



**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
BUREAU OF JUSTICE ASSISTANCE GRANT AWARDED TO
THE JOHN MARSHALL LAW SCHOOL
VETERANS LEGAL SUPPORT CLINIC
CHICAGO, ILLINOIS**

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

Audit Report GR-50-14-001
November 2013

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
BUREAU OF JUSTICE ASSISTANCE GRANT AWARDED TO
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EXECUTIVE SUMMARY

The U.S. Department of Justice, Office of the Inspector General, Audit Division, has completed an audit of an Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), Edward Byrne Memorial Discretionary grant for \$350,000 awarded to the John Marshall Law School (JMLS) in Chicago, Illinois. JMLS received grant number 2010-DD-BX-0685 to support the JMLS's Veterans Legal Support Center & Clinic (VLSC) in its work in the field of veterans law.¹ The purpose of the grant is to: (1) allow JMLS to continue to work with and collect information on the success of the Illinois Veterans Treatment Court, (2) collect information on and implement a replicable approach for veterans who appear in the Federal District Court for Northern Illinois on "petty offenses," (3) host a conference on veterans and domestic violence, and (4) replicate the VLSC at other law schools throughout the United States.²

The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel and indirect costs; (4) budget management and control; (5) local matching funds; (6) property management; (7) program income; (8) federal financial reports and progress reports; (9) grant requirements; (10) program performance and accomplishments; and (11) monitoring of sub-grantees and contractors. We determined that local match, program income, and oversight of sub-grantees and contractors were not applicable to this grant.

As of February 1, 2013, the grantee had drawn down \$249,180 and had recorded expenditures of \$249,180 in its grant accounting records. We

¹ The JMLS Veterans Legal Support Center & Clinic assists veterans on any legal issue that could impact a veteran or soldier currently serving in the U.S. military.

² The Illinois Veterans Treatment Court is an alternative court created by Illinois legislation specifically to handle criminal issues presented by veterans. Federal "petty offenses" are misdemeanors committed on federal property.

examined JMLS's accounting records, required financial and progress reports, and operating policies and procedures, and we identified weaknesses in JMLS's financial reporting and grant-related expenditures. We tested \$47,225 of expenditures, and we questioned \$15,455 as unallowable. Specifically, we found:

- JMLS did not follow OJP guidelines related to hotel rates for conference attendees. As a result, we questioned \$15,455 in unallowable hotel costs.
- JMLS filed nine Federal Financial Reports that did not match its accounting records.
- JMLS did not receive the full amount of one drawdown.

Our report contains three recommendations to address the preceding issues, which are discussed in detail in the Findings and Recommendations section of the report. Our audit objective, scope, and methodology are discussed in Appendix I of the report.

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INTRODUCTION

The U.S. Department of Justice, Office of the Inspector General, Audit Division, has completed an audit of an Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA) Byrne Memorial Grant awarded to the John Marshall Law School (JMLS) in Chicago, Illinois. OJP awarded JMLS \$350,000 under grant number 2010-DD-BX-0685 to: (1) allow JMLS to continue to work with and collect information on the success of the Illinois Veterans Treatment Court, (2) collect information on and implement a replicable approach for veterans who appear in the Federal District Court for Northern Illinois on "petty offenses," (3) host a conference on veterans and domestic violence, and (4) replicate the VLSC at other law schools throughout the United States.³ Additionally, the grant allows JMLS to operate the JMLS Veterans Legal Support Center & Clinic (VLSC), which allows law students to work with veterans by helping them access educational and medical benefits.

As shown in Table 1 below, OJP awarded JMLS a total of \$350,000 to implement the grant program.

TABLE 1. BUREAU OF JUSTICE ASSISTANCE GRANT AWARDED TO THE JOHN MARSHALL LAW SCHOOL

AWARD NUMBER	PROJECT START DATE	PROJECT END DATE	AWARD AMOUNT	OBJECTIVE
2010-DD-BX-0685	09/01/2010	08/31/2013	\$350,000	Work with and collect information on the success of veterans courts, collect information on and implement a replicable approach for veterans who commit petty federal offenses, host a conference on veterans and domestic violence, and replicate the VLSC at other law schools.

