



Audit of the Office of Justice Programs
Cooperative Agreement Awarded to Community
Resources for Justice, Incorporated,
Boston, Massachusetts



AUDIT DIVISION

23-058

APRIL 2023



EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Cooperative Agreement Awarded to Community Resources for Justice, Incorporated, Boston, Massachusetts

Objectives

The Office of Justice Programs (OJP) Bureau of Justice Assistance awarded Community Resources for Justice (CRJ), Incorporated, one cooperative agreement including two supplements totaling \$8,446,180 to support the Justice Reinvestment Initiative (JRI). The objectives of this audit were to determine whether costs claimed under the award were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether CRJ demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

As a result of our audit, we concluded that CRJ did not adhere to all the award requirements we tested but demonstrated adequate progress towards achieving the stated goals and objectives. This audit did not identify significant concerns regarding CRJ's Federal Financial Reports. However, we found that CRJ did not comply with essential award conditions related to the allocation of paid leave fringe benefits, compliance with subrecipient monitoring requirements, and retention of supporting documentation for travel costs.

Recommendations

Our report contains five recommendations to OJP to address the above deficiencies and remedy \$30,292 in dollar-related expenses. We requested a response to our draft audit report from CRJ and OJP, which can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

CRJ was provided funding under this OJP cooperative agreement to serve as a JRI technical assistance provider. The project period for the cooperative agreement was from October 2015 through September 2022. As of November 2022, CRJ had drawn down \$8,326,973 of the total funds awarded.

Personnel and Fringe Expenditures

We found that CRJ's written policy did not ensure all paid leave fringe benefits were equitably allocated to all related projects, including federal awards.

Subrecipient Monitoring

We found that CRJ did not evaluate each subrecipient's risk of non-compliance with award requirements to help ensure the appropriate design of subrecipient monitoring plans. In addition, we found that CRJ did not document its familiarity with its subrecipients' financial operations and did not review its subrecipients' Single Audit Reports to ensure that any related deficiencies found in those single audits are resolved.

Travel Expenditures

According to CRJ officials, their offices were flooded in April 2020 and documentation supporting past travel costs were destroyed. In addition, we found that CRJ charged the award for a \$2,026 lodging expense that was not adequately supported to demonstrate how the amount was equitably allocated to the award.

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Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of a cooperative agreement, including two supplements, awarded by the Office of Justice Programs (OJP) Bureau of Justice Assistance (BJA), under the Justice Reinvestment Initiative to Community Resources for Justice (CRJ), Incorporated, in Boston, Massachusetts. CRJ was awarded one cooperative agreement including two supplements totaling \$8,446,180, as shown in Table 1.¹

Table 1

Cooperative Agreement Awarded to Community Resources for Justice

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2015-ZB-BX-K002	BJA	09/15/2015	10/01/2015	09/30/2022	\$3,164,749
Supplement 1	BJA	08/29/2016	10/01/2015	09/30/2022	\$3,665,410
Supplement 2	BJA	09/29/2017	10/01/2015	09/30/2022	\$1,616,021
Total:					\$8,446,180

Source: OJP’s Grants Management System and DOJ’s JustGrants System

Funding through the “Justice Reinvestment Initiative (JRI): State-Level Technical Assistance” program is aimed at supporting a multistage process in which a state increases the cost-effectiveness of its criminal justice system and reinvests savings into high-performing public safety strategies. JRI is a public-private partnership between BJA, an independent non-profit, and JRI technical assistance providers that emerged as a way to address rising state prison populations and state correctional spending. As the JRI program-level technical assistance provider, CRJ is expected to use JRI funding to help states address these issues.

The Grantee

CRJ is a nonprofit human services organization whose mission is to change lives and strengthen communities by advancing policy and delivering individualized services that promote safety, justice, and inclusion.

Under this cooperative agreement, it is BJA’s responsibility to select and approve any proposed subawards, and CRJ—as the technical assistance provider—is responsible for monitoring the operations of each subrecipient to ensure the achievement of the goals and objectives of the award and subawards, in compliance with the DOJ Grants Financial Guide.

¹ OJP awards a cooperative agreement when it anticipates being substantially involved with the recipient during performance of the funded activity. We use the terms “cooperative agreement,” “grant,” and “award” interchangeably throughout the report.

