



**OFFICE OF JUSTICE PROGRAMS,
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE
GRANTS AWARDED TO THE CITY OF ATLANTA,
GEORGIA**

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

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**OFFICE OF JUSTICE PROGRAMS, EDWARD BYRNE MEMORIAL
JUSTICE ASSISTANCE GRANTS
AWARDED TO THE CITY OF ATLANTA, GEORGIA**

EXECUTIVE SUMMARY

The Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of Edward Byrne Memorial Justice Assistance Grants (Byrne JAG), including a 2009 Recovery Act grant, awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), to the City of Atlanta, Georgia.

The purpose of the Byrne JAG program is to allow local governments to support a broad range of activities to prevent and control crime based on their local needs and conditions. Grant funds may be used for law enforcement; prosecution and courts; crime prevention and education; corrections; drug treatment; planning, evaluating, and implementing technology improvement programs; and crime victim and witness programs. As shown in Exhibit 1, the City of Atlanta was awarded \$9,247,498 under the Byrne JAG program since 2006.

Exhibit 1: Edward Byrne Memorial Justice Assistance Grants Awarded to the City of Atlanta

Grant Number	Start Date	End Date	Award Amount
2006-DD-BX-0266	09/11/2006	08/08/2008	\$197,446
2006-DJ-BX-0616	05/05/2006	09/30/2009	\$895,454
2007-DJ-BX-0307	08/31/2007	09/30/2010	\$1,196,710
2007-DD-BX-0611	09/13/2007	03/31/2009	\$550,000
2008-DJ-BX-0363	08/26/2008	09/30/2011	\$373,359
2008-DD-BX-0492	09/11/2008	08/31/2010	\$380,098
2009-SB-B9-1100 (Recovery Act)	06/17/2009	02/28/2013	\$5,654,431
	Total		\$9,247,498

Source: Office of Justice Programs

Recovery Act

In February 2009, Congress passed the American Recovery and Reinvestment Act (Recovery Act) to help create jobs, stimulate the

economy and investment in long term growth, and foster accountability and transparency in government spending. The Recovery Act provided \$787 billion for tax cuts, education, health care, entitlement programs, contracts, grants, and loans. Recipients of Recovery Act funds are required to report quarterly to FederalReporting.gov on how they spend their Recovery Act funds and the number of jobs created or saved. The DOJ received \$4 billion in Recovery Act funds and made almost \$2 billion of that funding available through the Byrne JAG Program.

Audit Results

The purpose of the audit was to determine whether the City of Atlanta used grant funds for costs that were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants; met or were meeting the goals outlined in the grant programs and applications; and timely and accurately reported Recovery Act spending and job data to FederalReporting.gov.

We tested whether the city complied with essential grant conditions pertaining to: (1) internal controls, (2) drawdowns, (3) grant expenditures, (4) budget management and control, (5) supplanting, (6) matching costs, (7) property management, (8) program income, (9) financial status and progress reports, (10) Recovery Act requirements, (11) program performance and accomplishments, and (12) monitoring of subrecipients. We determined that program income was not applicable to this grant.

We found that the City of Atlanta:

- did not have adequate staff with the training and experience to properly manage the grants,
- incorrectly reported the number of jobs created or saved to FederalReporting.gov,
- charged \$191,161 in unsupported and unallowable costs to grant funds,
- did not submit or submitted late to OJP some financial and grant progress reports,
- did not meet or could not show that it met grant goals and objectives, and

- did not monitor and had no procedures for monitoring subrecipients to ensure they met or will meet the fiscal and programmatic requirements of the grants.

Because of these weaknesses, we are concerned that the City of Atlanta may not be able to properly manage the \$16.9 million it has been awarded under the 2009 Recovery Act.¹

These items are discussed in detail in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology appear in Appendix 1.

¹ The City of Atlanta was awarded \$5.7 million under the Byrne JAG Recovery Act program and \$11.2 million by the Office of Community Oriented Policing Services under the COPS Hiring Recovery Program (CHRP). The purpose of the CHRP grant was to hire or retain 50 police officers. We did not audit the CHRP grant.

TABLE OF CONTENTS

INTRODUCTION.....	1
Recovery Act.....	2
Background.....	2
Audit Approach.....	3
FINDINGS AND RECOMMENDATIONS	5
Internal Controls	5
Drawdowns	8
Budget Management and Control	8
Supplanting	8
Grant Expenditures	10
Matching Costs	13
Accountable Property	13
Grant Reporting.....	14
Program Performance and Accomplishments	19
Monitoring of Subrecipients.....	22
Conclusion	23
Recommendations	24
APPENDIX 1 – OBJECTIVES, SCOPE, AND METHODOLOGY	26
APPENDIX 2 – SCHEDULE OF DOLLAR-RELATED FINDINGS ...	28
APPENDIX 3 – UNALLOWABLE AND UNSUPPORTED OTHER DIRECT COSTS.....	29
APPENDIX 4 – THE CITY OF ATLANTA'S RESPONSE TO THE DRAFT AUDIT REPORT	31
APPENDIX 5 – OJP'S RESPONSE TO THE DRAFT AUDIT REPORT	34
APPENDIX 6 – ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT.....	38

INTRODUCTION

The Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of Edward Byrne Memorial Justice Assistance Grants (Byrne JAG), including a 2009 Recovery Act grant, awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), to the City of Atlanta, Georgia. The Byrne JAG Program is the primary source of federal criminal justice funding for state and local jurisdictions. The Byrne JAG Program allows states, tribes, and local governments to support a broad range of activities to prevent and control crime based on their own local needs and conditions. Grant funds may be used for:

- law enforcement programs,
- prosecution and court programs,
- prevention and education,
- corrections and community corrections programs,
- drug treatment programs,
- technology improvement programs, and
- crime victim and witness programs.

As shown in Exhibit 2, since 2006, OJP has awarded the City of Atlanta \$9,247,498 to implement these activities.

**Exhibit 2: Edward Byrne Memorial Justice Assistance Grants
Awarded to the City of Atlanta**

Grant	Award Start Date	Award End Date	Award Amount
2006-DD-BX-0266	09/11/2006	08/08/2008	\$197,446
2006-DJ-BX-0616	05/05/2006	09/30/2009	\$895,454
2007-DJ-BX-0307	08/31/2007	09/30/2010	\$1,196,710
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2008-DJ-BX-0363	08/26/2008	09/30/2011	\$373,359
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	Total		\$9,247,498

Source: Office of Justice Programs

Recovery Act

In February 2009, Congress passed the American Recovery and Reinvestment Act (Recovery Act) to help create jobs and stimulate the economy. The Recovery Act provided \$787 billion for tax cuts, education, health care, entitlement programs, contracts, grants, and loans. Recipients of Recovery Act funds are required to report quarterly to FederalReporting.gov on how they spent Recovery Act funds and the number of jobs those funds created or saved. The DOJ received \$4 billion in Recovery Act funds and made almost \$2 billion of that funding available through the OJP Byrne JAG grant program.

Background

The City of Atlanta and the surrounding metropolitan area has a population of about 4.1 million people. During FY 2008, the city spent \$87.5 million in federal awards. Two of the grants we audited were based on a joint application between the City of Atlanta and other local units of government.

For the Recovery Act grant, the City of Atlanta submitted a joint application with Fulton County, and the Cities of Alpharetta, College Park, East Point, Fairburn, Hapeville, Roswell, and Union City. The nine applicants agreed the City of Atlanta would submit the joint application for funding, and the City of Atlanta would receive 5 percent of the total award amount to administer the grant. The applicants also agreed to pay Fulton County 23 percent of their respective shares of the award to pay for the costs of prosecuting their criminal cases. The \$5.7 million in Recovery Act funds were to be distributed as shown in Exhibit 3.

**Exhibit 3:
Recipients of Recovery Act Funds
Awarded to the City of Atlanta**

Recipient	Amount
City of Atlanta	\$3,470,633
Fulton County	1,633,633
City of Eastpoint	168,497
City of College Park	142,113
Union City	73,151
City of Roswell	71,894
City of Alpharetta	48,721
City of Hapeville	26,524
City of Fairburn	19,265
Total	\$5,654,431

Source: Office of Justice Programs

The City of Atlanta planned to use its share of Recovery Act grant funds to hire a Project Administrator to manage the grant and fund 46 sworn police officer positions.² As the primary recipient of the grant, the city is responsible for monitoring subrecipients' compliance with applicable laws, regulations, guidelines, grant conditions, spending, and outcomes and benefits attributed to the use of grant funds.

