



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

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



Review of the Office of Justice Programs' Corrective Actions to Address Dollar-Related Audit Recommendations



Executive Summary

Review of the Office of Justice Programs' Corrective Actions to Address Dollar-Related Audit Recommendations

Objective

Our objective was to assess and summarize the corrective actions implemented by the Office of Justice Programs (OJP) to address Department of Justice (DOJ) Office of the Inspector General (OIG) dollar-related recommendations in its grant audit reports closed during fiscal years (FY) 2015 through 2017.

Review Results

The OIG closed 61 audit reports of OJP grant recipients from FYs 2015-2017, of which 49 reports had approximately \$45.5 million in dollar-related recommendations. Roughly 43 percent (\$19.7 million) of these costs involved "Compromised" costs, which were not collected because of a court judgment, settlement, or legal agreement. The next largest category was "Adjusted Supported" (\$8 million) costs, which were not adequately supported at the time of the OIG audit, but were later supported by subsequent documentation provided to OJP by a grant recipient. The third highest category was "Adjusted Approved" (\$7.1 million) costs the OIG had determined were unallowable questioned costs at the time of the audit but were retroactively approved by OJP. While OJP employed a credible audit follow-up process to address the dollar-related recommendations, there are areas where OJP could strengthen its audit resolution processes related to accepting supporting documentation from grantees for previously unsupported costs, and granting retroactive approvals on expenditures not in compliance with grant terms.

Recommendations

As a result of our review, we made three recommendations to OJP to periodically assess its decisions on OIG Dollar-Related Recommendations and determine enhancements to its financial enforcement and grant management practices. We requested a response to our draft report from OJP, and its response is appended to this final report in Appendix 3. Our analysis of the response is included in Appendix 4.

Background

OJP and other DOJ components must establish internal audit follow-up and resolution systems to ensure that OIG audit findings and recommendations are adequately and timely resolved. DOJ and federal guidance require DOJ components to respond to audit findings and recommendations in writing. This response should include OJP's completed or planned course of action in response to audit findings and recommendations, justification for such action, and timeframes for final resolution. Through this review, the OIG assessed and summarized the corrective actions implemented by OJP to address OIG dollar-related recommendations for grant audit reports closed in FYs 2015 through 2017.

Accepting Supporting Documentation from Grantees for Previously Unsupported Costs – We found no evidence that OJP's follow-up and resolution system accepted support to remedy previously unsupported costs without adequate and sufficient justification and documentation. For 24 of the 49 reports with dollar-related recommendations, the grant recipient provided supporting documents after the OIG audit report was issued. One report took 16 years to close and the 23 remaining reports took an average of 3.3 years to close. A number of factors can affect the timeliness of a grant recipient producing support that is adequate to address an OIG recommendation. However, delays, particularly those lasting years, impose a burden on both OJP and OIG staff in monitoring a grant recipient's progress implementing corrective actions and increase risks regarding the validity and reliability of the supporting documentation.

Granting Retroactive Approvals – For 27 of the 49 reports with dollar-related recommendations, OJP granted retroactive approvals totaling approximately \$7.1 million of the \$45.5 million in combined questioned costs. Although we found no evidence that OJP granted retroactive approvals without adequate documentation, the frequency of these retroactive approvals raises concerns that grant recipients face no penalty for their non-compliance with grant rules. In our view, this situation may increase the risk that grant recipients will use grant funds for unallowable or questionable expenses rather than obtaining OJP's prior approval.

REVIEW OF THE OFFICE OF JUSTICE PROGRAMS' CORRECTIVE ACTIONS TO ADDRESS DOLLAR-RELATED AUDIT RECOMMENDATIONS

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REVIEW OF THE OFFICE OF JUSTICE PROGRAMS' CORRECTIVE ACTIONS TO ADDRESS DOLLAR-RELATED AUDIT RECOMMENDATIONS

INTRODUCTION

Department of Justice (DOJ) components are required to establish audit follow-up and resolution systems to ensure that corrective actions for Office of the Inspector General (OIG) audit recommendations are adequately and timely completed.¹ Audit follow-up, which is the tracking of recommendations from issuance of a final audit report to the closing of the recommendations made in that report, is an integral part of good management.² The Office of Management and Budget (OMB) instructs federal agencies to maintain accurate records of the status of audit reports or recommendations through the entire process of resolution and corrective action.³

The OIG is a statutorily created independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct in DOJ programs and personnel, and to promote economy and efficiency in those programs. The Audit Division of the OIG conducts performance audits of DOJ programs and operations and oversees annual audits of over \$35 billion in DOJ expenditures. In fiscal year (FY) 2018, the OIG issued 69 DOJ audit reports identifying over \$31.6 million in questioned costs and \$10.9 million in funds to be put to better use, together totaling approximately \$42.5 million in dollar-related recommendations.⁴ Over half of those dollar-related recommendations were issued to the Office of Justice Programs (OJP) through OIG audits of grant recipients external to the DOJ.

Purpose and Scope of the OIG's Review

Audit follow-up systems provide for periodic analysis of audit recommendations, resolution, and corrective action to determine trends and system-wide problems and to recommend solutions. OJP leadership has stated that it seeks to review and leverage the results of all audits to strengthen and improve its grant management; monitoring; and oversight policies, procedures, and processes.⁵ We performed this

¹ DOJ Order 2900.6A, Audit Follow-up and Resolution

² OMB Circular A-50, Audit Follow-up

³ *Ibid*

⁴ As discussed later in this report, the Inspector General Act of 1978, as amended, defines questioned costs and funds to be put to better use.

⁵ In July 2016, OJP's former Principal Deputy Assistant Attorney General (Principal Deputy AAG) appeared before a U.S. House of Representatives subcommittee on government operations. In her written statement for the hearing, the former Principal Deputy AAG stated that OJP closely reviews and leverages the results of all audits to determine ways to strengthen its grant monitoring, including improving policies and procedures, grant management training, and oversight processes. Beth McGarry, former Principal Deputy Assistant Attorney General of Office of Justice Programs, before the Committee on Oversight and Government Reform Subcommittee on Government Operations, U.S. House of Representatives, concerning "[Examining Mismanagement in OJP Grantmaking](#)" (July 14, 2016).

review to assess and summarize the corrective actions implemented by the Office of Justice Programs (OJP) to address OIG dollar-related audit recommendations. We analyzed 61 grant audit reports issued to OJP that were closed during FYs 2015 through 2017 that identified dollar-related recommendations totaling approximately \$45.5 million.⁶ Our methodology is described in greater detail in Appendix 1.