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the cooperative agreement were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the cooperative agreement; and to determine whether CRJ 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 cooperative agreement. The DOJ Grants Financial Guide; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and the award documents contain 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. The Schedule of Dollar-Related Findings appears in Appendix 2.

Audit Results

Program Performance and Accomplishments

We reviewed required performance reports, grant solicitations and documentation, and interviewed CRJ officials to determine whether CRJ demonstrated adequate progress towards achieving program goals and objectives. We also reviewed progress reports to determine if the required reports were accurate.

Program Goals and Objectives

The purpose of award 2015-ZB-BX-K002 was to implement JRI using CRJ staff to provide state agencies and tribal governments with extensive training and the technical assistance needed to analyze criminal justice trends, develop and implement policy options, and measure the impact of policy changes. The overall goal was to ensure that these entities had the internal capacity to promote the sustainability of completed policy reforms after technical assistance ends. Over the course of this award, seven entities received subaward funding to assist in the implementation of enacted JRI policy changes.

Based on our review, there were no indications that CRJ was not making adequate progress toward achieving the stated goals and objectives of the award.

Required Performance Reports

According to the DOJ Grants Financial Guide, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. To verify the accuracy of CRJ's progress reports, we selected a sample of two performance measures from two recent reports submitted for the award. We then traced the items to supporting documentation maintained by CRJ.

Based on our progress report testing, we did not identify any instances where the accomplishments described in the required reports were not supported by CRJ records.

Financial Management

According to the DOJ Grants Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to account accurately for funds awarded to them. To assess CRJ's financial management of the cooperative agreement covered by this audit, we conducted interviews with financial staff, examined policy and procedures, and inspected award documents to determine whether CRJ adequately safeguarded the grant funds we audited. We also reviewed CRJ's Single Audit Reports for its fiscal years 2016 through 2021 to identify internal control weaknesses and significant non-compliance issues related to federal awards. Finally, we performed testing in the areas that were relevant for the management of this cooperative agreement, as discussed throughout this report.

Based on our review, we concluded that certain financial management matters could be improved, including the allocation of paid leave fringe benefits, compliance with subrecipient monitoring requirements, and

retention of supporting documentation for travel costs. Other sections of this report discuss these issues in more detail.

Single Audit

Non-federal entities that receive federal financial assistance are required to comply with the *Single Audit Act of 1984*, as amended. The Single Audit Act provides for recipients of federal funding above a certain threshold to receive an annual audit of their financial statements and federal expenditures. Under the 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.

We reviewed CRJ's Single Audit Reports for fiscal years ending June 30, 2016, through June 30, 2021, to identify any control weaknesses and significant non-compliance issues related to federal awards. Based on our review, we did not find significant deficiencies or material weaknesses related to grant administration in the Single Audit Reports.

Award Expenditures

Between October 2015 and October 2021, CRJ charged a total of \$8,332,700 to the award we audited. Table 2 below summarizes the amounts expended to each budget category.

Table 2

Expenditure Summary for CRJ Cooperative Agreement

Budget Category	Combined total per Category
Personnel and Fringe	\$4,388,276
Indirect	\$1,692,964
Subrecipient	\$989,655
Travel	\$899,889
Supplies and Other	\$275,378
Contractual	\$86,538
Total:	\$8,332,700

Source: Community Resources for Justice Accounting System Data

To determine whether costs charged to the awards were allowable and supported, we reviewed the listing of expenditures and tested a sample by reviewing documentation and accounting records. Based on our testing, we recommend that OJP remedy \$30,292 in questioned costs. The following sections describe the results of our testing.

Personnel and Fringe Costs

We reviewed a judgmental sample of \$25,562 of the total \$4,388,276 in award funding for the personnel costs related to staff who provided technical assistance to its subrecipients. Based on our testing of a sample of regular pay expenditures totaling \$25,562, we found these costs were allowable and supported by time and effort records that allocated the costs equitably among the various projects that staff were assigned. However, we identified a written policy provided to staff that could result in the federal award being overcharged for vacation pay.

