



**AUDIT OF THE BUREAU OF JUSTICE ASSISTANCE  
AWARD TO LOUDOUN COUNTY, VIRGINIA  
SHERIFF'S OFFICE**

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

Audit Report GR-30-13-002  
March 2013

**REDACTED – FOR PUBLIC RELEASE**

# **AUDIT OF THE BUREAU OF JUSTICE ASSISTANCE AWARD TO LOUDOUN COUNTY, VIRGINIA SHERIFF'S OFFICE**

## **EXECUTIVE SUMMARY\***

The Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of grant number 2010-DD-BX-0483 in the amount of \$3,000,000 awarded to Loudoun County, Virginia Sheriff's Office (Loudoun County). Loudoun County is the fiscal agent for the Northern Virginia Gang Task Force (Task Force) that is comprised of personnel from 17 law enforcement jurisdictions in Northern Virginia. Since its inception in 2003, the Task Force has worked to combat gang crime in Northern Virginia and to provide prevention and intervention services to at risk and gang involved youth.

We conducted this audit to determine whether costs claimed under the grant were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the award.

Our audit found that the transactions were, in general, properly authorized, classified, supported, and charged to the grant. However, Loudoun County could improve its internal controls to ensure compliance with DOJ grant requirements. We found Loudoun County did not maintain grant documentation regarding how costs incurred by task force members reconcile with costs claimed for reimbursement under this award, and Loudoun County did not maintain a complete and accurate listing of task force members. Furthermore, Loudoun County charged the grant \$109,887 in costs that we consider unsupported or unallowable. These costs include the following:

- Unsupported subgrantee salary expense of \$104,546 where a subgrantee allocated a fixed percentage of a task force member's work hours to this grant that did not reflect actual hours worked on the Task Force.
- Unallowable travel costs of \$3,230 for per diems paid to 17 task force members to attend a three-day conference that was not specifically budgeted under this grant.
- Unsupported subgrantee expense of \$2,111 for the salary of a task force member that did not reflect the hours worked on his timesheet.

\* The full version of this report contains information that may be protected by the Privacy Act of 1974, 5 U.S.C. § 552(a) or may implicate the privacy rights of identified individuals. Therefore, Office of the Inspector General redacted portions of the full report to create this public version of the report.

Our report contains four recommendations. We discussed the results of our audit with Loudoun County officials and have included their comments in the report as applicable.

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## INTRODUCTION

The Office of the Inspector General, Audit Division, has completed an audit of grant 2010-DD-BX-0483 in the amount of \$3,000,000 awarded to Loudoun County, Virginia Sheriff's Office (Loudoun County) from the Bureau of Justice Assistance (BJA). Loudoun County is the fiscal agent for the Northern Virginia Gang Task Force (Task Force), which is comprised of personnel from 17 law enforcement jurisdictions in Northern Virginia.

Since its inception in 2003, the Task Force has worked to combat gang crime in Northern Virginia and to provide prevention and intervention services to at risk and gang involved youth. Some goals of the Task Force include targeting gang enforcement strategies, documenting and analyzing trends in gang related crime, and training personnel in gang recognition and appropriate prevention methods.

### Audit Approach

We conducted this audit to determine whether costs claimed under the grant are allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award. To accomplish this objective, we tested compliance with what we considered the most important conditions of the grant. Unless otherwise stated in the report, we used the Office of Justice Programs (OJP) Financial Guide (Financial Guide) to assess Loudoun County performance and compliance with grant requirements.<sup>1</sup>

Specifically, we tested what we believed to be critical award requirements necessary to meet the objective of the audit, including:

- **Reporting** to determine if the required federal financial reports and progress reports were submitted timely and accurately reflected grant activity;
- **Drawdowns** to determine whether grant drawdowns were adequately supported and if the grantee was managing receipts in accordance with federal requirements;
- **Budget Management and Control** to ensure that Loudoun County appropriately tracked costs to approved budget categories;

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<sup>1</sup> The Financial Guide serves as a reference manual that assists award recipients in the fiduciary responsibility to safeguard award funds and ensure funds are used appropriately. OJP requires award recipients to abide by the requirements in the Financial Guide.