Source: Office of Justice Programs

Background

OJP's mission is to increase public safety and improve the administration of justice across America through innovative leadership and programs. OJP seeks to accomplish its mission by disseminating

³ The Illinois Veterans Treatment Court is an alternative court created by Illinois legislation specifically to handle criminal issues associated with veterans. Federal "petty offenses" are misdemeanors committed on federal property.

state-of-the-art knowledge and practices across America by providing grants for the implementation of these crime-fighting strategies. To support this mission, BJA provides leadership and assistance to local criminal justice programs that improve and reinforce the nation's criminal justice system with goals to reduce and prevent crime, violence, and drug abuse and to improve the way in which the criminal justice system functions.

JMLS is located in Chicago, Illinois, and operates various outreach clinics that allow law students to gain experience by providing pro bono legal advice under the guidance of supervising attorneys. According to JMLS, since 2007, the VLSC has served over 3,000 veterans by helping them access educational and medical benefits.

JMLS's VLSC functions as an advocate for veterans identified in local, state, and federal veterans courts. Veterans courts aim to assist those veterans needing treatment for underlying issues that may have contributed to the veteran's offense. Underlying issues can include alcohol and substance abuse, post-traumatic stress disorder, and other issues for which a veteran may be eligible for treatment through veteran's benefits provided by the U.S. government. VLSC advocates are trained in veteran's benefits administration and assist veterans in navigating the claims system in order to receive treatment. JMLS students work as advocates through the direction of supervising attorneys, as well as manage a network of pro bono attorneys who provide legal assistance. While the clinic itself does not provide pro bono legal work, the advocacy experience provides students with exposure to litigation practice and in-depth study of federal, state, and local laws pertaining to veteran's advocacy.

Our Audit Approach

We tested compliance with what we consider the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the OJP Financial Guide, the Code of Federal Regulations, Office of Management and Budget (OMB) Circulars, and the award documents. We tested JMLS's:

- **Accounting and Internal Controls** to determine whether the grantee had sufficient accounting and internal controls in place for the processing and payment of funds and controls were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grant;
- **Grant Drawdowns** to determine whether grant drawdowns were adequately supported in accordance with federal requirements;
- **Grant Expenditures** to determine the accuracy and allowability of

costs charged to the grant;

- **Budget Management and Control** to examine the amounts budgeted and the actual costs for each approved cost category and determine if the grantee deviated from the approved budget, and if so, if the grantee received the necessary approval;
- **Federal Financial Reports (FFR) and Progress Reports** to determine whether the required reports were submitted on time and accurately reflected grant activity; and
- **Accomplishment of Grant Requirements and Objectives** to determine if the grantee met or is capable of meeting the grant's objectives and whether the grantee collected data and developed performance measures to assess accomplishment of the intended objectives.

We also performed limited work and confirmed that JMLS did not generate or receive program income, was not required to contribute any local matching funds, and that funds were not awarded to sub-grantees or contractors. We therefore performed no testing in these areas.

FINDINGS AND RECOMMENDATIONS

We identified weaknesses in JMLS's compliance with grant guidelines with respect to its expenditures and federal financial reports. Specifically, we found that JMLS did not comply with OJP guidelines relating to hotel rates for conference attendees. As a result, we questioned \$15,455 in unallowable hotel costs. We also found that JMLS's Federal Financial Reports did not accurately reflect grant expenditures.

We performed audit work at JMLS's campus in Chicago, Illinois, where we obtained an understanding of the accounting system and reviewed a sample of grant expenditures. We reviewed the criteria governing grant activities, including the OJP Financial Guide, relevant OMB Circulars, and the Code of Federal Regulations. In addition, we reviewed grant documents, including the application, award, budgets, and financial and progress reports. We also interviewed key JMLS personnel.

Accounting and Internal Controls

According to the OJP Financial Guide, grant recipients are required to establish and maintain accounting and internal control systems to account accurately for funds awarded to them. Further, the accounting system should ensure, among other things, the identification and accounting for receipt and disposition of all funds, funds applied to each budget category included in the approved award, expenditures governed by any special and general provisions, and non-federal matching contributions.