The Grant Audit Process⁷

When the OIG selects an external grant recipient for an audit, we engage that recipient and perform site work on location to thoroughly review different aspects of the grant program's implementation. Throughout the audit, the grant recipient and OJP are kept apprised of its progress and given multiple opportunities to address potential deficiencies and provide documentation to support questionable expenses. Once the audit nears its conclusion, the OIG holds an audit closeout meeting with the grant recipient and OJP to discuss the audit "findings" or deficiencies, as well as the recommendations. After the closeout meeting, the OIG issues a draft audit report with recommendations addressed to OJP for action.

The OIG requests written responses from both OJP and the grant recipient indicating whether they agree or disagree with the recommendations and to identify any corrective action to address the audit findings. The OIG then finalizes the audit report with OJP's and the grant recipient's written comments attached. This final audit report also includes OIG's analysis of OJP and the grant recipient's proposed or completed actions and further steps that must be taken, if any. The OIG then issues the final audit report and identifies its status as either:

- Closed, if there were no recommendations or if all of the recommendations were adequately addressed by the date we issue the audit report;
- Resolved, if OJP agrees with all of the recommendations and the OIG agrees with OJP's corrective action plan for addressing the recommendations; or
- Unresolved, if OJP does not agree with one or more of the recommendations or the OIG does not agree with OJP's corrective action plan.

Dollar-Related Recommendations

The audit recommendations in a final audit report consist either of management improvement recommendations that address internal control and performance findings, or dollar-related recommendations, which require DOJ to remedy an identified amount of funds associated with a deficiency. Dollar-related recommendations are either Questioned Costs that do not comply with legal, regulatory, or contractual requirements at the time of the audit; or Funds to be Put to Better Use, which are funds that could be used more efficiently if the audit recommendation is implemented. Pursuant to the definitions in the *Inspector General*

⁶ Our review included cooperative agreements and it excluded Single Audit Reports.

⁷ A detailed explanation of the OIG's grant audit process can be found on the OIG's website at <https://oig.justice.gov/about/grant-audits.htm>.

Act of 1978 (IG Act), the OIG categorizes dollar-related recommendations in the following categories:

- *Unallowable Questioned Costs* as used throughout this report means costs that are questioned due to an alleged violation of a provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds.⁸ 5 USC App 5 § 5(f)(1)(A) (2015).
- *Unsupported Questioned Costs* means costs that were not supported by adequate documentation at the time of the audit. *Id.* § 5(f)(1)(B).
- *Unreasonable Questioned Costs* means costs that were unnecessary. *Id.* § 5(f)(1)(C).
- *Funds to be put to Better Use* means that the funds could be used more efficiently if management implements the recommendation, such as reductions in outlays; deobligation of funds from programs or operations; withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor or grantee; avoidance of unnecessary expenditures noted in preaward reviews of contract or grant agreements; or any other savings which are specifically identified. *Id.* § 5(f)(4).

Grant Audit Follow-up

Once the final report is issued, the OIG will follow up with OJP on its corrective actions until the OIG determines sufficient action has been taken to close all of the audit recommendations in the report. During this follow-up process, the OIG corresponds with OJP on its implementation of the recommendations, and OJP corresponds directly with the grant recipient, if necessary. This correspondence continues between the OIG and OJP until the OIG determines that all necessary actions have been completed. When OJP has completed the actions it determines are needed to address the recommendations, OJP notifies the OIG and requests closure of the recommendations. The OIG then independently assesses documentation for those corrective actions and determines whether they are sufficient to close the audit recommendations. For example, when a grant recipient provides additional materials to OJP in support of questioned costs or when OJP grants a retroactive approval for a questioned unallowable expenditure, the OIG reviews OJP's justification and supporting documentation to determine if the actions are sufficient to remedy the costs. OJP considers many of these unallowable questioned costs to be previously unauthorized. Once the OIG has determined that the actions were appropriate, the OIG notifies OJP that the audit is closed.

⁸ OJP officials told us that many costs classified as unallowable by the OIG are viewed by OJP as unauthorized, which OJP may subsequently authorize, subject to additional justification and support by the grantee. According to OJP, per the DOJ Grants Financial Guide and the Code of Federal Regulations, "unallowable" costs include specifically defined items of costs such as land acquisition, lobbying, fundraising, entertainment costs, fines and penalties, and alcoholic beverages. OJP officials also told us that unallowable costs also include, "any costs considered inappropriate by your awarding agency."

The majority of our FY 2018 reports of OJP grant recipients with questioned costs were issued in a “resolved” status because we agreed with the corrective actions that OJP management proposed in its response to the draft report. The OIG does not accept corrective actions that it believes contradict existing laws or policies, are wasteful, or are otherwise insufficient. In the instance that the OIG does not accept the proposed actions, the OIG considers the recommendation “unresolved” and explains the disagreement via official correspondence to OJP, as well as to the Office of the Deputy Attorney General and the Office of the Associate Attorney General, as necessary. If the OIG and OJP do not come to an agreement on the actions necessary to address the recommendations, according to DOJ policy the matter may be referred to the Department’s Audit Resolution Committee for a final decision. However, since the OIG’s creation, this has not occurred in OJP and has occurred just once with a different DOJ component.

Remedies for Dollar-Related Recommendations

To close dollar-related recommendations, specifically Questioned Costs and Funds to be Put to Better Use, the OIG expects documentation from OJP that it has remedied the costs that were associated with the deficiency identified in the audit. Those recommendations are remedied by OJP implementing one or more of the following types of corrective action remedies, which the OIG generally accepts based on guidance in the IG Act, 31 C.F.R. Parts 901-903, and OMB Circulars.⁹

- Adjusted Approved – This category includes costs that OJP management has retroactively approved. This remedy is generally applied by OJP to costs that were determined by the OIG to be unallowable at the time of the audit.
- Adjusted Supported – This category includes costs that were not adequately supported at the time of the OIG audit, but that OJP subsequently determined were “supported” as a result of the grant recipient providing adequate documentation evidencing that the costs were appropriate.
- Compromised – Costs that were questioned by the OIG’s audit, but that OJP will not seek to collect due to a court judgment, settlement, or other appropriate legal agreements.
- Offsets – Costs that OJP management decides to offset against future federal funds to be provided to the grant recipient.
- Recovered (or Returned) – Costs that OJP has actually recovered. This also includes amounts that were repaid to the government as a result of settlements, court decisions, judgments, and other agreements.
- Saved – Funds that OJP management did not spend or apply to a different use because of the OIG’s audit recommendation, such as deobligating funds that were recommended to be put to better use.
- Waived – Costs that OJP management has forgiven, including costs terminated or suspended in accordance with federal regulations.