According to Uniform Guidance 2 C.F.R. § 200.431, the costs of paid leave fringe benefits such as sick leave, holiday, and vacation pay are allowable if the costs are equitably allocated to all related activities, including federal awards. During our audit, CRJ staff told us that they followed a practice of allocating paid leave equitably across their assigned projects. However, we reviewed a written policy that instructed staff to charge vacation entirely to the staff members' primary cost center. We discussed this issue with CRJ officials who told us that while they recognize that the written policy was flawed, they also told us that they do not believe the award was overcharged for vacation pay. We recommend that OJP coordinate with CRJ to revise its written policies to ensure all paid leave fringe benefits are equitably allocated to all related activities, including federal awards.

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. We reviewed CRJ's Indirect Cost Negotiated Agreement as well as the listing of indirect expenditures and determined that CRJ used approved rates, the correct direct cost base, and calculated the indirect cost amount accurately over the life of the award. Table 3 below summarizes the amount expensed to the Indirect Costs category.

Table 3

Indirect Summary

Base Time Frame	Direct Cost Base \$	Average Approved Rate	Total Percentage Charged	Total Indirect
October 2015 - October 2021	\$5,650,081	30%	30%	\$1,692,964

Source: CRJ Negotiated Indirect Rate Agreement and CRJ Accounting System Data

Subrecipient Costs

Under JRI, BJA was responsible for selecting and approving any proposed subawards and CRJ, as the pass-through entity, was responsible for monitoring the operations of each subrecipient. Over the course of this award, CRJ provided a total of \$989,655 in funding to seven subrecipients across four states. We found that the subrecipients utilized funding to pay staff salaries as well as hire subcontractors who assisted in the implementation of enacted JRI policy changes.

Of the \$989,655 charged in subrecipient costs, we reviewed \$258,541 and found that the expenditures in our sample were both allowable and supported. However, we found that CRJ did not document all required steps when monitoring its subrecipients, such as: (1) evaluating each subrecipient's risk of non-compliance with grant requirements, (2) documenting familiarity with subrecipients' financial operations, and (3) monitoring its subrecipient Single Audit Reports.

According to the DOJ Grants Financial Guide (Guide), the pass-through entity should evaluate each subrecipient's risk of non-compliance with federal statutes, regulations, and terms and conditions of the subaward for the purpose of determining the appropriate monitoring plan. When evaluating CRJ's monitoring process, we found that its policy did not address this requirement and CRJ could not demonstrate through documentation that it evaluated each subrecipient's risk of non-compliance with grant requirements.

The Guide also states that pass-through entities may also conduct site visits to examine financial documents; however, in the absence of site visits for this purpose, the entity should be able to demonstrate familiarity with the subrecipient's financial operations and procedures. Officials told us that CRJ staff go on-site to discuss programmatic progress with subrecipient staff; however, we found that no financial documents were reviewed while on-site and CRJ did not document its familiarity with the financial operations for any of its subrecipients.

Along with conducting site visits, CRJ should also develop, implement, and perform procedures to ensure that subrecipients obtain the required audits, and that audit findings identified in subrecipient audit reports are timely and effectively resolved in accordance with the DOJ Grants Financial Guide. According to CRJ's policy, subrecipients must make available to CRJ their most recent agency audits on an annual basis; however, the policy does not state whether CRJ staff are instructed to review those audits nor what action should be taken on any related findings and recommendations. Because CRJ did not document this check, we completed our own review and found that no subrecipient single audits resulted in findings that could potentially impact the activities of this award.

To improve CRJ's subrecipient monitoring, we recommend OJP coordinate with CRJ to enhance its written subrecipient policies and procedures to include: (1) evaluating each subrecipient's risk of non-compliance with award requirements to help ensure the appropriate design of subrecipient monitoring plans, (2) documenting its familiarity with subrecipient financial operations, and (3) reviewing subrecipient Single Audit Reports to ensure that any related deficiencies found in those single audits are resolved.

Travel Costs

CRJ charged a total of \$899,889 in travel costs to the award, with a majority of these costs related to trips made by staff to provide technical assistance to states, as well as attend JRI-related meetings with subrecipients. Officials informed our audit team that CRJ offices were flooded in April of 2020, which resulted in the loss of award-related documentation. During our audit, we found that supporting documentation for travel charges were affected.

