



**AUDIT OF OFFICE OF JUSTICE PROGRAMS
WEED AND SEED GRANTS AWARDED TO THE
CITY OF ATLANTA, GEORGIA**

U. S. Department of Justice
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Audit Division

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AUDIT OF OFFICE OF JUSTICE PROGRAMS WEED AND SEED GRANTS AWARDED TO THE CITY OF ATLANTA, GEORGIA

EXECUTIVE SUMMARY

The Department of Justice (DOJ) Office of the Inspector General (OIG), Audit Division, has completed an audit of Office of Justice Programs (OJP) Weed and Seed grants awarded to the City of Atlanta, Georgia.

The Weed and Seed strategy is intended as a comprehensive, coordinated, and collaborative response to resolving neighborhood problems. “Weeding” activities are directed toward reducing crime while complementing the “seeding” activities that provide direct services to residents. Four elements make up the two-pronged Weed and Seed strategy – law enforcement; community policing; prevention, intervention, and treatment; and neighborhood restoration. As shown in Exhibit I, the City of Atlanta was awarded \$1,116,000 under the Weed and Seed program since 2007.

**Exhibit I: Weed and Seed Grants Awarded to
The City of Atlanta, Georgia**

Award Number	Award Start Date	Award End Date	Award Amount
2007-WS-Q7-0088	10/01/2007	06/30/2009	\$200,000
2007-WS-Q7-0250	10/01/2007	06/30/2009	\$175,000
2008-WS-QX-0219	10/01/2008	12/31/2010	\$150,000
2008-WS-QX-0221	10/01/2008	12/31/2010	\$150,000
2009-WS-QX-0123	10/01/2009	09/30/2011	\$142,000
2009-WS-QX-0125	10/01/2009	09/30/2011	\$142,000
2010-WS-QX-0094	10/01/2010	03/31/2012	\$157,000
Total			\$1,116,000

Source: Office of Justice Programs’ records

For the City of Atlanta, a Weed and Seed Steering Committee was responsible for monitoring progress and goals and objectives, approving changes to the strategic plan, overseeing the coordination of programs and services, and selecting targeted neighborhoods. As the fiscal agent for the Weed and Seed grants, the city is responsible for ensuring that grant funds are used appropriately and that the goals and objectives of the grants are met.

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 and whether the city met or was on track to meet the goals and objectives outlined in the grant programs and applications.

The objectives of the audit were to determine whether the City of Atlanta complied with essential grant conditions pertaining to: (1) internal controls, (2) grant drawdowns, (3) grant expenditures, (4) budget management and control, (5) matching costs, (6) property management, (7) financial and grant progress reports, (8) grant goals and accomplishments, and (9) monitoring sub-recipients.

The city was slow in providing records and other information we needed to complete the audit objectives. We began the audit on September 21, 2011, but most of the documents we requested in advance were not provided for weeks or months. Some records were never provided. Over the course of the audit we followed up multiple times with phone calls and e-mails, but the city's Weed and Seed Director sometimes did not respond to us for weeks or provided incomplete or incorrect information. Some of our questions pertaining to a payment to a former city employee were never answered.

We met with city officials on August 8, 2012, to discuss the lack of documentation to support grant expenditures and gave the city a month to provide those records. After the deadline passed, the city kept sending documentation. We gave the city a new deadline, but several days after the new deadline had passed the city sent more documents. The city told us it tried to send these documents earlier, but "the e-mail did not go through." We accepted those and told the city that any additional documents should be provided along with its response to the draft audit report. In summary, the city took over 1 year to provide the information we needed to complete the audit.

We found that the City of Atlanta:

- paid grant expenses without detailed invoices, such as four invoices totaling \$31,847 that were billed as "reimbursement for teen court," three invoices totaling \$20,272 (\$7,687, \$7,687, and \$4,898) that were billed as "consulting," but did not include the consultants' hours or rates, and other similar expenses;

- did not adequately review invoices, which resulted in the city overpaying one invoice by \$11,660;
- made advance payments to contractors and other sub-recipients, but did not account for how all the advanced funds were spent, including a \$20,000 advance payment of which \$3,084 is unaccounted for;
- made advance payments to contractors and other sub-recipients, but did not ensure the city received or used the goods or services that were paid for, including a \$12,300 advance payment for rent for a period of 1 year after the grant ended and a \$3,000 advance payment to publish newsletters for a period of 2 years after the grant ended;
- paid for grant projects that were not completed, including \$2,200 reimbursed to a contractor for “expenses incurred for a parent patrol initiative,” which was not completed because of a lack of community support;
- made duplicate payments totaling \$7,904 (\$7,300 and \$604);
- was billed twice for \$7,700 for neighborhood coordinator salaries for the months of November and December 2009 and recorded one invoice as a grant expenditure and the other invoice as a matching cost transaction;
- miscategorized expenses, which made them appear allowable;
- did not comply with the grant budgets approved by OJP;
- charged \$338,790 in grant expenditures (62.9 percent of the grant expenditures we tested) to “Service Grants” expense, which was not an approved budget category and is therefore unallowable;
- charged \$117,306 in other unallowable costs to the grants;
- charged \$29,837 to the grants for costs that are not supported by adequate documentation such as original receipts and invoices, timesheets, public announcements, meeting agendas, sign-in logs, or other documents;

- did not use \$48,125 in grant funds from six grants, including \$38,189 from one grant that was not used because the city failed to meet the deadline for requesting reimbursement for the grant expenses;
- did not provide, or could not show that it had provided, \$24,659 in grant matching costs;
- did not meet, or could not show that it met, 9 of 31 grant goals, accomplishments, or other performance measures we tested; and
- did not monitor and did not have adequate procedures for monitoring contractors and other sub-recipients to ensure they met the fiscal and programmatic requirements of the grants and were on track to meet grant goals. The monitoring requirement is explained in the OJP Financial Guide.

Based on our audit results, we make four recommendations to address \$393,869 in questioned costs and three recommendations to improve the management of DOJ grants. These are discussed in detail in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology are discussed in Appendix 1.

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INTRODUCTION

The Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of Weed and Seed Grants, awarded by the Office of Justice Programs (OJP), to the City of Atlanta, Georgia. “Weeding” activities are directed toward reducing crime while complementing the “seeding” activities that provide direct services to residents. Four elements make up the two-pronged Weed and Seed strategy – law enforcement; community policing; prevention, intervention, and treatment; and neighborhood restoration. The Weed and Seed strategy is intended as a comprehensive, coordinated, and collaborative response to resolving neighborhood problems identified during the development of a needs assessment. The process of developing the strategy begins with convening a Steering Committee, identifying community partners, notifying the United States Attorney, and collaborating on a strategy to address those problems. The Weed and Seed Steering Committee is the policy making body of a broad base of stakeholders who work together for the benefit of crime reduction strategies and community reinvestments. The committee monitors progress towards goals and objectives, approves changes to the strategic plan, oversees the coordination of programs and services, and selects the targeted neighborhoods.

As shown in Exhibit 1, from 2007 through 2010 OJP awarded the City of Atlanta \$1,116,000 to implement Weed and Seed activities.

Exhibit 1: Weed and Seed Grants Awarded to the City of Atlanta, Georgia

Award Number	Award Start Date	Award End Date	Award Amount
2007-WS-Q7-0088	10/01/2007	06/30/2009	\$200,000
2007-WS-Q7-0250	10/01/2007	06/30/2009	\$175,000
2008-WS-QX-0219	10/01/2008	12/31/2010	\$150,000
2008-WS-QX-0221	10/01/2008	12/31/2010	\$150,000
2009-WS-QX-0123	10/01/2009	09/30/2011	\$142,000
2009-WS-QX-0125	10/01/2009	09/30/2011	\$142,000
2010-WS-QX-0094	10/01/2010	03/31/2012	\$157,000
Total			\$1,116,000

Source: Office of Justice Programs’ records

The city is responsible for ensuring that grant funds are used appropriately and that the goals and objectives of the grants are met.

