



**AUDIT OF THE NATIONAL INSTITUTE OF JUSTICE
AWARD TO GEORGETOWN UNIVERSITY'S
INSTITUTE FOR THE STUDY OF
INTERNATIONAL MIGRATION
WASHINGTON, D.C.**

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

Audit Report GR-30-14-004
June 2014

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EXECUTIVE SUMMARY

The Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of a \$354,785 award by the Office of Justice Programs (OJP), National Institute of Justice (NIJ) to Georgetown University's Institute for the Study of International Migration (ISIM) in Washington, D.C. Specifically, grant number 2012-IJ-CX-0026 supports a project titled "After Rescue: Evaluation of Strategies to Stabilize and Integrate Adult Survivors of Human Trafficking to the United States," that will analyze data of the services provided to human trafficking victims.

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, and to ascertain ISIM's progress towards meeting its program goals and objectives. Unless otherwise stated in the report, we applied the 2013 OJP Office of the Chief Financial Officer Financial Guide (OJP Financial Guide) as our primary criteria. As of December 31, 2013, ISIM charged the award for expenditures totaling \$128,460 and drew down \$98,932 in grant funds.

Our audit found that transactions were, in general, properly authorized, classified, supported, and charged to the award. However, ISIM personnel allocating labor to numerous awards did not prepare timesheets; rather labor was allocated to awards, including the NIJ award, based on estimated percentages of time worked on each award. Therefore, we could not verify the accuracy of labor allocated to the NIJ award.

Our report contains one recommendation. We discussed the results of our audit with ISIM grant officials and have included their comments in the report.

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INTRODUCTION

On August 24, 2012, the National Institute of Justice (NIJ) in the Office of Justice Programs (OJP) awarded a grant for Research and Evaluation on Trafficking in Persons, totaling \$354,785, to Georgetown University's Institute for the Study of International Migration (ISIM) in Washington, D.C. Specifically, grant number 2012-IJ-CX-0026 funded a project titled "After Rescue: Evaluation of Strategies to Stabilize and Integrate Adult Survivors of Human Trafficking to the United States," that would analyze data of the services provided to human trafficking victims to better understand their characteristics and evaluate the efficacy of different integration strategies in stabilizing their well-being.

Audit Approach

We conducted this audit with the objective of determining whether reimbursements ISIM claimed for costs under the award were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and ascertaining ISIM progress towards meeting its program goals and objectives. Therefore, we tested compliance with what we considered the most important conditions of the grant. Unless otherwise stated in the report, we used the 2013 OJP Office of the Chief Financial Officer Financial Guide (OJP Financial Guide) and the award documents to assess ISIM's performance and compliance with grant requirements.¹

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

- **Internal Control Environment** to determine whether the internal controls ISIM put in place for the processing and payment of funds and controls adequately safeguard grant funds and ensure compliance with the terms and conditions of the grant;
- **Reporting** to determine whether ISIM submitted required federal financial reports and progress reports on time and whether such reports accurately reflected the activity of the grant;

¹ The OJP Financial Guide serves as a reference manual that provides guidance to award recipients on their fiduciary responsibility to safeguard award funds and to ensure funds are used appropriately.

- **Program Performance and Accomplishments** to determine if ISIM met or can meet the grant's objectives and whether ISIM collected the data and developed the performance measures necessary to assess the accomplishment of its objectives;
- **Drawdowns** to determine whether ISIM adequately supported the grant drawdowns it requested and managed its grant receipts in accordance with federal requirements;
- **Budget Management and Control** to examine whether ISIM tracked its actual costs to budgeted and approved cost categories, and if any deviations received the necessary approvals;
- **Grant Expenditures** to determine the accuracy, support and allowability of expenditures that ISIM allocated or charged to the grant with respect to the applicable laws, regulations, guidelines, and terms and conditions of the grant; and
- **Contractor Management** to determine if ISIM was in compliance with the requirements for engaging contractors.