Audit Approach

The purpose of this audit was to determine whether the City of Atlanta and subrecipients: (1) used grant funds for costs that were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants; (2) met or were meeting the goals outlined in the grant programs and applications; and (3) timely and accurately reported their Recovery Act spending and job data to FederalReporting.gov.

We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in our report, the criteria we audit against are contained in the grant award documents, OJP Financial Guide, Code of Federal Regulations (CFR), Office of Management and Budget (OMB) Circulars, and the Recovery Act. We tested the City of Atlanta's:

² The City of Atlanta was also awarded \$11.2 million by the Office of Community Oriented Policing Services (COPS) under the COPS Hiring Recovery Program (CHRP) to hire or retain 50 police officers. We did not audit the CHRP grant.

- **internal controls** to identify plans, policies, methods, and procedures adopted by the City of Atlanta to meet its missions, goals, and objectives;
- **grant drawdowns** to determine whether grant drawdowns were adequately supported and if the City of Atlanta was managing grant receipts in accordance with federal requirements;
- **budget management and control** to identifying any budget deviations between the amounts budgeted and the actual costs for each cost category;
- **supplanting** to determine whether the City of Atlanta supplanted local funds with federal funds;
- **grant expenditures** to determine the accuracy and allowability of costs charged to the grant;
- **matching costs** to determine if the City of Atlanta provided the required matching share of grant costs from local sources;
- **property management** to determine if property acquired with federal funds is adequately protected from loss, and the grantee's records indicate the percentage of federal participation in the cost of the property;
- **financial status and progress reports** to determine if the required Financial Status Reports and Progress Reports were accurate and submitted timely;
- **grant objectives and accomplishments** to determine if the City of Atlanta met or is capable of meeting the grant goals and objectives; and
- **monitoring of subrecipients** to determine whether the City of Atlanta took appropriate steps to ensure that subrecipients complied with applicable grant requirements.

In conducting our audit, we performed sample testing in the areas of grant expenditures; property management; financial, progress, and Recovery Act reports; grant objectives and accomplishments; and management of subrecipients.

FINDINGS AND RECOMMENDATIONS

Our audit determined that the City of Atlanta: (1) did not have adequate staff with the training and experience to properly manage the grants; (2) charged unallowable and unsupported costs to grant funds; (3) did not submit or submitted late, some financial and grant progress reports; (4) did not achieve or could not show that it achieved program goals and objectives; and (5) did not monitor and had no procedures for monitoring subrecipients of grant funds. As a result of these deficiencies, we question \$191,161 in grant funds and make five recommendations for improvement.

Internal Controls

We reviewed the City of Atlanta's financial management system, policies and procedures, and Single Audit Reports to assess the risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants. We also interviewed individuals responsible for several areas, such as payroll, purchasing, and accounts payable, and we observed accounting and grant management activities to further assess risk.

Financial Management System

The City of Atlanta uses commercial software for its financial management system and appears to have an adequate system of internal controls to ensure compliance with applicable requirements of the grant programs we audited. The system of financial controls appears to provide adequate separation of duties, separate accounting for each grant, and traceability to supporting documentation. However, during our review of the financial controls we found a significant weakness in the city's ability to properly manage the grants.

Personnel

We found that the City of Atlanta did not have sufficient staff with the training and experience to properly manage the grants. The Grant Analyst who prepares the grant progress reports told us that she had only been on the job for 1 month and was "learning by doing." An Atlanta Police Officer told us that there had been excessive turnover in the Grant Analyst position and, until recently, the position had been vacant for over 2 years. During the time the position was vacant, the police officer

prepared the grant progress reports when he was instructed to do so by his supervisor because funding was being withheld by OJP. The officer told us that he was not familiar with the procedures for administering grants and did not know when reports were due. We found that grant progress reports were still being submitted under the name of a Police Department employee who left the position in 2007. The officer who submitted the most recent reports we reviewed told us that he did not attempt to submit the reports under his own name.

The Senior Budget Manager at the Police Department submits grant expense reports to the city's Office of Grants where staff review those reports, prepare Financial Status Reports (FSRs), and draw down grant funds from OJP. At the start of our audit, the Senior Budget Manager had only been on the job for 5 months. As discussed later in this report, some grant expenses reimbursed to the City of Atlanta were unallowable.

Because the city did not have a sufficient number of staff with the training and experience to manage the grants, some planned grant activities were never started and grant reports were not submitted or were submitted late. For three grants, no grant funds had been drawn down in over 14 months.

We asked City of Atlanta officials about their staffing issues. One official told us that in 2007, the Police Department reorganized to balance the budget and eliminated civilian and sworn personnel positions, which adversely affected the department's operations. The effects that the shortage of trained and experienced staff had on the management of the grants are described in detail throughout this report.

Single Audit

According to Office of Management and Budget (OMB) Circular A-133, the City of Atlanta is required to have a Single Audit performed annually with the report due no later than 9 months after the end of the fiscal year. The City of Atlanta's fiscal year is from July 1 through June 30. The City of Atlanta's 2009 Single Audit report was issued timely on December 30, 2009. The audit report stated that the City of Atlanta is "not a low-risk auditee."

The following audit findings reported in the FY 2009 Single Audit, could affect DOJ grants.

- **Finding 09-8** – “Effective internal controls require the monitoring of the status of action items in outstanding internal and external audit reports. Currently, the extent of outstanding action items from both the external and internal auditors merit definitive plans and resources to ensure corrective action steps are taken on a more timely basis, particularly in areas that would improve and enhance internal controls over financial reporting and safeguarding City assets.”
- **Finding 09-9** – “Grant schedules provided for the audit by Grant Accounting relating to grant receivables and related revenue did not agree to the general ledger balances. Timely review and reconciliation between general ledger and the subsidiary ledger accounts were not performed. Additionally, we noted that the city had received reimbursement for recorded grant receivables, or had expended cash that was received in advance for grant projects but had not made the necessary adjustments to reflect the transactions.”
- **Finding 09-14** – “The city did not have adequate controls in place to identify federal grants that were passed through state agencies. Absence of such controls result in reporting incomplete grant information in the schedule of federal expenditures, and improper determination of major programs.”

Below are the City of Atlanta’s responses to the FY 2009 Single Audit findings.

- **Finding 09-8** – “The City will continue to identify the most effective ways to monitor any corrective action items from internal and external sources and ensure the implementation of the corrective efforts are completed.”
- **Finding 09-9** – “Procedures are being implemented within the Controller’s Office to ensure the grant funds are monitored and receivables are reviewed to ensure proper accounting is taking place. As for operational receivables, the focus for the first part of FY 2010 was to ensure we had timely and accurate Revenue and Expense reports to allow all major funds within the city to understand their actual performance during the year.”
- **Finding 09-14** – “In prior years, the state did not clearly distinguish federal grant funds passed on to the city as being federal

grant dollars. Receiving departments were therefore not recognizing these funds as federal grants, but instead as state grants. The state is now identifying, via a Grant Award Letter, whether funds are federal or state related. The city is ensuring all funds received are appropriately recorded as either federal or state.”

Drawdowns

The OJP Financial Guide, Part III, Chapter 1, requires that recipients time their drawdown requests to ensure that federal cash-on-hand is the minimum needed for disbursements to be made immediately or within a few days. For Byrne JAG grants, recipients may draw down any or all grant funds in advance of grant costs. However, the recipients must establish a trust fund in which to deposit the drawdowns.

All of the grants we audited were awarded under the Byrne JAG Program, thus we did not test whether the city had excess federal cash-on-hand for those grants. However, for Grant Number 2006-DJ-BX-0616, the city drew down the entire \$895,454 award amount in February 2007. We confirmed that the funds were deposited into a bank account.