We judgmentally selected a sample of 45 travel expenditures totaling \$35,467 and found that \$28,266, or 80 percent of our sample, did not have supporting documentation due to the flood. We asked officials to identify the percentage of the travel costs associated with documentation that was destroyed by the flood;

however, CRJ told us they did not have a way to make such an estimate. Therefore, we recommend OJP remedy the \$28,266 in unsupported travel costs found during our testing. In addition, we recommend that OJP take reasonable actions to determine whether the remaining travel costs totaling \$864,422 are adequately supported.

As part of our testing of the sample of travel expenditures, we also found that in 2020 CRJ used \$2,026 in award funding to pay for a portion of lodging costs that totaled \$23,642. The lodging costs were associated with CRJ's annual organization-wide staff meeting, and officials told us lodging for staff was necessary because many of its staff work remotely from around the country. While CRJ provided us with an invoice to support the overall lodging cost of \$23,642, officials told us CRJ did not retain documentation demonstrating the allocation of these costs, for award-related purposes, to support the \$2,026 paid with award funding. We recommend that OJP remedy the \$2,026 lodging expense based on lack of documentation to demonstrate how the amount was equitably allocated to the award.

Contractual Costs

CRJ charged \$86,538 in contractual costs, including \$78,414 to award 12 contract actions and \$8,124 in related travel expenses. CRJ contracted with 12 vendors to assist with analyzing JRI data and to train subrecipient staff. During the audit, CRJ officials told us they did not have a procurement process or written policy when awarding the 12 contract actions; however, CRJ created a written procurement policy in February 2022 to remedy this issue. We judgmentally selected a sample of five vendor invoices totaling \$31,274 and found that the costs were allowable and supported.

Budget Management and Control

According to the DOJ Grants Financial Guide, the recipient is responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for each award. Additionally, the award recipient must initiate 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 budget to determine whether CRJ 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, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. Additionally, recipients should request funds based upon immediate reimbursement requirements; award funds will be disbursed over time as project costs are incurred or anticipated. According to CRJ officials, drawdown requests were generally completed on a reimbursement basis and based on actual incurred expenses as posted in CRJ's accounting system.

As of November 2022, CRJ had drawn down \$8,326,973 for the 2015-ZB-BX-K002 award and its supplements. To assess whether CRJ managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in CRJ accounting records.

During this audit, we did not identify significant deficiencies related to the CRJ's process for developing drawdown requests. However, we identified deficiencies and questioned costs related to compliance of individual expenditures with grant rules. We address those deficiencies in the [Award Expenditures](#) section in this report.

Federal Financial Reports

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures incurred for the reporting period on each financial report as well as cumulative expenditures. We evaluated CRJ's process for submitting accurate Federal Financial Reports and compared the most recent report to CRJ's accounting system. We determined that the cumulative expenditures for the report reviewed matched the accounting records.

Conclusion and Recommendations

As a result of our audit testing, we concluded that CRJ did not adhere to all of the award requirements we tested but demonstrated adequate progress towards achieving the grant's stated goals and objectives. We did not identify significant issues regarding CRJ's federal financial reports. However, we found that CRJ did not document compliance with essential award conditions related to the allocation of paid leave fringe benefits, compliance with subrecipient monitoring requirements, and retention of supporting documentation for travel costs. We also identified deficiencies related to certain award expenditures and reported \$30,292 in dollar-related findings. We provide five recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Coordinate with CRJ to revise its written policies to ensure all paid leave fringe benefits are equitably allocated to all related activities, including federal awards.
2. Coordinate with CRJ to enhance its written subrecipient policies and procedures to include: (1) evaluating each subrecipient's risk of non-compliance with award requirements to help ensure the appropriate design of subrecipient monitoring plans, (2) documenting its familiarity with subrecipient financial operations, and (3) reviewing subrecipient Single Audit Reports to ensure that any related deficiencies found in those single audits are resolved.
3. Remedy the \$28,266 in unsupported travel costs found during our testing.
4. Take reasonable actions to determine whether the remaining travel costs totaling \$864,422 are adequately supported.
5. Remedy the \$2,026 lodging expense based on lack of documentation to demonstrate how the amount was equitably allocated to the award.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether costs claimed under the award were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether Community Resources for Justice (CRJ), Incorporated, 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, drawdowns, and federal financial reports.