- **Grant Expenditures** to determine the accuracy and allowability of costs charged to the grant; and
- **Contract Management** to ensure compliance with overall financial management requirements for procurements.

The award did not include program income, matching funds, or indirect costs. The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix I contains additional information on our objective, scope, and methodology.

## **FINDINGS AND RECOMMENDATIONS**

### **COMPLIANCE WITH ESSENTIAL AWARD REQUIREMENTS**

Our audit found that the transactions were in general, properly authorized, classified, supported, and charged to the grant. However, Loudoun County could improve its internal controls to ensure compliance with DOJ grant requirements. We found Loudoun County did not maintain grant documentation regarding how costs incurred by task force members reconcile with costs claimed for reimbursement under this award, and Loudoun County did not maintain a complete and accurate listing of task force members. Additionally, we identified \$109,887 in unallowable or unsupported grantee expenses.

#### **Reporting**

The special conditions of the grant require that Loudoun County comply with administrative and financial requirements outlined in the Financial Guide and the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* (OMB Circular A-133).<sup>2</sup> The Financial Guide requires that grantees submit both financial and program progress reports to inform awarding agencies on the status of each award. Federal Financial Reports (FFRs) should detail the actual expenditures incurred for each quarterly reporting period, while progress reports should be submitted semiannually and describe the activities, obstacles, and achievements of the project supported by each award.

Because accurate and timely FFRs and progress reports are necessary to ensure that DOJ awarding agencies can effectively monitor award activities and expenditures, we reviewed Loudoun County's reports for grant number 2010-DD-BX-0483. As detailed in the following sections, Loudoun County generally submitted required FFRs and progress reports in a timely manner. Additionally, the FFRs accurately reported grant expenditure activity and we were able to verify that the progress reports accurately reflected actual program accomplishments.

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<sup>2</sup> OMB Circular A-133 requires non-federal entities that expend at least \$500,000 a year in federal awards to have an audit conducted of its financial statements. The purpose of the audit, also known as a Single Audit, is to determine whether the financial statements and schedule of expenditures of federal awards are presented fairly in all material respects in conformity with generally accepted accounting principles. As discussed in this report, we reviewed Loudoun County's Single Audits for Fiscal Years 2010 and 2011.

## *Federal Financial Reports*

DOJ awarding agencies monitor the financial performance of each grant via FFRs. According to the Financial Guide, FFRs should be submitted within 30 days of the end of each quarterly reporting period. Even when there have been no outlays of grant funds, a report containing zeroes must be submitted. Awarding agencies may withhold funds or future awards if reports are submitted late, or not at all.

To verify the timeliness of the FFRs, we tested the last four reports submitted for the audited grant. We compared the submission date of each report to the date each report was due, and found that Loudoun County submitted the four FFRs in a timely manner.

The Financial Guide also states that the grantee's general ledger must support all amounts reported on the FFRs. To verify the accuracy of the FFRs, we discussed the FFR processes with Loudoun County's financial department, compared the amounts reported on the last four FFRs to expenditures recorded in Loudoun County's accounting records, and reviewed adjusting entries. Based on our testing, we were able to reconcile the general ledger to the FFRs.<sup>3</sup>

## *Progress Reports*

While FFRs report grant financial activity, progress reports describe the project status and accomplishments of the DOJ-grant supported program or project. Progress reports should also describe the status of the project and compare actual accomplishments to anticipated grant objectives. According to the Financial Guide, grantees are required to submit progress reports every 6 months during the performance period of the award. Progress reports are due 30 days after the end of each semi-annual reporting period, June 30 and December 31. DOJ awarding agencies may withhold grant funds if grantees fail to submit accurate progress reports on time.

To assess whether Loudoun County submitted progress reports on time, we reviewed the last four progress reports and compared the submission dates to the due date for each progress report. We found that the four progress reports tested were submitted in a timely manner.

To determine if Loudoun County progress reports contained achievements related to its program goals and objectives, we analyzed and

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<sup>3</sup> Loudoun County maintains its general ledger on a cash basis, but reports the grant expenditures on the FFRs based on accrual accounting.

compared the progress reports for the period July 2010 through June 2012 to the program objectives. Based on our review, Loudoun County was reporting achievements related to its program goals and objectives to BJA.