We reviewed JMLS's financial management system and its policies and procedures to assess JMLS's risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grant. To further assess risk, we obtained an understanding of the reporting process, examined various grant accounting records and reports prepared by JMLS, and interviewed JMLS personnel regarding grant expenditures. Our testing revealed internal control deficiencies that are explained in more detail in the following sections.

Financial Management System

The OJP Financial Guide requires grantees to establish and maintain a system of accounting and internal controls that adequately identifies and classifies grant costs. The system must include controls to ensure that funds and other resources are used optimally and expenditures of funds are in conformance with the general and special conditions applicable to the recipient. Further, the OJP Financial Guide states that grantees should establish and maintain program accounts that will enable, on an individual

basis, the separate identification and accounting of the receipt and disposition of all funds and the application of all funds to each budget category included within the approved award.

We conducted a limited review of JMLS’s financial management system, which included interviewing personnel and observing accounting activities and processes. JMLS officials informed us that prior to our audit, they discovered a discrepancy between JMLS’s payroll records and the detailed grant financial records regarding student time charges. JMLS officials found that students often failed to submit their timesheets in a timely manner. As a result, the timing of payroll transactions differed from the timing of the transactions entered in the detailed grant financial records. JMLS identified this problem before our audit and implemented a solution to correct the payroll transaction timing and recording issue. JMLS developed a DOJ grant-specific timesheet to record student hours worked on the project and provided guidance to students to turn timesheets in during the pay period in which they performed the work. However, because JMLS officials did not recognize the fact that the discrepancies crossed financial reporting quarters, the timing errors affected grant drawdowns and FFRs. These effects are further detailed in the Grant Drawdowns and Reporting sections of this report.

Audit

According to the special conditions of the agreement, the OJP Financial Guide, and OMB Circular A-133, any organization that expends \$500,000 or more in federal funds in the organization’s fiscal year is required to have a single organization-wide audit conducted. As shown in Table 2, JMLS’s expenditures of federal funds exceeded \$500,000 in fiscal years (FY) 2010, 2011, and 2012.⁴

**TABLE 2. JOHN MARSHALL LAW SCHOOL’S
EXPENDITURES OF FEDERAL FUNDS
FISCAL YEARS 2010 THROUGH 2012**

FISCAL YEAR	2010	2011	2012
Total Federal Expenditures	\$53,971,951	\$58,643,294	\$55,102,587

Source: JMLS’s Single Audit Reports

⁴ JMLS’s fiscal year is July 1 through June 30.

JMLS has had a Single Audit conducted by an independent accounting firm for each of the previous 3 fiscal years in accordance with the provisions of OMB Circular A-133. We reviewed the independent auditors' assessments, which disclosed no weaknesses, noncompliance issues, or crosscutting findings related to JMLS's grant management.

Grant Drawdowns

We reviewed JMLS's process for requesting reimbursement from OJP for its grant-related costs to ensure that the requests were adequately supported by official accounting records and were in accordance with federal requirements. The grant project manager stated that they based drawdowns on expenditures. When we first compared the grantee's general grant ledger to OJP's record of drawdowns, we found that the drawdown amounts matched the expenditures as recorded in the grant accounting records for each drawdown period. Due to the delayed timesheet submission issue previously discussed, subsequent adjusting entries made by the grantee to correct the timing issue caused the drawdowns to be less than the expenditures for each drawdown period. Overall, however, JMLS's cumulative grant expenditures matched its cumulative drawdowns.

We believe that because JMLS drew down less during each drawdown period than it had expended on the grant, and JMLS's cumulative expenditures match the total amount it drew down as February 1, 2013, JMLS's actions are in compliance with OJP guidelines.

Our review of the drawdowns also revealed that JMLS requested a draw of \$22,574 on February 1, 2013, but only received \$21,927, a difference of \$647. A JMLS official told us that they notified OJP of the error, and OJP directed JMLS to contact the Department of the Treasury. The official stated that the Department of the Treasury then referred JMLS back to OJP. As of September 2013, this issued had not been resolved. We therefore recommend that OJP resolve this issue.