Budget Management and Control

The OJP Financial Guide, Part III, Chapter 5, states that when the cumulative changes in approved budget categories exceed 10 percent of the total award amount or change the scope of the project, prior approval from the awarding agency is required. However, the 10-percent rule is not applicable to the grants we audited. Grantees may use Byrne JAG funds for any of the general purposes of the grant program.

Supplanting

According to 42 U.S.C. § 3752, federal funds may not be used to supplant local funds, but must be used to increase the amount of funds that would otherwise be made available for law enforcement activities.³ The OJP Financial Guide, Part II, Chapter 3 states that if there is a potential presence of supplanting, the grantee will be required to supply

³ www.ojp.usdoj.gov/recovery/supplantingguidance.htm

documentation demonstrating that the reduction in local resources occurred for reasons other than the receipt or expected receipt of federal funds.

To determine whether the City of Atlanta supplanted local funds with federal funds, we interviewed city officials and reviewed the City of Atlanta’s adopted budget for FY 2010.

Like most municipal governments, the City of Atlanta has experienced financial troubles in recent years. Since 2008, the city’s general fund budget has dropped from \$645 million to \$541 million. In FY 2010, the city reduced its budget for salaries and overtime for the Police Department by \$6.0 million from FY 2009 levels. The city cut \$4.6 million in salaries for 22 sworn and 15 civilian positions and \$1.4 million in overtime costs from its FY 2010 budget. The adopted budget for FY 2010 states that the reduction in salaries resulted from the funding of these positions by grants.⁴ A city official told us that the grant referred to in the budget was the 2009 Recovery Act grant. The adopted budget for FY 2010 is shown in Exhibit 4.

**Exhibit 4:
FY 2010 Adopted Budget for the
City of Atlanta, Department of Police Services**

	FY 2009	FY 2010	Change	Explanation
<i>Authorized Position Count</i>				
Sworn	1,567	1,545	-22	
Civilian	250	235	-15	
Total	1,817	1,780	-37	
<i>Personnel Costs (in millions)</i>				
Fulltime Salary	\$91.0	\$86.3	-\$4.6	Reduction due to funding of positions by grants.
Overtime	3.5	2.1	-1.4	Funded in FY10 by JAG grant.
Pension	49.5	36.0	-13.6	Decrease due to FY09 position reductions and reduction in pension rate.
Total	\$158.8	\$139.7	-\$19.1	

Source: City of Atlanta, FY2010 Adopted Budget

⁴ The City of Atlanta was awarded \$5.7 million under the Byrne JAG Recovery Act program and \$11.2 million by the Office of Community Oriented Policing Services (COPS) under its COPS Hiring Recovery Program (CHRP). The purpose of the CHRP grant was to hire or retain 50 police officers.

Although the budget states that the city reduced its budget because of the expected receipt of federal funds, the city has also demonstrated that, like other municipal governments, it has experienced declining revenues and laid off hundreds of workers. We concluded that local funding for law enforcement has been reduced, but not because of the availability or anticipated availability of Recovery Act Byrne JAG funds. Therefore, it appears that supplanting has not occurred.

Grant Expenditures

According to the OJP Financial Guide, Part III, Chapter 7, allowable costs are those identified in Office of Management and Budget (OMB) circulars and the grant program's authorizing legislation. In addition, costs must be reasonable and permissible under the specific guidance of the grants. We reviewed a sample of personnel and other direct costs charged to each grant and found that the City of Atlanta charged unallowable and unsupported costs to grant funds.

Personnel Costs

Only one of the grants we reviewed had personnel costs paid with grant funds. We compared those costs to the grant award documents and the city's accounting records to determine whether the costs were allowable and supported.

We found that for Grant Number 2007-DD-BX-0611, the City of Atlanta's reimbursements for its grant expenditures included \$21,254 in salaries and fringe benefits for a police officer who had not worked on the grant.⁵ A Police Department official told us those personnel costs were charged to the grant by mistake. We question the \$21,254 as unallowable.

For the other grants we reviewed, no personnel costs were charged to the grants (Grant Numbers 2006-DD-BX-0266, 2006-DJ-BX-0616, 2007-DJ-BX-0307, and 2008-DJ-BX-0363) or no grant funds had been drawn down (Grant Numbers 2008-DD-BX-0492 and 2009-SB-B9-1100).⁶

⁵ According to the city's accounting records, total unallowable personnel costs charged to the grant for this officer were \$27,555. However, the city had only requested and received reimbursement for \$21,254 of those costs.

⁶ Subsequent to our onsite review, the city drew down \$2,609,452 in Recovery Act grant funds.

Other Direct Costs

We also tested other direct costs charged to the grants to determine whether those costs were allowable and supported by documentation. The results of our testing for each grant are shown below.

Grant Number 2006-DD-BX-0266. The city received a \$197,446 award as a result of a congressional earmark. The city planned to use the funds to teach conflict resolution skills to 1,200 City of Atlanta youths. The city entered into a written agreement with the Southern Christian Leadership Conference (SCLC) to implement the grant program. The agreement stated that the SCLC was to submit monthly progress and financial reports to the city and document its grant expenditures with receipts, bills, invoices, and timesheets. The city was to reimburse the SCLC for properly documented expenditures, "as determined by the city," and according to the approved budget shown in Exhibit 5.

**Exhibit 5:
Budget Approved by OJP
for Grant Number 2006-DD-BX-0266⁷**

Type of Expense	Budgeted Amount
Salaries and Fringe Benefits	\$106,500
Travel (mileage)	5,000
Equipment	6,000
Supplies	15,870
Contractors	45,000
Other ⁸	19,076
Total	\$197,446

Source: Budget approved by OJP

We tested \$177,046 (23 transactions) the city reimbursed to the SCLC, which is 100 percent of the grant funds spent.⁹ For \$108,241 of the grant expenses (61.1 percent of the amount we tested), the city did not provide adequate supporting documentation such as receipts and

⁷ The initial grant budget was amended in July 2008. Exhibit 5 is the amended budget.

⁸ Other expenses include the cost of renting space for large training events (\$1,000), rent for the program office (\$8,076), telecommunications (\$6,000), and meals for program participants (\$4,000).

⁹ Grant expenditures were less than the total amount of the award because \$20,400 in grant funds was not used.

timesheets. We question the \$108,241 as unsupported. All of these questioned costs were for payments the city made to the SCLC as reimbursement for its grant costs. The dates and individual amounts of the \$108,241 are presented in Appendix 3.

We noted that the SCLC's Executive Director claimed and was reimbursed at least \$1,835 for gasoline purchases.¹⁰ The SCLC official made the purchases at stations between the SCLC office in Atlanta and her home in Opelika, Alabama. According to the city official responsible for overseeing the grant, the SCLC does not have an office near the Executive Director's home. It is unclear to us how the gasoline purchases helped the city achieve the program goal to teach conflict resolution skills to 1,200 City of Atlanta youths.

Grant Number 2006-DJ-BX-0616. We tested \$239,977 (25 transactions), which is 33.8 percent of the other direct costs charged to this grant. For \$56,438 of these costs (about 23.5 percent of the amount we tested) the city provided no supporting documentation. We question the \$56,438 as unsupported. The dates and individual amounts of these questioned costs are presented in Appendix 3.

Grant Number 2007-DJ-BX-0611. We tested \$57,639 (25 transactions), which is 88.2 percent of the other direct costs charged to this grant. We found that \$139 (less than 1 percent of the amount we tested) was not supported by documentation. We question the \$139 as unsupported.

Grant Number 2008-DJ-BX-0363. We tested \$122,240 (5 transactions) which is 100 percent of the other direct costs charged to this grant. We found \$2,114 in grant funds were used for unallowable costs. In June 2008, a City of Atlanta Police Officer received a \$5,084 travel advance to attend an FBI training course, but was unable to complete the course due to illness. In May 2009 the officer repaid \$2,114 of the advance. However, the City of Atlanta claimed and was reimbursed \$5,084. We question \$2,114 of the \$5,084 as unallowable because it exceeded the actual cost of the training.

¹⁰ The city reimbursed the SCLC for other travel costs, but the city did not provide the supporting documentation for those expenses.

Grant Number 2008-DJ-BX-0307. The City of Atlanta made one \$359,013 disbursement to Fulton County for its share of the grant funds. The transaction was supported by documentation including a cancelled check.

