



Audit of the Office of Justice Programs Office of
Juvenile Justice and Delinquency Prevention Grants
Awarded to Youth Collaboratory,
Pittsburgh, Pennsylvania

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21-105

AUGUST 2021



EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Grants Awarded to Youth Collaboratory, Pittsburgh, Pennsylvania

Objectives

The Office of Justice Programs (OJP) Office of Juvenile Justice and Delinquency Prevention (OJJDP) awarded the Youth Collaboratory, Inc. (Youth Collaboratory) three grants totaling \$7,500,000 for the Mentoring Opportunities for Youth Initiative. The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether Youth Collaboratory demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

As a result of our audit, we concluded that Youth Collaboratory demonstrated adequate progress towards the grants' stated goals and objectives. This audit did not identify significant concerns regarding Youth Collaboratory's financial management program performance and reporting, grant financial management, drawdowns, budget management and control, financial reporting, and most of its expenditures. However, we found that Youth Collaboratory did not comply with essential award conditions related to special conditions, subrecipient monitoring, subrecipient costs, personnel costs, and contract and consultant costs.

Recommendations

Our report contains four recommendations to OJP. We requested a response to our draft audit report from the OJP and the Youth Collaboratory, which can be found in Appendices 2 and 3, respectively. Our analysis of those responses is included in Appendix 4.

Audit Results

The purpose of the three OJJDP grants we reviewed were to strengthen and enhance mentoring opportunities for young people. The project period for the grants was from October 2016 through September 2022. As of November 2019, Youth Collaboratory had drawn down \$3,079,000 of the total grant fund awards.

Program Goals and Accomplishments

We determined that there were no indications that Youth Collaboratory was not making adequate progress towards achieving its goal of improving outcomes and meeting its objectives for mentoring young people.

Special Conditions

We found that Youth Collaboratory did not adequately document that its subrecipients were completing background checks for its mentors.

Subrecipient Monitoring

We found that Youth Collaboratory did not consistently adhere to its own policy of collecting supporting documentation for expenditures made by its subrecipients. We also found it did not document its review or demonstrate how the supporting documentation reconciled with its subrecipient requests for reimbursement.

Personnel Costs

We found that Youth Collaboratory used grant funding to pay salary rates that were significantly higher than those associated with the underlying grant related duties, and approximately \$600 more than the approved position's rate.

Contract and Consultant Costs

We found that Youth Collaboratory did not consistently ensure that its consultants provided required time and effort reports. We also found Youth Collaboratory did not ensure its consultant's compensation was reasonable by comparing for similar services within the marketplace.

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Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three grants awarded by the Office of Justice Programs (OJP) Office of Juvenile Justice and Delinquency Prevention (OJJDP) to the Youth Collaboratory, Inc. (Youth Collaboratory) in Pittsburgh, Pennsylvania. Youth Collaboratory was awarded three grants totaling \$7,500,000, as shown in Table 1, through the Mentoring Opportunities for Youth Initiative.

Table 1

Grants Awarded to Youth Collaboratory

| Award Number | Program Office | Award Date | Project Period Start Date | Project Period End Date | Award Amount |
|------------------------------|----------------|------------|---------------------------|-------------------------|--------------|
| 2016-JU-FX-0027 | OJJDP | 9/27/2016 | 10/1/2016 | 9/30/2019 | \$2,000,000 |
| 2017-JU-FX-0004 | OJJDP | 9/6/2017 | 10/1/2017 | 9/30/2020 | \$1,500,000 |
| 2019-JU-FX-0013 ^a | OJJDP | 9/19/2019 | 10/1/2019 | 9/30/2022 | \$4,000,000 |
| Total: | | | | | \$7,500,000 |

^a At the time of our audit, Youth Collaboratory had not begun to expend the FY 2019 award.

Source: OJP'S Grant Management System

Funding through the Mentoring Opportunities for Youth Initiative was intended to strengthen and expand mentoring activities for young people. According to OJP's Mentoring Practice Profile, mentoring has been shown to improve academic performance and/or social or job skills, support behavioral or other personal development, and reduce consumption of alcohol and other drugs. OJP awarded Youth Collaboratory the grants, listed in Table 1, to fund and manage mentoring programs operated by 20 nonprofits around the country.

The Grantee

According to Youth Collaboratory's website, it was founded by a small group of providers who aimed at strengthening outcomes for young people at high risk for victimization and/or delinquency. Youth Collaboratory has partnered with over 200 nonprofit organizations that provide mentoring and other services in nearly every state. Through these partnerships, Youth Collaboratory has shared its expertise with local level nonprofits and helped those organizations focus on strengthening outcomes for young people.

Acting as the pass-through entity for grant funds to the local nonprofit organizations, Youth Collaboratory was responsible for overseeing the mentoring organizations to ensure they achieved the goals and objectives of the grants.

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supportable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether the grantee demonstrated adequate progress towards achieving the

program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

We tested compliance with what we consider to be the most important conditions of the grants. The DOJ Grants Financial Guide, 2014 OJP Financial Guide, and the award documents contained the primary criteria we applied during the audit.

The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology.

Audit Results

Program Performance and Accomplishments

We reviewed required performance reports, interviewed Youth Collaboratory officials, and reviewed Youth Collaboratory's performance-related documents to determine whether Youth Collaboratory demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed progress reports to determine if the submitted reports were accurate. Finally, we reviewed Youth Collaboratory's compliance with a special condition identified in the awards.