⁹ DOJ Order 2900.6A, Audit Follow-up and Resolution and OMB Circular A-50, Audit Follow-up

- Write Offs of Delinquent Debt – Dollar-related recommendations, or portions thereof, that are also considered delinquent debt based on adequate documentation that the cost was written off in accordance with OMB Circular A-129.¹⁰
- Other – Used to categorize any other corrective action remedies taken by OJP to address OIG dollar-related recommendations.

Pursuant to the above authorities, OJP's resolution actions must be consistent with governing laws and regulations and include, as appropriate, the written justification and legal basis for any decisions not to seek recovery of monies due to the federal government.

¹⁰ OMB Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables, prescribes policies and procedures for justifying, designing, and managing federal credit programs and for collecting non-tax receivables. The circular sets principles for designing credit programs, including the preparation and review of legislation and regulations; budgeting for subsidy costs and administrative expenses of credit programs, and minimalizing unintended costs to the government; and improving the efficiency and effectiveness of federal credit programs.

RESULTS

We identified 61 audit reports of OJP grant programs closed during FYs 2015 through 2017, 49 of which had dollar-related recommendations totaling approximately \$45.5 million that have since been closed. We found that \$4.6 million of \$45.5 million in questioned costs were “Recovered” or “Returned”, while a significant portion were “Adjusted Approved” because they were remedied by OJP-issued retroactive approvals (\$7.1 million), or “Adjusted Supported” because the grant recipient provided supporting records to OJP after issuance of the OIG audit report (\$8 million).¹¹ We believe the frequency of OJP’s acceptance of support documentation, sometimes years after an expenditure, and its routine use of retroactive approvals collectively increase the risk of unauthorized grant expenditures.

OIG Dollar-Related Recommendations

The majority of OIG audits of OJP grant recipients within our review scope resulted in dollar-related recommendations. Of the 61 such audit reports closed in FYs 2015-2017, 49 (80 percent) included Questioned Costs and Funds to be Put to Better Use totaling approximately \$45.5 million. Table 1 includes the dollar-related recommendations according to the different types that the OIG tracks pursuant to the definitions in the IG Act.

¹¹ Amounts were rounded.

Table 1
Dollar-Related Recommendations for OIG Audits of OJP Grants

Description	Year that OIG Closed Audit Report			Total
	FY 2015	FY 2016	FY 2017	
Total Reports	23	19	19	61
Reports with Dollar-Related Recommendations	17	17	15	49
Funds to be put to Better Use	\$435,889	\$3,943,879	\$374,112	\$4,753,880
Net Questioned Costs	\$7,124,468	\$26,590,718	\$7,029,682	\$40,744,868
TOTAL DOLLAR-RELATED RECOMMENDATIONS	\$7,560,357	\$30,534,597	\$7,403,794	\$45,498,748

Note: The *Single Audit Act of 1984*, as amended, provides for recipients of federal funding above a certain threshold to receive an annual audit of their financial statements and federal expenditures. The OIG reviews single audit reports to determine whether they contain audit findings related to DOJ funds and meet federal requirements and generally accepted government-auditing standards. The OIG then monitors these audits through the resolution and closure process. Because they do not reflect OIG audit work, we did not include these reports in this review's scope.

Source: OIG analysis of FYs 2015 through 2017 audit resolution data.

More than half of the Dollar-Related Recommendations shown in Table 1 resulted from the OIG audit of Big Brothers Big Sisters of America (BBBSA), which identified \$19.5 million in Questioned Costs and \$3.8 million in Funds to be Put to Better Use.¹² That audit found that BBBSA could not adequately support any of the expenditures it made for the grant-funded programs because grant funds were commingled within BBBSA's general fund account, making it impossible to identify how grant funds were used.

OJP Corrective Actions

After OIG final audit reports are issued, it is important for OJP to timely work with grant recipients to remedy Dollar-Related Recommendations. The primary responsibility for the follow-up and closure of the recommendations is managed by OJP's Office of Audit, Assessment, and Management (OAAM), which coordinates with other OJP program offices as appropriate.¹³ For the 49 reports with Net Questioned Costs Recommendations, we analyzed the corrective action remedies that OJP took to bring the grant recipient into compliance. Table 2 contains the results of that analysis.

¹² U.S. Department of Justice (DOJ) Office of the Inspector General (OIG), *Audit of the Office of Juvenile Justice and Delinquency Prevention Grants Awarded to Big Brothers Big Sisters of America*, Audit Report Number GR-70-13-006 (June 2013), <https://oig.justice.gov/reports/2013/g7013006.pdf> (accessed August 14, 2019), 7.

¹³ According to OJP, its intent for its projects and programs that are supported by OJP grant funds is to further its goals to provide innovative leadership to federal, state, local, and tribal justice systems, by disseminating state-of-the art knowledge and practices across America, and providing grants for the implementation of crime fighting strategies. OJP officials told us that their approach on how best to remedy issues and questioned costs identified in OIG grant audit reports considers the programmatic impact that such an approach could have on the success of the grant recipients projects and programs. OJP officials said that they routinely convene multi-office meetings to continuously assess any risks and impacts posed until the closure of grant audit reports with significant issues and questioned costs.

Table 2
OJP Remedies for OIG Net Questioned
Cost Recommendations

Corrective Action	Year that OIG Closed Audit Report			Remedy Total
	FY 2015	FY 2016	FY 2017	
Compromised	\$0	\$19,606,565	\$0	\$19,606,565
Adjusted Supported	\$1,962,473	\$2,485,081	\$3,511,400	\$7,958,954
Adjusted Approved	\$4,410,674	\$737,480	\$1,912,909	\$7,061,063
Saved	\$435,889	\$3,943,879	\$374,112	\$4,753,880
Recovered/Returned	\$766,986	\$2,865,600	\$898,609	\$4,531,195
Written Off	\$0	\$0	\$1,258,362	\$1,258,362
Other	\$0	\$1,072,775	\$0	\$1,072,775
Waived	\$0	\$0	\$36,978	\$36,978
Less Duplicate Questioned Costs ^a	(\$15,665)	(\$176,783)	(\$588,576)	(\$781,024)
Total	\$7,560,357	\$30,534,597	\$7,403,794	\$45,498,748

^a This category consists of costs representing more than one remedy category, costs resolved by an agreement reached between OIG and OJP during audit resolution, or costs for which no other category applies.

Source: OIG analysis of FYs 2015 through 2017 audit resolution data

Roughly 43 percent of the costs in Table 2 (\$19.7 million) were “Compromised” and those costs almost entirely involved the OIG findings from the BBBSA audit. Specifically, the compromise was the result of a court settlement agreement that the DOJ reached after OJP worked with BBBSA to hire forensic accountants to re-create its accounting records. Additionally, as a result of the settlement agreement, BBBSA was required to repay \$1.6 million. The next largest category of costs was “Adjusted Supported” (almost \$8 million), which represents costs that were unsupported at the time of the audit, but for which OJP worked with the grantee to obtain missing documentation and OJP thereafter determined that the costs were supported. “Adjusted Approved” costs (almost \$7.1 million) were those costs that were not approved at the time of our audit, but which OJP retroactively approved.