At the time of our audit, no grant funds had been drawn down for Grant Numbers 2008-DD-BX-0492 and 2009-SB-B9-1100. Grant Number 2008-DD-BX-0492 was awarded September 11, 2008, and Grant Number 2009-SB-B9-1100 (Recovery Act grant) was awarded June 17, 2009.

In summary, we tested \$955,915 (79 transactions) in other direct costs, which is 66.7 percent of the other direct costs charged to the grants. We question \$166,932 (about 21 percent of the amount we tested) as unallowable (\$2,114) or unsupported (\$164,818). We recommend the OJP remedy these questioned costs.

Matching Costs

According to the OJP Financial Guide, Part III, Chapter 3, matching funds for a grant project must be in addition to funds that would otherwise be available. Grant recipients must maintain accounting records that show the source, amount, and timing of all matching contributions. The full matching share of costs must be obligated by the end of the award period. We determined the City of Atlanta did not have a matching requirement for the grants we audited.

Accountable Property

According to the OJP Financial Guide, Part III, Chapter 6, property acquired with federal funds should be adequately protected from loss, and the grantee's records should indicate the percentage of federal participation in the cost of the property. For grants that had accountable property items purchased with grant funds, we selected a judgmental sample of items and physically verified the items and that they were being used for grant related purposes.

For Grant Number 2006-DJ-BX-0616, we tested 19 property items valued at \$81,758, which is 84.7 percent of the grant funds spent on equipment. We physically verified 18 items valued at \$78,783 and determined that the items were being used for grant purposes. However, the Police Department could not account for a \$2,975 property item used to enforce the speed limit. A Police Officer told us he did not know the location of the item, which is assigned to a police officer who was on duty

in Iraq. Consequently, we question as unsupported, \$2,975 in grant funds spent on property items.

We recommend the OJP require the City of Atlanta to provide documentation showing it has custody of the \$2,975 property item or remedy the cost of the item.

Grant Reporting

Financial Status Reports

OJP monitored the financial aspects of grants through quarterly Financial Status Reports (FSR). FSRs show the federal and local share of grant expenditures, unexpended grant funds, and any program related income. According to the OJP Financial Guide, quarterly FSRs were due 45 days after the end of each quarterly reporting period. Beginning October 1, 2009, the Federal Financial Report (FFR) replaced the FSR. FFRs are due 30 days after the end of each calendar quarter. A final financial report is due 90 days after the end of the grant period.

We tested the four most-recently submitted FSRs to determine whether the reports were submitted timely and whether expenditures reported on the FSRs agreed with the City of Atlanta's accounting records. For the Recovery Act grant (Grant Number 2009-SB-B9-1100), we only tested the three most-recently submitted FSRs because at the time of our audit only three reports were required for that grant. Also, at the time of our audit, the City of Atlanta had not drawn down any Recovery Act grant funds and had no Recovery Act grant expenditures to report.¹¹

As shown in Exhibit 6, 3 of 27 FSRs were submitted from 1 to 82 days late. Two of the reports were late because the person responsible for preparing the reports had only been on the job for a short time and was not aware that she was responsible for submitting the FSRs. City officials could not explain why the other report was submitted late.

¹¹ Subsequent to our onsite review, the city drew down \$2,609,452 of the Recovery Act award.

**Exhibit 6:
Financial Status Reports the City of Atlanta Submitted Late**

Grant Number	Quarterly Reporting Period Ended	Report Due Date	Date Report Submitted	Days Late
2006-DD-BX-0266	12/31/2007	02/14/2008	02/15/2008	1
2008-DD-BX-0492	12/31/2008	02/14/2009	03/02/2009	16
2009-SB-B9-1100	03/31/2009	05/15/2009	08/05/2009	82

Source: Office of Justice Programs

We also tested the accuracy of the FSRs by comparing the reports to the city's accounting records and found the FSRs were generally accurate. For Grant Number 2007-DJ-BX-0307, the FSR for the quarter ended December 31, 2008, was overstated by \$54,331 when compared to the accounting records. The city corrected the error when it submitted the FSR for the quarter ended September 30, 2009.

We found that the FSRs for the other grants were generally accurate and submitted timely. However, for Grant Number 2006-DJ-BX-0616, we could not verify the accuracy of the FSR for the quarter ended December 31, 2008. That FSR included \$8,861 expended by the City of Atlanta and \$147,925 expended by Fulton County, a subrecipient. The City of Atlanta's expenses agreed with its accounting records. However, we could not test the accuracy of expenditures reported by Fulton County because we did not have access to the county's accounting records.

Progress Reports

OJP monitors grant performance and accomplishments through the submission of Categorical Assistance Progress Reports (Progress Reports). Progress Reports are due semiannually on January 30 and July 30 of each year. Grantees are required to submit a final grant Progress Report within 90 days after the end of the grant award period. Progress Reports must include a comparison of goals to actual accomplishments for the reporting period, reasons goals were not met or are not being met, and a corrective action plan to resolve the problem. Absent timely, complete, and accurate Progress Reports, OJP cannot effectively monitor progress toward meeting grant objectives.

We tested whether the City of Atlanta submitted timely, complete and accurate Progress Reports. The results of our testing are described in the following paragraphs.

Grant Number 2006-DD-BX-0266. As shown in Exhibit 7, two Progress Reports were submitted 15 and 129 days late.

**Exhibit 7:
Progress Reports Submitted Late for
Grant Number 2006-DD-BX-0266**

REPORTING PERIOD	Report DUE DATE	DATE REPORT SUBMITTED	DAYS LATE
01/01/07-06/30/07	07/30/07	12/06/07	129
07/01/07-12/31/07	01/30/08	02/14/08	15

Source: Office of Justice Programs

A city official told us the reports were late because the city began laying off hundreds of workers in December 2008, which put added responsibilities on the remaining staff. However, the late reports were due 10 months and 16 months before the layoffs began. The city official also told us that the grant funds went to the SCLC and the city did not receive grant funds for the administrative costs of preparing grant reports. Nevertheless, the city is the primary recipient of the grant and is responsible for meeting the fiscal and programmatic requirements of the grant.

Grant Number 2006-DJ-BX-0616. As shown in Exhibit 8, two Progress Reports were submitted 62 and 339 days late and another Progress Report was 163 days late as of June 10, 2010.¹²

**Exhibit 8:
Progress Reports Not Submitted or Submitted Late for
Grant Number 2006-DJ-BX-0616**

REPORTING PERIOD	Report DUE DATE	DATE REPORT SUBMITTED	DAYS LATE
01/01/06-12/31/06	03/31/07	03/04/08	339
01/01/08-12/31/08	03/31/09	06/01/09	62
01/01/09-09/30/09	12/29/09	Not Submitted	163

Source: Office of Justice Programs

A Police Department official told us he did not know these reports were due and did not submit them until he was told to do so by a supervisor. As explained earlier in this report, the Police Department Grants Analyst is responsible for preparing and submitting the Progress

¹² The grant ended September 30, 2009. A final Progress Report was due 90 days thereafter, which was December 29, 2009. As of June 10, 2010, the final Progress Report had not been entered into OJP's grants management system.

Reports. However, that position had been vacant for over 2 years. When we began our audit the Grant Analyst had been on the job for about 1 month.

For the five other grants we audited, six Progress Reports were submitted from 6 to 114 days late. These late reports are shown in Exhibit 9.

**Exhibit 9:
Progress Reports Submitted Late for Other Grants**

Grant Number	Reporting Period	Report Due Date	Date Report Submitted	Days Late
2007-DJ-BX-0307	01/01/08-12/31/08	03/31/09	06/01/09	62
2007-DD-BX-0611	10/01/07-12/31/07	01/30/08	03/06/08	36
2007-DD-BX-0611	01/01/08-06/30/08	07/30/08	11/21/08	114
2008-DJ-BX-0363	10/01/08-12/31/08	01/30/09	06/01/09	62
2008-DD-BX-0492	09/01/08-12/31/08	01/30/09	02/05/09	6
2008-DD-BX-0492	01/01/09-06/30/09	07/30/09	08/25/09	26

Source: Office of Justice Programs

A city official and a Police Officer cited layoffs and failure to understand the reporting requirements as the reasons for most of the late reports. For Grant Number 2008-DD-BX-0492, a city official told us that one Progress Report was late because a key administrator left her position around the time the report was due. The other Progress Report was late because a city official had not provided the necessary computer password to the person responsible for submitting the report electronically. For the Recovery Act grant, the first required Progress Report was submitted timely.