Grant Expenditures

The OJP Financial Guide requires that expenditures be accounted for and be adequately supported. JMLS's approved grant budget is detailed in Table 3.

**TABLE 3. JOHN MARSHALL LAW SCHOOL'S
APPROVED GRANT BUDGET AMOUNTS AND DESCRIPTION OF COSTS**

COST CATEGORY	APPROVED REVISED BUDGET	DESCRIPTION OF PLANNED EXPENDITURES
Personnel	\$260,000	Salary for staff
Fringe Benefits	0	
Travel	25,000	Travel to law schools and for conference speakers
Supplies	18,550	Conference and promotional material
Contract/Consultant	18,450	Hotel
Other	28,000	Conference
Equipment	0	
Construction	0	
Indirect Costs	0	
FEDERAL FUNDS	\$350,000	
LOCAL MATCH	\$0	
TOTAL PROJECT COSTS	\$350,000	

Source: Office of Justice Programs and JMLS

The majority of the budgeted expenditures were associated with personnel costs. Costs included the annual salaries for a clinical director, assistant clinical director, and a clinical grant liaison, and hourly wages for 10 JMLS students, who served as clinical advocates. The full-time project director and assistant director served as the supervising attorneys for the law school students who served as consultants to veterans using the VLSC.

The grant also paid for a conference that JMLS held to discuss legal issues facing veterans. The conference was an opportunity to explain the VLSC program to other law schools with the intent for replication of the VLSC to address veteran legal issues throughout the nation.⁵ JMLS used grant funds for lodging for out of town guest speakers, food and non-alcoholic beverages for attendees during the conference seminar sessions, and materials.

We reviewed 25 grant expenditures to determine if costs charged to the award were allowable, supported, and properly allocated in compliance with grant requirements. We selected our judgmental sample of transactions from

⁵ JMLS also conducted a conference on veterans and domestic violence. This conference occurred after the application for, but prior to the awarding of, the audited grant.

JMLS's general ledger. The selected transactions totaled \$47,225 (19 percent) of the total of \$249,180 in expenses billed to the grant as of January 31, 2013. This included \$18,185 in payroll costs and \$29,039 in all other categories.⁶ We identified \$15,455 in unallowable costs, which is discussed below. Our review of the other sampled expenditures did not reveal any discrepancies.

During June 2011, JMLS used grant funds to hold a conference in Chicago, Illinois, for 137 attendees for the purpose of sharing ideas with other organizations involved with veteran's courts, gathering data and information for JMLS's resource center, and explaining its veterans court program to other law schools.

As part of the conference, JMLS used grant funds to acquire hotel rooms for 19 of the 137 attendees. According to the OJP Financial Guide, a grantee must use General Services Administration (GSA) lodging rates when securing lodging for conference attendees for any grant-funded conference that has 30 or more attendees. The OJP Financial Guide continues that in the event the lodging rate is not the federal per diem rate or less, none of the lodging costs associated with the event would be allowable costs to the award. At the time the conference was held, the GSA maximum lodging rate for Chicago was \$166 per room per night. When we reviewed the hotel charges, we found that JMLS paid \$279 per night, considerably more per room than was allowed by GSA. As shown in the Table 4 below, JMLS spent \$15,455 in grant funds for this lodging, all of which we question as unallowable. We explained this issue to JMLS officials, and they stated that they understood our reasoning on the issue.

TABLE 4. JOHN MARSHALL LAW SCHOOL'S HOTEL COSTS ACCRUED FOR CONFERENCE

NUMBER of ATTENDEES	NUMBER of DAYS ATTENDED	DAILY ROOM AMOUNT	DAILY CITY AND STATE TAX	TOTAL AMOUNT
10	2	\$279	\$43	\$6,439
8	3	\$279	\$43	\$7,727
1	4	\$279	\$43	\$1,288
Total				\$15,455

Source: JMLS

⁶ Throughout this report, differences in the total amounts are due to rounding.