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

FINDINGS AND RECOMMENDATION

COMPLIANCE WITH ESSENTIAL AWARD REQUIREMENTS

We found that Georgetown University's Institute for the Study of International Migration (ISIM) generally complied with the essential grant conditions relating to reporting, grant drawdowns, budget management and control, property management, grant goals and program performance; and that its expenditure transactions were, in general, properly authorized, classified, supported, and charged to the award. However, during the audit, we found that ISIM personnel allocating labor to numerous awards did not prepare timesheets; rather labor was allocated to awards, including the NIJ award, based on estimated percentages of time worked on each award. Therefore, we could not verify the accuracy of labor allocated to the NIJ award.

Internal Control Environment

According to the OJP Financial Guide, award recipients are responsible for establishing and maintaining an adequate system of accounting and internal controls. An acceptable internal control system provides cost controls to ensure optimal use of funds. Award recipients must also adequately safeguard funds and ensure they are used solely for authorized purposes. While our audit did not assess ISIM's overall system of internal controls, we did review the internal controls of ISIM's financial management system specific to the administration of grant funds during the period under review. Specifically, we interviewed pertinent ISIM personnel, reviewed written policies and procedures that affect the award, and reviewed the FY 2010 through FY 2012 single audit reports for Georgetown University.

Overall, we determined that there are adequate segregations of duties with respect to ISIM's process of requesting supplies and services through the payment of invoices. Additionally, ISIM follows the University's policies on sole source procurement and contracts. There are also specific policies regarding budget monitoring, property accounting and an equipment manual. However, we identified that ISIM's system for allocating labor to awards, including the NIJ award, was not verifiable. ISIM allocates labor to awards based on estimated percentages of time worked on each award. These allocation percentages are not supported by a timesheet that reflects an after-the-fact distribution of actual activity of each employee. We discuss this exception later in the "Grant Expenditures" section of this report.

Reporting

The OJP Financial Guide requires that award recipients 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 performance activities 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 the three FFRs required to be submitted through the reporting period ending September 30, 2013, and we reviewed the two progress reports required to be submitted through the reporting period ending December 31, 2013. As detailed in the following sections, ISIM generally submitted the required FFRs and progress reports in a timely manner.

Federal Financial Reports

To verify the timeliness of the FFRs, we reviewed the three FFRs submitted through the quarterly reporting period ending September 30, 2013. According to the OJP Financial Guide, FFRs are due no later than 30 days after the end of the calendar quarter. Funds or future awards may be withheld if reports are not submitted or if reports are submitted late. We compared the submission date of each report to the date each report was due and found three FFRs tested were filed on time.

The OJP Financial Guide indicates that an awardee's accounting system for reporting must support all activities and amounts reported on the FFRs. To verify the accuracy of the FFRs, we discussed the process for submitting FFRs with the responsible ISIM grant official and compared the amounts reported on the three FFRs to expenditures recorded in the awardee's accounting records. Based on our testing, we found that expenditures reported on the FFRs did reconcile to the official accounting records of the award.

Progress Reports

While FFRs report an awards financial activity, progress reports describe the project status and accomplishments toward the objectives contained in the approved award application. Progress reports are due 30 days after the end of each semi-annual reporting period, June 30 and December 31. To assess whether ISIM submitted progress reports on time, we reviewed the two progress reports required for the reporting periods ending June 30, 2013 and December 31, 2013, and compared the submission dates to the due date for each progress report. We found both progress reports were submitted on time.

To ascertain whether ISIM's progress reports detailed program achievements consistent with program goals and objectives, we verified performance claims by examining the first two progress reports submitted for the award over the first year of the grant and traced the reported accomplishments to supporting documentation. The documents examined included effort percentages for the Primary Investigators and the Research Associate, the hours worked by Graduate Research Assistants, verification of the laptop computer purchase, confirmation of contractor accomplishments, and the year one summary of quantitative analysis completed as chronicled in the Econometric Analysis Report. Based on our review, we found that sufficient documentation supported ISIM's progress reports and that they accurately reflected the accomplishments for the first year of the two year award period.