Scope and Methodology

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

This was an audit of Office of Justice Programs (OJP) Bureau of Justice Assistance cooperative agreement awarded to CRJ under the Justice Reinvestment Initiative, 2015-ZB-BX-K002, including two supplements that totaled \$8,446,180. As of November 2022, CRJ had drawn down \$8,326,973 of the total funds awarded. Our audit concentrated on, but was not limited to, the period from October 2015 through September 2022.

To accomplish our objectives, we tested compliance with what we considered to be the most important conditions of CRJ's activities related to the audited cooperative agreement. We performed sample-based audit testing for award expenditures, including personnel and fringe benefit charges, subrecipient charges, travel charges, contractual charges, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the award 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; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; 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 and DOJ's JustGrants System, as well as CRJ'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 CRJ to provide assurance on its internal control structure as a whole. CRJ'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 CRJ's

internal control structure as a whole, we offer this statement solely for the information and use of the CRJ and OJP.²

We assessed managements design, implementation, and operating effectiveness of these internal controls and identified deficiencies that we believe could affect CRJ's ability to effectively operate, to correctively 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 those internal control components and underlying principles that we found significant to the objectives of this audit, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

² This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2: Schedule of Dollar-Related Findings

Description	Grant No.	Amount	Page
Questioned Costs: ³			
Unsupported Travel Costs	2015-ZB-BX-K002	\$28,266	6
Unsupported Lodging Expense	2015-ZB-BX-K002	\$2,026	7
Unsupported Costs		\$30,292	
TOTAL DOLLAR-RELATED FINDINGS		<u>\$30,292</u>	

³ **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, the provision of supporting documentation, or contract ratification, where appropriate.

APPENDIX 3: The Community Resources for Justice, Incorporated, Response to the Draft Report



Sandra Best Baily Board Chair
Deborah M. O'Brien President & CEO

Tuesday, March 14, 2023

Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
701 E. Market Street, Suite 2300
Philadelphia, PA 19106

Dear Mr. Puerzer:

Please accept this letter as the Community Resources for Justice's (CRJ) response to the Office of the Inspector General's (OIG) draft audit report of the Office of Justice Programs (OJP) Cooperative Agreement No. 2015-ZB-BX-K002, awarded to CRJ through its Crime and Justice Institute (CJI) division. Our responses are to OIG's findings of shortcomings in our compliance with award conditions related to allocating paid leave fringe benefits, complying with subrecipient monitoring requirements, and retaining supporting documentation for travel costs. Specifically, OIG found that CRJ/CJI did not:

- have a written policy that ensured all paid leave fringe benefits were equitably allocated to all related projects, including federal awards;
- evaluate each subrecipient's risk of non-compliance with award requirements to help ensure the appropriate design of subrecipient monitoring plans;
- document its familiarity with its subrecipients' financial operations nor review its subrecipients' Single Audit Reports to ensure that any related deficiencies found in those single audits are resolved.
- adequately support a \$2,026 charge to the award for lodging expenses nor demonstrate how that amount was allocated to the award.

Personnel and Fringe Costs

OIG's findings center on a CRJ/CJI policy that the OIG believed could result in overcharging for vacation pay under a federal award. Per Uniform Guidance 2 C.F.R. § 200.431, the costs of paid leave fringe benefits such as sick leave, holiday, and vacation pay are allowable if the costs are equitably allocated to all related activities, including federal awards. CRJ/CJI's payroll system utilizes a "home cost center" approach where staff time is designated based on the projects that employees work under most often.

crj.org

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We believe that our recording of vacation time was accurate under the cooperative agreement award. However, we agree that our written policy may not meet the Uniform Guidance. We agree with OIG's recommendation to revise our policies to ensure all paid leave fringe benefits are equitably allocated to all related activities, including federal awards.