Budget Management and Control

According to the OJP Financial Guide, a grantee may transfer funds between approved budget categories without OJP approval if the total transfers are 10 percent or less than the award amount. Requests for transfers of funds between budget categories of over 10 percent must be submitted to OJP for approval. We reviewed JMLS's records and determined that it did not exceed the 10-percent transfer threshold.

Grant Reporting

The OJP Financial Guide states that two types of reports are to be submitted by the grantee. FFRs provide information on monies spent and the unobligated amounts remaining in the grant. Categorical Assistance Progress Reports provide information on the status of grant-funded activities and other pertinent information.

Federal Financial Reports

The OJP Financial Guide states that FFRs filed after October 1, 2009, are due within 30 days after the end of the calendar quarter. We reviewed all five quarters for which a report was required and determined that all required reports were submitted within the required timeframe.

We also reviewed all submitted FFRs for accuracy, and, as shown in Table 5 below, we found that aside from the first FFR, for which there were no expenditures, the reported expenditures on the FFRs did not reconcile to the grantee's grant accounting records. This occurred, in part, due to the previously discussed delayed timesheet issue and the subsequent adjusting of entries. These initial errors were compounded when a larger June 2011 expense was accounted for in the wrong period. JMLS also made general ledger adjustments that, as of the end of our review period, have come to within \$282 of correcting the errors. JMLS officials told us that they are working on procedures that will help ensure that these accounting errors do not happen again. We recommend that JMLS submit to OJP corrected FFRs for these reporting periods.

TABLE 5. FEDERAL FINANCIAL REPORT ACCURACY

FFR No.	FFR PERIOD END DATE	EXPENDITURES PER GENERAL LEDGER	EXPENDITURES PER FFR	DIFFERENCE
1	09/30/2010	\$0	\$0	\$0
2	12/30/2010	11,937	11,465	472
3	03/31/2011	15,798	22,995	-7,197
4	06/30/2011	30,071	44,392	-14,321
5	09/30/2011	59,477	38,713	20,764
6	12/31/2011	27,779	28,108	-329
7	03/31/2012	24,079	24,093	-14
8	06/30/2012	30,390	31,248	-858
9	09/30/2012	26,745	25,873	872
10	12/31/2012	22,903	22,574	329

Source: Office of Justice Programs and JMLS

Progress Reports

According to the OJP Financial Guide, Categorical Assistance Progress Reports are due semiannually on January 30 and July 30 for the life of the grant. As shown in Table 6, we reviewed all progress reports and found that all were submitted in a timely manner.

TABLE 6. TIMELINESS OF PROGRESS REPORTS

REPORT NO.	REPORT PERIOD	DUE DATE	DATE SUBMITTED	DAYS LATE
1	09/01/10 - 12/31/10	01/30/2011	01/30/2011	0
2	01/01/11 – 06/30/11	07/30/2011	07/29/2011	0
3	07/01/11 – 12/31/11	01/30/2012	01/30/2012	0
4	01/01/12 – 06/30/12	07/30/2012	07/30/2012	0
5	07/01/12 – 12/31/12	01/30/2013	01/29/2013	0

Source: Office of Justice Programs and JMLS

We reviewed each of the progress reports submitted, and we found that the reports listed the specific program activities that occurred during those periods. The program goals, as outlined in the grant application, mirrored what was reported in the progress reports as actual accomplishments and activities conducted. In our judgment, the progress reports provided adequate information to determine the status of the tasks undertaken for the period.

Program Performance and Accomplishments

The purpose of the grant was to: (1) allow JMLS to continue to work with and collect information on the success of the Illinois Veterans Treatment Court; (2) collect information on and implement a replicable approach for veterans who appear in the Federal District Court for Northern Illinois on "petty offenses;" (3) host a conference on veterans and domestic violence; and (4) replicate the VLSC at other law schools throughout the United States.

We compared the grant application and supporting documents to the accomplishments listed by the grantee in the progress reports, and we determined that the grantee had completed each of its goals. JMLS stated that it is currently putting together a final report on grant activities.

Views of Responsible Officials

We discussed the results of our review with grantee officials throughout the audit and at a formal exit conference, and we have included their comments as appropriate.