We also tested the completeness and accuracy of the Progress Reports by comparing accomplishments described in those reports to supporting documentation.

Grant Number 2006-DD-BX-0266. This grant was based on a collaborative effort between the City of Atlanta and the SCLC. We reviewed the Progress Reports for the periods ended June 30, 2008, and August 30, 2008, which stated that 756 and 257 youths, respectively, had completed non-violence training. A city official told us that the SCLC was attempting to locate the sign-in records for the training and would submit those records when found. We received one sign-in sheet showing that 19 youths attended conflict resolution training on June 2, 2007. No additional sign-in records were provided to us. Consequently, we consider

the facts reported in these Progress Reports to be unsupported. As discussed earlier, most of the grant funds the city reimbursed to the SCLC were not supported by adequate documentation such as purchase orders, receipts, or timesheets.

Grant Number 2006-DJ-BX-0616. We reviewed the Progress Report for the period ended December 31, 2008. The report stated that 52 percent of the grant funds were spent for helicopter maintenance, advertising, training, supplies, and software. We reviewed the accounting records and determined that the City of Atlanta spent the grant funds as stated in the Progress Report.

Grant Number 2007-DD-BX-0611. We reviewed the Progress Reports for the periods ended December 31, 2008, and March 31, 2009, which was the final report for the grant. The prior Progress Report stated that, in cooperation with the Police Athletic League, the city had organized several sports teams and purchased uniforms. The final report cited numbers of arrests for various types of crimes. We asked city officials for the supporting documentation for these reports, but no support was provided. Consequently, we consider the facts reported in these Progress Reports to be unsupported. The final Progress Report also stated that the city had not completed the grant program as outlined in its grant application because of layoffs and furloughs.

Grant Number 2009-SB-B9-1100 (Recovery Act grant). We reviewed the Progress Report for the period ended September 30, 2009. The report stated that the city had set up its accounting system for Recovery Act funds and was ready to begin disbursing grant funds to the subrecipients. We did not test the accuracy of that Progress Report.

In summary, Progress Reports we reviewed were generally not submitted timely and reported activities were generally not supported by documentation. Without timely, complete, and accurate Progress Reports OJP cannot assess the effectiveness of its grant programs.

Quarterly Recovery Act Reports

Section 1512 of the Recovery Act requires recipients of Recovery Act funds to report their expenditures and jobs created or saved to FederalReporting.gov. The initial report was due October 10, 2009, with quarterly reports due 10 days after the close of each quarter thereafter.

We reviewed the Recovery Act reports for the quarters ended September 30, 2009, and December 31, 2009, and found that both reports were submitted by the due dates. In the report for the quarter ended December 31, 2009, the City of Atlanta reported that it had disbursed \$2,198,798 to subrecipients and created 22 new positions.

We confirmed that the City had correctly reported its expenditures, but determined it had incorrectly reported the number of jobs saved. A Police Department official provided a list of the positions being paid with the grant funds, but the hire dates for three of those positions were after December 31, 2009. Thus, the city incorrectly reported to FederalReporting.gov, the number of jobs saved as of December 31, 2009.

Program Performance and Accomplishments

Grant performance and accomplishments should be based on measureable outcomes rather than on counting activities. The Government Performance and Results Act provides a framework for setting goals, measuring progress, and using data to improve performance. To measure progress, grantees should establish a baseline and a system for collecting and analyzing data needed to measure progress. To evaluate program performance and accomplishments we reviewed the grant applications, grant Progress Reports, and supporting documentation maintained by the City of Atlanta and other recipients of grant funds.

Grant Number 2006-DD-BX-0266. This grant project was a collaborative effort between the City of Atlanta and the SCLC to teach conflict resolution skills to youths. We compared 7 of the 10 objectives outlined in the grant application to the final Progress Report and information provided during interviews with City officials. As shown in Exhibit 10, the City of Atlanta did not meet, or could not show that it had met, the grant objectives we tested.

**Exhibit 10: Program Goals and Accomplishments
Grant Number 2006-DD-BX-0266**

Goal	Was the goal met? Explanation
Establish an international conflict resolution training headquarters in Atlanta, Georgia in 2006.	No. A city official told us that this is one of the SCLC's broader goals that were included in the grant application.
Provide 16 hours of conflict resolution training to 1200 City of Atlanta youths.	Could Not Determine. A city official told us that the SCLC was attempting to locate the sign-in sheets from the conference and would provide those records when they were located. We received one sign-in sheet showing 19 youths attended conflict resolution training.
Provide conflict resolution training annually to 2500 youths between the ages of 13 and 25.	No. A city official told us that this is one of the SCLC's broader goals. There was agreement between the grantee and the SCLC to drop the 2,500 figure from the grant proposal but it was not removed.
Host a conflict resolution summit.	Could Not Determine. A city official told us that the SCLC reported that over 2,000 youths had attended a summit in 2009 and took a pledge of non-violence. However, neither the SCLC nor the city provided documentation to support this.
Establish 50 international conflict resolution training centers by the year 2010.	No. A city official told us that this was not accomplished and was one of the SCLC's broader goals.
Execute a 3-year agreement with Mississippi Valley State University to offer a Bachelor of Arts degree in conflict resolution.	No. A city official told us that this was not accomplished and was obviously outside of the city's jurisdiction. This was also one of the SCLC's broader goals.
Host three regional conferences on nonviolence education and community change.	No. A city official told us that this was not accomplished and was reflective of the SCLC's broader goals.

Source: Grant applications and interviews with City of Atlanta officials

A city official explained that most of these goals were not achieved because the goals were part of the SCLC's national goals.

Grant Number 2007-DD-BX-0611. The purpose of the grant was to: (1) increase police patrols in targeted areas to reduce violent crime and gang activity, (2) increase justice information sharing with federal agencies, (3) increase informational resources to community organizations, and (4) offer alternative programs for at-risk youths. The grantee stated in its Progress Reports that it had organized several youth sports teams and purchased uniforms for participants. The city also

reported the numbers of arrests it had made for various crimes and that it had arrested an unknown number of gang members. However, numbers of arrests do not address the impact that those arrests had on the goals of the program. The Progress Reports did not provide sufficient information to determine whether the city had increased justice information sharing or information resources to community organizations.

Grant Number 2008-DD-BX-0492. The purpose of the grant was to reduce drug and gun violence by focusing on adult ex-offenders and children of ex-offenders who have a history of criminal behavior. The goals, objectives, and performance measures outlined in the grant application are presented in Exhibit 11.

**Exhibit 11:
Goals, Objectives, and Performance Measures
Grant Number 2008-DD-BX-0492**

<i>Goal 1: Identify participating ex-offenders</i>		
Objective: Cross-reference information on ex-offenders returning to the targeted area.	Task: Share data among agencies.	Performance Measure: Document all data sharing and provide data on all program participants.
<i>Goal 2: Allocate training and support services effectively</i>		
Objective: Create service delivery and treatment plan for each participant.	Task: Interview all participants and match with appropriate services.	Performance Measure: Provide summary of all treatment plans and tasks of coordinating agencies.
<i>Goal 3: Reduce crime and violence in the targeted geographic area</i>		
Objective: Reduce recidivism of participants by preventing them from committing crimes.	Task: Provide services and support necessary to discourage criminal behavior in participants, impact youth behavior through monitored parental contact, and build family support.	Performance Measure: Track recidivism of participants and their children and monitor criminal justice system engagement, area crime statistics, and Juvenile Court data.

Source: City of Atlanta grant application

The most recent Progress Report submitted August 25, 2009, stated that the city had created a 25 member task force to address Goal 2, but because of hiring delays it was not on track to accomplish program goals. In our judgment, Goal 3 – reducing recidivism by keeping ex-offenders from re-offending – is the most important objective of the grant. The city should determine the current rate of recidivism, the desired rate of

recidivism, and establish a system for collecting and analyzing data to measure progress. City officials agreed that the city needed to establish a baseline and a system for collecting data and measuring progress.