The next categories of costs – “Saved” (\$4.8 million) and “Recovered/Returned” (\$4.6 million) – represent those costs for which OJP enforced grant rules to recover the funds. Within the scope of this review, the audit with the highest “Saved” costs was the aforementioned BBBSA audit, where \$3.8 million in unspent grant funds were either repurposed or deobligated. This audit also had the highest “Recovered/Returned” costs due to the \$1.6 million settlement that was repaid.

Finally, costs that were “Written Off” (almost \$1.3 million) and “Waived” (\$36,978) are those costs for which OJP used its authority to waive grant requirements or determined that it would not pursue collecting the funds. In connection with the OIG’s audit findings concerning Education Advancement Alliance, OJP wrote-off almost \$1.3 million after the Executive Director was found guilty of a federal racketeering conspiracy, the organization dissolved, and OJP determined it

was unlikely that any funds would be remaining for recovery.¹⁴ The “Waived” dollar-related recommendation was in connection with the OIG’s audit of grants to the Oglala Sioux Tribe.¹⁵

OJP’s Follow-up Efforts to Address OIG Dollar-Related Recommendations Involving Unallowable or Unsupported Questioned Costs

OJP has a process to follow-up and close recommendations after OIG final audit reports are issued, which must adhere to laws, regulations, and other requirements. Our analysis found that the two largest categories of remedies for dollar-related recommendations are those associated with OJP’s efforts to address OIG findings to bring grantees into compliance with grant rules and requirements. However, OJP’s post-audit approval of grantees’ noncompliant activities can undermine general grantee compliance with grant program rules. In our view, to most effectively safeguard billions of dollars in grant funds, OJP should ensure that grant recipients comply with grant rules for the duration of the award period in order to avoid OJP having to work with the grant recipients to become compliant after an OIG audit reveals deficiencies.¹⁶ The following sections in this report analyze these risks in more detail.

OJP Approved Previously-Unsupported Questioned Costs

Grant recipients are required by OJP grant rules and federal regulation to maintain adequate support for grant costs. Grant rules also require these support records to be retained in the event of a federal examination or audit.¹⁷ In our view, compliance with these rules requires contemporaneous record-keeping by grant recipients and a grant recipient’s immediate production of these records upon request during an audit. When the OIG audits a grant and determines that the grantee’s records do not support a grant-related expenditure, the OIG issues a recommendation for OJP to remedy the unsupported questioned costs. After issuance of the final audit report, OJP usually works with the grant recipient to determine whether the grantee can obtain sufficient documentation to support the expenditure and thereby address the OIG’s audit recommendations. If OJP receives additional supporting documentation from the recipient and determines it is sufficient to support the costs, OJP provides a written memorandum to the OIG explaining its decision and providing the OIG with the documentation. The OIG reviews the

¹⁴ DOJ OIG, *Audit of the OJP Grant Administered by the Educational Advancement Alliance, Inc., Philadelphia, Pennsylvania*, Audit Report GR-70-13-005 (May 2013), <https://oig.justice.gov/reports/2013/g7013005.pdf> (accessed August 14, 2019).

¹⁵ DOJ OIG, *Audit of the OJP Grants to the Oglala Sioux Tribe, Pine Ridge, South Dakota*, Audit Report GR-60-05-004 (February 2005), <https://oig.justice.gov/grants/g6005004.htm> (accessed August 14, 2019). The basis for the waiver was U.S. Department of the Interior and DOJ legal opinions authorizing the expenditure of grant funds questioned.

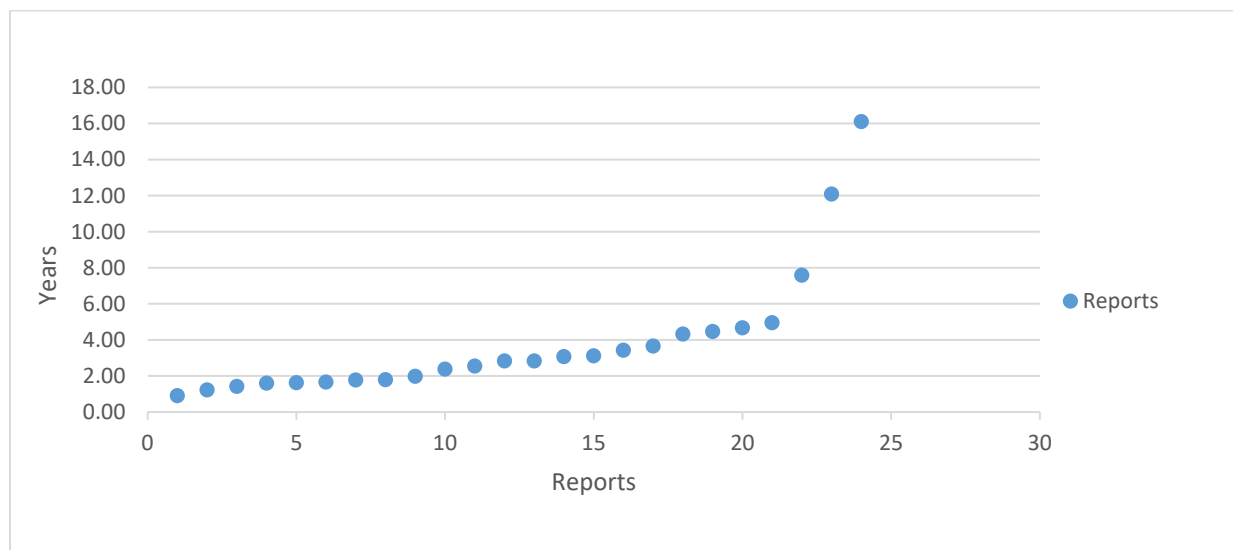
¹⁶ OJP officials told us that they agreed with this statement and use various mechanisms to mitigate risks that grant funds are utilized for inappropriate purposes, including: pre-award risk determinations, in-depth financial and programmatic monitoring, grants financial management training (both on-line and live trainings are available to OJP grant recipients), and program office-sponsored training and conferences.

¹⁷ DOJ, *Grants Financial Guide*, December 2017

documentation to independently determine whether it supports the questioned costs. If the OIG does not agree with OJP's decision, the OIG provides an explanation via correspondence to OJP and further information or action is requested.