Recommendations

We recommend that OJP:

1. Resolve the \$647 difference in the February 1, 2013, drawdown.
2. Remedy the \$15,455 in unallowable hotel conference expenditures.
3. Ensure JMLS submits corrected FFRs for reporting periods December 30, 2010, through December 31, 2012.

OBJECTIVE, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments.

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 objective.

Our audit concentrated on, but was not limited to, the inception of the grant on September 1, 2010, through January 31, 2013. This was an audit of grant number 2010-DD-BX-0685 awarded to the JMLS Law School of Chicago, Illinois for \$350,000. In conducting our audit, we reviewed Federal Financial Reports and progress reports and performed testing of grant expenditures, including reviewing supporting accounting records. We judgmentally selected a sample of expenditures, along with a review of internal controls and procedures for the grant that we audited. Judgmental sampling design was applied to obtain broad exposure to numerous facets of the grant reviewed, such as dollar amounts, expenditure category, and risk. This non-statistical sample design does not allow for projection of the test results to all grant expenditures or internal controls and procedures. In total, the grantee had expended \$249,180 and drawn down \$249,180 as of February 1, 2013. We judgmentally selected 25 transactions, which included the 19 highest dollar amounts as well as 6 other transactions.

The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel and indirect costs; (4) budget management and control; (5) local matching funds; (6) property management; (7) program income; (8) federal financial reports and progress reports; (9) grant requirements; (10) program performance and accomplishments; and (11) monitoring of sub-grantees and contractors. We determined that local match, program income, and oversight of sub-grantees and contractors were not applicable to this grant.

We performed limited testing of source documents to assess the timeliness and accuracy of FFRs, reimbursement requests, expenditures, and

progress reports; evaluated performance to grant objectives; and reviewed the grant-related internal controls over the financial management system. We tested invoices as of January 31, 2013. However, we did not test the reliability of the financial management system as a whole and reliance on computer-based data was not significant to our objective. We reviewed the grantee's past three Single Audit Reports, which were prepared under the provisions of Office of Management and Budget Circular A-133. We reviewed the independent auditor's assessments, which disclosed no weaknesses or noncompliance issues directly related to JMLS grant.

SCHEDULE OF DOLLAR-RELATED FINDINGS

Description	Amount	Page
Questioned Costs ⁷		
<u>Unallowable Hotel Expenses:</u>	<u>\$15,455</u>	<u>8</u>
<i>Total Unallowable:</i>	<i>\$15,455</i>	
Net Questioned Costs.....	\$15,455	
<hr/>		
Total Net Dollar-Related Findings.....	\$15,455	

⁷ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

AUDITEE RESPONSE
The
JOHN MARSHALL LAW SCHOOL
AT WORK• IN CHICAGO

Tel: 312.427.2737

Fax: 312.427.9974

October 14, 2013

Carol S. Taraszka
Regional Audit Manager
Chicago Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
600 West Madison Street, Suite 1121
Chicago, IL 60661-2590

Dear Ms. Taraszka,

This is response to the draft audit report dated September 27, 2013, from the Office of the Inspector General (OIG), Chicago Regional Audit Office, to the Office of Justice Programs (OJP), related to an audit of grant number 2010-DD-BX-0685 awarded by the Bureau of Justice Assistance to The John Marshall Law School (JMLS).

In that report, the audit team made three recommendations. Below, we discuss our response to those recommendations:

1. Remedy the \$647 difference in the February 1, 2013 drawdown.

JMLS response: This recommendation is really for the OJP. Our inquiries of the Department of Treasury indicated that the Department of Justice's remittance of \$22,574 was netted against a debit charge of \$647 submitted by a Veterans-related government office (office not specifically identified). Our request for further information has not yielded any reply. We have however, corrected our grant records to reflect a receipt of \$22,574 for that drawdown, and have recorded the \$647 as a charge to JMLS *separate from* grant records.