Program Goals and Objectives

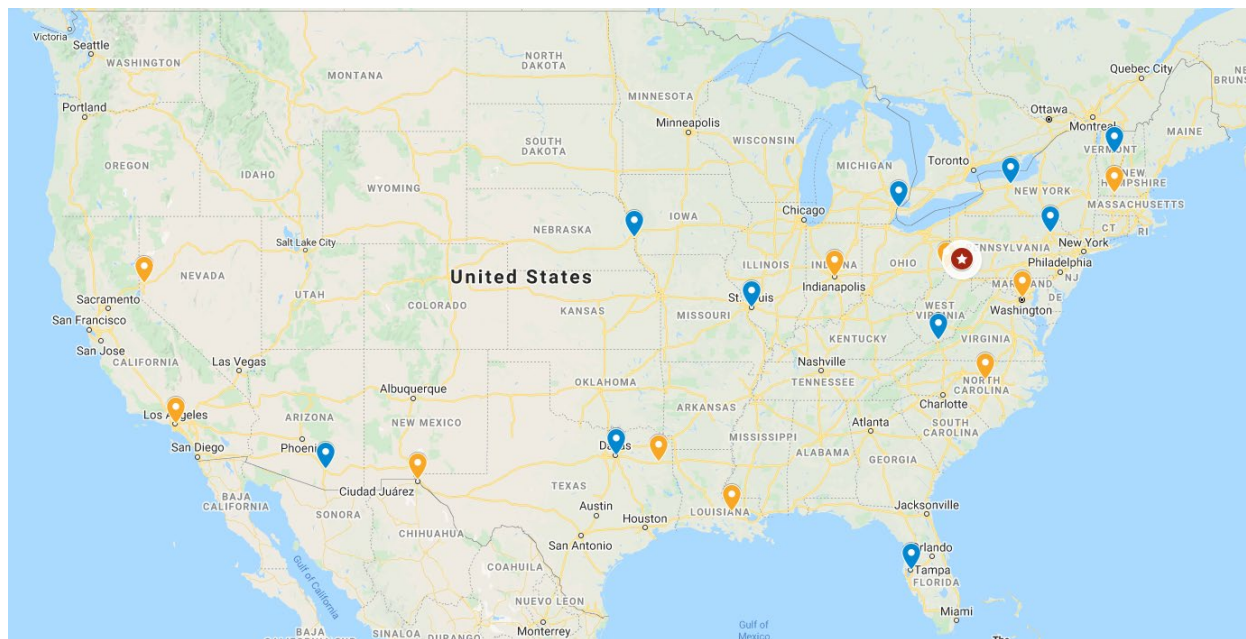
The performance goals of all three grants were to improve outcomes, such as improved academic performance and reduced school dropout rates for at-risk, high-risk, or underserved young people; and to reduce negative outcomes (including juvenile delinquency and gang participation) through mentoring. In order to achieve these goals, Youth Collaboratory's program objectives were to (1) provide quality mentoring services tailored to the needs of the identified at-risk, high-risk, or underserved young people target population, and (2) support mentoring programs with research and evidence on effective mentoring practices.

Youth Collaboratory's strategy for achieving the goals and objectives of these grants was based on partnering with many mentoring programs operating across the nation. Youth Collaboratory did not mentor young people itself but instead provided grant funding to nonprofit organizations who in turn provided mentoring services. By using grant funding to make subawards, Youth Collaboratory served as the pass-through entity, and was required to oversee the day-to-day operations of its subrecipients to ensure that they achieve grant goals and objectives.

With the 2016-JU-FX-0027 and 2017-JU-FX-0004 awards, we found Youth Collaboratory managed mentoring programs through 20 nonprofit organizations across the nation. As of December 2019, Youth Collaboratory had not selected any subrecipients for the 2019-JU-FX0013 award, but it plans to expand by an additional 15 nonprofit organizations.

Figure 1

Locations of Subrecipient Nonprofit Organizations Receiving Pass-Through Funding



Source: OIG Analysis of Youth Collaboratory's Data

The first program objective was to provide quality mentoring services tailored to the needs of the identified at-risk, high-risk, or underserved target population. To reach this objective, Youth Collaboratory provided a written policy manual to define mentoring services and help subrecipients identify target populations. Youth Collaboratory staff, including Technical Assistance (TA) Managers, were to routinely have in-person and remote meetings with subrecipient staff to provide guidance and feedback on the program performance. These activities were to be documented in performance monitoring reports. In addition, Youth Collaboratory hired a training consultant to provide virtual and in-person training to further support enhancing mentoring practices.

For the second program objective, Youth Collaboratory was required to support its mentoring program with research and evidence on mentoring practices. Youth Collaboratory conducted surveys with mentored young people. These surveys provided feedback on subrecipients for Youth Collaboratory to measure. Additionally, its subrecipients recorded details of mentoring services in a performance database that Youth Collaboratory accumulated and analyzed for researching mentoring practices.

We determined there were no indications that Youth Collaboratory was not making adequate progress towards achieving its goal of improving outcomes and meeting its two objectives for mentoring young people. Based on our review, Youth Collaboratory had a well-designed process of ensuring its subrecipients made adequate progress towards achieving grant goals and objectives.

Required Performance Reports

According to the DOJ Grants Financial Guide and the 2014 OJP Financial Guide, funding recipients should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in program solicitations. To verify the information in progress reports, we selected a sample of eight performance measures from three reports submitted for the grants we audited. We then traced the reported amounts to supporting documentation maintained by Youth Collaboratory.

Based on our progress report testing, we did not identify any instances where the accomplishments described in the required reports did not match the supporting documentation.

Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the awards. We reviewed the special conditions for each grant to identify requirements that we consider significant, but are not addressed in another section of this report. As the purpose of the grants was to provide mentoring services to young people, we selected for evaluation a special condition that required background checks for individuals working with minors.

OJP attached special conditions to these awards that require Youth Collaboratory, the pass-through entity, and its subrecipients to evaluate the suitability of individuals with direct, substantial contact with minors. This includes reviewing mentors' background checks, such as criminal background and child safety checks obtained from law enforcement agencies.

During our audit, we found that Youth Collaboratory has in place policies and procedures to inform its subrecipients about requirements to determine the suitability of individuals with direct, substantial contact with minors. We also found that while Youth Collaboratory's subrecipient monitoring reports indicated some review of subrecipient records related to background checks for subrecipients' mentors, these reports were not sufficiently detailed to identify which particular background checks subrecipients completed for its mentors and whether these checks were completed prior to a mentor's interaction with minors.