Background

The City of Atlanta, with a 2010 population of 420,003, is the capital of and the most populous city in the State of Georgia. Atlanta is also the cultural and economic center of the Atlanta metropolitan area, which is home to about 5.3 million people and is the ninth largest metropolitan area in the country.

OJP provides innovative leadership to federal, state, local, and tribal justice systems by disseminating state-of-the art knowledge and practices across America and providing grants for the implementation of these crime fighting strategies.

Audit Approach

The purpose of this 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 and whether the city met or was on track to meet the goals and objectives outlined in its grant programs and applications.

The objectives of the audit were to determine whether the City of Atlanta complied with essential grant conditions pertaining to: (1) internal controls, (2) grant drawdowns, (3) grant expenditures, (4) budget management and control, (5) matching costs, (6) property management, (7) financial and grant progress reports, (8) grant goals and accomplishments, and (9) monitoring sub-recipients.

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), and Office of Management and Budget Circulars (OMB). We tested the City of Atlanta's:

- **internal controls** to identify policies, methods, and procedures designed to ensure the city and the Weed and Seed program met the fiscal and programmatic requirements and the goals and objectives of the grants;

- **grant drawdowns** to determine whether grant drawdowns were adequately supported and if the City of Atlanta managed grant receipts in accordance with federal requirements;
- **grant expenditures** to determine the accuracy and allowability of costs charged to the grants;
- **budget management and control** to identify any budget deviations between the amounts budgeted and the actual costs for each cost category;
- **matching costs** to determine if the City of Atlanta provided the required matching share of grant costs;
- **property management** to determine if property items acquired with grant funds are tracked in a system of property records, adequately protected from loss, and used for grant purposes;
- **financial and grant progress reports** to determine if those reports were accurate and submitted when they were due;
- **grant goals and accomplishments** to determine if the City of Atlanta and the Weed and Seed project met or was on track to meet the goals outlined in the grant programs and applications; and
- **monitoring sub-recipients** to determine whether the City of Atlanta took appropriate steps to ensure that sub-recipients met the fiscal and programmatic requirements of the grants.

In conducting our audit, we performed sample testing in the areas of grant drawdowns, grant expenditures, matching costs, property management, and grant goals and accomplishments.

The city was slow in providing records and other information we needed to complete the audit objectives. We began the audit on September 21, 2011, but most of the documents we requested in advance were not provided for weeks or months. Some documents we requested were never provided. Over the course of the audit we followed up dozens of times with phone calls and e-mails. The city's Weed and Seed Director sometimes did not respond to us for weeks or provided incomplete or incorrect information. Some of our questions pertaining to a payment to a former city employee were never answered.

On August 8, 2012, we met with city officials to discuss the lack of documentation to support \$500,000 of the \$1,000,000 in grant expenditures we tested. We gave the city 1 month to provide those records, but after the month had passed the city kept sending documents so we gave the city a new deadline. Several days after the new deadline passed the city sent more documents. A city official told us the Weed and Seed Director tried to send the documents earlier, but "the e-mail did not go through." We accepted those documents and told the city that any additional documents should be provided as part of its response to the draft audit report. In summary, the city took over 1 year to provide the records we needed to complete the audit.

FINDINGS AND RECOMMENDATIONS

We found the City of Atlanta did not comply with essential grant conditions in the areas of internal controls, grant drawdowns, grant expenditures, budget management and control, matching costs, grant goals and accomplishments, and monitoring sub-recipients. Most significantly, the city charged unallowable and unsupported costs to the grants and did not meet, or could not show that it had met, 9 of 31 grant goals and objectives we tested. The city also did not comply with the grant budgets approved by OJP and did not provide, or could not show that it had provided, its required matching share of grant costs. Based on our audit results, we make four recommendations to address dollar-related findings and three recommendations to improve the management of DOJ grants.

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 city officials responsible for purchasing and grant accounting and observed grant management activities to further assess risk.

Financial Management System

The City of Atlanta's financial management system included applications for payroll, accounting and purchasing, separate accounting for each grant, and traceability to supporting documentation, but we did not assess the reliability of the financial system as a whole.

The city's policies for administering grants states that the Office of Grant Services must: (1) review and verify all supporting documentation for grant expenditures, (2) verify allowable and disallowable costs on all disbursement requests prior to submitting them to accounts payable, (3) compare budget to actual expenditures for each approved expense category at least every 3 months, and (4) monitor and ensure timely completion of grant closeout activities as required by the awarding agency. Below we describe internal control weaknesses we found during the audit.

Internal Control Weaknesses

During our testing of grant expenditures, discussed later in this report, we found the city did not have or did not follow internal controls over the review, payment, and recording of expenditures.

- The city made advance payments to sub-recipients but did not account for how all the funds were spent or ensure that the city received the goods or services that were paid for. For example, on August 6, 2009, the city made a \$20,000 advance payment from Grant Number 2008-WS-QX-0219 to a contractor to create and manage a computer center for public use. The invoices and receipts associated with the advance payment total only \$16,916. The remaining \$3,084 is unaccounted for. The internal control policies the city provided to us do not address advance payments or the need to reconcile advance payments to the goods and services received.
- The city overpaid one invoice by \$11,660 because it apparently did not review the invoice before making the payment. We asked city officials why this happened, but we never received a response. In accordance with its policies, the city should review invoices to ensure they are accurate before they are paid.
- The city made two duplicate payments totaling \$7,904. This occurred because the city apparently did not review the supporting documents before making the payments. This could have been prevented if the city had ensured that payments were supported by original receipts and invoices marked "paid."
- A contractor submitted duplicate billings to the city for \$7,700 for salaries for a neighborhood coordinator for the months of November and December 2009. The invoices (numbers #008 and #010, both dated December 1, 2009) were submitted and paid under two different purchase orders. The city recorded one invoice as a grant expenditure (transaction #115370, 01-Dec-09) and the other invoice as a grant matching cost (transaction #133786, 01-Dec-09). We briefed city officials about this, but they offered no explanation for the cause. This may have occurred because the city did not adequately review invoices and other supporting documents before making the payments.
- The city paid grant expenses without detailed original receipts, invoices, or other proper supporting documentation. Two invoices for \$7,687 each for consulting services did not include the hours worked or the consultants' hourly rates. One consultant was a former city

employee. A \$4,898 invoice from another former city employee was for "consultant work from June 3 through July 8." The invoice identified the grant project, but did not include the hours worked or the consultant's hourly rate. Two invoices for \$1,100 each were for expenses for a parent patrol initiative, but the invoices did not explain what those expenses were. The Weed and Seed Director told us the parent patrol project was not fully implemented because of a lack of community support. Another invoice for \$1,535 was for "reimbursement for expenses," but the invoice did not explain what those expenses were. In accordance with its policies, the city should ensure that expenditures are supported by detailed invoices and other documentation before they are paid.

- The city recorded promotional and marketing expenditures as Telephone Expense (\$3,981), Auto Allowance (\$1,147), Catering (\$647 and \$64), and Non-Consumable Supplies (\$263), which made all of these expenses appear allowable. However, we question \$3,101 of these expenditures as unallowable because they exceed the \$3,000 annual limit. The city should ensure grant expenditures are properly classified in the accounting records.
- The city did not record grant expenses according to the grant budget categories approved by OJP. The city recorded \$338,790 (62.9 percent of the expenditures we tested) as "Service Grants" expense, but "Service Grants" was not one of the grant budget categories approved by OJP. Consequently, we could not assess whether the city had complied with the grant budget amounts unless we recreated the city's accounting records, which we did not do. City officials told us they used the "Service Grants" expense category for expenses submitted by sub-recipients and sub-grantees. Although we could not assess whether the city complied with the approved grant budgets, we tested all Service Grants expenditures and found unallowable and unsupported costs. The results of our testing of grant expenditures are presented in the Grant Expenditures section of this report. The city should ensure that grant expenditures are recorded according to the grant budget categories approved by OJP.