In this review, we found no evidence that OJP's follow-up and resolution system accepted support to remedy previously unsupported costs without adequate and sufficient justification and documentation. However, we noted that in 24 of the 49 audit reports with Dollar-Related Recommendations, grant recipients provided OJP with previously unavailable supporting documentation to remedy unsupported questioned costs after the issuance of the final audit report; in many instances years later. Figure 1 shows the number of years that each of the 24 reports remained open.

Figure 1
Number of Years to Close Reports Involving a Grant Recipient Providing Previously Unavailable Supporting Documentation



Source: OIG analysis of OJP records

As reflected in Figure 1, 23 of the 24 reports took more than 1 year to close. Of these 23 reports, 8 reports were closed between 1 and 2 years, and another 8 reports were closed between 2 and 4 years. Four reports were closed between 4 and 7 years, and 3 reports took more than 7 years to close. Collectively, these 24 reports took an average of 3.8 years to close. After removing the audit open the longest (16 years), which was an OJP cooperative agreement awarded to the Criminal Justice Institute, Incorporated (CJI), the remaining 23 audits took an average of 3.3 years to close.¹⁸

¹⁸ DOJ OIG, *Audit of OJP's FY 1997 Corrections Technical Assistance Program to the Criminal Justice Institute, Inc.*, Audit Report GR-70-99-012 (September 1999), <https://oig.justice.gov/grants/g7099012.htm> (accessed December 16, 2019).

The CJI audit questioned \$167,200 in total costs, of which \$129,440 was unsupported. OJP agreed with the recommendations throughout the period it took to close the recommendations. During the 16-year closure period, the auditee indicated that documentation supporting the questioned expenditures was lost, but the auditee did not supply appropriate secondary documentation, such as copies of invoices or statements, to support the expenditures in an expeditious manner. In one of the auditee's responses, the auditee provided the same voluminous insufficient documentation provided during the audit, which was burdensome to OJP and OIG resources to review again. Ultimately, the auditee provided adequate documentation to address \$129,200 of the questioned costs and provided repayment of about \$38,000 to close the audit's last two recommendations and the audit overall.

We recognize that a number of factors can affect the timeliness of a report's resolution and closure, including offsite record storage, available resources, and the workload of grant recipient staff.¹⁹ However, during an OIG audit, OIG auditors provide grant recipients ample time and opportunities to produce supporting documentation that grant recipients should readily have available. The lengthy periods of time necessary to provide documentation that should be available contemporaneous with the expense increases the risks related to the validity and reliability of the documentation. The fact that many recipients can take well over a year to produce sufficient support is a concerning fact that we believe OJP should consider for its grant oversight practices. Moreover, as previously discussed, the largest amount of Questioned Costs during this time period was the OIG's audit of BBBSA, which included \$19.5 million in Dollar-Related Recommendations, of which \$17.9 million in costs were compromised. We determined the costs were unsupported because BBBSA commingled grant funds with its general fund account, thereby making it impossible to distinguish allowable grant-related costs with unallowable costs.

These deficiencies were revealed in the OIG's audit despite the fact that a prior Single Audit of BBBSA performed before the OIG's audit had resulted in relatively

The average number of years to close the 49 reports with dollar-related recommendations was 2.5 years.

¹⁹ As an example, OJP officials told us that in instances where there are large volumes of questioned transactions or amounts, grantees may make incremental progress in addressing the questioned costs, and it may take an extended period for them to satisfactorily support or justify all of the questioned costs. OJP officials also said that other factors can increase the length of time an audit report remains open including: (1) grantees that were subject to both audit and investigation by the OIG, which sometimes results in the temporary suspension of audit follow-up actions; (2) reports where all (or substantially all) of the grant-related costs were questioned because of broader issues such as when a grantee did not have a single audit report completed; (3) grantees that did not adequately monitor sub-recipients; and (4) grantees that commingled funds.

clean reports that did not identify the significant mismanagement of the grants.²⁰ After the OIG's audit, BBBSA hired outside forensic accountants to recreate its accounting records, which took almost 3 years of working with OJP to get its records into an acceptable condition. Ultimately, a court settlement was reached for BBBSA to repay \$1.6 million and relinquish \$103,331 of the grant through deobligation, after which the audit was closed. Significant OIG, OJP, BBBSA, and DOJ resources were used in bringing BBBSA into compliance, which could have been avoided if OJP had ensured that BBBSA remained in compliance with grant requirements the entire time it was implementing its grant programs.

While CJI and BBBSA are two significant examples, the implications of the deficiencies identified in these audits are not unlike those uncovered in OIG audits that lead to corrective actions to address grantees' non-compliance with grant rules. As an initial matter, the inability to timely locate supporting documentation results in significant after-the-fact attention by OIG, OJP, and grant recipient officials' that would be unnecessary if grant recipients were contemporaneously complying with grant rules. The inability of grant recipients to properly document their expenditures, and the resulting devotion of time and effort required to address the non-compliance, is a continual cycle of mismanagement that burdens limited resources and is an inefficient method of managing grant programs.

We are concerned that OJP, by routinely allowing grantees to remedy questioned costs years after an audit report has been issued increases the risk of federal funds being inappropriately used.

In its grant administration, OJP employs several tools to enhance its monitoring and oversight of grantees it identifies as having a higher risk of improper grants management, such as applying special conditions, increasing the level of

²⁰ The OIG performed a Quality Control Review of BBBSA's 2011 Single Audit and concluded that the auditor did not adequately perform multiple audit steps and procedures, and supervision was not sufficient to identify the errors and omissions in the audit work and documentation. As a result, the OIG concluded that the Single Audit auditor was not in compliance with government audit standards for reporting, evidence, and supervision.

According to OJP, the Single Audit Act intends for federal agencies to rely on the single audit in carrying out their administrative responsibilities for determining compliance with the requirements of federal awards by non-federal entities. OJP adds that consistent with the intent of the Single Audit Act, the single audit is a key part of OJP's framework of grant oversight. OJP states that it would be impossible for it to separately conduct its own in-depth audits of non-federal entities. Rather, OJP states that it relies heavily upon single audits to identify deficiencies, such as those identified in the BBBSA audit.

DOJ OIG, *Quality Control Review of the PricewaterhouseCoopers LLP Fiscal Year 2011 Single Audit of Big Brothers Big Sisters of America*, Audit Report GR-50-15-006 (July 2015), <https://oig.justice.gov/reports/2015/g5015006.pdf> (accessed August 14, 2019).

monitoring, and imposing a grantee with a “high-risk designation.”²¹ We recommend that OJP periodically evaluate the timeliness and circumstances of grantees producing supporting documentation to remedy questioned costs and implement rules and proactive measures to better ensure grantees maintain proper and contemporaneous support for grant expenditures. Such actions could further mitigate the risk of unauthorized grant expenditures and ensure that federal funds are not misused or abused. We also recommend that OJP establish and communicate to each grant recipient time limits for providing requested supporting documentation depending on the complexity of the audit findings.