Program Performance and Accomplishments

The primary goal of the award to Georgetown University's Institute for the Study of International Migration (ISIM) is to produce and publish a final report that will include policy and programmatic recommendations regarding the effectiveness and efficacy of existing programs and strategies to rehabilitate, stabilize, and ultimately integrate survivors of trafficking into the wider society. In order to better understand the characteristics of trafficking victims and the efficacy of different intervention strategies in stabilizing their well-being, the grantee's evaluation will be twofold: (1) a quantitative history analysis of an individual case tracking database; and (2) a qualitative assessment of the intervention processes, measures, and survivor outcomes. The project period of the award is January 1, 2013 through December 31, 2014, and our audit focuses on the financial and programmatic activities of the award for the first year, ending December 31, 2013.

We reviewed grantee documentation and interviewed ISIM personnel to determine whether ISIM achieved the grant objectives identified in the grant application. To achieve its primary goal, ISIM divided its efforts into ten objectives detailed in Exhibit 1.

Exhibit 1: ISIM's 10 Program Objectives

OBJECTIVE	YEAR 1 (CY 2013) QUANTITATIVE ANALYSIS	YEAR 2 (CY 2014) QUALITATIVE ASSESSMENT
1	A Principal Investigator devotes 25% of time to the project.	A Principal Investigator devotes 20% of time to the project.
2	A second Principal Investigator devotes 20% of time to the project.	A second Principal Investigator devotes 25% of time to the project.
3	The Research Associate devotes 20% of time to the project.	The Research Associate devotes 20% of time to the project.
4	A Graduate Research Assistant devotes 20 hours a week to the project.	A Graduate Research Assistant devotes 20 hours a week to the project.
5	A second Graduate Research Assistant devotes 10 hours a week to the project.	
6		Hire interpreters for an estimated 30 hours of work.
7		Travel to 3 service sites for fieldwork.
8	Purchase laptop computer and project specific software.	
9	Contract with US Conference of Catholic Bishops for access to individual case tracking database.	Contract with US Conference of Catholic Bishops to assist with analyzing fieldwork data and the preparation and review of the final project report.
10	Contract with a sociometrist to assist with quantitative analysis and preparation of Econometric Analysis Report.	

Source: Institute for the Study of International Migration (ISIM)

Since the scope of our audit concentrated on financial and program activities through December 31, 2013, we tested the claimed program achievements for the first year of the award as listed in Exhibit 1. We tested payroll to determine whether the level of effort was consistent with expectations for the first year of the award and examined the laptop computer purchased and its supporting documentation. We reviewed the contracts entered into with the USCCB and the sociometrist and reviewed the sociometrist's statement of achievements for the first year of the award. Additionally, we reviewed the general ledger activity to determine whether grant charges over the first year were consistent with first year objectives, and we reviewed the Econometric Analysis Report, which is the culmination of the quantitative analysis portion of the project. Lastly, we spoke with grant management personnel regarding their plans for accomplishing the project second year objectives.

Based on our testing, the information we reviewed, our site visit, and production of the Econometric Analysis Report, we believe ISIM's claimed project achievements for year 1 of the award period have been met.

Drawdowns

To obtain DOJ award money, recipients must electronically request funds via drawdowns. The OJP 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 Sponsored Accounting Office (SAO), Georgetown University's central accounting office, drawdown requests are based on reimbursements and they are electronically deposited into an approved financial institution account. According to SAO, the intention is to draw down every quarter. Through the year ending December 31, 2013, there had been one drawdown totaling \$98,932 for the NIJ grant. To ensure that ISIM requested funds properly and kept minimum cash on hand, we compared ISIM's drawdown to the overall amount of grant expenditures per the accounting records through December 31, 2013. We found that the amount drawn down did not exceed the expenditures in the accounting records.

Budget Management and Control

The OJP Financial Guide states that 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 OJP Financial Guide also states that award recipients may request OJP approval to modify previously approved award budgets to reallocate amounts between different

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.