To assess the accuracy of the progress reports, we selected a sample of 20 reported achievements for the period July 2010 through June 2012 and compared them to source documentation. From our review, we determined the progress reports accurately reflected program goals and achievements as set forth in the grant documentation.

### **Drawdowns**

To obtain DOJ award money, award recipients must electronically request grant funds via draw downs. The Financial Guide states that award recipients should only request federal award funds when they incur or anticipate project costs. Therefore, recipients should time their requests for award funds to ensure they will have only the minimum federal cash on hand required to pay actual or anticipated costs within 10 days.

According to the Loudoun County Sheriff Office Budget Manager, quarterly drawdown requests are based on the amount of expenditures reported on the FFR. To ensure that Loudoun County requested funds properly and kept minimum federal cash on hand, we analyzed their drawdowns to date and compared the overall amount to the Loudoun County general ledger. Overall, we found that the amounts drawn down did not exceed the expenditures in the accounting records.

### **Budget Management and Control**

Grantees should expend funds according to the budget approved by the awarding agency and included in the final award. Approved award budgets document how much the recipient is authorized to spend in high-level budget categories, such as personnel, supplies, and contractors. The Financial Guide also states that award recipients may request a modification to approved award budgets to reallocate amounts between various budget categories within the same award. No prior approval is required if the reallocations between budget categories do not exceed 10 percent of the total award amount. We compared the actual amounts spent in each budget category to the budgeted amounts in the same categories. For award 2010-DD-BX-0483, Loudoun County adhered to the Financial Guide requirements.

## Grant Expenditures

According to 2 C.F.R. § 230 *Cost Principles for Non-Profit Organizations*, costs are allowable if they are reasonable, consistently applied, adequately documented, comply with policies and procedures, and conform to any limitations or exclusions specified in applicable criteria. As of August 23, 2012, Loudoun County general ledger reported \$2,844,163 in project costs associated with grant 2010-DD-BX-0483. We tested \$539,094 (19 percent) in expenses charged to the grant to ensure they were allowable, and identified \$109,887 in questioned costs.<sup>4</sup> Exhibit 1 displays by type of sampled cost, the total value of the expenditures in each category, and the amount of questioned costs our testing identified.

**Exhibit 1: Summary of Review of Grant Expenditures**

Type of Cost	Total General Ledger Costs (\$)	Amounts Tested (\$)	Questioned Costs (\$)
Personnel Costs	122,450	9,445	0
Fringe Costs	58,626	58,626	0
Other Direct Costs:			
Travel	12,572	3,230	3,230
Supplies	1,865	0	0
Contractual	2,584,107	457,956	106,657
Other	64,543	9,837	0
<b>TOTAL</b>	<b>\$ 2,844,163</b>	<b>\$539,094</b>	<b>\$109,887</b>

Source: Loudoun County accounting records and OIG analysis

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<sup>4</sup> Questioned costs are expenditures that do not comply with legal, regulatory or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

## *Personnel Costs*

The personnel costs of the grant include the salary and fringe benefits of an adult re-entry officer and two task force officers representing the grant's fiscal agent, Loudoun County. The salary and fringe benefits for the other jurisdictions participating in the Task Force are billed to the fiscal agent by their respective counties or cities and included in the budget category entitled contractual.

We interviewed Loudoun County personnel and reviewed the Loudoun County policies for timekeeping, payroll, and allocating labor costs to grants. Loudoun County requires all employees to submit a timesheet that details the time spent on the Task Force for each bi-weekly pay period; supervisors approve each timesheet. Loudoun County inputs the timesheet data into the payroll system to calculate the appropriate salaries and benefits charged to the grant.

### Salaries

Loudoun County's 2010 Single Audit Report had findings which cited that the County did not have timesheets or time and effort certifications for another federal award program. To determine if labor charges from Loudoun County were accurate, we judgmentally selected two non-consecutive pay periods, October 2010 and August 2011, and reviewed the submitted timesheets and payroll registers. We did not identify any inaccuracies based on our review.

### Fringe Benefits

When Loudoun County's employees work on grant projects, Loudoun County incurs costs associated with providing its employees fringe benefits such as payroll taxes, health insurance, and retirement plan contributions. We reviewed the fringe benefits allowed in the approved budget and compared the approved amounts to the amounts charged to the award. We determined that a reasonable amount of fringe benefits were charged for Loudoun County personnel.