OJP Retroactively Approved Unallowable Questioned Costs

When grantees apply for grants, they agree to abide by certain terms and conditions and often have a budget to which they must adhere. Those terms include conditions such as revising certain items in the OJP-approved grant budget before incurring costs for the grant, adhering to the agreed-upon project scope and budget, abiding by certain salary restrictions, and obtaining approval for key personnel working on the grant. To allowably deviate from those terms, recipients are required to submit a Grant Adjustment Notice (GAN) for OJP’s review and obtain OJP’s prior approval before deviating from the grant terms. When an OIG audit identifies that a grantee did not abide by such terms and did not obtain OJP’s prior approval, the OIG generally issues a recommendation for OJP to remedy Unallowable Questioned Costs that did not conform to the terms of the grant agreement.

To remedy those costs that the OIG has questioned, OJP sometimes issues retroactive approvals to support those deviations and costs, thereby bringing grant recipients into compliance. DOJ and OMB audit follow-up and resolution guidance allows OJP to retroactively approve costs if doing so is consistent with law, regulation, and administration policy. When OJP issues a retroactive approval, the OIG determines whether the retroactive approval violates a law, regulation, policy, or whether it results in ineffective, inefficient, or wasteful grant administration. The role of the OIG is not, however, to second-guess a discretionary judgment by OJP management that is authorized by OJP and DOJ guidance. If the OIG determines that the retroactive approval violates a law, regulation, policy, or would result in inefficient, or wasteful grant administration, the OIG does not agree to close the

²¹ The DOJ’s high-risk designation policy was formally approved on January 6, 2012, and was adopted by DOJ’s three primary grant-making components: OJP, the Office of Community Oriented Policing Services, and the Office on Violence Against Women. The intended purpose of high-risk designations are to provide DOJ with a means of continuing to fund criminal justice programs while maintaining proper stewardship of federal funds and mitigating risk in the administration of grant programs.

The high-risk designation subjects the grant recipient to greater OJP managing, monitoring, and additional restrictions on any current and new grant awards. High-risk designations can result from a variety of conditions, including, but not limited to: (1) when a grant recipient has had audit report recommendations open for more than 1 year, and has not submitted documentation adequate to close the recommendation; or (2) when a recipient has not provided a corrective action plan within 105 days of transmission of the audit report to the grant recipient.

recommendation and explains its reasons via correspondence to OJP and requests further information or action. However, if the approval conforms to legal and other relevant requirements, the OIG will generally close the applicable recommendations.

During this review, we found no evidence that OJP granted retroactive approvals without adequate documentation. Additionally, we found that in 27 of 49 reports, OJP retroactively approved questioned costs totaling approximately \$6.7 million. For example, in our audit of the OJP's National Institute of Justice Cooperative Agreements with AKELA, Incorporated in Santa Barbara, California, we found that the grant recipient did not obtain a financial and compliance audit for FY 2007 or on a bi-annual basis as required by the grant; therefore, we questioned the full \$1.9 million in awards as unallowable.²² OJP granted a retroactive approval for the unallowable questioned costs because the grant recipient completed its financial and compliance audit for a subsequent period (FY 2009), a significant amount of time had elapsed since the prescribed audit period of FY 2007, and the grant recipient no longer had active awards with OJP.²³

OAAM officials told us OJP's program offices are primarily responsible for reviewing grant recipient requests for retroactive approval and that certain requests, such as retroactive budget modifications greater than 10 percent, must involve a review from OJP's Office of the Chief Financial Officer. The officials also explained that OJP's Office of the General Counsel could become involved in a retroactive approval request in special circumstances, such as a conflict-of-interest issue or when it becomes necessary to obtain a legal interpretation.

From our review of the audit follow-up and resolution materials and interviews with OAAM officials regarding OJP's practices for providing retroactive approvals, we believe OJP employed a credible audit follow-up and resolution process to address the audit findings for the 49 reports containing dollar-related recommendations we reviewed for this report. After our issuance of final audit reports, OJP worked with grant recipients to remedy dollar-related recommendations, required grant recipients to justify any proposed remedial corrective actions, and provided justification and support materials to the OIG as the basis for closing recommendations. We also recognize that OJP already commits resources toward several ongoing grant oversight activities. In June 2017, the then Acting Assistant Attorney General of OJP appeared before a congressional hearing on grant oversight and commented regarding OJP's efforts to improve its internal controls and risk management tools and strengthen its oversight and monitoring activities. In a written statement for the hearing, he commented on OJP's multipronged approach that includes pre-award risk analysis before grant awards are made, routine review of grant recipient financial and

²² DOJ OIG, *Audit of the OJP National Institute of Justice Cooperative Agreements with AKELA, Incorporated Santa Barbara, California*, Audit Report GR-90-13-002 (January 2013), <https://oig.justice.gov/reports/2013/g9013002.pdf> (accessed August 14, 2019).

²³ The grant recipient's FY 2009 audit was issued as an unqualified opinion but noted deficiencies with the grant recipient's internal controls.

programmatic reporting, training and technical assistance, and targeted outreach to high-risk or at-risk grantees.²⁴

However, it would be impossible to determine whether OJP would have approved these questioned costs had grantees requested approval before expending the funds for otherwise unallowable purposes. Further, in our view, the frequency of OJP's retroactive approvals raises concerns that grant recipients may perceive that there are few if any consequences for not following grant rules. This creates a risk that grant recipients, rather than risk an OJP denial by seeking OJP's approval before making a questionable or unallowable purchase, will instead proceed with the purchase in the belief that it is highly likely that OJP will retroactively approve it. We therefore recommend that OJP evaluate these risks and determine enhancements to its enforcement practices for unallowable questioned costs identified in audits and reviews. Further, we recommend that OJP evaluate the risks posed by the proportion of unallowable questioned costs OJP retroactively approves, determine enhancements to its enforcement practices for unallowable questioned costs identified in audits and reviews, and periodically review grant terms for which OJP routinely approves deviations through Grant Adjustment Notices and retroactive approvals and identify strategies that better ensure grant recipients are spending grant funds for allowable purposes.

²⁴ Alan Hanson, then Acting Assistant Attorney General of Office of Justice Programs, before the Subcommittee on Crime, Terrorism, Homeland Security, and Investigations Committee on the Judiciary, U.S. House of Representatives, concerning "Department of Justice Grants Oversight" (June 8, 2017), <https://www.govinfo.gov/content/pkg/CHRG-115hhrg27070/pdf/CHRG-115hhrg27070.pdf>, 8.