Subrecipient Monitoring

DOJ's Grants Financial Guide requires awardees to evaluate subrecipient's risk of non-compliance with federal statutes, regulations, and terms and conditions of the subaward for the purpose of determining the appropriate monitoring plan. OIG found that CRJ/CJI's did not have a sufficient monitoring process to address this requirement. We also could not demonstrate to OIG through documentation that we evaluated each subrecipient's risk of non-compliance with grant requirements or were familiar with each subrecipient's financial operations.

We acknowledge our lack of clear policy and procedure to evaluate subrecipient risk, develop subrecipient monitoring plans, and acknowledge subrecipient financial operations. We agree with the OIG's recommendation to work with OJP to enhance its written subrecipient policies and procedures to include:

- (1) evaluating each subrecipient's risk of non-compliance with award requirements to help ensure the appropriate design of subrecipient monitoring plans,
- (2) documenting its familiarity with subrecipient financial operations, and
- (3) reviewing subrecipient Single Audit Reports to ensure that any related deficiencies found in those single audits are resolved.

Travel Expenditures

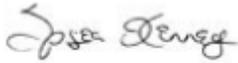
OIG's audit was complicated by a flood occurring at CRJ headquarters in April 2020. This event affected much of our documentation for award-related travel and 80 percent of OIG's report data sample. This included documentation for \$2,026 in award funding to cover a portion of staff lodging costs associated with CRJ's annual staff meeting. As we explained to the auditing team, CJI schedules project-specific meetings—such as JRI—at the same time as its annual meetings. These project meetings occur one to two days before the annual meeting and CJI allocates their costs separately from the annual meeting and to each specific project. Lodging is necessary since most CJI staff work remotely nationwide. We reconstructed the \$2,026 expense using available financial data and the hotel listing for the project time/staff meeting events. The attached spreadsheet shows the allocation for the project team meetings by all projects. Our calculated expenses for the JRI project team meeting (projects 3633 and 3538) come to \$2,026.49, a seven cents difference from what we originally reported to the auditing team.

We believe our travel expenditure allocations are accurate. However, we understand that our policies and processes need improvement. In Spring 2023, CRJ/CJI will implement a cloud-based financial management system. This will include a grant management and allocation module that will ensure against future catastrophic events affecting financial records and facilitate automatic allocation of expenses to appropriate awards. We also will

develop appropriate policies and procedures to support the accurate use of these new systems. Per the OIG's recommendation, we are willing to work with OJP to determine other reasonable action here.

Thank you for the opportunity to reply. We look forward to your final audit report.

Sincerely,



Spurgeon Kennedy, Vice President Crime and Justice Institute for Community Resources for Justice

Deborah M. O'Brien

Deborah M. O'Brien, President and CEO, Community Resources for Justice

APPENDIX 4: The Office of Justice Programs Response to the Draft Report



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

March 22, 2023

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 Cooperative Agreement Awarded to Community Resources for Justice, Incorporated, Boston, Massachusetts*

This memorandum is in reference to your correspondence, dated February 21, 2023, transmitting the above-referenced draft audit report for the Community Resources for Justice, Incorporated (CRJ). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains five recommendations and \$30,292 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 OJP's response.

- 1. We recommend that OJP coordinate with CRJ to revise its written policies to ensure all paid leave fringe benefits are equitably allocated to all related activities, including Federal awards.**

OJP agrees with the recommendation. In its response, dated March 14, 2023, CRJ stated that it believed that vacation time was accurately recorded in its payroll system, but agreed that its written policy was not in accordance with the Uniform Guidance. In addition, CRJ stated that it will revise its policy to ensure that all paid leave fringe benefits are equitably allocated to all related activities, including Federal awards.

Accordingly, we will coordinate with CRJ to obtain a copy of its revised written policies and procedures, developed and implemented, to ensure that all paid leave fringe benefits are equitably allocated to all related activities, including Federal awards.

- 2. We recommend that OJP coordinate with CRJ to enhance its written subrecipient policies and procedures to include: (1) evaluating each subrecipient's risk of non-compliance with award requirements to help ensure the appropriate design of subrecipient monitoring plans, (2) documenting its familiarity with subrecipient financial operations, and (3) reviewing subrecipient Single Audit Reports to ensure that any related deficiencies found in those single audits are resolved.**

OJP agrees with the recommendation. In its response, dated March 14, 2023, CRJ acknowledged that it did not have a clear policy and procedure to evaluate subrecipient risk, develop subrecipient monitoring plans, or evaluate subrecipient financial operations, and agreed that it will enhance its written subrecipient policies and procedures to include these deficiencies.

