receive evidence that the COPS Office has developed and implemented policies and procedures to ensure that funding reported as unobligated by the recipient be deobligated and put to better use within a timely manner, as appropriate, regardless of ongoing monitoring activity.

23. Develop and implement policies and procedures to ensure that any refunds submitted by the recipient after the award period has ended are deobligated and put to better use, as appropriate, within a timely manner after receipt.

Resolved. The COPS Office concurred with the recommendation. In its response, the COPS Office stated that it will develop and implement policies as necessary, to ensure that monies refunded by a recipient are deobligated and put to better use, as appropriate, in a timely manner after receipt. The COPS Office expects to complete and implement this policy by May 31, 2018.

This recommendation can be closed when we receive evidence that the COPS Office has developed and implemented policies and procedures to ensure that any refunds submitted by the recipient after the award period has ended are deobligated and put to better use, as appropriate, within a timely manner after receipt.

24. Review and put to better use, as appropriate, the remaining \$2,357,016 in funds obligated against awards that have expired, but have not been closed.

Resolved. The COPS Office concurred with the recommendation. Additionally, the COPS Office provided evidence demonstrating that it had remedied \$2,132,357 of the \$2,357,016 identified above.

This recommendation can be closed when we receive evidence that the COPS Office has remedied, as appropriate, the remaining \$224,659 in funds obligated against awards that have expired, but have not been closed.

25. Develop and implement policies and procedures to: (1) enhance the existing monitoring and risk assessment process by conducting a review of final grant ledger accounting activity for a portion of awards that are either closed or in the closeout process, and (2) include a special condition in all award packages notifying recipients that grant accounting ledgers are subject to agency review.

Resolved. The COPS Office concurred with the recommendation. In its response, the COPS Office stated that it would work with OJP's OAAM to implement the recommendation. The COPS Office stated that OAAM will leverage the existing OJP grant risk assessment tool to identify a risk-based selection of awards for this review. The COPS Office will also develop a process to incorporate a review of recipient accounting ledgers for the

selected awards. The COPS Office stated that this review will occur for awards that are either within 3 years of closure or in the closeout process. The COPS Office expects to finalize and implement the process for use in FY 2019.

Additionally, the COPS Office stated that it will include a special condition in all award packages notifying recipients that their accounting ledgers and other supporting documentation will be subject to our review for a period of 3 years from the date of award closure. The COPS Office also stated that the recipient will provide these documents to the COPS Office upon request. The COPS Office expects to include this special condition beginning with its FY 2018 awards.

This recommendation can be closed when we receive evidence that (1) the COPS Office has developed and implemented policies to incorporate a review of final grant award ledgers that are within 3 years of closure, or in the closeout process; and (2) the COPS Office has modified its standard special conditions in order to notify recipients that final award accounting ledgers are subject to agency review up to 3 years following the date of award closure.

26. Develop and implement policies and procedures to ensure that recipients with significant issues identified during the closeout process be shared between the three awarding agencies.

Resolved. The COPS Office concurred with the recommendation. In its response, the COPS Office stated that it will work with OAAM and OVW to develop and implement procedures to ensure that recipients with significant issues identified during the closeout process are shared between the three awarding agencies. The COPS Office anticipates that these policies and procedures will be developed and implemented by the end of FY 2019.

This recommendation can be closed when we receive evidence that the COPS Office has developed and implemented policies and procedures to ensure that recipients with significant issues identified during the closeout process be shared between the three awarding agencies.

27. Remedy \$565 in unallowable questioned costs resulting from the recipient drawing down more funds than what was expended associated with COPS Office Award Number 2009-HE-WX-0058.

Closed. The COPS Office concurred with the recommendation, and provided evidence that the \$565 in unallowable questioned costs had been returned by the recipient. As a result, this recommendation is closed.

28. Remedy \$33,544 in unallowable personnel-related questioned costs associated with COPS Office Award Number 2010-UM-WX-0245.