## *Other Direct Costs*

We selected a judgmental sample of 25 other direct cost transactions from award 2010-DD-BX-0483 totaling \$471,023 to determine if the charges were included in the approved budget, allowable, and allocable to the DOJ award. In our review of the supporting documentation provided by Loudoun County, we noted at least six instances where we could not reconcile the

expenses claimed for reimbursement to the supporting source documentation primarily because of grantee adjustments. While the adjustments were small, we recommend OJP ensure the auditee maintains accurate and complete documentation of all adjustments. Further, the listing of task force members and their dates of service provided to us was not accurate, as it excluded a task force member and did not have the correct employment timeframe for another. As Loudoun County must have an accurate and complete listing of task force members and their service dates in order to effectively monitor the award, we recommend OJP ensure that Loudoun County maintains a complete and accurate listing of when task force members join and leave the Task Force.

As shown in Exhibit 2, we questioned \$109,887 of grantee costs.

**Exhibit 2: Summary of Questioned Other Direct Costs**

General Ledger				
Account Description	Date	Amount (\$)	Questioned Amount (\$)	Note
Contractual	06/07/11	27,139	2,111	Missing support for hours charged
Contractual	3/24/11 - 7/18/12	104,546	104,546	No time sheet
Travel	08/09/11	3,230	3,230	Unapproved conference
<b>TOTAL</b>		<b>\$134,915</b>	<b>\$109,887</b>	

Source: OIG analysis of Loudoun County's general ledger and supporting documentation

Missing Support for Hours Charged

As the primary grant recipient, Loudoun County reimburses the salary expense incurred by the employees from other jurisdictions for its work on the Task Force as contractual expenses. During our testing, we identified a reimbursement request from Fairfax County, a task force participant, in the amount of \$27,139 for salaries paid to a gang prevention coordinator for work performed on the Task Force from September 1, 2010 to December 31, 2010. We reviewed the timesheets and payroll reports for this reimbursement and found that the December 3, 2010 timesheet did not support the 56 hours that was charged to the grant. Loudoun County explained that the task force officer forgot to record his time for these hours. Timesheets must reflect an after-the-fact distribution of the actual activity of the employee, account for the total activity for which the person is compensated, be prepared to coincide with one or more pay periods, and be signed by the employee and approved by a supervisor with firsthand knowledge of the work performed. As there was not adequate

documentation on the timesheet for the 56 hours charged to the grant, we question the \$2,111 as unsupported and recommend OJP remedy \$2,111 in contractual costs.

#### No Time Sheet

A Manassas Park employee, a task force participant who helped administer the award, charged the award for 63 percent (25 hours) of their salary and fringe benefits. This contractual salary charge was not supported by time records. Specifically the timesheet provided did not differentiate between task force hours and time spent on other projects. According to the Financial Guide, grant recipients who work on multiple programs or cost activities must reasonably allocate their labor costs to each activity based on time and effort reports, more commonly referred to as timesheets. These timesheets must reflect an after-the-fact distribution of the actual activity of the employee, account for the total activity for which the person is compensated, be prepared to coincide with one or more pay periods, and be signed by the employee and approved by a supervisor with firsthand knowledge of the work performed. We could not obtain sufficient evidence of how this 63 percent was determined. Therefore we question the total salary and benefits reimbursed to this task force member totaling \$104,546 and recommend OJP remedy \$104,546 in unsupported contractual costs charged to the grant.<sup>5</sup>

#### Unapproved Conference

The budget for this grant provided for travel expenses for task force members to attend two specific training or professional conferences events. One itemized training event was for eight people and the other training event for two people. During testing, we identified an expense for per diem paid to 17 people who attended a gang task force symposium in Orlando, Florida. This training symposium was not listed in the grant approved budget and the other cost associated with this symposium was paid for by the previous Northern Virginia Gang Task Force grant. The Financial Guide requires that allowable costs be reasonable, allocable, necessary to the project, and comply with funding statutes requirements. As this particular event was not budgeted for under award 2010-DD-BX-0483 and the associated cost for the symposium was charged to another grant, we consider the \$3,230 of travel costs unallowable, and we recommend OJP remedy \$3,230 in unallowable travel costs.