In addition, Youth Collaboratory's subrecipients were also required to update background searches, reexamine and, if appropriate, modify or withdraw suitability determinations every 5 years. In Youth Collaboratory's monitoring reports, we found that it was not clear whether subrecipients performed adequate and appropriate criminal background screening procedures on individuals every 5 years.

Based on our review, we recommend OJP ensure Youth Collaboratory improves its documentation to demonstrate its subrecipients are adhering to OJP's determination of suitability requirements.

Grant Financial Management

According to the DOJ Grants Financial Guide and the 2014 OJP Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records, and to accurately account for funds awarded to them. To assess Youth Collaboratory's financial management of the grants covered by this audit, we conducted interviews with financial staff, examined policies and procedures, and inspected award documents to determine whether Youth Collaboratory

adequately safeguarded the grant funds we audited. We also reviewed Youth Collaboratory's Single Audit Reports for 2015 through 2018 to identify internal control weaknesses and significant non-compliance issues related to federal awards.¹ Finally, we performed testing in the areas that were relevant for the management of this grant, as discussed throughout this report.

Based on our review, we did not identify significant concerns related to Youth Collaboratory's management of its accounting systems.

Subrecipient Monitoring

According to the Financial Guides, the purpose of subrecipient monitoring is to ensure that subrecipients: (1) use grant funds for authorized purposes; (2) comply with the federal program and grant requirements, laws, and regulations; and (3) achieve subaward performance goals. Youth Collaboratory relied on 20 nonprofit organizations to provide mentoring services to young people in multiple states.² To assess Youth Collaboratory's subrecipient monitoring, we interviewed Youth Collaboratory personnel, identified monitoring procedures, and reviewed Youth Collaboratory's monitoring reports.

As a pass-through entity, Youth Collaboratory was required to evaluate the risk posed by prospective subrecipients. We found that Youth Collaboratory's subrecipient risk assessment included reviewing each subrecipient's past performances and prior audit results. We also found that Youth Collaboratory authorized subrecipients to use grant funding for specific purposes by creating and monitoring subrecipient budgets and communicated to subrecipients the program and grant requirements in written formal agreements. Based on our review, Youth Collaboratory complied with requirements in evaluating risks posed by prospective subrecipients.

After selecting subrecipients for subawards, Youth Collaboratory was required to continually monitor its subrecipients to determine whether they are fiscally responsible and suitable to spend federal grant funds. Youth Collaboratory monitored subrecipients' fiscal health over the life of the subaward by reviewing required audits.

Per written agreements for both 2016 and 2017 subrecipients were required to request reimbursement by submitting Sub-grantee Monthly Financial Report and Reimbursement Requests (SMFR). While subrecipients were not instructed to submit supporting documentation such as payroll registers and copies of invoices along with the SMFR, subrecipients were advised that this type of documentation must be preserved for financial monitoring during the agreement period.

Youth Collaboratory's subrecipient reimbursement monitoring process was collectively based on continual discussions between financial management staff and the TA Managers. During these site visits Youth

¹ Under 2 C.F.R. §200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), such entities that expend \$750,000 or more in federal funds within the entity's fiscal year must have a "single audit" performed annually covering all federal funds expended that year.

² Youth Collaboratory distributed 2016-JU-FX-0027 subawards to ten subrecipients and 2017-JU-FX-0004 subawards to ten subrecipients. At the time of our audit, Youth Collaboratory had not selected any subrecipients for the 2019-JU-FX-0013 award.

Collaboratory's TA Managers focused on inspecting performance issues, but they also collected supporting documentation for review by the financial department staff. Although Youth Collaboratory's TA Managers were collecting support, its financial team did not provide adequate documentation that it reviewed the collected supporting documentation.

For the 2016-JU-FX-0027 award, we found that Youth Collaboratory staff did not collect or review any documentation supporting the SMFR submitted by these subrecipients.

For the 2017-JU-FX-0004 award, we found that Youth Collaboratory staff collected supporting documentation during on-site visits. Although Youth Collaboratory collected supporting documentation, it did not document its review or demonstrate how the supporting documentation reconciled with reimbursement requests.

For the 2019-JU-FX-0013 award, Youth Collaboratory officials told us that it planned to collect supporting documentation for all expenditures associated with all reimbursement requests from subrecipients.

We recommend OJP ensure Youth Collaboratory implements its policies and procedures it revised related to monitoring subrecipient expenditures to include documentation that expenditure support reconciles to reimbursement requests.

Grant Expenditures

For Grant Numbers 2016-JU-FX-0027 and 2017-JU-FX-0004, Youth Collaboratory's approved budgets included subgrants to subrecipients, personnel, travel, contractors and consultants, and indirect cost expenditures. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions. Between October 10, 2016, and September 30, 2019, Youth Collaboratory fully expended \$2 million for its 2016-JU-FX-0027 grant and recorded \$1,122,514 in expenditures for its 2017-JU-FX-0004 grant. We reviewed documentation, accounting records, and performed verification testing related to grant expenditures.

Subrecipient Costs

During our fieldwork, Youth Collaboratory had not selected or reimbursed any subrecipient's costs to the 2019-JU-FX-0013 award. As for the 2016-JU-FX-0027 and 2017-JU-FX-0004 awards, Youth Collaboratory charged \$2,248,062 in subrecipient costs to the awards, or 72%, of the total grant award drawdowns were expended for Youth Collaboratory's subrecipients to provide direct mentoring programs to young people. In the two combined awards, Youth Collaboratory had 20 distinctive subrecipients, 10 for each grant award. As discussed above, Youth Collaboratory did not retain any supporting documentation for any of its 10 subrecipients in its 2016-JU-FX-0027 award. In its 2017-JU-FX-0004 award, Youth Collaboratory requested and retained support only during periods when any 1 of the 10 subrecipients was selected for an on-site visit.