Grant Number 2006-DJ-BX-0616. The goals of the grant were to provide the Police Department and the crime laboratory with various types of training and equipment. In the most recent Progress Report submitted June 1, 2009, the city reported that it had spent 52 percent of the grant funds on helicopter maintenance, advertising, training, supplies, and software. Based on the report, it appears the city was making progress at achieving grant goals and objectives.

For Grant Numbers 2007-DJ-BX-0307 and 2008-DJ-BX-0363, no grant goals had been accomplished because the city had only recently set up the proper accounts in the city's financial system. We did not assess program goals and accomplishments for the Recovery Act grant because no grant funds had been drawn down at the time of our audit work.

In summary, the City of Atlanta needs to implement a process for evaluating grant goals and accomplishments. For some grants, the city did not meet or could not show that it met grant goals and objectives. For other grants, the city needed to identify measureable goals, establish a baseline from which to measure progress, and implement a process for collecting and analyzing data to track performance through the completion of the grants.

Monitoring of Subrecipients

According to the OJP Financial Guide, Part II, Chapter 3, direct recipients of federal funds should monitor subrecipients' financial operations, records, systems, and procedures. Where the conduct of a program is delegated to a subrecipient, the primary recipient is responsible for all aspects of the program including oversight of subrecipient spending and monitoring program goals and achievements attributable to the use of grant funds. The city is responsible for monitoring eight subrecipients for the 2009 Recovery Act grant fund (Grant Number 2009-SB-B9-1100) and one subrecipient for four other grants we audited.

We found that the city did not monitor its subrecipients and had no procedures for doing so. Consequently, 61 percent of the reimbursements to one subrecipient were not adequately supported by purchase orders, receipts, timesheets, or other supporting documentation. For the 2009

Recovery Act grant, the city received 5 percent of the award amount to hire a Project Administrator to oversee eight subrecipients of Recovery Act funds. On June 15, 2010, a city official told us that a Project Administrator had been hired and was scheduled to begin work the following week.

In December 2009, the OJP conducted a site visit to the City of Atlanta and issued a report, which also stated that the city had no procedures for monitoring subrecipients. The report stated that the city provides subrecipients with copies of the award documentation, but has no way of knowing whether the subrecipients are complying with grant requirements. The OJP advised city officials to implement procedures for subrecipient monitoring and reporting. The report also stated that the city had not hired a Project Administrator for the Recovery Act grant. On June 15, 2010, a city official told us its newly hired Project Administrator was scheduled to begin work the following week.

Conclusion

The City of Atlanta generally complied with the requirements pertaining to drawdowns. However, we found weaknesses in the areas of internal controls, supplanting, grant expenditures, accountable property, grant reporting, program performance and accomplishments, and monitoring subrecipients. Specifically, we found the following.

- The city did not have adequate staff with the training and experience to properly manage the grants.
- The city spent \$188,186 in grant funds for costs that are unallowable or unsupported.
- The city could not account for a \$2,975 property item bought with grant funds.
- Three of 27 Financial Status Reports were submitted from 1 to 82 days late.
- Eleven of 19 Progress reports were submitted from 6 to 339 days late.
- The city incorrectly reported to FederalReporting.gov, the number of jobs created or saved with Recovery Act funds.

- The city did not meet, or could not show that it met, most grant goals and objectives.
- The city did not monitor subrecipients and had no procedures for doing so. One city official told us the city was not responsible for monitoring subrecipients.

Because of these weaknesses, we are concerned that the city may not be able to properly manage the \$16.9 million it was awarded under the 2009 Recovery Act.

Recommendations

We recommended that OJP:

1. Remedy the \$21,254 in unallowable personnel costs charged to Grant Number 2007-DD-BX-0611.
2. Remedy the \$108,241 in unsupported other direct costs charged to Grant Number 2006-DD-BX-0266.
3. Remedy the \$56,438 in unsupported other direct costs charged to Grant Number 2006-DJ-BX-0616.
4. Remedy the \$139 in unsupported other direct costs charged to Grant Number 2007-DJ-BX-0611.
5. Remedy the \$2,114 in unallowable other direct costs charged to Grant Number 2008-DJ-BX-0363.
6. Require the city to provide documentation showing that it has custody of the \$2,975 property item bought with grant funds or remedy the \$2,975.
7. Ensure the city submits accurate and timely FFRs.
8. Ensure the city submits complete, accurate and timely Progress Reports and that the reported facts are supported by documentation.
9. Ensure the city correctly reports the number of jobs created or saved to FederalReporting.gov.

10. Ensure the city implements a process for identifying measureable goals and objectives and a process for collecting and analyzing data to track performance through the completion of the grants.
11. Ensure the city implements procedures for monitoring subrecipients to ensure they meet the fiscal and programmatic requirements of the grants.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of the audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants and to determine program performance and accomplishments. We reviewed performance pertaining to internal controls; drawdowns; budget management and control; supplanting; matching costs; grant expenditures including personnel and other direct costs; property management; reporting including financial, progress, and quarterly Recovery Act reports; program performance and accomplishments; and monitoring of subrecipients.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and 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 scope covered the 2009 Byrne JAG Recovery Act grant and six earlier Byrne JAG grants that had sufficient activity to test the grantee's management of grants and subrecipients. We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in our report, the criteria we audit against are contained in the Office of Justice Program's Financial Guide, Office of Management and Budget Circulars, the 2009 American Reinvestment and Recovery Act, and specific grant program guidance.

In conducting our audit, we performed sample testing in drawdowns; grant expenditures, including personnel and other direct costs; FSRs; Progress Reports; property management; program performance and accomplishments; and monitoring of subrecipients. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants we reviewed, such as dollar amounts or expenditure category. We selected judgmental sample sizes for the testing of each grant. This non-statistical sample design does not allow projection of the test results to the universe from which the samples were drawn.

In addition, we reviewed the timeliness and accuracy of FSRs, Progress Reports, and Recovery Act reports and compared performance to grant objectives. We did not assess the reliability of the financial management system as a whole.

SCHEDULE OF DOLLAR-RELATED FINDINGS

Description	Amount	Page
Unsupported Costs:		
Grant 2006-DD-BX-0266 (Other Direct Costs)	108,241	12
Grant 2006-DJ-BX-0616 (Other Direct Costs)	56,438	12
Grant 2007-DD-BX-0611 (Other Direct Costs)	139	12
Grant 2006-DJ-BX-0616 (Accountable Property)	2,975	13
Total Unsupported Costs	\$167,793	
Unallowable Costs:		
Grant 2007-DD-BX-0611 (Personnel Costs)	21,254	10
Grant 2008-DJ-BX-0363 (Other Direct Costs)	2,114	12
Total Unallowable Costs	\$23,368	
Total Dollar-Related Findings	\$191,161	