We recommend that OJP ensure the city implements and follows procedures to ensure that: (1) expenditures are supported by original receipts, invoices, and other proper supporting documents and are reviewed for accuracy before being paid; (2) expenditures submitted for payment have not already been paid; (3) expenditures are correctly recorded in the accounting records and according to the expense categories approved in the

grant budgets; and (4) advance payments are reconciled to the goods and services received.

Single Audits

According to OMB Circular A-133, Audits of States, Local Governments, and Non-Profits, 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 audit. The City of Atlanta's fiscal year is from October 1 through September 30. The city's FY 2010 and FY 2011 Single Audit reports were completed by the due dates.

We reviewed the FY 2010 and FY 2011 Single Audit reports, which identified the following audit findings that could affect DOJ grants and the city's response to those findings.

- **Finding 10-9 – Cash Reporting**

The city has not accurately reported the cash drawn on the line of credit from the grantor and the program income generated as a result of the program activities on the Quarterly Federal Cash Transactional reports. This finding has since been corrected by the city.

- **Finding 10-12 – Property Management**

The city did not maintain adequate control over police department equipment purchased with grant funds. This finding has since been corrected by the city.

- **Finding 10-14 – Expenditure Reporting**

There were inconsistencies between activities reported and the general ledger. Financial auditors found that the city incorrectly reported \$207,809 as its share of program expenditures for the third quarter of the year. The city corrected this error on the fourth quarter report. However, the fourth quarter report was incorrect because Cumulative Expenditures were understated by \$162,966.

- **Finding 11-09 – Internal Controls**

There was a lack of proper review and comparison of amounts on Quarterly Federal Cash Transactional reports to data recorded in the general ledger.

In May 2012, OJP designated the city as a “high risk” grant recipient because prior audit findings had been unresolved for more than 1 year. As of December 2012 the City of Atlanta remained on the DOJ list of high-risk grantees.¹

Drawdowns

The OJP Financial Guide, Part III, Chapter 1, requires that recipients time drawdown requests to ensure that federal cash-on-hand is the minimum needed for disbursements to be made immediately or within 10 days. Grant recipients have 90 days after the end of the grant award period to draw down grant funds for costs obligated during the grant award period. An obligation occurs when funds are encumbered, such as with a valid purchase order or requisition to cover the cost of purchasing an item up to the last day of the grant award period. Any funds not obligated within the grant award period will lapse and revert to the awarding agency. The obligation deadline is the last day of the grant award period unless otherwise stipulated.

Grantee officials told us that drawdowns were based on grant expenditures recorded in the city’s accounting records. The accounting records associated with each drawdown included “adjustments,” but we could not verify the accuracy or the purpose of the adjustments. Consequently, we could not determine whether the drawdowns agreed with the accounting records. However, after each of the grants had ended, total drawdowns generally matched total expenditures recorded in the city’s accounting records.

Grant Funds Not Used

During our testing of drawdowns, we noted that the city did not use \$48,125 (4.3 percent) of the \$1,116,000 it was awarded. Details of the grant funds not used are presented in Exhibit 2.

¹ Under the DOJ high risk grantee program, a grantee may be designated as high risk if it has a history of unsatisfactory performance, is not financially stable, has an inadequate financial management system, has not conformed to the terms and conditions of previous awards, or is otherwise not responsible.

Exhibit 2: Grant Funds Not Used²

Grant Number	Grant Funds Awarded	Grant Funds Used	Grant Funds Not Used
2007-WS-Q7-0088	\$200,000	\$195,671	\$4,330
2007-WS-Q7-0250	\$175,000	\$170,281	\$4,719
2008-WS-QX-0219	\$150,000	\$149,294	\$706
2008-WS-QX-0221	\$150,000	\$111,811	\$38,189
2009-WS-QX-0123	\$142,000	\$141,878	\$122
2009-WS-QX-0125	\$142,000	\$141,939	\$61
2010-WS-QX-0094	\$157,000	\$157,000	\$0
Total	\$1,116,000	\$1,067,875	\$48,125

Source: OJP records

After the grants ended OJP deobligated the \$48,125 and the funds were no longer available for the city's use. We asked city officials why \$4,330 (Grant Number 2007-WS-Q7-0088) and \$4,719 (Grant Number 2007-WS-Q7-0250) were not used. A Senior Management Analyst at the city's grants accounting office told us this occurred because of a manual timekeeping process that has now been replaced with a new timekeeping system that allows for immediate charges to appropriate account numbers. Prior to the implementation of the automated systems, the city relied on a manual system and all expenses may not have been recorded.

We also asked city officials why \$38,189 in grant funds for Grant Number 2008-WS-QX-0221 were not used. City officials told us that only \$2,048 was not used and the remaining \$36,141 was used, but was not reimbursed because the grant expired while the Department of Justice was reviewing the city's final drawdown request. However, as described below, the funds were not reimbursed by OJP because the city did not follow OJP's grant closeout procedures.

The grant ended December 31, 2010, and the city had until March 31, 2011, which was the end of the 90-day grant closeout period, to draw down funds for costs obligated by end of the grant. On October 11, 2011, which was 6 months past the end of the 90-day closeout period, the city contacted OJP to request that it review a revised final financial report. However, OJP had already administratively closed the grant and deobligated the remaining \$38,189 in grant funds. OJP administratively closes grants when grantees do not initiate the closeout process within 90 days of the grant end date. The city lost the use of the funds because it did not meet the 90-day deadline for making its final grant drawdown.

² Throughout this report, totals may not equal the sum of individual amounts due to rounding.

Grant Expenditures

According to the OJP Financial Guide, Part III, Chapter 7, allowable costs are those identified in the circulars and in the grant program's authorizing legislation. In addition, costs must be reasonable and permissible under the specific guidance for the grants.

OMB Circular A-87

OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, states that for costs to be allowable under federal awards they must be necessary and reasonable, conform to any limitations set forth in the conditions of the federal award, and be adequately documented. In determining whether a cost is reasonable, grantee's should consider: (1) whether the cost is necessary for the performance of the award, (2) whether the individuals concerned acted with prudence considering their responsibilities to the public at large and the federal government, (3) sound business practices and conditions of the federal award, and (4) market prices for comparable goods or services.

OJP's Food and Beverage Policy

OJP's Food and Beverage Policy for Grants and Cooperative Agreements states that for food or beverage costs to be allowable all of the following criteria must be satisfied.

1. The event at which the food or beverages are provided is an allowable activity under the award.³
2. The food and beverages are necessary to the event in that attendees would not be able to fully participate without food or beverages.
 - a. Food and beverages are necessary when there is a need to cover essential material in a limited time period, and because of the length of the event, it is impractical for attendees to seek refreshments or meals elsewhere without missing important information.⁴

³ Allowable Weed and Seed program activities include National Night Out and similar community events.

⁴ 5 U.S.C. § 4109.

- b. There should be several hours of substantive instructional material presented before and after a refreshment or meal.
 - c. Food and beverages are not necessary when provided merely for the pleasure or convenience of the attendees.
3. The food or beverages are provided at the event under appropriate circumstances. The event should be supported with a formal agenda listing all the activities using an hour-by-hour timeline and include the time during the event when the food or beverages will be provided.
4. The event where the food or beverages are served must be mandatory for, and open to, all participants.

Weed and Seed Grant Program Guidance

The Weed and Seed grant program guidelines describe various types of allowable and unallowable costs and sets limits on the following types of allowable costs.

- Administrative costs may not exceed 10 percent of the award amount.⁵
- Promotion or marketing costs are limited to \$3,000 per year.
- National Night Out and similar community day expenditures may not exceed \$2,500 per year.

Grant Expenditure Test Results

We tested \$538,754 (50.5 percent) of the \$1,067,875 in grant funds expended.⁶ We found that \$369,210 (68.5 percent) of the expenditures we tested was either unallowable or not supported by adequate documentation such as detailed receipts and invoices, timesheets, public announcements, meeting agendas, sign-in logs, or other supporting documents. An overall summary of audit testing of grant expenditures is shown in Exhibit 3.