The scope of our testing included the activity for the first calendar year, the year ending December 31, 2013. We compared the budget figures for the year ending December 31, 2013, to the actual grant expenditures during that period. We found that ISIM adhered to the budget requirements of the OJP Financial Guide.

Grant Expenditures

According to 2 C.F.R. § 220 *Cost Principles for Educational Institutions*, 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 December 31, 2013, ISIM's accounting records reported \$128,460 in program costs associated with grant number 2012-IJ-CX-0026. We tested \$84,375 (66 percent) in personnel and fringe benefits, supplies, contractors, other direct costs, and indirect costs charged to the grant to determine if the expenses were allowable.

The testing of grant expenditures included selecting a judgmental sample of 25 transactions from personnel and other direct costs, including supplies, contractors, office rent, and telephone charged to the grant through December 31, 2013, and recalculating the fringe benefits and indirect costs applied to the grant as of December 31, 2013.

Exhibit 2: Summary of Grant Expenditures

Type of Cost	Budgeted Costs (\$)	Amount Charged through 12/31/13 (\$)	Total Costs Tested (\$)
Personnel	\$155,784	\$57,217	\$18,895
Fringe Benefits	\$39,754	\$16,994	\$16,994
Travel	\$10,000	\$0	\$0
Supplies	\$3,000	\$995	\$923
Contractual	\$63,000	\$20,000	\$15,000
Other Direct Costs	\$20,811	\$10,792	\$10,101
Indirect	\$62,436	\$22,462	\$22,462
TOTAL	\$354,785	\$128,460	\$84,375

Source: OJP Grants Management System (GMS) award documentation and grantee's general ledger

Personnel Costs

The personnel costs of the grant include salary and fringe benefits of Principal Investigators, a Research Associate, and Graduate Research Assistants performing quantitative analysis and qualitative assessments for the award research objective. Charges made by institutions of higher education to federal awards for salaries, wages, and fringe benefits under 2 C.F.R. Part 220 should be based on payroll records documented in accordance with the generally accepted practices of colleges and universities, but must provide for adequate documentation to support costs charged to federal awards.

The Principal Investigators and the Research Associate are salaried employees of Georgetown University who allocate their labor monthly to multiple grant programs based on the percentage of time spent working on each grant program. Graduate Research Assistants are graduate students who are 100 percent dedicated to the grant program. These students charge their labor to the grant based on an hourly rate for the hours worked during each bi-weekly pay period. Fringe benefits for the salaried employees are applied to the grant using fringe rates approved by ISIM's cognizant agency.

Salaried Employees

We reviewed ISIM's procedures for recording time spent on the project. Salaried employees, which include the Principal Investigators and the Research Associate, are paid monthly, and may work on multiple grant programs. Consequently, the salaried employees provide ISIM's accountant with an estimated percentage breakdown of time worked each week on multiple grant projects, including the NIJ award, that are then compiled for each monthly pay period. The estimated percentage of time provided by the salaried employees are not supported by timesheets or other payroll records that contain signed confirmation of the distribution of total activity for the time period compensated. At the end of each fiscal year, it is Georgetown University's policy to load payroll information into the University's "effort reporting system" to calculate the total percentages each salaried employee worked on for the fiscal year. The effort report percentage totals represent the salaried employee's certification for a fiscal year.

We tested 11 transactions totaling \$16,539 for salaried employees as part of our judgmental sample of 25 transactions. We were not able to verify the accuracy of the percentages used to allocate labor to the NIJ grant since the estimated allocation percentages were neither supported by timesheet records nor consistently confirmed by the employees, their supervisors or other responsible officials using suitable means of verification that the work was performed. According to 2 C.F.R. Part 220, payroll charges must be documented in accordance with the generally accepted practices of colleges and universities. Therefore, ISIM's practice of using estimates of percentage of time worked on the grant is an

acceptable practice; however, Federal regulations also stipulate that the method used must recognize the principle of after-the-fact confirmation or determination so that costs distributed represent actual costs.