APPENDIX 3

UNALLOWABLE AND UNSUPPORTED OTHER DIRECT COSTS

Transaction Date	Check Number	Transaction Amount	Amount Unallowable	Amount Unsupported	Notes
<i>Grant Number 2006-DD-BX-0266</i>					
Not shown	Unknown	\$11,228.09		\$11,228.09	(1)
03/28/08	Unknown	6,573.49		6,573.49	(1)
09/30/08	Unknown	5,733.89		5,733.89	(1)
05/07/08	Unknown	20,554.27		3,380.28	(2)
Not shown	Unknown	14,705.05		5,880.37	(2)
03/28/08	Unknown	12,255.00		12,255.00	(1)
Not shown	Unknown	9,542.05		8,734.51	(2)
06/04/08	Unknown	8,358.74		4,200.29	(2)
Not shown	Unknown	8,088.36		8,088.36	(2)
Not shown	Unknown	7,590.43		5,421.99	(2)
05/07/08	Unknown	7,257.92		3,303.28	(2)
07/03/08	Unknown	6,898.67		3,229.50	(2)
11/16/07	Unknown	6,779.89		5,629.65	(2)
Not shown	Unknown	6,414.82		6,414.82	(2)
12/01/07	Unknown	6,314.23		5,460.88	(2)
05/07/08	Unknown	6,260.86		673.00	(2)
03/28/08	Unknown	5,864.55		5,472.22	(2)
05/06/08	Unknown	5,835.10		1,815.10	(2)
05/07/08	Unknown	4,706.68		1,472.00	(2)
06/04/08	Unknown	4,695.97		673.00	(2)
07/13/08	Unknown	4,692.40		673.00	(2)
05/06/08	Unknown	3,800.50		673.00	(2)
08/13/08	Unknown	2,894.93		1,255.77	(2)
Subtotal				\$108,241	
<i>Grant Number 2006-DJ-BX-0616</i>					
12/30/07	Unknown	\$25,627.61		\$15,445.51	(2)
12/30/07	Unknown	16,294.55		15,094.55	(2)
12/30/07	Unknown	15,660.10		225.00	(2)
12/30/07	Unknown	8,088.83		8,088.83	(1)
11/06/07	Unknown	6,669.00		6,669.00	(1)
11/06/07	Unknown	4,294.00		4,294.00	(1)
05/24/09	Unknown	2,685.00		2,685.00	(1)
11/14/08	Unknown	2,000.00		2,000.00	(1)
03/29/09	Unknown	1,935.96		1,935.96	(1)
Subtotal				\$56,438	
<i>Grant Number 2007-DD-BX-0611</i>					
04/04/08	Unknown	138.59		138.59	(1)
<i>Grant Number 2008-DJ-BX-0363</i>					
06/14/09	Unknown	\$5,084.00	2,114.00		
Total Questioned Costs			\$2,114	\$164,818	

Source: Office of the Inspector General analysis of city records

Notes:

- (1) The city did not provide documentation to support the transactions. Supporting documentation should include invoices or receipts for the goods or services paid for and timesheets for personnel and fringe benefit costs. A request from a subrecipient for reimbursement of grant costs must include the proper supporting documentation.
- (2) The city only provided partial documentation to support the transactions. Supporting documentation for transactions should cover all costs claimed.
- (3) The city claimed and was reimbursed for an employee whose salary should not have been charged to this grant.

THE CITY OF ATLANTA'S RESPONSE TO THE DRAFT AUDIT REPORT



CITY OF ATLANTA

KASIM REED
MAYOR

DEPARTMENT OF FINANCE
BUREAU OF GRANT SERVICES
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ATLANTA, GEORGIA 30335-0315
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LEE HANNAH
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July 23, 2010

Mr. Ferris B. Polk
Regional Audit Manager
Atlanta Regional Audit Office
U.S. Department of Justice
75 Spring St. Suite 1130
Atlanta, GA 30303

Dear Mr. Polk:

SUBJECT: AUDIT RESPONSE – Edward Byrne Memorial Justice Grant Program

Attached are the Management Responses to the audit findings for the City of Atlanta Edward Byrne Memorial Justice Assistance Grant Program (EBMJAG). Please do not hesitate to contact me if you have questions or need additional information.

Sincerely,



Lee Hannah, Director
Office of Grant Services

Cc: Tracey Curry, Senior Budget Manager
Atlanta Police Department
Arthur Cole, Senior Management Analyst
Office of the Mayor-Human Services

Attachment

RESPONSE TO RECOMMENDATIONS:

1. Remedy the \$21,254 in unallowable personnel costs charged to Police Grant Number 2007-DD-BX-0611.

APD Management Response – The aforementioned expenses were charged to the grant in error. APD submitted the proper documents to the Department of Human Services and requested the correction be made by DOF in a post accounting period adjustment.

2. Remedy the \$108,241 in unsupported other direct costs charged to Grant Number 2006-DD-BX-0266.

Human Services Management Response – City staff has contacted SCLC officials and with their help believe we can provide supporting documentation for the expenditures.

3. Remedy the \$56,438 in unsupported other direct costs charged to Police Grant Number 2006-DJ-BX-0616.

APD Management Response – City documentation does not support this audit finding.

4. Remedy the \$139 in unsupported other direct costs charged to Grant Number 2007-DJ-BX-0611.

APD Management Response – City documentation does not support this audit finding.

5. Remedy the \$2,114 in unallowable other direct costs charged to Police Grant Number 2008-DJ-BX-0363.

APD Management Response – City documentation does not support this audit finding.

6. Require the City to provide documentation showing that it has custody of the \$2,975 property item bought with grant funds or remedy the \$2,975

APD Management Response – City is in the process of locating this property item.

7. Ensure the City submits accurate and timely FSRs.

Grant Management Response – Enhanced procedures have been implemented ensuring that the Grant accountant is added as a point of contact by the grant receiving department.

8. Ensure the City submits complete, accurate and timely Progress Reports and that the reported facts are supported by documentation.

APD Management Response – An error was made due to internal APD reporting that caused the information to be recorded in error to the reporting website. The error was caught and corrected by APD. The information being reported currently is correct.

9. Ensure the City correctly reports the number of jobs created or saved to FederalReporting.gov.

APD Management Response – The problem has since been corrected due to the hiring of competent staff. APD is current with all Federal Reporting to date.

10. Ensure the City implements a process for identifying measureable goals and objectives and a process for collecting and analyzing data to track performance through the completion of the grants.

APD Management Response – ADP has since hired adequate staffing to remedy this problem. The duties of the newly hired Grants Analyst will include but is not limited to assisting in the preparation of policies and procedures for the monitoring of the grant funds and expenses, implement a process for measuring goals and objectives of the grant, monitoring the sub-recipients to ensure compliance, etc. These responsibilities will be enforced by APD's Senior Budget Manager.

11. Ensure the City implements procedures for monitoring sub-recipients to ensure they meet the fiscal and programmatic requirements of the grants.

APD Management Response – Procedures are being enhanced to ensure sub-recipients are monitored to ensure they meet the fiscal and programmatic requirements of the grants.

OJP'S RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

MEMORANDUM TO: Ferris B. Polk
Regional Audit Manager
Office of the Inspector General
Atlanta Regional Audit Office

FROM: Maureen A. Henneberg
Director

SUBJECT: Response to the Draft Audit Report, *Office of Justice Programs,
Edward Byrne Memorial Justice Assistance Grants Awarded to the
City of Atlanta, Georgia*

This memorandum is in response to your correspondence, dated June 18, 2010, transmitting the subject draft audit report for the City of Atlanta, Georgia (City). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains 11 recommendations and \$191,161 in questioned costs. For ease of review, the draft audit report recommendations are restated in bold and are followed by the Office of Justice Programs (OJP) response.

- 1. We recommend that OJP remedy the \$21,254 in unallowable personnel costs charged to grant number 2007-DD-BX-0611.**

We agree with the recommendation. We will coordinate with the City to remedy the \$21,254 in questioned costs related to unallowable personnel costs charged to grant number 2007-DD-BX-0611.
- 2. We recommend that OJP remedy the \$108,241 in unsupported other direct costs charged to grant number 2006-DD-BX-0266.**

We agree with the recommendation. We will coordinate with the City to remedy the \$108,241 in questioned costs related to unsupported other direct costs charged to grant number 2006-DD-BX-0266.

3. **We recommend that OJP remedy the \$56,438 in unsupported other direct costs charged to grant number 2006-DJ-BX-0616.**

We agree with the recommendation. We will coordinate with the City to remedy the \$56,348 in questioned costs related to unsupported other direct costs charged to grant number 2006-DJ-BX-0616.

4. **We recommend that OJP remedy the \$139 in unsupported other direct costs charged to grant number 2007-DJ-BX-0611.**

We agree with the recommendation. We will coordinate with the City to remedy the \$139 in questioned costs related to unsupported other direct costs charged to grant number 2007-DJ-BX-0611.

5. **We recommend that OJP remedy the \$2,114 in unallowable other direct costs charged to grant number 2008-DJ-BX-0363.**

We agree with the recommendation. We will coordinate with the City to remedy the \$2,114 in questioned costs related to unallowable other direct costs charged to grant number 2008-DJ-BX-0363.

6. **We recommend that OJP requires the City to provide documentation showing that it has custody of the \$2,975 property item bought with grant funds or remedy the \$2,975.**

We agree with the recommendation. We will coordinate with the City to obtain documentation showing that it has custody of the \$2,975 property item bought with grant funds or remedy the \$2,975.