Resolved. The COPS Office concurred with the recommendation, and stated that it would work with the recipient to remedy the questioned costs.

This recommendation can be closed when we receive evidence that OJP has remedied, as appropriate, the questioned costs associated with Award Number 2010-UM-WX-0245.

29. Remedy \$33,015 in unallowable questioned costs resulting from the recipient drawing down more funds than what was expended associated with COPS Office Award Number 2010-UM-WX-0331.

Resolved. The COPS Office concurred with the recommendation, and stated that it would work with the recipient to remedy the questioned costs.

This recommendation can be closed when we receive evidence that OJP has remedied, as appropriate, the questioned costs associated with Award Number 2010-UM-WX-0331.

30. Remedy \$5,453 in unallowable indirect questioned costs associated with COPS Office Award Number 2012-CK-WX-K026.

Resolved. The COPS Office concurred with the recommendation, and stated that it would work with the recipient to remedy the questioned costs.

This recommendation can be closed when we receive evidence that OJP has remedied, as appropriate, the questioned costs associated with Award Number 2012-CK-WX-K026.

31. Remedy \$265,504 in unallowable equipment-related questioned costs associated with COPS Office Award Number 2011-CK-WX-0027.

Resolved. The COPS Office concurred with the recommendation, and stated that it would work with the recipient to remedy the questioned costs.

This recommendation can be closed when we receive evidence that OJP has remedied, as appropriate, the questioned costs associated with Award Number 2011-CK-WX-0027.

32. Remedy \$23,983 in unallowable costs associated with COPS Office Award Number 2010-RK-WX-0004, including:

- a. **\$12,474 in unallowable charges resulting from the recipient drawing down more funds than what was expended.**
- b. **\$11,419 in unallowable personnel charges which exceeded the 10 percent rule.**

Resolved. The COPS Office concurred with the recommendation, and stated that it would work with the recipient to remedy the questioned costs.

This recommendation can be closed when we receive evidence that OJP has remedied, as appropriate, the questioned costs associated with Award Number 2010-RK-WX-0004.

Recommendations for OVW

- 33. Develop and implement revised closeout policies resulting from this audit, or in response to 2 CFR § 200.343, to: (1) ensure that any such policies consider the 455-day timeframe for closing an award, (2) ensure that awards that remain open for 455 days or more be subject to additional layers of agency review, and (3) enhance collaboration and communication between the OIG and the awarding agencies by submitting to the OIG, on a semi-annual basis, a list of awards that remain open due to OIG audit or other monitoring activity.**

Resolved. OVW concurred with our recommendation. OVW stated in its response that, by FY 2019, it will develop and implement revised closeout policies to include ensuring awards that remain open for 455 days or more are subject to additional agency review. Additionally, starting with the 4th quarter of FY 2018, OVW will prepare and submit semiannually to the OIG a list of awards that remain open due to OIG audit or other monitoring activity.

This recommendation can be closed when we receive evidence OVW (1) has reviewed its existing closeout policies for potential revisions; and (2) updates its policies to require semi-annual submissions detailing all awards that are expired, but left open due to an OIG audit, investigation, or other monitoring activity; (3) and submits to the OIG a report following its policies.

- 34. Develop and implement a process to review awards that are expired, but not closed, on an annual basis, and take appropriate action to: (1) identify any funding that is obligated against recipients that are no longer operational, (2) review awards that remain open due to stale monitoring activity, and (3) ensure outstanding programmatic or financial issues that contribute to the delays in closing awards are addressed in a timely manner.**

Resolved. OVW concurred with our recommendation. OVW stated in its response that, by FY 2019, it will develop and implement a process for reviewing, on an annual basis, awards that are expired, but not closed, and for taking appropriate action to (1) identify any funding that is obligated against recipients that are no longer operational, (2) review awards that remain open due to stale monitoring activity, and (3) ensure outstanding programmatic or financial issues that contribute to the delays in closing awards are addressed in a timely manner.