We found that the fiscal year certifications are the compilation of the estimated percentage distributions provided by the employees. Because Georgetown University calculates the certifications based on the same estimates, auditors could not ascertain the reliability of the percentages. Furthermore, we were provided with no evidence that ISIM is reconciling the estimated allocation percentages to actual time spent working on projects. Therefore, we recommend the grantee work with OJP to modify or supplement its reporting system to ensure it recognizes the principle of after-the-fact confirmation for the actual percentages of time spent on multiple grant programs. The method should provide a suitable means of verifying that the work was performed.²

Hourly Employees

Hourly employees are Graduate Research Assistants who are solely dedicated to the grant. These Graduate Research Assistants charge labor to the grant by multiplying their hourly pay rate by their hours worked during each bi-weekly pay period. Graduate Research Assistants record their hours on timecards.

We tested 9 transactions totaling \$2,356 for hourly employees as part of our judgmental sample of 25 transactions. For each of the 9 charges tested, we examined the supporting timecard and multiplied the hours per the timecard by the employee's hourly rate to determine whether the charge to the grant was accurate. We found the 9 charges to be accurate. However, we did note that 7 of the 9 timecards were approved by accounting personnel rather than program personnel with firsthand knowledge of the employee's work, but deem these exceptions immaterial. However, the recommendation above would also serve to correct the approval process for hourly employees.

Fringe Benefits

When salaried grant employees work on grant projects, ISIM incurs costs associated with providing those employees fringe benefits such as payroll taxes, unemployment insurance, group hospitalization, and retirement plan contributions. To allocate the cost of fringe benefits to the NIJ grant for the year ending December 31, 2013, ISIM applied fringe benefits to the grant in the amount of

² One approach to implement this recommendation would be for the Institute for the Study of International Migration to establish a timesheet record or other form of after-the-fact confirmation where employee time allocations are prepared and signed off by employees and approved by a supervisor with firsthand knowledge of the employee's work.

\$16,994 based on final and fixed rates received from its cognizant agency. We recalculated the fringe benefits applied to the grant for the year ending December 31, 2013 by multiplying the salary charges in the grant's general ledger as of December 31, 2013 and the final and fixed fringe benefits rate provided by ISIM's cognizant agency. We found ISIM was reasonably applying fringe benefits to the NIJ award.

Other Direct Costs

ISIM charged other direct costs to the grant for the year ending December 31, 2013. Other direct costs include supplies, contractors, office rent, and telephone charges. We tested 5 other direct cost transactions totaling \$26,024 as part of our judgmental sample of 25 transactions. In general, the 5 transactions tested were properly supported, allowable, and allocated to the grant in accordance with award criteria. However, 2 of the 5 transactions lacked the approval of a grantee official.

Indirect Costs

Indirect costs are those costs that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective such as a grant or contract. Indirect costs include administrative salaries and benefits, utilities, insurance, and repairs and maintenance.

According to the OJP Financial Guide, grantees need to establish and seek approval for an indirect cost rate with their cognizant federal agency to receive reimbursement for indirect expenses. ISIM has received a predetermined indirect rate of 26 percent from its cognizant federal agency for the period July 1, 2010 through June 30, 2014. A predetermined rate is based on an estimate of costs to be incurred during the period. Predetermined rates are not subject to adjustment.

During the year ending December 31, 2013, ISIM charged \$22,462 of indirect costs to the NIJ grant. We recalculated the amount charged to the grant by multiplying the predetermined indirect rate by the modified total direct costs per the grant's general ledger for the year ending December 31, 2013. We found ISIM was reasonably applying indirect costs to the NIJ award.

Contract Management

The first of two budget approved contracts ISIM entered into for the award was a contract with the United States Conference of Catholic Bishops (USCCB) for \$58,000. ISIM has contracted with USCCB for assistance with the quantitative and qualitative aspects of the grant project. USCCB will provide ISIM with access to the National Human Trafficking Survivor Database and assist in providing access to program managers and case workers with service providers selected for in-person

interviews. USCCB will provide database expertise and assist ISIM in scheduling fieldwork site visits to interview service providers and survivors of human trafficking. Lastly, USCCB will provide a review of ISIM's final project report.