We reviewed six reimbursement requests totaling \$34,383 to determine if the costs were allowable, allocable, necessary, and reasonable. Of the \$34,383 we reviewed, 2 of the 6 reimbursement requests, totaling \$9,947, did not have adequate support to reconcile personnel and fringe benefit charges to the reimbursement requests. We also found one subrecipient did not provide signed and approved timesheets to support \$2,119 personnel and fringe benefit charges. After discussing the results of our testing with

Youth Collaboratory officials, they told us they were able to obtain additional documentation regarding these expenditures from its subrecipients that Youth Collaboratory did not initially collect or review. We reviewed this supplemental information and determined that it adequately supported the expenditures we identified as unsupported in our testing.

Based on our review, we found that the subrecipient costs claimed by Youth Collaboratory that we tested were allowable, supported, calculated accurately, properly allocated, and necessary to the awards. However, as we have addressed in the subrecipient monitoring section above, we recommend OJP ensure Youth Collaboratory implements its policies and procedures to include documentation that expenditure support reconciles to reimbursement requests.

Personnel Costs

Youth Collaboratory charged \$376,259 in personnel costs and \$41,941 in fringe benefit costs to the awards, totaling \$418,200, or 12 percent of the combined awards. Within the salary category charged to the award, Youth Collaboratory included Project Director, TA Managers, Operations & Events Coordinators, Director of Finance, and other necessary staff members. As part of our sample, we reviewed two payroll transactions totaling \$20,248, which included salary expenditures for two non-consecutive pay periods. We determined all salary charges tested were allowable and necessary per grant budgets, appropriately supported, and properly allocated.

However, we found that Youth Collaboratory had charged the grant for salary at rates significantly higher than those salary rates associated with the underlying grant-related duties. Specifically, Youth Collaboratory had assigned a senior level manager to perform the grant-related duties of lower level staff identified in the grant budget. Rather than apply the salary rates commensurate with the work performed, Youth Collaboratory charged the grant for the senior level manager's full salary rate, which was approximately 65 percent higher.

While the amount of grant charges, approximately \$600, was not significant enough to question, we recommend that OJP ensure Youth Collaboratory implements controls to ensure that grants are charged for salary rates that are reasonable and commensurate for the underlying functions approved in the grant budget.

We also found that Youth Collaboratory had an approved fringe benefit rate provided by its indirect cost agreement. We reviewed the fringe benefit charges associated with the salaries tested to determine if Youth Collaboratory accurately calculated and charged its fringe benefits to the grants. Based on our review, we found Youth Collaboratory's calculation of its fringe benefits were allowable and supported.

Travel Costs

Youth Collaboratory charged \$56,878 in travel costs to the award, or 2 percent of the total 2016-JU-FX-0027 and 2017-JU-FX-0004 awards. Travel costs were used by Youth Collaboratory's monitoring teams to conduct on-site monitoring of subrecipients and provide training. During these on-site visits, the monitoring teams inspect the required background checks, conduct performance audits, and collect financial documents. As part of our testing, we reviewed 23 transactions, totaling \$3,921 which included airfare, lodging, ground transportations, parking, and per diem to determine if travel charges were allowable, supported, calculated accurately, properly allocated, and necessary to the award.

Based on our review, we found that the travel costs claimed by Youth Collaboratory that we tested were allowable, supported, calculated accurately, properly allocated, and necessary to the awards.

Contractor and Consultant Costs

Youth Collaboratory charged \$16,934 in contractor and consultant costs to the combined awards. Within the contractor and consultant category charged to the award, Youth Collaboratory included in-person training for its subrecipients, virtual/remote training, technical assistance, and an information technology consultant.

As part of our sample, we reviewed two transactions totaling \$4,650, which consisted of payments to two consultants, to determine if the charges were allowable, supported, calculated accurately, properly allocated, and necessary to the award. We also reviewed Youth Collaboratory's procurement practices to acquire these services. Based on our testing of the contractor and consultant expenditures, we determined the expenditures sampled were allowable, allocable, and necessary. However, we identified issues regarding support and reasonableness.

In accordance with DOJ Grants Financial Guide, time and effort reports that state actual hours a consultant worked in relation to the scope of the agreement are required for consultants. The hired consultant charged \$1,025 to the grant for providing two trainings and presentations to subrecipients. Youth Collaboratory was unable to provide time and effort reports for this consultant, because the consultant never prepared and submitted the report as part of the reimbursement request. Although Youth Collaboratory could not provide the required time and effort reports for the consultant, we were provided evidence of the training to assert that the consultant did provide the training course for the period charged to the grant. Based on this ancillary support, we did not question the consultant costs.

Youth Collaboratory officials told us that the consultant was a sole source and justified contractor because the consultant was experienced and familiar with the mentoring program's needs. The officials added that it was difficult to replace the consultant's knowledge and expertise with new consultants. While Youth Collaboratory had basis for its sole source selection of this consultant, it could not demonstrate any comparison for similar services within the marketplace demonstrating that the consultant's compensation was reasonable.

In addition, Youth Collaboratory agreed to pay the consultant the OJP maximum consultant rate of \$650 per day. The DOJ Grants Financial Guide had stated the maximum limit does not mean that the rate can or should be the rate used for all consultants. Without marketplace comparison, we could not determine that

the consultant rate was reasonable. Youth Collaboratory officials said they were familiar and confident that the consultant was charging a lesser rate than her normal rate for the services provided. Youth Collaboratory officials agreed to improve collecting time and effort reports and document a marketplace comparison in the future.

We recommend that OJP work with Youth Collaboratory to ensure it strengthens its policies and procedures related to retaining time and effort reports for consultants, and ensure compensation is reasonable and consistent with similar services in the marketplace.

Indirect Costs

Indirect costs are costs of an organization that are not readily assignable to a particular project but are necessary to the operation of the organization and the performance of the project. Non-federal entities can use an indirect cost rate that was approved by a federal awarding agency for all federal awards provided the rate is current and based on an acceptable allocation method.