This recommendation can be closed when we receive evidence that OVW's new process has been developed and implemented.

35. Remedy and put to better use the \$1,316,907 in funding that remains obligated against Award Numbers 2004-SW-AX-0036, 2005-IW-AX-0009, 2005-IW-AX-0010, 2005-WL-AX-0073, 2005-WR-AX-0011, 2006-WL-AX-0023, 2007-TW-AX-0033, 2009-WH-AX-0010, and 2007-IW-AX-0005, as the recipients are no longer operational.

Closed. OVW stated that it had completed actions to close the recommendation. OVW also stated that, for two of the nine grants identified above, the funds were deobligated over 8 years ago. This did not reconcile to the documentation provided to us during our audit. We contacted OVW to ascertain the reason for the discrepancy between the documentation provided to us during our audit, and the documentation provided with OVW's response to the draft report. OVW stated that the differences were due to coding issues in the web based payment history. We reviewed the updated documentation and determined that it did provide evidence that the funds associated with Award Numbers 2005-IW-AX-0010 and 2005-WL-AX-0073 had been deobligated in 2009. Upon further review of OVW's updated documentation, we determined that a portion of funds associated with Award Number 2005-WR-AX-0011 had also been deobligated in 2009.

For the remaining awards, and for the balance on Award Number 2005-WR-AX-0011, we reviewed the updated documentation and determined that all funds had been deobligated by January 31, 2018. As a result, this recommendation is closed.

36. Develop and implement policies and procedures to review balances reported as unobligated by the recipient during the liquidation period, or balances amended by OVW to include unobligated funds, and to deobligate these balances, as appropriate, within a timely manner.

Resolved. OVW concurred with our recommendation. OVW stated in its response that, by FY 2019, it would develop and implement policies and procedures to review balances reported as unobligated by the recipient during the liquidation period, or balances amended by OVW to include unobligated funds, and to deobligate these balances, as appropriate, within a timely manner.

This recommendation can be closed when we receive evidence that OVW's new policies have been developed and implemented.

37. Develop and implement policies and procedures to ensure that any refunds submitted by the recipient after the award period has ended are deobligated and put to better use, as appropriate, within a timely manner.

Resolved. OVW concurred with our recommendation. OVW stated in its response that, before the end of FY 2018, it would develop and implement policies and procedures to ensure that any refunds submitted by the recipient

after the award period has ended are deobligated and put to better use, as appropriate, within a timely manner.

This recommendation can be closed when we receive evidence that OVW's new policies have been developed and implemented.

38. Remedy the remaining \$579,248 in funds to better use that remain obligated against awards that have been expired over 8 years.

Resolved. OVW concurred with the recommendation. OVW stated in its response that, before the end of FY 2018, it would remedy the remaining \$579,248 in funds obligated against awards that have been expired for over 8 years.

This recommendation can be closed when we receive evidence that the \$579,248 in funding identified above has been deobligated and put to better use.

39. Review and put to better use, as appropriate, the remaining \$12,682,709 in funds obligated against awards that have expired, but have not been closed.

Resolved. OVW concurred with the recommendation. OVW stated in its response that, before the end of FY 2018, it would review and put to better use, as appropriate, the funds identified. OVW also provided evidence that, as of December 31, 2017, it had remedied \$4,139,124 of the \$12,682,709 identified above.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the remaining \$8,543,585 in funds obligated against awards that have expired, but have not been closed.

40. Develop and implement policies and procedures to: (1) enhance the existing monitoring and risk assessment process by conducting a review of final grant ledger accounting activity for a portion of awards that are either closed or in the closeout process, and (2) include a special condition in all award packages notifying recipients that grant accounting ledgers are subject to agency review.