Accordingly, we will coordinate with CRJ to obtain a copy of its revised written policies and procedures, developed and implemented, to strengthen subrecipient monitoring to include provisions for: 1) evaluating each subrecipient's risk of non-compliance with award requirements to help ensure the appropriate design of subrecipient monitoring plans; 2) documenting its familiarity with subrecipient financial operations; and 3) reviewing subrecipient Single Audit Reports to ensure that any related deficiencies found in those single audits are resolved.

- 3. We recommend that OJP remedy the \$28,266 in unsupported travel costs found during our testing.**

OJP agrees with the recommendation. In its response, dated March 14, 2023, CRJ stated that there was a flood at its headquarters in April 2020, which had affected much of its documentation for award-related travel expenditures, including 80 percent of the data in the OIG sample. In addition, CRJ stated that, in Spring 2023, it will implement a cloud-based financial management system, which will include a grant management and allocation module, to ensure against future catastrophic events affecting financial records, and facilitate automatic allocation of expenses to the appropriate awards.

Accordingly, we will review the \$28,266 in questioned costs, related to unsupported travel expenditures that were charged to Cooperative Agreement Number 2015-ZB-BX-K002, and will work with CRJ to remedy, as appropriate.

- 4. We recommend that OJP take reasonable actions to determine whether the remaining travel costs totaling \$864,422 are adequately supported.**

OJP agrees with the recommendation. In its response to Recommendation Number 3, dated March 14, 2023, CRJ stated that much of its documentation for award-related travel expenditures, including 80 percent of the data in the OIG's sample, was affected and lost, due to a flood at its headquarters in April 2020. However, CRJ stated that it believes that the travel expenditure allocations were accurate. In addition, CRJ stated that, in Spring 2023, it will implement a cloud-based financial management system, which will include a grant management and allocation module, to ensure against future catastrophic events affecting financial records, and facilitate automatic allocation of expenses to the appropriate awards.

Accordingly, we will coordinate with CRJ to obtain a summary of all travel costs charged to Cooperative Agreement Number 2015-ZB-BX-K002, including identifying the dates, locations (event and city), approximate costs, and lists of those transactions for which CRJ believes the documentation was lost due to the flooding. Once received, we will review the documentation and work with CRJ to remedy any additional unsupported costs, as appropriate. In addition, we will require CRJ to provide a copy of written policies and procedures, developed and implemented, to ensure that electronic records of travel costs are maintained in the future.

- 5. We recommend that OJP remedy the \$2,026 lodging expense based on lack of documentation to demonstrate how the amount was equitably allocated to the award.**

OJP agrees with the recommendation. In its response to Recommendation Numbers 3 and 4, dated March 14, 2023, CRJ stated that much of its documentation for award-related travel expenditures, including 80 percent of the data in the OIG's sample, was affected and lost, due to a flood at its headquarters in April 2020, including documentation related to the \$2,026 it expended to cover a portion of staff lodging costs associated with its annual staff meeting, that were charged to Cooperative Agreement Number 2015-ZB-BX-K002. In addition, CRJ stated that its Crime and Justice Institute (CJI) schedules project-specific meetings, such as the Justice Reinvestment Initiative (JRI), at the same time as its annual meetings, that the project meetings occur one to two days before the annual meeting, and that CJI allocates the meeting costs to each specific project. CRJ also stated that lodging is necessary for the meetings because most of the CJI staff work remotely nationwide. Further, CRJ referenced a spreadsheet attachment in its response, which it stated supported the allocation of the \$2,026 in costs that were charged to the award. However, CRJ did not include the spreadsheet with its response, and OJP has not received a copy of that attachment, to date.

Accordingly, we will review the \$2,026 in questioned costs, related to unsupported travel expenditures that were charged to Cooperative Agreement Number 2015-ZB-BX-K002, and will work with CRJ to remedy, as appropriate.