⁵ The 10 percent limit on administrative costs applies to the 2008, 2009, and 2010 Weed and Seed grants.

⁶ We tested \$68,953 in personnel costs and \$469,800 in other direct costs for a total of \$538,754 (rounded).

Exhibit 3: Summary of Audit Testing of Grant Expenditures

Grant Number	Dollar Value of Sample Tested	Unallowable		Not Adequately Supported
		Other Direct Costs	"Service Grants" Expense	
2007-WS-Q7-0088	\$121,967	\$51,362	\$87,990	\$7,945
2007-WS-Q7-0250	\$99,770	\$18,184	\$72,720	\$3,550
2008-WS-QX-0219	\$93,841	\$10,244	\$53,582	\$9,457
2008-WS-QX-0221	\$66,190	\$3,282	\$25,667	\$4,445
2009-WS-QX-0123	\$19,183	\$21,996	\$42,296	\$3,012
2009-WS-QX-0125	\$22,659	\$2,725	\$12,862	\$0
2010-WS-QX-0094	\$46,190	\$9,513	\$43,673	\$1,428
Totals	\$469,800	\$117,306	\$338,790	\$29,837
Total Questioned Costs				\$485,933
Less: Duplication⁷				(\$116,723)
Net Questioned Costs⁸				\$369,210

Source: OIG analysis of City of Atlanta records

Below we describe our detailed testing of personnel costs, unallowable excess administrative costs, unallowable other direct costs, unallowable "Service Grants" expenses, and expenditures not supported by adequate documentation.

Personnel Costs

The city charged \$556,489 to the grants for salaries and fringe benefits for city personnel and salaries for police officers. We tested \$68,952 (12.4 percent) of this amount by tracing these costs to payroll registers, time and attendance records, and documentation pertaining to fringe benefit costs. The amounts we tested for each grant are shown in Exhibit 4.

⁷ Total Questioned Costs include \$338,790 for unallowable "Service Grants" expenses. However, \$116,723 of this amount was also unallowable for other reasons or was not supported by adequate documentation such as original receipts, invoices, timesheets, and other documentation. The purpose of subtracting this \$116,723 is to avoid double counting the questioned costs.

⁸ Net Questioned Costs are the result of our testing of grant expenditures. We also questioned \$24,659 of the city's required matching share of costs that were either not provided or not supported by adequate documentation. Matching costs are discussed later in the report. Total questioned costs for the audit are \$393,869.

**Exhibit 4: Testing of Personnel Expenses
Charged to the Grants**

Grant	Personnel Costs According to the Accounting Records	Amount Tested
2007-WS-Q7-0088	\$149,086	\$13,513
2007-WS-Q7-0250	\$128,660	\$16,194
2008-WS-QX-0219	\$57,173	\$17,348
2008-WS-QX-0221	\$132,311	\$10,250
2009-WS-QX-0123	\$25,143	\$4,710
2009-WS-QX-0125	\$47,881	\$3,371
2010-WS-QX-0094	\$16,235	\$3,566
Total	\$556,489	\$68,952

Source: City of Atlanta records and OIG audit tests

We found that all personnel costs we tested (excluding sub-recipient personnel costs) were allowable, reasonable, properly charged to the grant, and supported by time and attendance records or other supporting documentation.

Administrative Costs

Beginning with the 2008 Weed and Seed grants, administrative costs were limited to 10 percent of the award amount. Administrative costs the city charged to the grants included travel and training costs, payments to a local university to evaluate and report on the Weed and Seed grant projects, a projector for use in meetings and training events, telephone expenses, supplies, food related items, and accounting services. For the 2008, 2009, and 2010 Weed and Seed grants, administrative costs did not exceed 10 percent of the award amounts.

Unallowable Other Direct Costs

We tested \$469,800 in other direct costs (294 transactions) and found that \$117,306 of these expenditures were unallowable. As explained in the details below, \$74,181 of the unallowable expenditures occurred during the last month of the grants (\$31,847, \$15,374, \$12,300, \$11,660, and \$3,000).

\$31,847 to a local district attorney's office – For Grant Number 2007-WS-Q7-0088, the city made four payments of \$7,961.70 each to a local district attorney's office for "Teen Court" sessions. The four invoices are dated June 25, 26, 27, and 28, 2009. The grant ended June 30, 2009. We asked the city to provide copies of any agenda for the teen court

sessions and sign-in logs for persons who attended the sessions, but none of those documents were provided to us. We question the \$31,847 as unallowable because the expenditures were not in the grant budget approved by OJP.

\$15,374 to work on the Weed and Seed grant application – For Grant Number 2007-WS-Q7-0088, the city paid \$7,687 to a former city official and another \$7,687 to a consulting agency to work on a Weed and Seed grant application. The grant ended June 30, 2009. The invoice for the former city official is dated June 28, 2009, and the invoice from the consultant is dated June 30, 2009. The invoices did not include the hourly consulting rates or hours worked. According to OMB Circular A-87, costs of preparing proposals for potential federal awards are allowable if they were approved in advance by the federal awarding agency. We question the \$15,374 as unallowable because these costs were not in the grant budget approved by OJP.

\$12,300 to lease space for community organizers – For Grant Number 2007-WS-Q7-0250, the city paid \$12,300 in advance to lease space for neighborhood coordinators and community organizers. The city entered into the lease agreement on June 22, 2009. The grant ended June 30, 2009. The 1-year lease period began July 1, 2009, which was after the grant ended. The \$12,300 expenditure is unallowable because the grant ended before the lease start date. The expenditure is also unallowable because rent expense was not in the grant budget approved by OJP.

\$11,660 billing error – For Grant Number 2009-WS-QX-0123, the city paid \$12,885 for 40 persons to participate in a local leadership summit. However, the invoice from the community foundation states that the unit cost per person was \$30.63. Consequently, the correct billing amount should have been \$1,225.20 (40 x \$30.63). The city appears to have overpaid the foundation \$11,660 (\$12,885 minus \$1,225). We asked the city to explain this error, but we never received a response. Failure to identify billing errors demonstrates that the city did not adequately review grant expenditures before payment. We question the \$11,660 overpayment as unallowable. The invoice is dated September 30, 2011. The grant also ended September 30, 2011.

\$3,000 to publish newsletters – For Grant Number 2007-WS-Q7-0250, the city made a \$3,000 advance payment to publish a bi-monthly newsletter for a period of 2 years. The start date of the written agreement to publish the newsletters was June 9, 2009, but the grant ended 21 days later on June 30, 2009. The expenditure is unallowable because it was for goods or services to be provided after the grant ended.

\$18,000 for salaries for "volunteers" – The Internal Revenue Service (IRS), in coordination with a local workforce agency, has a Volunteer Income Tax Assistance (VITA) program designed to provide free income tax assistance to qualifying individuals. IRS-trained volunteers provide the services. For Grant Number 2008-WS-QX-0219, the city reimbursed the workforce agency \$8,000 from grant funds for salaries for VITA program "volunteers." However, according to the grant budget approved by OJP, the \$8,000 was to be provided from city funds as part of its matching share of grant costs. In addition, the matching funds were to be used for a VITA Center Coordinator. However, the invoices the city provided for the \$8,000 were from four volunteers and the invoices stated that the payments were for "tax preparation services." For Grant Number 2009-WS-QX-0123, the city reimbursed the local workforce agency \$10,000 for VITA program volunteers time. However, according to the grant budget approved by OJP, the \$10,000 was to be provided from city funds as part of its matching share of grant costs. We question the \$18,000 as unallowable because those costs were to be paid from city funds as part of its matching share of grant costs.

\$7,904 in duplicate payments – For Grant Number 2010-WS-QX-0094, the city paid a \$7,300 invoice twice. Both payments were for invoice number "021" dated January 1, 2012, but on the duplicate payment, the city used the date "10112" as the invoice number in their general ledger. For Grant Number 2009-WS-QX-0125, the city paid a \$604 invoice twice. The payments were for invoice numbers "529271631001" and "529271631001 10" and both transactions were dated August 11, 2010. We question the \$7,904 in duplicate payments as unallowable.