The USCCB contract is a sole source procurement. ISIM contracted with USCCB because of the unique data USCCB possesses and the expertise USCCB has with human trafficking social service providers. USCCB's National Human Trafficking Survivor Database provides unique data, and there is no comparable size database available according to the grantee. Furthermore, ISIM believes the database provides the opportunity to establish benchmarks of trafficking survivor characteristics while providing a sufficient sample size to reliably test the effect of interventions on the stability and integration of trafficking survivors. Additionally, USCCB has delivered services to trafficking survivors through subcontracts with more than 90 qualified social service providers. Through these subcontracts, USCCB has provided funding, training and case consultation.

Based on the sole source procurement guidelines of the OJP Financial Guide and Georgetown University, ISIM's decision to engage in a non-competitive, sole source contractual relationship with USCCB appears reasonable. In a field that lacks empirical data, USCCB possess the largest database of survivor cases. Additionally, USCCB possesses organizational expertise in the field through its relationships with trafficking survivor service providers. These unique qualities of the contractor enhance the value of ISIM's research opportunities and are in the best interest of the awarding agency.

The second contract is with a sociometrist for \$5,000. The sociometrist, a college professor, assisted with the quantitative portion of the program, specifically the statistical analysis of the USCCB database, including interpretation of the database and providing recommendations on summary quantitative reports.

In our testing, we noted that the sociometrist was paid \$450 per day in compliance with the OJP Financial Guide. Furthermore, we noted that the contract was a sole source procurement based on the contractor's expertise and familiarity with the contractor's work on other grantee projects. Based on the amount and duration of the contract, we feel ISIM acted appropriately and in the best interest of the awarding agency by not incurring additional costs and time soliciting competitive bids.

Recommendation

We recommend that OJP:

1. Work with the Institute for the Study of International Migration to modify or supplement its reporting system to ensure the method recognizes the principle of after-the-fact confirmation for the actual percentages of time spent on multiple grant programs. The method should provide a suitable means of verification showing that the work was performed.

APPENDIX I

OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether costs incurred by Georgetown University's Institute for the Study of International Migration (ISIM) under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and whether the awardee was meeting its program goals and objectives. The objective of our audit was to assess performance in the following areas: (1) internal control environment; (2) reporting; (3) program performance and accomplishments; (4) drawdowns; (5) budget management and control; (6) grant expenditures; and (7) 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit concentrated on National Institute of Justice grant number 2012-IJ-CX-0026 in the amount of \$354,785 awarded to Georgetown University's Institute for the Study of International Migration (ISIM). We reviewed grant activities and transactions from the inception of the award, January 1, 2013, through December 31, 2013. Specifically, we interviewed pertinent ISIM officials and reviewed written policies and procedures that affect the NIJ award, including procurement, payment procedures, the payroll system, and contract management to determine compliance with the terms and conditions of the award, and to assess risk. We found that ISIM, governed by Georgetown University's Sponsored Accounting Office, had written policies and procedures to assist in the financial and accounting administration of the grant.

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

- **Drawdowns.** We analyzed ISIM's overall drawdowns of \$98,932 for the DOJ award from the inception of the award, January 1, 2013, through December 31, 2013. The overall drawdowns did not exceed the total expenditures per the grant's accounting records.
- **Payroll.** We interviewed ISIM grant officials regarding the charging of labor and fringe benefits costs to the grant. To determine whether the grant's labor and fringe benefits costs were supported and allowed, we judgmentally selected 20 labor charges recorded in the grant's accounting records through December 31, 2013, and we recalculated the total fringe benefits costs