Youth Collaboratory had approved indirect cost rates for the awards in our audit. Collaboratory charged \$352,926 in indirect costs to the awards. We determined that Youth Collaboratory used the proper approved rates for each fiscal year in the award, used a correct direct cost base, and calculated the indirect cost accurately.

Budget Management and Control

According to the DOJ Grants Financial Guide and the 2014 OJP Financial Guide, recipients are responsible for establishing and maintaining adequate accounting systems, which include the ability to compare actual expenditures or outlays with budgeted amounts for each award. Additionally, grant recipients must initiate a Grant Adjustment Notice for a budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total award amount.

We compared grant expenditures to the approved budgets to determine whether Youth Collaboratory transferred funds among budget categories in excess of 10 percent. We determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent.

Drawdowns

According to the DOJ Grants Financial Guide and the 2014 OJP Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. According to Youth Collaboratory's practices and our interviews with Youth Collaboratory's officials, drawdown requests were made biweekly or monthly, and on a reimbursement basis.

Youth Collaboratory drawdown requests totaled \$1,993,000 for the 2016-JU-FX-0027 award, and \$1,086,000 for the 2017-JU-FX-0004 award on a reimbursement basis with no pay advances. To assess whether Youth

Collaboratory managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records.

During this audit, we did not identify significant deficiencies related to the recipient's process for developing drawdown requests.

Federal Financial Reports

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report, as well as cumulative expenditures. For the periods between October 2016 and January 2020, Youth Collaboratory submitted a total of 13 Federal Financial Reports (FFR) for its 2016-JU-FX-0027 award. Additionally, between October 2017 and October 2019, Youth Collaboratory submitted a total of 8 FFRs for its 2017-JU-FX-0004 award. To determine whether Youth Collaboratory submitted accurate FFRs, we compared three recent reports to Youth Collaboratory's accounting records for each grant, 2016-JU-FX-0027 and 2017-JU-FX-0004 award.

We determined that quarterly and cumulative expenditures for the reports reviewed matched the accounting records.

Conclusion and Recommendations

As a result of our audit testing, we conclude that Youth Collaboratory did not adhere to all of the grant requirements we tested, but demonstrated adequate progress towards achieving the grants' stated goals and objectives, except for several discrepancies or instances of noncompliance. We did not identify significant issues regarding Youth Collaboratory's program performance and reporting, grant financial management, drawdowns, budget management and control, financial reporting, and most of its expenditures. However, we found that the Youth Collaboratory did not comply with essential award conditions related to special conditions, subrecipient costs, personnel costs, and contract and consultant costs. We provide four recommendations to Youth Collaboratory to address these deficiencies.

We recommend that OJP:

1. Ensure Youth Collaboratory improves its documentation to demonstrate its subrecipients are adhering to OJP's determination of suitability requirements.
2. Ensure Youth Collaboratory improves its policies and procedures related to monitoring subrecipient expenditures to include documentation that expenditure support reconciles to reimbursement requests.
3. Ensure Youth Collaboratory implements controls to ensure that grants are charged for salary rates that are reasonable and commensurate for the underlying functions approved in the grant budget.
4. Ensure Youth Collaboratory strengthens its policies and procedures related to retaining time and effort reports and ensure the compensation is reasonable and consistent with similar services in the marketplace.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

Scope and Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This was an audit of OJJDP grants awarded to the Youth Collaboratory, Inc. (Youth Collaboratory) under the Funding through the Mentoring Opportunities for Youth Initiative. 2016-JU-FX-0027, 2017-JU-FX-0004, and 2019-JU-FX-0013 for \$2,000,000, \$1,500,000, and \$4,000,000 respectively, and as of November 2019, had drawn down \$3,079,000 of the total grant funds awarded. Our audit concentrated on but was not limited to September 2016, the award date for Grant Number 2016-JU-FX-0027, through March 2021, the last day of our audit work.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of Youth Collaboratory's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including subrecipient charges, personnel charges, travel charges, contract and consultant charges, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The DOJ Grants Financial Guide, 2014 OJP Financial Guide, and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System as well as Youth Collaboratory's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems were verified with documentation from other sources.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of Youth Collaboratory to provide assurance on its internal control structure as a whole. Youth Collaboratory’s management is responsible for the establishment and maintenance of internal controls in accordance with OMB Circular A-123, 2 C.F.R. §200. Because we do not express an opinion on the Youth Collaboratory’s internal control structure as a whole, we offer this statement solely for the information and use of the Youth Collaboratory and OJP.³

In planning and performing our audit, we identified the following internal control components and underlying internal control principles as significant to the audit objectives:

| Internal Control Components & Principles Significant to the Audit Objectives | |
|--|--|
| Control Environment Principles | |
| | Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives. |
| Control Activity Principles | |
| | Management should design control activities to achieve objectives and respond to risks. |
| | Management should design the entity’s information system and related control activities to achieve objectives and respond to risks. |
| | Management should implement control activities through policies. |
| Information & Communication Principles | |
| | Management should use quality information to achieve the entity’s objectives. |

We assessed the design, implementation, and operating effectiveness of these internal controls and identified deficiencies that we believe could affect Youth Collaboratory’s ability to effectively and efficiently operate, to correctly state financial and performance information, and to ensure compliance with laws and regulations. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

³ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2: The Office of Justice Programs Response to the Draft Audit Report



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

June 17, 2021

MEMORANDUM TO: Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
Office of the Inspector General

FROM: Ralph E. Martin
Director *Ralph E. Martin*

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Office of Juvenile Justice and Delinquency Prevention Grants Awarded to Youth Collaboratory, Pittsburgh, Pennsylvania*

This memorandum is in reference to your correspondence, dated May 10, 2021, transmitting the above-referenced draft audit report for Youth Collaboratory. We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains four recommendations and no questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by OJP's response.