\$5,393 for food and catering – The city charged \$5,393 in unallowable costs to the grants for food, beverages, and catering, including \$2,627 for Weed and Seed Steering Committee meetings. One charge for food for \$1,226 was for a committee "retreat." The expenditures are unallowable because they do not meet the requirements of OJP's Food and Beverage Policy described previously in this report.

\$3,101 for promotional items – For Grant Number 2007-WS-Q7-0088, the city spent \$6,101 on promotional items for National Night Out and other community events. However, grantees are limited to \$3,000 per year for such expenditures. The city recorded these expenditures as Telephone Expense (\$3,981), Auto Allowance (\$1,147) Catering (\$647 and \$64), and Non-Consumable Supplies (\$263), which made all of these expenses appear allowable. However, we question as unallowable the \$3,101 that exceeded the \$3,000 annual limit.

\$1,955 for a construction project at the Mayor's Office of Weed and Seed – For Grant Number 2008-WS-QX-0219, the city spent \$1,955 for an expenditure described on the invoice as an “intercom/access control system at the Mayor's Office of Weed and Seed”, which administers the Weed and Seed grants.⁹ The city recorded this in its accounting records as Consumable Supplies expense. We consider this a construction/renovation project. These costs are unallowable because, according to the FY 2008 award solicitation, Weed and Seed grant funds may not be used for “construction, renovations, demolitions, repairs of any kind, or related materials.”

\$1,612 in credit card charges – For Grant Number 2007-WS-Q7-0250, the Weed and Seed Director's credit card statement showed a charge of \$4,925 for a deposit for hotel rooms for a youth camp. The city charged this amount to the grant. However, the credit card statement also shows a \$1,612 credit from the hotel. The Weed and Seed Director told us the original hotel bills are missing and the hotel is unable to provide duplicate receipts. The accounting records for the grant do not appear to include a credit for \$1,612 therefore, we question \$1,612 as unallowable because the funds were reimbursed by the hotel but not reversed in the accounting records.

\$1,125 excess consultant fees – For Grant Number 2009-WS-QX-0125, the city paid a consultant \$150 per hour for 12 hours of work. According to the OJP Financial Guide, consultant fees are limited to \$56.25 per hour. We question the \$1,125 difference as unallowable [(\$150 minus \$56.25) x 12 hours].

\$1,000 paid to a local civic league – For Grant Number 2008-WS-QX-0221, the city charged \$1,000 to the grant for the cost of 50 persons to attend a neighborhood summit. This expenditure is unallowable because the neighborhood summit was not one of the events outlined in the grant budget approved by OJP.

⁹ In its response to the draft report, the City of Atlanta stated that this item was incorrectly described in our draft report as a construction project in the Mayor's Office. The city stated that this expenditure was for the installation of a door bell for an administrative office, which it considers to be an allowable expense. However, the grant was not approved for this type of cost and the invoice stated that the expense was for “intercom/access control system at the Mayor's Office of Weed and Seed” We clarified that in this final report.

\$960 for supplies for the IRS VITA program – For Grant Number 2007-WS-Q7-0088, the city charged \$960 to the grant for supplies for the IRS VITA program. The grant budget approved by OJP did not include supplies for the VITA program.

\$917 for police cell phone expenses – For Grant Number 2007-WS-Q7-0250, the city charged \$917 to the grant for police cell phone expenses, but this expense was not in the grant budget approved by OJP.

\$699 for a digital camera – For Grant Number 2009-WS-QX-0125, the city charged \$699 to the grant for a digital camera and accessories. The purchase was recorded as “supplies for the upcoming Steering Committee meeting.” The digital camera purchase is unallowable because it was not in the grant budget approved by OJP.

\$276 for travel reimbursement – For Grant Number 2008-WS-QX-0221, the city charged \$1,968 to the grant for travel expenses, but only \$1,162 of that amount was allowable based on the federal hotel and per diem rates leaving a difference of \$806. We question \$276 of the difference as unallowable and \$530 as unsupported.

\$56 in excess consultant fees – For Grant Number 2009-WS-QX-0123, the city charged the grant \$225 for 3 hours of consulting work and OJP limits consultant fees to \$56.25 per hour. We question \$56.25 as unallowable [$\$225 \text{ minus } (\$56.25 \times 3 \text{ hours})$] because it exceeds the maximum rate allowed by OJP.

\$49 fee for a late credit card payment – For Grant Number 2007-WS-Q7-0088, the city charged \$49 to the grant for a fee for a late credit card payment. We question the \$49 as unallowable because we consider this an unreasonable cost. Reasonable costs are described in the report section titled *OMB Circular A-87*.

\$40 for a personal membership – For Grant Number 2009-WS-QX-0123, the city charged the grant \$40 to renew what appears to be a personal membership in a warehouse purchase club. The \$40 is unallowable because it appears to be a personal expense and the grant project already had a club membership in its own name.

\$39 fee for a returned payment – For Grant Number 2008-WS-QX-0219, the city charged a \$39 return payment fee to the grant. We question the \$39 as unallowable because we consider this to be an unreasonable cost. Reasonable costs are described in the report section titled *OMB Circular A-87*.

Details of these unallowable other direct costs are presented in Appendix 3. These unallowable costs occurred because the city: (1) accepted inadequate documentation as support for grant expenditures, (2) did not adequately review the documentation provided, (3) made advance payments to contractors and other sub-recipients, but did not account for how all the funds were spent or ensure the city received the good and services that were paid for, and (4) did not ensure that grant expenditures were in the grant budgets approved by OJP.

Unallowable "Service Grants" Expenses

During our testing of the city's compliance with the grant budgets approved by OJP, we noted that the city charged \$338,790 in grant expenditures to its "Service Grants" expense category. However, this was not an approved expense category and we question the \$338,790 as unallowable. This is discussed in more detail in the Budget Management and Control section of the report.

Unsupported Costs

Federal Regulations 28 C.F.R. Section 66.20(B)(6) requires that grantee and sub-grantee accounting records be supported by source documentation such as cancelled checks, paid bills, payrolls, time and attendance records, and contract and sub-grant award documents. In addition, the OJP Financial Guide, Part III, Chapter 12, states that all financial records, supporting documents, statistical records, and all other records pertaining to the award must be retained for at least 3 years after closure of the grant or at least 3 years after closure of the audit report covering the entire award period, whichever is later. Retention is required for purposes of federal examination and audit.

OJP closed Grant Number 2007-WS-Q7-0088 on November 19, 2009. Based on the grant closure date, the city had to retain the records until November 19, 2012.

Findings related to the city's FY 2009 Single Audit were not reported in the FY 2011 Single Audit, which led us to conclude that corrective action for findings in the FY 2009 audit report were completed during FY 2011.

The city's Single Audit for that year also covered the end of the award period for Grant Number 2007-WS-Q7-0088.¹⁰ Therefore, the city had to retain the records at least until July 1, 2013. Because we began the audit in September 2011, the city was required to retain all grant related documentation for the duration of the audit.

In the draft audit report we noted that \$62,594 of the \$469,800 in other direct costs we tested was not supported by adequate documentation such as detailed original invoices, contracts, purchase orders, time and attendance records, public notices, meeting agendas, sign-in logs for grant-related events, or other documentation. Along with its response to the draft report the city provided documentation to support \$32,757 of this amount. These documents were not provided to us prior to the issuance of our draft report. Based on that documentation we have adjusted the reported questioned costs and question the remaining \$29,837. Details of the remaining questioned costs are provided in Appendix 4 of this report.

Budget Management and Control

According to the OJP Financial Guide, Part III, Chapter 5, grantees may request a modification to their approved budgets to reallocate dollar amounts among approved budget categories. Grantees must obtain approval from OJP whenever: (1) a budget revision changes the scope of the project and affects a cost category that was not included in the original budget, or (2) cumulative transfers among approved budget categories exceed or are expected to exceed 10 percent of the total approved budget (10 percent rule). Failure to adequately control grant budgets could lead to wasteful or inefficient spending of government funds.