2. Remedy the \$15,455 in the unallowable hotel conference expenditures.

JMLS response: The hotel arrangements were the most feasible that could be had for a guaranteed block of rooms in the geographical area deemed most conducive to conference success. The charge (at actual cost) was inadvertently charged to the grant because the conference organizers were unaware of the cost limits specific to grant-funded conferences. Since the choice left to organizers was very limited, the conference organizers would have

315 South Plymouth Court Chicago, Illinois 60604

www.jmls.edu

opted to charge only the costs within the limits and have JMLS bear the difference. JMLS asks the DOJ to consider our alternative solution of allowing the cost up to the OJP Financial Guideline rate of \$166, as the nature of the expense is allowable and necessary to the success of the conference, which was a crucial component in the achievement of program objectives. See attached Schedule 1.

3. Ensure JMLS submits corrected FFRs for reporting periods December 30, 2010 through December 31, 2012.

JMLS response: During the fiscal year, JMLS Business Office posts costs to its general ledger based on the date paid with the exception that at JMLS's year-end of August 31, expenses are adjusted to reflect expenses so that the fiscal year also includes those expenses paid after August 31 but should have been included ("accrued for") on the basis of invoice date.

JMLS DOJ and Business Office staff members have prepared a schedule of revised FFRs based on expenses as they had been invoiced and will correct the FFRs as soon as the disposition of item #2 above has been determined by the OJP.

We thank the Department of Justice for the opportunity to participate in its grant programs. We are happy to note that our program's objectives have been achieved and awareness has been generated so that similar future programs will have an enhanced possibility of success.

If you have further questions, please do not hesitate to contact us at our email addresses brian.clauss@jmls.edu and csah@jmls.edu. We look forward to our continued collaboration with the Department of Justice.

Sincerely,



Brian Clauss, Executive Director
The John Marshall Law School
Veterans Legal Support Center and Clinic



Cynthia t. Sah
The John Marshall Law School
Chief Financial Officer

Schedule 1

Number of Attendees	Number of Days	Number of Attendee Days	Attendee Days at Allowable Rate of \$166 per room night	Attendee Days at Charged Rate of \$279 and \$43 city/state tax per room night	Variance
10	2	20	\$3,320	\$6,440	(\$3,120)
8	3	24	\$3,984	\$7,728	(\$3,744)
1	4	4	\$664	\$1,288	(\$624)
			<u>\$7,968</u>	<u>\$15,456</u>	
Total Proposed disallowed amount					(\$7,488)

U.S. DEPARTMENT OF JUSTICE RESPONSE



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

October 28, 2013

MEMORANDUM TO: Carol S. Taraszka
Regional Audit Manager
Chicago Regional Audit Office
Office of the Inspector General

FROM: /s/
Maureen A. Henneberg
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Bureau of Justice Assistance Grant Awarded to the John Marshall Law School Veterans Legal Support Clinic, Chicago, Illinois*

This memorandum is in reference to your correspondence, dated September 27, 2013, transmitting the above-referenced draft audit report for the John Marshall Law School Veterans Legal Support Clinic (JMLS). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **three** recommendations and **\$15,455** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

- 1. We recommend that OJP resolve the \$647 difference in the February 1, 2013 drawdown.**

OJP agrees with the recommendation. OJP researched the \$647 difference in the February 1, 2013 drawdown, and does not believe further action is needed. According to OJP's records, a drawdown of \$22,574 was disbursed to JMLS on February 1, 2013 (see Attachment). In its response to the draft audit report, JMLS acknowledged that the

U.S. Department of Treasury netted a \$647 JMLS veterans-related government office charge against the U.S. Department of Justice's remittance of \$22,574. As such, JMLS stated they have corrected their grant records to reflect receipt of the February 1, 2013 drawdown of \$22,574. Accordingly, the Office of Justice Programs requests closure of this recommendation.

2. We recommend that OJP remedy the \$15,455 in unallowable hotel conference expenditures.

OJP agrees with the recommendation. We will coordinate with JMLS to remedy the \$15,455 in unallowable hotel conference expenditures that were charged to grant number 2010-DD-BX-0685.

3. We recommend that OJP ensure JMLS submits corrected Federal Financial Reports for reporting periods December 30, 2010, through December 31, 2012.

OJP agrees with the recommendation. We will coordinate with JMLS to obtain a revised, final Federal Financial Report for grant number 2010-DD-BX-0685, to accurately reflect the cumulative Federal expenditures incurred, as of the end of the project period (i.e., August 31, 2013).