1. **We recommend that OJP ensure Youth Collaboratory improves its documentation to demonstrate its subrecipients are adhering to OJP's determination of suitability requirements.**

OJP agrees with the recommendation. We will coordinate with Youth Collaboratory to obtain a copy of its written policies and procedures, developed and implemented, to ensure they require subrecipients to adhere to the grant special condition on determinations of suitability to interact with participating minors (August 2019).

2. **We recommend that OJP ensure Youth Collaboratory improves its policies and procedures related to monitoring subrecipient expenditures to include documentation that expenditure support reconciles to reimbursement requests.**

OJP agrees with the recommendation. We will coordinate with Youth Collaboratory to obtain a copy of its written policies and procedures, revised and implemented, to strengthen its process related to monitoring subrecipient expenditures; and ensure that documentation supporting expenditures is reconciled to reimbursement requests.

3. **We recommend that OJP ensure Youth Collaboratory implements controls to ensure that grants are charged for salary rates that are reasonable and commensurate for the underlying functions approved in the grant budget.**

OJP agrees with the recommendation. We will coordinate with Youth Collaboratory to obtain a copy of written policies and procedures, developed and implemented, to ensure that salary rates charged to Federal grants are reasonable and commensurate for the underlying functions approved in the grant budget.

4. **We recommend that OJP ensure Youth Collaboratory strengthen its policies and procedures related to retaining time and effort reports and ensure the compensation is reasonable and consistent with similar services in the marketplace.**

OJP agrees with the recommendation. We will coordinate with Youth Collaboratory to obtain a copy of its written policies and procedures, developed and implemented, to ensure that time and effort reports are retained for all consultants paid under Federal grants, and their compensation is reasonable and consistent with similar services in the marketplace.

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

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OJP Executive Secretariat
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APPENDIX 3: The Youth Collaboratory Response to the Draft Audit Report⁴



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June 1, 2021

Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
701 Market St. Suite 2300
Philadelphia, Pennsylvania 19106
VIA Electronic Mail at: Thomas.O.Puerzer@usdoj.gov

Dear Mr. Puerzer,

Youth Collaboratory is appreciative of the Office of Inspector General for their thorough and thoughtful review of our OJJDP mentoring program grants. This provides great insight in how to improve and strengthen our program practices.

As requested, we have outlined each recommendation and provided a response with corresponding documentation as appropriate.

Recommendations

1. **Ensure Youth Collaboratory improves its documentation to demonstrate its subrecipients are adhering to OJP's determination of suitability requirements.**

Youth Collaboratory **DOES NOT CONCUR** with this recommendation.

The Determination of Suitability special condition was effective starting with the 2019-JU-FX-0013 grant, therefore for the 2016-JU-FX-0027 and 2017-JU-FX-0004 grants, Youth Collaboratory was in compliance with the guidance as it was established at the point.

For 2016-JU-FX-0027 and 2017-JU-FX-0004 grants Youth Collaboratory outlined all requirements through Subgrantee Agreements (including agreement to abide by Special Conditions of the awards, which was attached to the Subgrantee Agreement), and in the Program Manual for each respective grant. In addition, during programmatic monitoring, background check requirements were confirmed through a case file audit. For the 2016 and 2017 grants, we required all mentors to complete background checks that included federal, state, and local criminal background checks, as well as a sex offender registry check, child abuse registry, and a DMV check. Prior to entering mentors into the Information Management System (database), subgrantee program staff had to confirm that the mentor had completed each of these background checks (including in-person interviews and 3 reference checks). Additionally, when on-site for programmatic monitoring, individual case files were reviewed by Youth Collaboratory for a random selection of mentors to confirm that background checks were completed and the results documented.

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⁴ Attachments to this response were not included in this final report.

Youth Collaboratory responded to **Special Condition 15: Determination of suitability to interact with participating minors** in the 2019-JU-FX-0013 grant in the following ways:

- Updated Subgrantee Agreements (Attachment A) to include the additional background check requirements, including the additional requirement of fingerprinting individuals who interact with minors.
- Subgrantees were provided with a copy of the full Special Conditions (Attachment B) along with their subgrantee agreements for review and signature (in the Subgrantee Agreement).
- Updated Program Manual (Attachment C) to reflect expanded background check requirements.
- Continue to require confirmation of background checks as part of entering mentors into the Information Database System.
- Programmatic Monitoring materials, particularly Mentor Case Files Audit (Attachment D), were updated to include a review of fingerprinting results.

At the time of audit, we had not yet begun our programmatic monitoring reviews for 2019-JU-FX-0013, at which time we would have reviewed mentor and staff files for compliance.

Moving forward, Youth Collaboratory will update Subgrantee Agreements and Program Manuals to reflect a requirement that background checks occur minimally every 5 years. Signed and updated agreements will be on file for all current subrecipients by September 30, 2021.

2. **Ensure Youth Collaboratory improves its policies and procedures related to monitoring subrecipient expenditures to include documentation that expenditure support reconciles to reimbursement requests.**

Youth Collaboratory **DOES NOT CONCUR** with this recommendation.

The 2016 grant operated under the [2014 DOJ Financial Guide](#) (Section 3.14) which provides the following recommendations for subgrantee monitoring:

Some of the mechanisms you may use to monitor subrecipient activities throughout the year are the following:

- *Review monthly financial and performance reports submitted by the subrecipient.*
- *Perform subrecipient site visits to examine financial and programmatic records and observe operations.*
- *Review detailed financial and program data and information submitted by the subrecipient when no site visit is conducted. Documents to review might include timesheets, invoices, contracts, and ledgers that tie back to financial reports.*
- *Regular communication with subrecipients and appropriate inquiries concerning program activities.*

Based on the guidance, for the 2016-JU-FX-0027 award, all subrecipients submitted monthly financial reports for review, and participated in annual remote financial monitoring (The *Draft Audit Report* identifies onsite financial monitoring visits, which did not occur. Onsite monitoring was primarily for program performance; financial monitoring was conducted separately and remotely through a secured server through which documentation was collected) to examine financial records and back-up

documentation. During those remote financial monitoring visits, detailed financial data was reviewed (including, but not limited to: timesheets, invoices, contracts, and ledgers). See a sample letter (Attachment E) provided to subrecipients as part of the remote financial monitoring visits, as well as the financial review section of the subrecipient monitoring handbook (Attachment F). When instances of concern occurred, the Director of Finance reached out directly to subrecipients.