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<sup>5</sup> The auditee, as of August 2012, adjusted their timekeeping procedures to document the number of hours this employee worked on the task force.

## **Contract Management**

According to Loudoun County officials as well as our review of the financial and operational activities associated with the Task Force, we did not identify any Loudoun County contracts for this grant. Instead, the Task Force uses existing contracts that each jurisdiction already has in place.<sup>6</sup> We reviewed the procurement policies at Loudoun County and we did not note exceptions to Loudoun County's contract management for this grant.

## **Recommendations**

We recommend that OJP:

1. Remedy the \$106,657 in unsupported subgrantee salary costs.
2. Remedy the \$3,230 in unallowable travel costs.
3. Ensure that Loudoun County maintains accurate and complete documentation of all cost adjustments reimbursed under this grant.
4. Ensure that Loudoun County maintains a complete and accurate listing of when task force members join and leave the Task Force.

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<sup>6</sup> Fairfax County has contracted with Northern Virginia Family Services and Arlington County has contracted with Offender Aid and Recovery.

## SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS: <sup>7</sup>	AMOUNT (\$)	PAGE
<u>Unsupported Subgrantee Costs</u>		
Missing Support for Hours Charged	2,111	8
No Time Sheet	104,546	8
<b>Total Unsupported Costs</b>	<b>\$106,657</b>	
<u>Unallowable Costs</u>		
Unapproved Conference	3,230	6
<b>Total Unallowable Costs</b>	<b>\$3,230</b>	
<b>Total Questioned Costs</b>	<b>\$109,887</b>	

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

## APPENDIX I

### OBJECTIVE, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant reviewed were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The objective of our audit was to review performance in the following areas: (1) federal financial reports and progress reports, (2) drawdowns, (3) budget management and control, (4) expenditures, and (5) contract management.

We conducted this 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our audit concentrated on grant no. 2010-DD-BX-0483 in the amount of \$3,000,000 to Loudoun County, Virginia Sheriff's Office (Loudoun County) awarded by the Bureau of Justice Assistance. Since its inception in 2003, the Northern Virginia Gang Task Force was established as a multi-jurisdictional partnership comprised of local, state, and federal law enforcement agencies that worked to combat gang crime in Northern Virginia and to provide prevention and intervention services to at risk and gang involved youth.

We tested compliance with what we considered to be the most important conditions of the award. Unless otherwise stated in our report, the criteria we audit against are contained in the OJP Financial Guide and the award documents.

In conducting our audit, we performed sample testing in the following areas:

- **Drawdowns.** We analyzed Loudoun County's overall drawdowns of \$2,842,617 for the DOJ award from the inception of the award through August 16, 2012. Loudoun County provided documentation supporting the drawdown requests.
- **Payroll.** We reviewed Loudoun County's Single Audit report, reviewed policies, and spoke with officials regarding timekeeping and the charging of personnel costs. To determine whether Loudoun County's

labor costs were supported and allowable, we judgmentally selected two nonconsecutive pay periods to test. We determined whether personnel costs were computed correctly, properly authorized, accurately recorded, and properly allocated. We also analyzed the fringe benefits costs to ensure the charges were consistent with the approved budgeted amounts.

- **Transactions.** To test Loudoun County's transactions for authorizations, vouchers, and supporting documentation of the expense, we judgmentally selected 25 non-payroll transactions totaling \$471,023. We analyzed the transactions to determine if the transactions were properly authorized, classified, recorded, supported, and charged to the grant.
- **Contract Management.** We interviewed Loudoun County's personnel for this award regarding the analysis, negotiations, and available documentation maintained for the selection of contractors. We obtained all available solicitations, request for proposals, negotiated contracts, and other supporting documentation for contractors performing services under the subject grant.

In addition, we reviewed the timeliness and accuracy of Financial Status and Progress Reports and reviewed the internal controls of the financial management system.