CONCLUSION AND RECOMMENDATIONS

We identified 61 audit reports of OJP grant programs closed during FYs 2015 through 2017, of which 49 reports had dollar-related recommendations totaling approximately \$45.5 million. Part of effective grant management is employing procedures and controls that best ensure grant recipients comply with the grant rules to which they agree when they accept the awards. However, our analysis of OJP's actions to remedy OIG dollar-related recommendations often involved OJP accepting supporting documentation not available to the OIG during its audits or issuing grantees retroactive approvals after the OIG determined OJP grant recipients were out of compliance.

Given the importance of enforcing grant rules to ensure effective implementation of grant programs funded with billions of federal funds, we further analyzed OJP accepting supporting documentation and granting retroactive approvals. A significant portion of the questioned costs (\$14.7 million or 32 percent of all questioned costs) in those audits were remedied by OJP accepting supporting documentation after the OIG audit report was issued, and these reports took up to 16 years to close. We believe the frequency of accepting dated supporting documentation and granting retroactive approvals collectively increases the risk of unauthorized grant expenditures. Further, these practices potentially make it more likely that grant recipients will use grant funds for unallowable or questionable purchases, with the expectation that the questionable use will be retroactively approved.

We recommend that OJP:

1. Periodically evaluate the timeliness and circumstances of grantees producing supporting documentation to remedy questioned costs and implement guidance or policy and proactive measures to better ensure grantees maintain proper and contemporaneous support for grant expenditures.
2. Establish and communicate to each grant recipient time limits for providing requested supporting documentation depending on the complexity of the audit findings.
3. Evaluate the risks posed by the proportion of unallowable questioned costs OJP retroactively approves, determine enhancements to its enforcement practices for unallowable questioned costs identified in audits and reviews, and periodically review grant terms for which OJP routinely approves deviations through Grant Adjustment Notices and retroactive approvals and identify strategies that better ensure grant recipients are spending grant funds for allowable purposes.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of this review was to assess and summarize the corrective actions implemented by the Office of Justice Programs (OJP) to address Department of Justice Office of the Inspector General (OIG) dollar-related recommendations of grant reports closed during fiscal years (FY) 2015 through 2017. To accomplish this objective we obtained and analyzed OIG and OJP follow-up resolution correspondence used to close the reports within our universe. We also analyzed data contained within the OIG's Project and Resolution Tracking database and reviewed each audit report. We interviewed officials within OJP's Office of Audit, Assessment, and Management responsible for managing OJP's audit follow-up and resolution activities and have incorporated their comments within the report.

Scope and Methodology

We obtained from OJP data on corrective action remedies it implemented to address recommendations of reports closed in FY 2015 and provided by the former Principal Deputy Assistant Attorney General to Congress in July 2016. We performed an analysis of the recommendations and compared our results to OJP's results. We also analyzed corrective action remedies OJP implemented for FYs 2016 and 2017. We identified 61 reports closed during the 3-year review period. We performed additional testing on retroactively approved and supported costs. Our universe included cooperative agreements, but excluded single audit reports. We also assessed and discussed in this report OIG audit reports of OJP grant recipients issued outside the FYs 2015-2017 review period.

APPENDIX 2

THE OIG'S, OJP'S, AND GRANT RECIPIENT'S ROLES DURING KEY AUDIT PHASES

Initiation	The OIG notifies OJP and the grant recipient of the forthcoming audit and prepares for fieldwork. The OIG also collects and analyzes OJP grant information and requests that the grant recipient provide certain grant documentation in advance of the audit. The OIG informs the grant recipient of the audit purpose, scope, and objectives.
Fieldwork	The OIG performs detailed verification procedures in accordance with generally accepted government auditing standards. ^a
Exit Conference	The OIG informs OJP and the grant recipient of the preliminary audit findings, obtains the grant recipient's comments on the findings, and informs the grant recipient of the forthcoming reporting and resolution process.
Draft Report	The OIG issues a draft report of its preliminary audit findings, recommendations, and conclusions to OJP and the grant recipient, including any identified questioned costs and funds to be put to better use. The OIG also requests a written response from OJP and the grant recipient regarding agreement or disagreement with the recommendations and planned corrective actions to address our findings.
Final Report	The OIG issues its final audit report that includes an analysis of OJP's and the grant recipient's responses containing proposed or completed actions and steps that both entities must take to close the recommendations. In the final report, dollar-related recommendations are adjusted, if necessary, and finalized. The final audit report notes the status of each recommendation. Recommendations are "resolved" when the OIG determines that OJP concurred with the recommendation. Recommendations are "unresolved" when the OIG determines that OJP did not concur with the recommendation. Recommendations are "closed" when the OIG determines that OJP concurred with the recommendation and provided documentation of the appropriate corrective action.
Resolution and Follow-up	OJP communicates with the audited grantee regarding the audit findings and corrective actions planned and completed. The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires OJP to make a management decision that states whether the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. ^b OJP then issues correspondence to the OIG reporting on its management decision and any corrective actions by the grant recipient and providing documentation for completed actions. Through this correspondence, OJP notifies the OIG when its staff believes the completed corrective actions are sufficient to resolve or close the recommendations. When the OIG concurs with the management decision, which typically occurs, it determines if the actions are sufficient to resolve or close the audit recommendations. The OIG objects to OJP management decision when it determines that the decision is contrary to law or policy or results in inefficiency or waste.
Closure	The OIG issues correspondence to OJP closing individual recommendations based on its determination that the grant recipient's corrective actions are appropriate, reasonable, and do not violate law, regulation, or administrative policy. When all recommendations in a report are closed, the OIG closes corrective action on the report as a whole.

^a The generally accepted government auditing standards, commonly referred to as the "Yellow Book," are issued by the U.S. Government Accountability Office. The standards apply to both financial and performance audits and provide a framework for conducting high-quality audits with competence, integrity, objectivity, and independence.

^b 2 C.F.R. § 200.521 (2018). Prior to issuing the management decision, OJP may request additional information or documentation from the auditee, including a request for auditor assurance related to the documentation, as a way of mitigating disallowed costs.

Source: OIG

OFFICE OF JUSTICE PROGRAMS' RESPONSE TO THE DRAFT REPORT



U.S. Department of Justice

Office of Justice Programs

Office of the Assistant Attorney General

Washington, D.C. 20531

MAR 16 2020

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

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

FROM: Katharine T. Sullivan
Principal Deputy Assistant Attorney General

SUBJECT: Response to the Office of the Inspector General's Draft Audit
Report, *Review of the Office of Justice Programs' Corrective
Actions to Address Dollar-Related Audit Recommendations*

This memorandum provides a response to the Office of the Inspector General's (OIG) February 26, 2020, draft audit report entitled, *Review of the Office of Justice Programs' Corrective Actions to Address Dollar-Related Audit Recommendations*. The Office of Justice Programs (OJP) appreciates the opportunity to review and comment on the draft report.