7. **We recommend that OJP ensures that the City submits accurate and timely Federal Financial Reports (FFRs).**

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented to ensure that FFRs are accurate and timely submitted.

8. **We recommend that OJP ensures that the City submits complete, accurate and timely Progress Reports and that the reported facts are supported by documentation.**

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented to ensure that Progress Reports are complete, accurate, and timely submitted, and are supported by documentation.

9. **We recommend that OJP ensures that the City correctly reports the number of jobs created or saved to FederalReporting.gov.**

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented to ensure that the City correctly reports the number of jobs created or saved to FederalReporting.gov.

10. **We recommend that OJP ensures that the City implements a process for identifying measurable goals and objectives, and a process for collecting and analyzing data to track performance through the completion of the grants.**

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented to ensure that a process for identifying measurable goals and objectives, and a process for collecting and analyzing data to track performance through the completion of the grants, is established.

11. **We recommend that OJP ensures that the City implements procedures for monitoring subrecipients to ensure they meet the fiscal and programmatic requirements of the grants.**

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented to ensure that subrecipients are monitored to meet the fiscal and programmatic requirements of the grants.

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

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**ANALYSIS AND SUMMARY OF ACTIONS
NECESSARY TO CLOSE THE REPORT**

The OIG provided a draft of this report to the City of Atlanta and OJP. The City of Atlanta's comments are incorporated in Appendix 4 and OJP's comments are incorporated in Appendix 5. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Analysis of the City of Atlanta's Response to the Draft Audit Report

In its response to the draft report, the city provided an update on the status of corrective actions taken or planned for 8 of 11 recommendations. However, for the remaining recommendations the city stated that its documentation does not support our audit finding. We address those three recommendations below.

Recommendation Number 3 – We questioned \$56,438 because the city did not provide adequate supporting documentation for these expenditures. Details of these unsupported costs are presented in Appendix 3 of this report. Because the city provided no additional supporting documentation along with its response to the draft report, the questioned costs remain unsupported.

Recommendation Number 4 – We questioned \$139 as unsupported. According to the city's accounting records, the expenditure was for advertising. Because the city provided no supporting documentation along with its response to the draft report, the questioned costs remain unsupported.

Recommendation Number 5 – We questioned \$2,114 as unallowable. According to the city's accounting records, a police officer received \$5,084 in advance for a training course and associated travel costs. The officer was unable to complete the course and subsequently repaid \$2,114 of the advance. However, the \$2,114 repayment was not added back to the grant as funds available for use. Because the city provided no additional documentation along with its response to the draft report, the questioned costs remain unallowable.

Analysis of OJP's Response to the Draft Audit Report

In its response to the draft audit report, OJP stated that it agreed with all of our recommendations and will coordinate with the city to remedy the questioned costs and obtain copies of documentation needed to close other recommendations.

Status and Summary of Actions Necessary to Close the Report

Recommendation:

- 1. Resolved.** We recommended that OJP remedy \$21,254 in unallowable personnel costs charged to Grant Number 2007-DD-BX-0611. In its response to the draft report, the city stated that these expenses were charged to the grant by mistake and that it had asked the Department of Finance to make an accounting adjustment for the error. OJP agreed with our recommendation and said it would coordinate with the city to remedy the \$21,254 we questioned. This recommendation can be closed when we receive documentation showing the city has made the appropriate correction to its accounting records or when the questioned costs have been otherwise remedied.
- 2. Resolved.** We recommended that OJP remedy \$108,241 in unsupported costs charged to Grant Number 2006-DD-BX-0266. In its response to the draft report, the city stated that it could provide supporting documentation for these questioned costs. OJP agreed with our recommendation and said it would coordinate with the city to remedy the \$108,241 we questioned. This recommendation can be closed when the \$108,241 has been remedied.
- 3. Resolved.** We recommended that OJP remedy \$56,438 in unsupported costs charged to Grant Number 2006-DJ-BX-0616. In its response to the draft report, city officials stated that its documentation does not support this finding, but it did not provide copies of those documents. OJP agreed with our recommendation and said it would coordinate with the city to remedy the these questioned costs. This recommendation can be closed when the \$56,438 has been remedied.
- 4. Resolved.** We recommended that OJP remedy \$139 in unsupported costs charged to Grant Number 2007-DJ-BX-0611. In its response to the draft report, the city stated that its documentation does not

support this finding, but it did not provide copies of those documents. OJP agreed with our recommendation and said it would coordinate with the city to remedy the \$139 we questioned. This recommendation can be closed when the \$139 has been remedied.

5. **Resolved.** We recommended that OJP remedy \$2,114 in unallowable costs charged to grant number 2008-DJ-BX-0363. In its response to the draft audit report, the city stated that its documentation does not support this finding, but it did not provide copies of those documents. OJP agreed with our recommendation and said it would coordinate with the city to remedy the \$2,114 we questioned. This recommendation can be closed when the \$2,114 has been remedied.
6. **Resolved.** We recommended that OJP require the city to provide documentation showing it has custody of the \$2,975 property item bought with grant funds or remedy the \$2,975. In its response to the draft report, the city stated that it was in the process of locating the property item. OJP agreed with our recommendation and said it would coordinate with the city to obtain documentation showing that it has custody of the \$2,975 property item or remedy the \$2,975. This recommendation can be closed when we receive documentation showing the city has custody of the property item or the \$2,975 has been remedied.
7. **Resolved.** We recommended that OJP ensure the city submits accurate and timely Federal Financial Reports (FFRs). In its response to the draft report, the city stated that it has added the Grant Accountant as a point-of-contact for the office that receives the grant. OJP agreed with our recommendation and said it would coordinate with the city to obtain a copy of procedures implemented to ensure the city submits accurate and timely FFRs. This recommendation can be closed when we review the city's procedures that ensure it submits accurate and timely FFRs.
8. **Resolved.** We recommended that OJP ensure the city submits complete, accurate and timely Progress Reports and that the reported facts are supported by documentation. In its response to the draft report, the city stated that it had made errors when it submitted reports and that the errors have been corrected. OJP agreed with our recommendation and said it would coordinate with the city to obtain a copy of procedures implemented to ensure that Progress Reports are complete, accurate, submitted timely, and supported by

documentation. This recommendation can be closed when we review the city's procedures that ensure Progress Reports are complete, accurate, submitted timely and supported by documentation.

- 9. Resolved.** We recommended that OJP ensure the city correctly reports the number of jobs created or saved to FederalReporting.gov. In its response to the draft report, the city stated that the problem of incorrect reporting has been corrected by the hiring of competent staff and that the Atlanta Police Department is current with all federal reporting. OJP agreed with our recommendation and said it would coordinate with the city to obtain a copy of procedures implemented to ensure that the city correctly reports the number of jobs created or saved to FederalReporting.gov. This recommendation can be closed when we review procedures that ensure the city accurately reports job data to FederalReporting.gov.
- 10. Resolved.** We recommended that OJP ensure the city implements procedures for identifying measureable goals and objectives, and a process for collecting and analyzing data to track performance through the completion of the grants. In its response to the draft report, the city stated that the newly hired Grants Analyst will be responsible for implementing measureable grant goals and objectives and monitoring subrecipients and that these responsibilities will be enforced by the Senior Budget Manager. OJP agreed with our recommendation and said it would coordinate with the city to obtain a copy of procedures implemented to ensure the city has procedures for: (1) identifying measureable goals and objectives, (2) collecting and analyzing performance data, and (3) tracking performance through the completion of the grants. This recommendation can be closed when we review the city's procedures for identifying measureable grant goals and objectives, collecting and analyzing performance data, and tracking program performance through the completion of the grants.
- 11. Resolved.** We recommended that OJP ensure the city implements procedures for monitoring subrecipients to ensure they meet the fiscal and programmatic requirements of the grants. In its response to the draft report, the city stated that it had enhanced its procedures to ensure that subrecipients meet the fiscal and programmatic requirements of the grants. OJP agreed with our recommendation and said it would coordinate with the city to obtain a copy of procedures that ensure subrecipients meet the fiscal and programmatic requirements of the grants. This recommendation can

be closed when we review the city's procedures for monitoring subrecipients.