## APPENDIX II

### OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

*Office of Justice Programs*

*Office of Audit, Assessment, and Management*

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Washington, D.C. 20531

March 18, 2013

MEMORANDUM TO: Troy M. Meyer  
Regional Audit Manager  
Washington Regional Audit Office  
Office of the Inspector General

FROM: */s/*  
Maureen A. Henneberg  
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Bureau of Justice Assistance Award to Loudoun County, Virginia Sheriff's Office*

This memorandum is in reference to your correspondence, dated February 12, 2013, transmitting the above-referenced draft audit report for the Loudoun County, Virginia Sheriff's Office (Loudoun County). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **four** recommendations and **\$109,887** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

**1. We recommend that OJP remedy the \$106,657 in unsupported subgrantee salary costs.**

OJP agrees with the recommendation. We will coordinate with Loudoun County to remedy the \$106,657 in questioned costs, related to unsupported subgrantee salary costs. If adequate documentation cannot be provided, we will request that Loudoun County return the funds to the U.S. Department of Justice (DOJ); adjust their accounting records to remove the costs; and submit a revised Federal Financial Report (FFR) for award number 2010-DD-BX-0483.

**2. We recommend that OJP remedy the \$3,230 in unallowable travel costs.**

OJP agrees with the recommendation. We will coordinate with Loudoun County to remedy the \$3,230 in questioned costs, related to unallowable travels costs. If adequate documentation cannot be provided, we will request that Loudoun County return the funds to the DOJ; adjust their accounting records to remove the costs; and submit a revised FFR for award number 2010-DD-BX-0483.

3. **We recommend that OJP ensures that Loudoun County maintains accurate and complete documentation of all cost adjustments reimbursed under this grant.**

OJP agrees with the recommendation. We will coordinate with Loudoun County to obtain a copy of procedures implemented to ensure that it maintains accurate and complete documentation of all cost adjustments reimbursed under Federal grant awards.

4. **We recommend that OJP ensures that Loudoun County maintains a complete and accurate listing of when task force members join and leave the Task Force.**

OJP agrees with the recommendation. We will coordinate with Loudoun County to obtain a copy of procedures implemented to ensure that it maintains a complete and accurate listing of when task force members join and leave the Task Force.

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.

cc: Jeffery A. Haley  
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Control Number 20130156

## APPENDIX III

### LOUDOUN COUNTY SHERIFF'S OFFICE RESPONSE TO THE DRAFT REPORT

Sheriff Michael L. Chapman



### LOUDOUN COUNTY SHERIFF'S OFFICE

880 Harrison Street SE, Leesburg, Virginia 20175  
Telephone 703-777-0407

February 28, 2013

Troy Myer  
Regional Audit Manager Washington Regional Audit Office  
Office of the Inspector General  
U.S. Department of Justice  
1300 North 17th St.  
Suite 3400  
Arlington, VA 22209

Re: Loudoun County response to OIG audit for grant 2010-DD-BX-0483

Dear Mr. Myer;

Loudoun County is in receipt of the OIG audit draft report for the above grant. The OIG has several recommendations which I would like to address:

1. Remedy the \$106,657 in unsupported sub-grantee salary costs.

The amount of \$106,657 in question is for an Intervention Coordinator from Fairfax County and the [REDACTED] from Manassas Park.

Loudoun County does not concur with this recommendation.

There is a timesheet in question, pay period 25 of 2010 (11/20/10- 12/3/10), where OIG states that the timesheet did not support the 56 hours that was charged to the grant. The grant budget that was submitted to BJA included four Intervention Coordinators and one Adult Re-Entry position to be fully funded. [REDACTED], from Fairfax County, was hired for this position and all hours worked was in direct relation to the GTF. In attachment 1, a letter has been submitted by [REDACTED], which explains that this timesheet in question was an oversight from both [REDACTED] and [REDACTED]. All timesheets before this date and after have been fully documented.

The [REDACTED] from the City of Manassas Park, [REDACTED], was hired to administer the GTF grant and to handle financial matters for the City of Manassas Park. OIG has stated that the timesheets submitted for reimbursement back to the jurisdiction did not support the time charged to the grant. 63% or 25 hours per week were dedicated to GTF matters.

██████████ immediate supervisor was the ██████████ ██████████ monitored ██████████ work, and approved all time cards prior to submission for reimbursements. Attached to this response is correspondence from ██████████ certifying ██████████ work hours, attachment 2.