The OJP's Office of Audit, Assessment, and Management (OAAM) manages the audit resolution and follow-up processes for OIG grant audit reports involving OJP award recipients, as well as the audit resolution/follow-up processes for single audit reports¹ involving all DOJ grant recipients (including, but not limited to, those receiving awards from: OJP, the Office of Community Oriented Policing Services (COPS), the Office on Violence Against Women (OVW), and the Criminal Division's Money Laundering and Asset Recovery Section). In this capacity, OAAM works with a wide variety of grantee organizations to remedy audit recommendations and questioned costs. OAAM also works closely with each regional and headquarters office within the OIG's Audit Division in a transparent and collaborative manner to successfully complete this important work. OJP greatly appreciates the constructive working relationship with the OIG to achieve a common goal of effective oversight of OJP's grant programs.

¹ Single Audits are required for all organizations that expend \$750,000 or more in Federal funds during a fiscal year. These audits are typically conducted by independent CPA firms, and involve reviews of the organization's financial statements, internal controls, and compliance with key grant laws and regulations. For DOJ grantees, the single audit follow-up process is overseen by the OIG, and managed/performed by OJP.

The draft audit report contains three recommendations. For ease of review, the recommendations directed to OJP are summarized below and are followed by OJP's response.

1. **We recommend that OJP periodically evaluate the timeliness and circumstances of grantees producing supporting documentation to remedy questioned costs and implement guidance or policy and proactive measures to better ensure grantees maintain proper and contemporaneous support for grant expenditures**

The Office of Justice Programs agrees with this recommendation. The Office of Audit, Assessment, and Management will develop written policies and procedures for periodically analyzing grant audit findings and sharing the results with OJP offices. OJP will use the results of this periodic analysis to inform DOJ grants financial management guidance for grant recipients and training offered by the OJP's Office of the Chief Financial Officer, as well as enhance OJP programmatic and financial monitoring efforts.

We consider this recommendation resolved and request written acceptance of this action from your office.

2. **We recommend that OJP establish and communicate to each grant recipient time limits for providing requested supporting documentation depending on the complexity of the audit findings.**

The Office of Justice Programs agrees with this recommendation. The Office of Audit, Assessment, and Management (OAAM) will develop and implement written policies and procedures to ensure that OJP documents a corrective action plan approach, including an estimated timeline for fully addressing all corrective actions, upon initial review and analysis of each grantee audit report. OAAM will coordinate the timelines, which will vary depending on the complexity of the audit findings, with the grantee at the beginning of the audit follow-up process. The timelines will be documented and monitored in the audit follow-up correspondence.

We consider this recommendation resolved and request written acceptance of this action from your office.

3. **We recommend that OJP evaluate the risks posed by the proportion of unallowable questioned costs OJP retroactively approves, determine enhancements to its enforcement practices for unallowable costs identified in audits and reviews, and periodically review grant terms for which OJP routinely approves deviations through Grant Adjustment Notices and retroactive approvals and identify strategies that better ensure grant recipients are spending grant funds for allowable purposes.**

The Office of Justice Programs agrees with this recommendation. The Office of Audit, Assessment, and Management will conduct an assessment of the circumstances under which OJP has retroactively approved costs in the past. Based on the results of the assessment, OJP will: 1) implement changes to current processes or practices to reduce the need for retroactive approvals, and 2) develop and implement guidance for circumstances when OJP will consider requests for retroactive approval.

We consider this recommendation resolved and request written acceptance of this action from your office.

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

cc: Maureen A. Henneberg
Deputy Assistant Attorney General

Ralph E. Martin
Director
Office of Audit, Assessment, and Management

Leigh Benda
Chief Financial Officer

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Phillip K. Merkle
Acting Director
Office of Communications

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

APPENDIX 4

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

The Office of the Inspector General (OIG) provided a draft of this report to the Office of Justice Programs (OJP). OJP's response is incorporated in Appendix 3 of this final report. In response to our report, OJP agreed with all of our recommendations and discussed the actions it will implement in response to our findings. The following provides the OIG's analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

1. **Periodically evaluate the timeliness and circumstances of grantees producing supporting documentation to remedy questioned costs and implement guidance or policy and proactive measures to better ensure grantees maintain proper and contemporaneous support for grant expenditures.**

Resolved. OJP agreed with our recommendation and stated that the Office of Audit, Assessment, and Management (OAAM) will develop written policies and procedures for periodically analyzing grant audit findings and sharing the results with OJP offices. OJP also stated that it will use the results of this periodic analysis to inform Department of Justice (DOJ) grants financial management guidance for grant recipients and training offered by OJP's Office of the Chief Financial Officer, as well as to enhance OJP programmatic and financial monitoring efforts.

This recommendation can be closed when we receive documentation of OJP's written policies and procedures for periodically analyzing grant audit findings and to ensure grantees maintain proper and contemporaneous support for grant expenditures.

2. **Establish and communicate to each grant recipient time limits for providing requested supporting documentation depending on the complexity of the audit findings.**

Resolved. OJP agreed with our recommendation and stated that OAAM will develop and implement written policies and procedures to ensure that OJP documents a corrective action plan approach, including an estimated timeline for fully addressing all corrective actions, upon initial review and analysis of each grantee audit report. OJP also stated that OAAM will coordinate the timeliness, which will vary depending on the complexity of the audit findings, with the grantee at the beginning of the audit follow-up process. OJP stated that the timelines will be documented and monitored in its audit follow-up correspondence.

This recommendation can be closed when we receive documentation of established time limits OJP communicated to grant recipients for providing requested supporting documentation depending on the complexity of the audit findings.

3. **Evaluate the risks posed by the proportion of unallowable questioned costs OJP retroactively approves, determine enhancements to its enforcement practices for unallowable questioned costs identified in audits and reviews, and periodically review grant terms for which OJP routinely approves deviations through Grant Adjustment Notices and retroactive approvals and identify strategies that better ensure grant recipients are spending grant funds for allowable purposes.**

Resolved. OJP agreed with our recommendation and stated that OAAM will conduct an assessment of the circumstances under which OJP has retroactively approved costs in the past. OJP also stated that based on the results of the assessment, OJP will: (1) implement changes to current processes or practices to reduce the need for retroactive approvals, and (2) develop and implement guidance for circumstances when OJP will consider requests for retroactive approval.

This recommendation can be closed when we receive: (1) documentation of OJP's assessment of the circumstances under which OJP retroactively approved costs in the past, (2) OJP's developed and implemented changes to current processes or practices to reduce the need for retroactive approvals, and (3) OJP's guidance for circumstances when OJP will consider requests for retroactive approval.



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