In regards to the 2017-JU-FX-0004 grant, Youth Collaboratory adjusted our internal practices once the [2017 DOJ Financial Guide](#) was released. This included requesting supporting documentation for monthly reimbursements from subrecipients. Youth Collaboratory was in compliance with the mandatory practices for subrecipient monitoring as the Financial Guide states in Section 3.14 through the remote site visit process:

Subrecipient monitoring by the pass-through entity must include:

- *Reviewing financial and performance reports submitted by the subrecipient;*
- *Following-up and ensuring the subrecipient takes action to address deficiencies found through audits, onsite reviews, and other means, and*
- *Issuing a management decision for audit findings pertaining to the award (see below, and 2 C.F.R. § 200.521 (c)).*

In 2019-JU-FX-0013 Youth Collaboratory updated its practices to include the Financial Guide's "Best Practices" for requiring supporting documentation for monthly invoices. These updates can be seen in the training provided to all subrecipients with mandatory viewing- see slide 13 of the PPT (Attachment G). The requirement for supporting documentation was also included on the bottom of all reimbursement request forms (Attachment H).

Youth Collaboratory will ensure that the Program Manual section on Grants Management is updated to reflect monthly submission of supporting documentation, to correspond with the financial procedures, by June 30, 2021.

3. **Ensure Youth Collaboratory implements controls to ensure that grants are charged for salary rates that are reasonable and commensurate for the underlying functions approved in the grant budget.**

Youth Collaboratory **DOES NOT CONCUR** with this recommendation.

In the instance identified, the Executive Director responded to grant related tasks that required their expertise. It is not the standard practice of Youth Collaboratory to engage senior level staff not listed in the grant unless it is absolutely necessary.

Moving forward, Youth Collaboratory will continue to ensure that only staff members who are listed as part of the grant budget participate in regular grant related activities.

4. **Ensure Youth Collaboratory strengthens its policies and procedures related to retaining time and effort reports and ensures the compensation is reasonable and consistent with similar services in the marketplace.**



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Youth Collaboratory **CONCURS** with this recommendation.

Youth Collaboratory will update its policies and procedures to provide clear guidance related to ensuring time and effort documentation clearly specify hours and effort, even when the activity is one in which a Youth Collaboratory staff member oversees the activity in real time. Additionally, Youth Collaboratory will update its policies and procedures to specifically document comparable marketplace rates that are identified during the contracting process. This will be completed by June 30, 2021.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Blondin", is positioned above the printed name.

Megan Blondin
Executive Director, Youth Collaboratory

APPENDIX 4: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and Youth Collaboratory, Inc. (Youth Collaboratory). OJP's response is incorporated in Appendix 2 and Youth Collaboratory's response is incorporated in Appendix 3 of this final report. In response to our draft audit report, OJP agreed with our recommendations and, as a result, the status of the audit report is resolved. Youth Collaboratory did not concur with three recommendations and concurred with one recommendation. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Ensure Youth Collaboratory improves its documentation to demonstrate its subrecipients are adhering to OJP's determination of suitability requirements.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Youth Collaboratory to obtain a copy of its written policies and procedures, developed and implemented, to ensure it requires subrecipients to adhere to the grant special condition on determinations of suitability to interact with participating minors (August 2019).

Youth Collaboratory did not concur with our recommendation and stated in its response, "(t)he Determination of Suitability special condition was effective starting with the 2019-JU-FX-0013 grant, therefore for the 2016-JU-FX-0027 and 2017-JU-FX-0004 grants, Youth Collaboratory was in compliance with the guidance as it was established at the point." Youth Collaboratory further stated that "(f)or the 2016 and 2017 grants, we required all mentors to complete background checks that included federal, state, and local criminal background checks, as well as a sex offender registry check, child abuse registry, and a DMV check." In addition, during on-site monitoring, case files were reviewed by Youth Collaboratory staff to confirm background checks were completed and the results documented.

We disagree with Youth Collaboratory's response that it had met requirements for the 2016 and 2017 grants because the Determination of Suitability special condition was not in effect at the time of those grants and that it complied with guidance that was established at that point. As discussed in the report, Youth Collaboratory could not demonstrate that its oversight of background checks by its subrecipients met the requirements for the awards we audited. We noted that Youth Collaboratory's subrecipient monitoring reports indicated some review of records related to background checks for mentors. However, we also noted that, "these reports were not sufficiently detailed to identify which particular background checks subrecipients completed for its mentors and whether these checks were completed prior to a mentor's interaction with minors." This analysis was not specific to the Determination of Suitability special condition created for the 2019 award, but to the requirements that existed at the time for the 2016 and 2017 awards.

During our audit, we raised the lack of documentation demonstrating appropriate oversight of the background checks completed by subrecipients with Youth Collaboratory officials, but they did not

provide any additional documentation until their response to the draft report. To support compliance with the revised guidance, Youth Collaboratory provided its updated subgrantee agreement, program manual, and monitoring report template for the 2019-JU-FX-0019 grant to demonstrate it will adhere to OJP's determination of suitability requirements. We reviewed this documentation and found Youth Collaboratory's updated monitoring report template now contains a section for a list of specific background checks, which appears to address our concern with identifying which particular background checks were completed and whether these checks were completed prior to a mentor's interaction with minors. However, we did not receive documentation demonstrating the template has been implemented.

This recommendation can be closed when we receive evidence that Youth Collaboratory has implemented its updated process of documentation to demonstrate its subrecipients are adhering to OJP's determination of suitability requirements.