We sought to compare the city's grant expenditures to the budget categories approved by OJP, but the city charged over 60 percent of the grant expenditures we tested to the "Service Grants" expense category. Because "Service Grants" was not one of the budget categories approved by OJP, we could not test whether the city complied with the approved grant budget unless we recreated the city's accounting records, which we did not do. Total Weed and Seed grant expenditures recorded in the city's accounting records as "Service Grants" expense are shown in Exhibit 5.

¹⁰ Finding "09-18" identified in the FY 2009 Single Audit (July 1, 2008, through June 30, 2009), was carried over in the FY 2010 Single Audit as finding 10-9 (July 1, 2009, through June 30, 2010), but was not listed in the FY 2011 Single Audit. We concluded that the FY 2009 Single Audit report was closed sometime during FY 2011 (July 1, 2010, through June 30, 2011), but we could not determine the exact date of closure.

**Exhibit 5: Grant Expenditures Recorded as
"Service Grants" Expense¹¹**

Grant Number	Total Grant Expenditures	Expenditures Recorded as "Service Grants"
2007-WS-Q7-0088	\$195,671	\$87,990
2007-WS-Q7-0250	\$170,281	\$72,720
2008-WS-QX-0219	\$149,294	\$53,582
2008-WS-QX-0221	\$111,811	\$25,666
2009-WS-QX-0123	\$141,878	\$42,296
2009-WS-QX-0125	\$141,939	\$12,862
2010-WS-QX-0094	\$157,000	\$43,672
Totals	\$1,067,875	\$338,790

Source: OJP and City of Atlanta records

We question the \$338,790 as unallowable because "Service Grants" expense was not in the grant budgets approved by OJP. We recommend that OJP remedy the \$338,790. We also recommend that OJP ensure the city records grant expenditures based on the budget categories approved by OJP.

We noted that each "Service Grants" transaction generally consisted of multiple types of expenses. One example of a "Service Grants" transaction is shown in Exhibit 6.

**Exhibit 6: Various Costs Recorded as
One "Service Grants" Transaction**

Grant Number	Type of Cost	Grant Funds Paid	Expense Category	Questioned Costs?
2008-WS-QX-0221	Web Hosting – Network Installation	\$1,031	Service Grants	Yes
	Neighborhood Coordinator Salary (July – August)	\$5,000	Service Grants	No
	Catering/Refreshments (Ribbon Cutting Event)	\$472	Service Grants	Yes
	Printing Cost (Ribbon Cutting Event)	\$600	Service Grants	Yes
	Computer	\$598	Service Grants	Yes
	Copier/Fax/Printer	\$500	Service Grants	Yes
Total Amount of Transaction		\$8,201¹²		

Source: City of Atlanta records

¹¹ "Service Grants" was not one of the grant budget categories approved by OJP.

¹² The amount charged to the grant was \$8,198, but the details that made up this amount total \$8,201.

We tested all \$338,790 of these unallowable Service Grants expenses and found that \$116,723 was also unallowable for other reasons or was not supported by adequate documentation.

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. Matching contributions may include cash spent for project-related costs or non-cash match such as donated services or equipment. The full matching share of costs must be obligated by the end of the award period. Any matching costs not provided by the grantee must be paid to the DOJ. For the Weed and Seed grants we audited, the city had to provide 25 percent of the total project costs.

We compared the OJP required matching contributions to reported matching contributions recorded in the city's accounting records. We also tested whether the matching cost transactions were supported by adequate documentation. In our draft report we noted that the city did not provide, or could not show that it had provided, \$57,588 in grant matching costs for 5 of the 7 grants we audited. Along with its response to the draft report, the city provided accounting records and other documentation to support \$33,679 of this amount. These documents were not provided to us prior to the issuance of our draft report. Based on the documents, we have adjusted the reported questioned costs and question the remaining \$24,659. A summary of our analysis of matching contributions is shown in Exhibit 7.

**Exhibit 7: Analysis of Matching Contributions
for Weed and Seed Grants**

Grant Number	Required Match¹³	Match Per Accounting Records	Amount Tested	Amount Supported	Amount Not Supported by Adequate Documentation
2007-WS-Q7-0088	\$65,224	\$149,086	\$11,017	\$11,017	\$0
2007-WS-Q7-0250	\$56,760	\$128,660	\$15,508	\$15,508	\$0
2008-WS-QX-0219	\$49,765	\$84,385	\$24,975	\$24,235	\$740
2008-WS-QX-0221	\$37,270	\$149,999	\$25,451	\$9,367	\$16,084
2009-WS-QX-0123	\$47,293	\$47,294	\$13,572	\$6,487	\$7,085
2009-WS-QX-0125	\$47,313	\$74,733	\$30,211	\$29,461	\$750
2010-WS-QX-0094	\$52,333	\$71,952	\$12,339	\$12,339	\$0
Totals	\$355,958	\$706,109	\$133,072	\$108,413	\$24,659

Source: City of Atlanta accounting records and OJP records

Details of the remaining \$24,659 in questioned costs are presented in Appendix 5.

Property Management

According to the OJP Financial Guide, Part III, Chapter 6, grant recipients must be prudent in the acquisition and management of property bought with federal funds. Property acquired with federal funds should be used for the purposes stated in the grant programs and applications, and the property records should indicate that the property was purchased with federal funds. At a minimum, the grantee's system for managing property records should include detailed property records including property identification information, a process to conduct a physical inventory every 2 years, and an inventory control system.

According to city finance officials, property items with a value of less than \$5,000 are not classified as accountable property items and are not included in the city's property tracking system. The Weed and Seed Director told us she kept invoices of all property items bought with grant funds, but noted that none of the items purchased for the Weed and Seed program exceeded the \$5,000 city requirement, therefore she did not keep a detailed inventory of the items. She also said that she had not purchased any accountable property items with funds from the specific grants we audited. However, during our review of the city's invoices, we identified and compiled a list of 13 property items with a total value of \$10,905 bought with grant

¹³ We calculated the city's required matching share of costs as follows: [(Total Grant Drawdowns divided by 75 percent) times 25 percent].

funds. Nine items valued at \$9,499 were transferred to the police department. We tested 10 of the 13 items we identified and all were accounted for.

Grant Reports

Financial Reports

OJP monitors the financial aspects of grants through quarterly financial reports that show the federal and local share of grant expenditures, unexpended grant funds, and any program related income. According to the OJP Financial Guide, quarterly Financial Status Reports (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 reviewed the four most recently submitted financial reports for each of the seven grants we audited (28 reports total) to determine whether the reports were submitted when due. We found that 26 reports were submitted timely and 2 reports were each submitted 1 day late. We make no recommendation for the reports that were 1 day late.

We also reviewed the accuracy of financial reports by comparing the federal share of expenditures reported to OJP to the federal expenditures recorded in the city's accounting records. We found that the city did not record expenditures using a quarterly system. Instead, the city calculated quarterly expenses as cumulative expenses through the current quarter minus cumulative expenses through the previous quarter. Grant expenditures reported on 21 of 28 financial reports we tested generally matched the sum of grant expenditures plus "adjustments" recorded in the city's accounting records. However, we could not verify the source or accuracy of the accounting adjustments. Consequently, we could not determine whether the 21 financial reports were accurate. For the remaining seven financial reports, which were the final reports for each of the grants, reported expenditures matched the city's accounting records. Because the final financial report for each grant matched the city's accounting records, we make no recommendation regarding the accuracy of financial reports.

Progress Reports

OJP monitors grant performance and accomplishments through Categorical Assistance Progress Reports (Progress Reports) submitted by grantees. Progress Reports are due semiannually on January 30 and July 30. 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 are not on track, 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 reviewed the 22 grant progress reports to determine whether the reports were submitted when due.¹⁴ One of the 22 reports we reviewed was submitted 2 days late. Because we consider 2 days late to be immaterial, we make no recommendation regarding the timeliness of progress reports. We also tested whether progress reports were accurate. We selected 10 facts reported in Progress Reports, traced them to supporting documentation, and determined that the Progress Reports were generally accurate.