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

Attachment

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

Denise O'Donnell
Director
Bureau of Justice Assistance

Tracey Trautman
Deputy Director for Programs
Bureau of Justice Assistance

Amanda LoCicero
Budget Analyst
Bureau of Justice Assistance

Kerri Vitalo-Logan
Grant Program Specialist
Bureau of Justice Assistance

Leigh A. Benda
Chief Financial Officer

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

Jerry Conty
Assistant Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

Lucy Mungle
Manager, Evaluation and Oversight Division
Grants Financial Management Division
Office of the Chief Financial Officer

Richard P. Theis
Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number 2013-1636

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

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the John Marshall Law School (JMLS). JMLS's response letter is incorporated in Appendix III of this final report, and OJP's response is incorporated in Appendix IV of this final report.

The following provides the OIG analysis of the responses and a summary of actions necessary to close the report.

Recommendation Number:

1. **Closed.** In its response to our recommendation to resolve the \$647 difference in the February 1, 2013, drawdown, JMLS stated that its inquiries of the Department of Treasury indicated that the Department of Justice's remittance of \$22,574 was netted against a debit charge of \$647 submitted by a Veterans-related government office. JMLS also stated that it corrected its grant records to reflect a receipt of \$22,574 for that drawdown.

In its response, OJP stated that it concurred with our recommendation. OJP further stated that it did not believe further action was needed to resolve the \$647 difference in the February 1, 2013, drawdown, and requested closure of this recommendation. According to OJP's response, its records indicate that a drawdown of \$22,574 was disbursed to JMLS on February 1, 2013. OJP also noted that JMLS's response to the audit report acknowledged that the U.S. Department of the Treasury netted a \$647 JMLS veterans-related government office charge against the U.S. Department of Justice's remittance of \$22,574. OJP also noted that JMLS stated that it has corrected its grant records to reflect receipt of the February 1, 2013 drawdown of \$22,574.

We reviewed the documentation provided and believe it is sufficient to close this recommendation. Therefore, this recommendation is closed.

2. **Resolved.** In its response to our recommendation to remedy the \$15,455 in unallowable hotel conference expenditures that were charged to the grant, JMLS stated that the hotel arrangements were the most feasible solution available and that the conference

organizers were unaware of the cost limits specific to grant-funded conferences. JMLS also asked DOJ to consider an alternative solution of allowing the cost up to the allowable rate of \$166 because the conference was approved and a crucial component in the achievement of program objectives.

In its response, OJP stated that it concurred with our recommendation to remedy the \$15,455 in unallowable hotel conference expenditures that were charged to the grant.

This recommendation can be closed when we receive evidence that the \$15,455 in unallowable costs has been remedied in an appropriate manner.

3. **Resolved.** In its response to our recommendation to ensure that JMLS submits corrected Federal Financial Reports (FFR) for reporting periods December 30, 2010, through December 31, 2012, JMLS explained its process for posting costs to its general ledger. JMLS further stated that it has prepared a schedule of revised FFRs and will correct the FFRs following the disposition of recommendation 2.

OJP stated that it concurs with our recommendation to ensure that JMLS submits corrected Federal Financial Reports (FFR) for reporting periods December 30, 2010, through December 31, 2012. OJP stated that it would coordinate with JMLS to obtain a revised, final FFR that accurately reflects the cumulative federal expenditures incurred, as of the end of the project period.

We agree that JMLS should be required to submit an accurate, final FFR. We also believe JMLS should be required to re-submit corrected FFRs for reporting periods December 30, 2010, through December 31, 2012, because the expenditures listed on these FFRs were inaccurate. If OJP believes it is not necessary for JMLS to submit these corrected FFRs, it should officially inform JMLS that it is not required to do so.

This recommendation can be closed when we receive evidence that JMLS has submitted corrected FFRs for reporting periods December 30, 2010, through December 31, 2012, or OJP officially informs JMLS that it is not necessary for JMLS to do so and we receive evidence that JMLS has submitted a final, accurate FFR.