Resolved. OVW concurred with the recommendation. OVW stated in its response that, by FY 2019, it would leverage its existing grant risk assessment tool and develop a process to incorporate review of final award ledgers for a portion of awards that are either in the closeout process, or that have been closed for 3 years or less. Starting with FY 2018 awards, OVW will also include a special condition notifying recipients that grant accounting ledgers are subject to agency review throughout the life of the award, during the closeout process, and for 3 years after award closure.

This recommendation can be closed when we receive evidence that OVW has developed and implemented the new processes.

41. Develop and implement policies and procedures to ensure that recipients with significant issues identified during the closeout process be shared between the three awarding agencies.

Resolved. OVW concurred with the recommendation. OVW stated in its response that, during FY 2018, it would work with the other awarding agencies through the shared Grants Challenges working group, to develop policies and procedures to ensure that recipients with significant issues identified during the closeout process are shared between the three awarding agencies. By FY 2019, OVW will begin implementation of the related policies and procedures.

This recommendation can be closed when we receive evidence that OVW has developed and implemented the related policies and procedures.

42. Review existing policies and procedures to identify improvements in ensuring the accuracy of data collected and submitted by award recipients.

Resolved. OVW concurred with the recommendation. However, OVW also discussed the viability of demanding 100 percent accuracy in all data reported by grantees. OVW believes that this closeout audit suggests a heightened OIG scrutiny of OVW grantee progress reports, and expressed concerns that OIG auditors appear to be taking issue with minor inaccuracies in data reported.

The OIG does not expect OVW to employ new practices “demanding 100 percent accuracy in all data reported by grantees”, as stated in OVW’s response. In fact, on page 40 of this report, the OIG acknowledges that extensive review of progress report source documentation is not feasible. However, the accuracy of progress report information is an area in which this audit and the OIG’s external audit work regularly identifies significant issues. This audit identified reported program metrics for OVW grants: (1) that were materially overstated, (2) that the recipient acknowledged should not have been reported because no activity had actually taken place during that reporting period, and (3) for which the recipient could provide no support.

Progress report data plays an essential role in the evaluation of recipient progress. Inaccuracies in that data may prevent OVW from: (1) relying on the information it receives, (2) making accurate judgements on grantees’ progress in meeting grant objectives, and (3) reporting accurate program accomplishments to Congress and the public. We do not consider the deficiencies in progress report accuracy discussed in this report to constitute minor issues, but rather indicate a broader issue with the accuracy of data. OVW stated that it expects some degree of imprecision and some amount of missing data for numbers of people trained with grant funds and numbers of people reached through community education. OVW noted that “Grantees may fail to proffer complete training registration records or sign-in sheets that can be used to fully substantiate all of the training numbers reported,

and/or they may miscount the number of people trained by some nominal amount.” However, as indicated in the report and described above, the discrepancies we found were not nominal. Further, DOJ and the Government Performance and Results Act require that recipients maintain valid and auditable source documentation to support all data collected for each program measure required by the program. Although OVW indicates that some of the data it requires grant recipients to report is not meaningful, the OIG selected data for testing that spoke most directly to the purpose of the award. For example, data regarding numbers of participants trained and reached are directly representative of the impact of awards that place value on training, education, outreach, and coalition building. OVW’s requirement for recipients to spend resources tracking and reporting on these activities indicate that those metrics are meaningful. However, if OVW determines they are not, it should reevaluate its need to accumulate such metrics and identify more meaningful data instead.

Further, OVW emphasized in its response that it differentiates between significant errors, such as the inability to determine whether a training was held, from “trivial errors”, such as a slight miscount in the number of people trained. The OIG also employs judgment in making differentiations between the significance of deficiencies. Specifically, egregiously indiscernible metrics putting into question whether anything was accomplished on the grant has in the past resulted in the OIG’s questioning of an entire grant. However, the OIG also considers material discrepancies in reported progress report data to warrant an improvement in procedures because such inaccuracies undermine the DOJ’s ability to assess and report on the impact of its grant programs. As such, we do not question the costs associated with this finding, but rather offer a recommendation structured for OVW to review its own processes and identify areas for improvement it deems material to the effective performance of its programs as a whole.