Grant Goals and Accomplishments

Grant goals 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. Grantees should establish a baseline measure and a system for collecting and analyzing data needed to measure progress.

We reviewed the grant applications and selected a judgmental sample of 31 grant goals, objectives, or outcome measures to determine whether the city had successfully implemented its grant programs. We traced these to documentation provided by the city's Weed and Seed Director.

For the grants we audited, we found that the city achieved 22 (71 percent) of the 31 grant goals, objectives, or other outcome measures we tested. Exhibits 8 through 12 show the results of our testing.

¹⁴ We reviewed three progress reports for each of the two 2007 grants (six reports), three progress reports for each of the two 2009 grants (six reports), four progress reports for each of the two 2008 grants (eight reports), and two progress reports for the 2010 grant.

**Exhibit 8: Grant Goals and Accomplishments
Grant Number 2008-WS-QX-0219**

Goal, Objective, or Outcome Measure	Was the goal accomplished? Explanation
Make the community safe by reducing part 1 crimes by 5 percent annually.	Yes. We reviewed documentation showing a 5 percent reduction in part 1 crimes.
Improve the image of the community by encouraging stakeholders to work together to create a safer environment.	Yes. The Weed and Seed Director provided photographs of community activities that encouraged stakeholders to work together.
Conduct law enforcement sports camp.	Yes. The Weed and Seed Director provided an itinerary and participant application forms for a police department summer golf camp.
Conduct crime perception surveys.	Yes. The Weed and Seed Director provided a copy of the crime perception survey.
Train residents as health ambassadors.	Yes. The Weed and Seed Director provided quarterly reports showing the accomplishments and outcomes for training residents as health ambassadors.
Establish a community technology center.	Yes. We visually inspected the city's cybercafé.
Rehabilitate dilapidated properties.	Could Not Determine. The Weed and Seed Director provided documentation showing the city had a plan to meet this goal and photographs of some of the properties. The city provided no documentation showing any properties had been rehabilitated.

Source: City of Atlanta records

**Exhibit 9: Grant Goals and Accomplishments
Grant Number 2008-WS-QX-0221**

Goal, Objective, or Outcome Measure	Was the goal accomplished? Explanation
Reduce overall crime by 5 percent per year.	Yes. We reviewed documentation showing a 5 percent reduction in crime.
Conduct resident public safety meetings.	Yes. The Weed and Seed Director provided meeting agendas and sign-in sheets.
Place "keep students in school" decals in neighborhood businesses.	Yes. The Weed and Seed Director provided pictures of the "keep students in school" decal placed in neighborhood businesses.
Implement youth mentoring summer and afterschool programs.	Yes. The Weed and Seed Director provided a photograph of a Team Building camp.
Decrease the number of dilapidated structures in the community.	Could Not Determine. The Weed and Seed Director provided documentation showing the city had a plan to meet this goal and photographs of some of the properties, but provided no documentation showing a decrease in the number of dilapidated structures.

Source: City of Atlanta records

Exhibit 10: Grant Goals and Accomplishments
Grant Number 2009-WS-QX-0123

Goal, Objective, or Outcome Measure	Was the goal accomplished? Explanation
Make the community safe by reducing aggravated assaults and robberies by 25 percent. Maintain for 5 years.	Yes. We reviewed documentation showing robberies and aggravated assaults decreased by over 30 percent.
Educate residents on local truancy and curfew laws and code enforcement mandates.	Could Not Determine. The Weed and Seed Director did not provide documentation showing the city educated residents on truancy and curfew laws or code enforcement mandates.
Conduct household safety inspections focusing on seniors.	No. The Weed and Seed Director's told us that this activity was not implemented.
Establish a youth sports league.	Yes. The Weed and Seed Director provided documentation showing the city established a Youth Fitness and Sports Alliance.
Establish an adult literacy program that focuses on basic reading skills.	No. According to the Weed and Seed Director, a similar program already existed and leveraging resources is a component of Weed and Seed. Consequently, this was not accomplished by the Weed and Seed grants.
Create an adopt-a-lot program.	No. According to the Weed and Seed Director, this was not one of the goals of this grant. However, we obtained this goal from the city's grant application. The Weed and Seed Director provided evidence of a program to save Atlanta parks, along with a photograph of a small park. However, we do not consider this to be an adopt-a-lot program.
Establish a handyman program for seniors needing minor home repairs.	No. According to the Weed and Seed Director, this was not one of the goals of this grant. The Weed and Seed Director told us this was implemented through the city senior housing program where resources were available. Consequently, this was not accomplished by the Weed and Seed grants.

Source: City of Atlanta records

**Exhibit 11: Grant Goals and Accomplishments
Grant Number 2009-WS-QX-0125**

Goal, Objective, or Outcome Measure	Was the goal accomplished? Explanation
Reduce overall crime by 5 percent per year.	Yes. We reviewed documentation showing a 5 percent reduction in crime.
Conduct public safety meetings.	Yes. The Weed and Seed Director provided documentation such as sign-in sheets and public safety meeting event calendars.
Recruiting parents and volunteers for parent patrol.	No. The Weed and Seed Director provided a copy of a Parent Patrol handbook, but told us that the city was not able to engage enough parents to implement the patrol.
Marketing job fairs and employment opportunities.	Yes. The Weed and Seed Director provided job fair announcements showing job fairs and employment opportunities.
Facilitate a leadership camp.	Yes. The Weed and Seed Director provided a copy of the leadership camp program description and closing ceremony agenda.
Decrease the number of dilapidated structures in the community.	Could Not Determine. The Weed and Seed Director provided documentation showing the city had a plan to meet this goal and photographs of some of the properties, but provided no documentation showing it had reduced the number of dilapidated properties.

Source: City of Atlanta records

**Exhibit 12: Grant Goals and Accomplishments
Grant Number 2010-WS-QX-0094**

Goal, Objective, or Outcome Measure	Was the goal accomplished? Explanation
Reduce overall crime by 5 percent per year.	Yes. We reviewed documentation showing a 5 percent reduction in crime.
Conduct public safety meetings.	Yes. The Weed and Seed Director provided documentation showing the dates of the meetings and who attended.
Recruiting and training additional residents and stakeholders.	Yes. We reviewed a list of residents and stakeholders the city recruited and trained.
Team leadership sessions.	Yes. The Weed and Seed Director provided a program itinerary for a team leadership session.
Marketing job fairs and employment opportunities.	Yes. The Weed and Seed Director provided copies of job fair announcements and employment opportunities.
Decrease the number of dilapidated structures in the community.	Yes. The Weed and Seed Director provided a power point presentation along with supporting documentation showing a decrease in the number of dilapidated structures in the community.

Source: City of Atlanta records

We believe the city could have achieved more of the grant goals and objectives we tested had it adequately monitored contractors and sub-grantees. This is discussed in more detail in the next section of the report. We recommend that OJP require the city to implement procedures designed to ensure it meets the goals, objectives, and outcome measures of the grants.

Monitoring Sub-recipients

According to the OJP Financial Guide, Part III, Chapter 9, primary recipients of grant funds are responsible for monitoring sub-recipients to ensure they fulfill the fiscal and programmatic requirements of the grants.

According to 28 C.F.R. § 66.40, grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity.

We identified 19 contractors responsible for implementing Weed and Seed grant activities.¹⁵ We asked the Weed and Seed Director how the city monitored contractors and sub-grantees, what areas it reviewed, and for copies of monitoring checklists and site visit reports, but none were provided to us. The Weed and Seed Director told us she did not have a formal system for monitoring contractors, did not know it was a requirement of the grants, and that OJP had not provided specific guidance on how contractor activities should be documented. In the draft report, we noted that the city did not monitor and had no procedures for monitoring contractors and other sub-recipients to ensure they met the fiscal and programmatic requirements of the grants.