2. Ensure Youth Collaboratory improves its policies and procedures related to monitoring subrecipient expenditures to include documentation that expenditure support reconciles to reimbursement requests.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Youth Collaboratory to obtain a copy of its written policies and procedures, revised and implemented, to strengthen its process related to monitoring subrecipient expenditures; and ensure that documentation supporting expenditures is reconciled to reimbursement requests.

Youth Collaboratory did not concur with our recommendation regarding improving its policies and procedures related to monitoring subrecipient expenditures. Youth Collaboratory stated in its response that it performed monitoring requirements based on 2014 and 2017 DOJ Grants Financial Guides, and it will require its subrecipients to submit monthly submissions for its 2019-JU-FX-0013 grant.

We disagree with Youth Collaboratory's response that it has performed monitoring in compliance with 2014 and 2017 DOJ Grants Financial Guide requirements because its response did not adequately address Youth Collaboratory's process for demonstrating that it reconciles subrecipients' reimbursement requests with supporting documentation, including properly prepared and authorized time sheets.

As stated on page nine of the report, "(o)f the \$34,383 we reviewed, 2 of the 6 reimbursement requests, totaling \$9,947, did not have adequate support to reconcile personnel and fringe benefit charges to the reimbursement requests. We also found one subrecipient did not provide signed and approved timesheets to support \$2,119 personnel and fringe benefit charges. After discussing the results of our testing with Youth Collaboratory officials, they told us they were able to obtain additional documentation regarding these expenditures from its subrecipients that Youth Collaboratory did not initially collect or review."

We do not agree that expanding the collection of supporting documentation demonstrates adequate monitoring. Youth Collaboratory should have well-designed procedures to demonstrate

adequate reviews of collected supporting documentation as part of a process to ensure its subrecipients are using grant funding in compliance with all relevant requirements. The response does not change our conclusion and response.

In addition to responding to this recommendation, Youth Collaboratory incorrectly stated in its response that “(t)he Draft Audit Report identifies onsite financial monitoring visits, which did not occur.”

However, our report does not state that Youth Collaboratory conducts onsite financial monitoring. In the report we stated: “(d)uring these site visits Youth Collaboratory’s TA Managers focused on inspecting performance issues, but they also collected supporting documentation for review by the financial department staff,” and “(d)uring these on-site visits, the monitoring teams inspect the required background checks, conduct performance audits, and collect financial documents.” We believe our report accurately reflects that Youth Collaboratory’s TA Managers collected the financial documents to bring back for its financial department staff to review.

As a result of OJP’s agreement with this recommendation, this recommendation is resolved. This recommendation can be closed when we receive evidence that Youth Collaboratory has improved and implemented its policies and procedures for monitoring subrecipient expenditures to include documentation that expenditure support reconciles to reimbursement requests.

3. Ensure Youth Collaboratory implements controls to ensure that grants are charged for salary rates that are reasonable and commensurate for the underlying functions approved in the grant budget.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Youth Collaboratory to obtain a copy of written policies and procedures, developed and implemented, to ensure that salary rates charged to federal grants are reasonable and commensurate for the underlying functions approved in the grant budget.

Youth Collaboratory did not concur with our recommendation and stated in its response that the Executive Director responded to grant-related tasks that required her expertise. Youth Collaboratory stated it is not standard practice to engage senior level staff not listed in the grant unless it is absolutely necessary, and it will continue to ensure that only staff members who are listed as part of the grant budget participate in regular grant-related activities.

We disagree with Youth Collaboratory’s response that it does not need to implement controls to ensure that grants are charged for salary rates that are reasonable and commensurate for the underlying functions approved in the grant budget, because its response does not address the inadequate controls that failed to prevent or detect this issue. Specifically, during the audit, we were told by Youth Collaboratory’s Director of Finance that she believed the costs were allowable even though the Executive Director’s salary was not authorized by the OJP’s approved grant budget because the Executive Director was performing the functions of a staff person who was included in the grant budget, but at a considerably lower rate of pay. We also discussed this matter with the Executive Director, who told us that she was filling in for a lower level staff who was out of the office at the time. Grantees are required to charge the salaries and positions according to the budget

approved in the application, or seek a grant adjustment from the awarding agency. At no time throughout the audit did Youth Collaboratory officials disagree with the audit team that the Executive Director was substituting for a lower level staff identified in the grant budget. As Youth Collaboratory either charged unallowable Executive Director time to the grant, or it charged a significant higher salary rate for an approved position to the grant. The response does not change our conclusion and response.

As Youth Collaboratory has not provided documentation describing the circumstances surrounding this expenditure, we were not able to determine whether what we were told during the audit or what was claimed in the response to the draft audit report is accurate. Because this did not occur, we concluded that Youth Collaboratory's controls over salary charges should be improved to ensure that only those personnel approved in the OJP grant budget are compensated using grant funding, and that grant-related salary charges are reasonable and commensurate for the underlying functions approved in the grant budget.

This recommendation can be closed when we receive evidence that Youth Collaboratory implements controls to ensure that only those personnel approved in the OJP grant budget are compensated using grant funding, and that grant-related salary charges should be reasonable and commensurate for the underlying functions approved in the grant budget.

4. Ensure Youth Collaboratory strengthens its policies and procedures related to retaining time and effort reports and ensure the compensation is reasonable and consistent with similar services in the marketplace.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Youth Collaboratory to obtain a copy of its written policies and procedures, developed and implemented, to ensure that time and effort reports are retained for all consultants paid under federal grants, and their compensation is reasonable and consistent with similar services in the marketplace.

Youth Collaboratory concurred with our recommendation and stated in its response that it will update its policies and procedures to provide clear guidance related to ensuring time and effort documentation clearly specifies hours and effort, and specifically documents comparable marketplace rates.

This recommendation can be closed when we receive evidence that Youth Collaboratory strengthens its policies and procedures related to retaining time and effort reports and ensures that compensation is reasonable and consistent with similar services in the marketplace.