applied to the grant for the year ending December 31, 2013. Of the \$128,460 of grant charges through December 31, 2013, we tested labor costs totaling \$18,895 and fringe benefits costs totaling \$16,994. In our testing, we found there were 11 labor charges (\$16,539) for salaried employees not 100 percent dedicated to the NIJ grant. These salaried employees were allocating their labor to multiple grant projects based on percentages. These percentages were estimates not supported by timesheets showing actual percentages of time spent on all activities for the pay period. Furthermore, there was evidence that the estimated percentages were reconciled to actual percentages of time within the guidelines of the OJP Financial Guide. Therefore, we could not verify the labor charges to the NIJ grant for those salaried employees who allocate their time to multiple grant projects. For fringe benefits costs applied to the grant through December 31, 2013, we recalculated the fringe benefits costs based on the approved rates provided by ISIM's cognizant agency and found the application of fringe benefits costs to the grant to be reasonable.

- **Transactions.** In addition to the 20 payroll transactions tested, we tested 5 other direct cost transactions (\$26,024) as part of our judgmental sample of 25 transactions. These other direct costs include charges for supplies, contractors, office rent, and telephone. In general, the 5 transactions tested were properly supported, allowable, and allocated to the grant in accordance with award criteria. However, 2 of the 5 transactions lacked the approval of a grantee official.

In addition, we reviewed the timeliness and accuracy of federal financial reports and progress reports and reviewed the internal controls of the financial management system specific to the administration of grant funds during the period under review.

We did not test internal controls for the ISIM taken as a whole or specifically for the grant program audited, nor did we test the internal controls for Georgetown University more generally. An independent public accounting firm conducted an audit of Georgetown University's financial statements included in the Single Audit Report that accompanied the Independent Auditors' Report for the last three years under the provisions of Office of Management and Budget Circular A-133. We reviewed the independent auditor's assessment to identify any control weaknesses and significant non-compliance issues related to the ISIM and assessed the risks of those findings in our audit.

APPENDIX II

AUDITEE RESPONSE TO THE DRAFT REPORT



GEORGETOWN UNIVERSITY

DIVISION OF FINANCIAL AFFAIRS

Sponsored Accounting Office

June 13, 2014

Troy M. Meyer
Regional Audit Manager
Washington Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
1300 North 17th Street, Suite 3400
Arlington, VA 22209
Email: Troy.Meyer@usdoj.gov

RE: Draft Audit Report – Audit of the National Institute of Justice Award to
Georgetown University's Institute for the Study of International Migration

Dear Mr. Meyer:

On behalf of Georgetown University and its Institute for the Study of International Migration (ISIM), I am writing to respond to the recommendation contained in the draft audit report, dated May 13, 2014 and issued by the U.S. Department of Justice (DOJ), Office of the Inspector General (OIG), Washington Regional Audit Office, related to an audit of grant number 2012-IJ-CX-0026 awarded to Georgetown's ISIM. OIG's recommendation related to the reporting system for confirming percentages of time spent by ISIM employees on multiple grant programs. On June 12, I had a follow up call with [REDACTED] [REDACTED] the Washington Regional Audit Office to discuss OIG's recommendation in more detail. From that call, I understand that OIG is recommending the following: (1) effort reports for employees who are not the Principal Investigator (PI) on this grant should be certified by the employee and reviewed by the PI (as an individual with direct knowledge with the work performed) to ensure that the percentages set forth in the effort report are reasonable; and (2) effort reports for the PI on this grant should be certified by the PI and reviewed by another individual who has direct knowledge of the work that was performed.

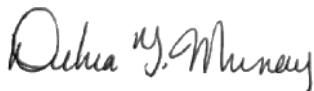
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Georgetown University
Re: Grant number 2012-IJ-CX-0026

We concur with the recommendation that effort reports for non-PI employees should be certified by the employee and reviewed by the PI. Such an approach is consistent with the University's Policy 131.09, Payroll Distribution and Certification of Effort on Sponsored Projects, which requires that PIs certify the effort reports of research staff working on his or her sponsored projects. (The way our effort reporting system is currently set up, only one person can be designated as "certifying" the effort report, which is why the PI appears as the "reviewer." Our effort reporting system requires that both the "certifying" and "reviewing" functions be completed in order for the report to be submitted.) While we believe that the majority of the effort reports for the individuals working on the grant were certified and reviewed by both the employee and the PI, for the next effort report (which will be issued in early October 2014) and all subsequent effort reports, we will work with ISIM to ensure that the PI of the grant reviews all effort reports.