This recommendation can be closed when we receive evidence that OVW has reviewed its existing policies and procedures to identify improvements in ensuring the accuracy of data collected and submitted by award recipients.

43. Remedy \$5,423 in unallowable personnel questioned costs which exceeded the 10 percent rule associated with OVW Award Number 2012-WL-AX-0011.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2012-WL-AX-0011.

44. Remedy \$637 in unallowable indirect questioned costs which exceeded the amount approved by OVW associated with OVW Award Number 2010-TA-AX-K012.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2010-TA-AX-K012.

45. Remedy \$655 in unallowable supplies questioned costs which were not in the OVW approved budget associated with OVW Award Number 2012-WL-AX-0059.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2012-WL-AX-0059.

46. Remedy \$17,224 in unallowable questioned costs resulting from the recipient drawdowns that exceeded grant expenditures, and costs incurred outside of the award period associated with OVW Award Number 2011-WE-AX-0017.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2011-WE-AX-0017.

47. Remedy \$685 in unallowable facility rent-related questioned costs not approved in the OVW approved budget associated with OVW Award Number 2013-FL-AX-0018.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2013-FL-AX-0018.

48. Remedy \$4,579 in unallowable travel-related questioned costs associated with OVW Award Number 2013-TA-AX-K016.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2013-TA-AX-K016.

49. Remedy \$7,603 in unallowable supplies, indirect, and other questioned costs associated with OVW Award Number 2011-WH-AX-0017.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2011-WH-AX-0017.

50. Remedy \$2,647 in unallowable personnel questioned costs not approved in the OVW approved budget associated with OVW Award Number 2008-WE-AX-0038.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2008-WE-AX-0038.

51. Remedy \$442 in unallowable personnel questioned costs which exceeded the 10 percent rule associated with OVW Award Number 2014-DW-AX-0002.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2014-DW-AX-0002.

52. Remedy \$4,844 in unallowable expenditures exceeding the 10 percent rule, outside the approved project period, and drawdowns in excess of recorded expenditures associated with OVW Award Number 2014-SW-AX-0023.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2014-SW-AX-0023.

53. Remedy \$11,285 in excess indirect costs and unallowable mileage expenses associated with OVW Award Number 2010-TW-AX-0030.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2010-TW-AX-0030.

54. Remedy the \$5,231 in unallowable contract and indirect questioned costs associated with OVW Award Number 2010-TW-AX-0043.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2010-TW-AX-0043.

55. Remedy the \$1,069 in unallowable classified ad and bank fee questioned costs budget associated with OVW Award Number 2013-IW-AX-0002.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2013-IW-AX-0002.

56. Remedy \$22,895 in unallowable indirect questioned costs which exceeded the approved amount OVW approved budget associated with OVW Award Number 2012-TW-AX-0024.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2012-TW-AX-0024.

57. Remedy \$5,000 in unallowable consultant-related questioned costs incurred outside of the project period associated with OVW Award Number 2012-W5-AX-K004.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2012-W5-AX-K004.

58. Remedy \$21,837 in unallowable personnel questioned costs charges which exceeded the 10 percent rule associated with OVW Award Number 2012-FW-AX-K002.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2012-FW-AX-K002.

59. Remedy \$146 in unallowable indirect questioned costs which exceeded the approved amount in the OVW approved budget associated with OVW Award Number 2011-WC-AX-K020.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2011-WC-AX-K020.

60. Remedy \$349 in unallowable questioned costs incurred outside of the project period associated with OVW Award Number 2011-TW-AX-0006.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated with Award Number 2011-TW-AX-0006.

61. Remedy \$8,344 in unallowable indirect questioned costs associated with OVW Award Number 2011-TA-AX-K127.

Resolved. OVW concurred with the recommendation, and stated that it will work with the grantee to address the questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied, as appropriate, the questioned costs associated Award Number 2011-TA-AX-K127



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