In corresponding with and at the request of BJA, all of ██████████ timesheets have been revised and signed again to include the following message, attachment 3:

"Each week ██████████ worked 25 hours or more on verification of reimbursable expenditures from the 16 jurisdictions; answering requests from jurisdictions concerning reimbursement, etc.; requesting jurisdictions for additional backup and verification; scanning/sending qualified requests to Loudoun; budget development; new grant applications and bench marking to State and Federal agencies; attendance, participation, presentation to Executive Steering Committee and Board of Directors meetings; travel/training arrangements for NVGFT; maintaining credit cards and fuel cards; ad hoc training to jurisdictions and their financial liaisons; works closely with the Executive Director; and other grant administration as necessary to meet the requirements of the grant."

Once this matter was brought to the attention of the Task Force administration by OIG, it was immediately corrected and ██████████ time sheets reported the task force time vs. the work time in Manassas Park.

2. Remedy the \$3,230 in unallowable travel costs.

Loudoun County does not concur with this recommendation.

The budget submitted with the grant for travel specified two trainings; the Virginia Gang Intervention Association (VGIA) conference and the International Latino Gang Investigators Association (ILGIA) conference with a budget of \$9,070 under travel for hotel, airfare and per diem and \$4,600 in other for registration fees. Total training budget was \$13,670. The GTF only spent \$5,578 on training and had a remaining balance of \$8,092.

The GTF members attended a Gang Symposium Conference in Orlando, FL. The purpose of this training was to update and further their training, which focused on a wide range of domestic and international gangs, trends as well as all aspects of their associated activities, information sharing and differences in geographical gang trends. It meets the objective of the grant.

Because of the large unspent remaining training budget balance and the expense falls within the 10% rule, the ██████████, who oversees the financial aspect of this grant, did not foresee this as unallowable cost.

We are working with BJA to see if submitting a GAN to include this training as part of the training budget will remedy this recommendation.

3. Ensure that Loudoun County maintains accurate and complete documentation of all costs adjustments reimbursed under this grant.

Out of 321 reimbursements to participating jurisdictions, only one reimbursement did not have any notes as to why an adjustment was made to the invoice. Adjustments made to other invoices had clear notes and backup as to why an invoice amount was changed. This was an oversight from the ██████████.

Going forward, if adjustments are made to an invoice, clear documentation will be provided.

4. Ensure that Loudoun County maintains a complete and accurate listing of when task force members join and leave the Task Force.

Loudoun County does concur with this recommendation.

A listing of GTF members was provided to OIG with dates but some of the dates did not coincide with reimbursements. A directive, attachment 4, was sent on January 31, 2013 to [REDACTED], the [REDACTED] of the GTF. This directive instructed [REDACTED] to maintain an accurate database that shows when someone joins or leaves the GTF.

In closing, the Sheriff's Office and the Gang Task Force administration are working hand in hand with BJA to remedy these recommendations. We are appreciative of your staffs' hard work to review the gang task grant activities and costs.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael L. Chapman". The signature is written in a cursive, flowing style.

Michael L. Chapman  
Sheriff

## APPENDIX IV

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

The Department of Justice (DOJ) Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP) and the Loudoun County, Virginia Sheriff's Office (Loudoun County). The responses are incorporated respectively as Appendices II and III of this final report. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

1. **Resolved.** OJP concurred with our recommendation to remedy the \$106,657 in unsupported subgrantee salary costs. OJP stated in its response that it will coordinate with Loudoun County to remedy the \$106,657.

Loudoun County stated that it does not concur with the recommendation. Loudoun County provided a letter from the [REDACTED] attesting to the fact that the employee, for whom we questioned the timesheet, worked the 56 hours for the pay period in question and that all hours worked were for the Northern Virginia Gang Task Force (Task Force). The letter explained that the timesheet error was an oversight on part of both the employee and his supervisor. We note that this was an isolated incident for this officer as the officer had provided timesheets in all other transactions tested, and the supervisor and [REDACTED] attested to the time charges for the period. Therefore, we close the part of this recommendation pertaining to \$2,111 in unsupported labor costs.