For the effort reports of the PI, however, it may be impractical to require someone else with direct knowledge to review and sign off on her effort reports. The PI has ultimate responsibility for the administration of the grant, and is likely the only person who has direct knowledge of all of her activities, which is necessary in order to confirm that the entirety of the effort report (which lists percentages of effort not only for this grant, but also for other sponsored and non-sponsored activities). If there is a circumstance where someone other than the PI for this grant does have direct knowledge of all of the PI's activities, we will work with ISIM to require that individual to review the PI's effort report, but we believe it may be impractical to make a blanket rule for this grant that the PI's effort report has to be reviewed by someone with direct knowledge.

Thank you for the opportunity to respond to the recommendation. Please let us know if you have any additional questions as you finalize the audit report for this grant.

Sincerely,



Debra Murray
Director, Sponsored Projects Financial
Operations.
Georgetown University

APPENDIX III

OJP RESPONSE TO THE DRAFT REPORT



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

June 17, 2014

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

FROM:
LeToya A. Johnson
Acting Director

SUBJECT: Response to the Draft Audit Report, *Audit of the National Institute of Justice Award to Georgetown University's Institute for the Study of International Migration, Washington, District of Columbia*

This memorandum is in reference to your correspondence, dated May 13, 2014, transmitting the above-referenced draft audit report for Georgetown University's Institute for the Study of International Migration (ISIM). We consider the subject report resolved and request written acceptance of this action from your office.

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

1. **We recommend that OJP work with ISIM to modify or supplement its reporting system to ensure the method recognizes the principle of after-the-fact confirmation for the actual percentages of time spent on multiple grant programs. The method**

should provide a suitable means of verification showing that the work was performed.

OJP agrees with the recommendation. We will coordinate with ISIM to ensure they have implemented written procedures to sufficiently support the payroll-related costs of employees working on multiple grants/projects. Such support must include an after-the-fact certification of the amount of time ISIM employees spent on each grant/project, in accordance with 2 C.F.R. §220.

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
Deputy Director, Audit and Review Division
Office of Audit, Assessment, and Management

Gregory Ridgeway
Acting Director
National Institute of Justice

Portia Graham
Office Director, Office of Operations
National Institute of Justice

Charlene Hunter
Program Analyst
National Institute of Justice

Maureen McGough
Outreach Coordinator
National Institute of Justice

Leigh A. Benda
Chief Financial Officer

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

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

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

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

cc: OJP Executive Secretariat
Control Number IT20140514095955

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 Georgetown University's Institute for the Study of International Migration (ISIM) and the Office of Justice Programs (OJP). The responses are incorporated 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.

Recommendation:

- 1. OIG recommends that OJP work with ISIM to modify or supplement its reporting system to ensure the method recognizes the principle of after-the-fact confirmation for the actual percentages of time spent on multiple grant programs. The method should provide a suitable means of verification showing that the work was performed.**

Resolved. Georgetown University's ISIM concurred with our recommendation that effort reports for salaried employees should be certified by the employee and reviewed by a supervisor with direct knowledge of the employee's work. OJP also concurred with our recommendation and stated in its response that it will coordinate with ISIM to ensure they have implemented written procedures to sufficiently support the payroll-related costs of employees working on multiple grants/projects. Such support must include an after-the-fact certification of the amount of time ISIM employees spent on each grant/project, in accordance with 2 C.F.R. §220.

This recommendation can be closed when we receive evidence that the written procedures have been implemented and we receive effort reports showing the appropriate individual certified and reviewed the documents.