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

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APPENDIX 5: 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 Community Resources for Justice, Incorporated (CRJ). CRJ's response is incorporated in Appendix 3 and OJP's response is incorporated in Appendix 4 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. CRJ agreed with two recommendations and did not state whether it agreed or disagreed with three recommendations. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Coordinate with CRJ to revise its written policies to ensure all paid leave fringe benefits are equitably allocated to all related activities, including federal awards.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with CRJ to obtain a copy of its revised written policies and procedures, developed and implemented, to ensure that all paid leave fringe benefits are equitably allocated to all related activities, including federal awards.

CRJ agreed with our recommendation and stated in its response that it will revise its policy to ensure all paid leave fringe benefits are equitably allocated to all related activities, including federal awards.

This recommendation can be closed when we receive evidence that CRJ has implemented its revised written policies and procedures to ensure all paid leave fringe benefits are equitably allocated to all related activities, including federal awards.

- 2. Coordinate with CRJ to enhance its written subrecipient policies and procedures to include: (1) evaluating each subrecipient's risk of non-compliance with award requirements to help ensure the appropriate design of subrecipient monitoring plans, (2) documenting its familiarity with subrecipient financial operations, and (3) reviewing subrecipient Single Audit Reports to ensure that any related deficiencies found in those single audits are resolved.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with CRJ to obtain a copy of its revised written policies and procedures, developed and implemented, to strengthen its subrecipient monitoring.

CRJ agreed with our recommendation and stated in its response that it will work with OJP to enhance its written subrecipient policies and procedures to include: (1) evaluating each subrecipient's risk of non-compliance with award requirements to help ensure the appropriate design of subrecipient monitoring plans; (2) documenting its familiarity with subrecipient financial operations; and (3) reviewing subrecipient Single Audit Reports to ensure that any related deficiencies found in those single audits are resolved.

This recommendation can be closed when we receive evidence that CRJ has implemented its revised written subrecipient policies and procedures to include items one through three in the recommendation.

3. Remedy the \$28,266 in unsupported travel costs found during our testing.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$28,266 in questioned costs, related to unsupported travel expenditures that were charged to Cooperative Agreement Number 2015-ZB-BX-K002, and it will work with CRJ to remedy, as appropriate.

CRJ did not explicitly agree or disagree with our recommendation but stated in its response that a flood occurring at CRJ headquarters affected much of its documentation for award-related travel expenditures, which we also discuss in the report. CRJ also stated that it plans to implement a cloud-based financial management system, which will include a grant management and allocation module to ensure against future catastrophic events affecting financial records and facilitate automatic allocation of expenses to appropriate awards.

This recommendation can be closed when we receive evidence that OJP has remedied the \$28,266 in unsupported travel costs.

4. Take reasonable actions to determine whether the remaining travel costs totaling \$864,422 are adequately supported.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with CRJ to obtain a summary of all travel costs charged to Cooperative Agreement Number 2015-ZB-BX-K002, including identifying the dates, locations (event and city), approximate costs, and lists of those transactions for which CRJ believes the documentation was lost due to the flood. Once received, OJP will review the documentation and work with CRJ to remedy any additional unsupported costs, as appropriate.

CRJ did not explicitly agree or disagree with our recommendation but reiterated that the flood affected much of its documentation for award-related travel expenditures and that it plans to implement a cloud-based financial management system to ensure against future catastrophic events affecting financial records. CRJ also stated that it is willing to work with OJP to determine other reasonable action.

This recommendation can be closed when we receive evidence that OJP has reviewed documentation to support the remaining travel costs totaling \$864,422.

5. Remedy the \$2,026 lodging expense based on lack of documentation to demonstrate how the amount was equitably allocated to the award.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$2,026 in questioned costs, related to unsupported travel expenditures that were charged to Cooperative Agreement Number 2015-ZB-BX-K002, and it will work with CRJ to remedy, as appropriate.

CRJ did not explicitly agree or disagree with our recommendation but referenced a spreadsheet attachment in its response, which it stated supported the allocation of the \$2,026 in costs that were charged to the award. However, CRJ did not include the spreadsheet attachment with its response, and it had not yet provided a copy of the spreadsheet.

This recommendation can be closed when we receive evidence that OJP has remedied the \$2,026 in unallocated lodging expenses.