A Manassas Park employee, a task force participant who helped administer the award, charged the award for 63 percent (25 hours) of their salary and fringe benefits. This contractual salary charge was not supported by time records. In regards to the questioned [REDACTED] costs, Loudoun County provided documentation indicating that the analyst time cards were revised to include a statement by the analyst's supervisor that the analyst spent 25 hours per week working on the task force award. However, we were not provided with any documentation to support the 25 hours charged to the grant, which was based on an unsupported allocation of 63 percent.

According to the Financial Guide, grant recipients who work on multiple programs or cost activities must reasonably allocate their labor costs to each activity based on time and effort reports, more commonly referred to as timesheets. These timesheets must reflect an after-the-fact distribution of the actual activity of the employee, account for the total activity for which the person is compensated, be prepared to coincide with one or more pay periods, and be signed by the employee and approved by a supervisor with firsthand knowledge of the work performed.

In addition the 2010 Single Audit of Loudoun County noted a similar problem. Specifically, the Single Audit noted that it could not obtain sufficient evidence to determine the allocation of payroll expenditures on certain awards as there were no timesheets or time and effort report certifications. The Single Audit resulted in a recommendation requiring Loudoun County to update policies and procedures to require time and effort certifications for employees that charge time to two or more programs. Therefore, the remaining \$104,546 of questioned cost can be closed when OJP remedies these costs.

2. **Resolved.** OJP concurred with our recommendation to remedy the \$3,230 in unallowable travel costs. OJP stated in its response that it will coordinate with Loudoun County to remedy the \$3,230.

Loudoun County disagrees with our recommendation, stating that the budget submitted for the grant provided for two specific trainings for a total of \$13,670. Of this total, the Task Force spent \$5,578 resulting in a remaining balance of \$8,092. Loudoun County indicates that the Task Force attended a separate training in Orlando, Florida which covered a variety of gang related topics that met the objectives of the grant and that the large unspent training fund fell within the 10 percent rule for budget modifications in the OJP Financial Guide.

However, the budget for this grant provided for travel expenses for task force members to attend two specific training or professional conferences events. One itemized training event was for eight people and the other training event for two people. During testing, we identified an expense for per diem paid to 17 people who attended a gang task force symposium in Orlando, Florida. This training symposium was not listed in the grant approved budget and the other costs (lodging, transportation) associated with this symposium was previously paid for by another Northern Virginia Gang Task Force grant. The Financial Guide requires that allowable costs be reasonable, allocable, necessary to the project, and comply with

funding statutes requirements. As this particular event was not budgeted for under award 2010-DD-BX-0483 and the associated cost for the symposium was charged to another grant, we consider the \$3,230 of travel costs unallowable.

Further, the 10 percent rule applies to movement of costs between line items already budgeted and approved for under the grant. Because there was no transfer of funds between budgeted line items and the Orlando training was not specifically approved in the grant budget, the 10 percent rule does not apply. This recommendation can be closed once we receive evidence that OJP has remedied the \$3,230 in unallowable travel costs.

3. **Resolved.** OJP concurred with our recommendation that Loudoun County maintains accurate and complete documentation of all cost adjustments reimbursed under this grant. OJP stated that it will coordinate with Loudoun County to obtain a copy of procedures implemented to ensure that it maintains accurate and complete documentation of all cost adjustments reimbursed under federal grant awards.

Loudoun County did not concur with our recommendation, stating that our observation was limited to 1 out of 321 expense reimbursements Loudoun County provided to the participating jurisdictions on the Task Force. We disagree with this statement. During our audit testing we noted at least six instances where Loudoun County did not sufficiently document adjustments. While the adjustment amounts were small, as the primary grant recipient Loudoun County must maintain in its files both accurate and complete expense documentation that explains any adjustments or allocations for grant expenditures. This recommendation can be closed once we receive evidence that Loudoun County has updated and implemented its policy to maintain accurate and complete documentation of all adjustments for grant expenditures.

4. **Closed.** OJP concurred with our recommendation that Loudoun County maintains a complete and accurate listing of when task force members join and leave the Task Force. The executive director of the Task Force issued a directive to its [REDACTED] to create a database of when a member joins or leaves the task force. We received a copy of this directive; therefore this recommendation is closed.