Along with its response to the draft report, the city provided a copy of a subgrantee handbook that states each grant project will be subject to a monitoring visit at least once during the project cycle, but no surprise visits will be done unless there is evidence of gross mismanagement. This document was not provided to us prior to the issuance of our draft report. However, these monitoring procedures are not adequate because the monitoring visits are to be done only once during the project cycle, which is too infrequent for the city to ensure that projects stay on track towards the goals and objectives of the grants.

¹⁵ According to the 2011 OJP Financial Guide, subawards are also known as subcontracts or subgrants and are used when the intent is to have another organization help carry out a portion of the scope of work described in the award application.

Based on the audit results, we recommend that OJP require the city to implement adequate procedures for monitoring sub-recipients and maintain documentation of monitoring activities.

Conclusion

The City of Atlanta complied with some grant reporting requirements, but we found weaknesses in the areas of internal controls, grant expenditures, accountable property, matching requirements, grant goals and accomplishments, and monitoring sub-recipients. Specifically, we found that the city:

- did not obtain and adequately review supporting documentation before paying grant expenses;
- miscategorized expenses, which made them appear allowable;
- did not comply with the grant budgets approved by OJP;
- charged \$338,790 in grant expenditures (62.9 percent of the grant expenditures we tested) to "Service Grants" expense, which was not an approved budget category and is therefore unallowable;
- charged \$117,306 in unallowable other direct costs to grants;
- charged \$29,837 to the grants for costs that are not supported by adequate documentation such as original receipts and invoices, timesheets, public announcements, meeting agendas, sign-in logs, or other documents;
- did not use \$48,125 in grant funds from six grants, including \$38,189 from one grant that was not used because the city failed to meet the deadline for requesting reimbursement for the grant expenses;
- did not provide, or could not show that it had provided, \$24,659 in grant matching costs;
- did not meet or could not show that it met 9 of 31 grant goals, accomplishments, or other performance measures we tested; and
- did not monitor and did not have adequate procedures for monitoring contractors and other sub-recipients to ensure they met the fiscal and programmatic requirements of the grants or were on track to meet

grant goals. The Weed and Seed Director told us she was not aware of the monitoring requirement, which is explained in the OJP Financial Guide.

Based on our audit results we make four recommendations to address dollar-related findings and three recommendations to improve the management of DOJ grants.

Recommendations

We recommend that OJP:

1. Ensure the city has implemented and follows procedures to ensure that: (1) original invoices and other supporting documents are submitted along with any payment requests and reviewed for accuracy before they are paid, (2) expenditures submitted for payment have not already been paid, (3) expenditures are recorded in the accounting records using the correct expense categories and the categories approved in the grant budgets, and (4) it reconciles advance payments to the goods and services received.
2. Remedy \$338,790 in unallowable costs charged to the grant as "Service Grants" expenses, which was not an approved budget category.
3. (This recommendation was deleted from the final report based on information the city provided in its response to the draft report.)
4. Remedy \$117,306 in unallowable other direct costs.
5. Remedy \$29,837 in grant expenditures that were not supported by adequate documentation.¹⁶
6. Remedy \$24,659 in grant matching costs that the city did not provide or could not show that it had provided.¹⁷

¹⁶ In the draft report, we recommended that OJP remedy \$62,594 in grant expenditures that were not supported by adequate documentation. Along with its response to the draft report, the city provided documentation sufficient to remedy \$32,757 of the \$62,594. We updated the report and this recommendation to reflect the new amount.

¹⁷ In the draft report, we recommended that OJP remedy \$57,588 in grant matching costs that the city did not provide or could not show that it had provided. Along with its response, the city provided documentation sufficient to remedy \$32,929 of the \$57,588. We updated the report and this recommendation to reflect the new amount.

7. Ensure the city implements procedures designed to ensure it meets the goals, objectives, and outcome measures of the grants.
8. Ensure the city implements adequate procedures for monitoring sub-recipients and maintain documentation of monitoring activities.

Objectives, Scope, and Methodology

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; and whether the city met or was on track to meet the goals and objectives outlined in the grant programs and applications.

The objectives of the audit were to determine whether the City of Atlanta complied with essential grant conditions pertaining to: (1) internal controls, (2) grant drawdowns, (3) grant expenditures, (4) budget management and control, (5) matching costs, (6) property management, (7) financial and grant progress reports, (8) grant goals and accomplishments, and (9) monitoring sub-recipients.

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 2007, 2008, 2009 and 2010 Weed and Seed grants. 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 Programs Financial Guide, Office of Management and Budget Circulars, and specific grant program guidance. The City of Atlanta was awarded \$1,116,000 under the Weed and Seed program since 2007. We tested \$538,754 (50.5 percent) of the \$1,067,875 in grant funds expended.¹⁸

In conducting our audit, we performed sample testing in drawdowns, grant expenditures, matching costs, property management, and grant goals and accomplishments. 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 extrapolation of the test results to the universe from which the samples were drawn.

¹⁸ We tested \$68,953 in personnel costs and \$469,800 in other direct costs for a total of \$538,754.

In addition, we reviewed the timeliness and accuracy of financial and grant progress reports and compared performance to grant goals. We did not assess the reliability of the financial management system as a whole.

Schedule of Dollar-Related Findings

Description	Amount	Page
Questioned Costs - Unallowable:		
Unallowable Other Direct Costs	\$117,306	14
Unallowable "Service Grants" expenses	\$338,790	19
Subtotal – Unallowable Costs	\$456,096	
Questioned Costs – Unsupported:		
Unsupported/Not Adequately Supported Costs	\$29,837	19
Matching Costs Not Provided/Adequately Supported	\$24,659	21
Subtotal - Unsupported Costs	\$ 54,496	
Total Questioned Costs¹⁹	\$ 510,592	
Less Duplication²⁰	(116,723)	
TOTAL DOLLAR-RELATED FINDINGS	\$ 393,869	

Source: OIG audit test results

¹⁹ Questioned costs are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable.

²⁰ We questioned \$338,790 charged to the grants as "Service Grants" expenses because Service Grants was not one of the grant budget categories approved by OJP. However, Service Grants expenditures included \$116,723 that we also questioned as unallowable for other reasons or were not supported by adequate documentation such as original receipts, invoices, timesheets, and other documentation.

Appendix 3

Details of Unallowable Other Direct Costs²¹

Transaction			Amount Unallowable	Purpose	Notes
Date	Number	Amount			
Grant Number 2007-WS-Q7-0088					
8/3/08	4062837	\$63.67	\$63.67	Promotional and Marketing expense (engraving plaques) Recorded as Catering Expense.	(1)
8/3/08	4062837	\$49.00	\$49.00	Fee for late credit card payment.	(5)(12)
10/30/08	4822448	\$262.50	\$262.50	Promotion and Marketing expense (t-shirts) recorded as Non-consumable supplies.	(1)
4/3/09	6206948	\$31.50	\$31.50	Lunch at community safety meeting.	(3)(13)
5/7/09	6994462	\$646.80	\$646.80	Promotional and Marketing expense (award ribbons and stick-on tattoos) recorded as Catering Expense	(1)
5/29/09	6999862	\$3,980.92	\$980.92	Promotional and Marketing expense (backpacks) recorded as Telephone Expense. Promotional expenses in excess of \$3,000 per year are unallowable.	(1)
5/29/09	6999862	\$1,147.00	\$1,147.00	Promotional and Marketing expense for backpacks recorded as Auto Allowance.	(1)
6/1/09	7700731	\$7,961.70	\$7,961.70	Teen Court session.	(2)
6/1/09	7700731	\$7,961.70	\$7,961.70	Teen Court session.	(2)

²¹ Because the city changed accounting systems in 2008, the titles of some accounting fields changed from the prior system. Transaction Date is from the accounting field "Expenditure Item Date" or "Transaction Date". Transaction Number is from the accounting field labeled "Original Transaction Reference" or "Transaction ID." Transaction Amount is from "Burdened Cost Amount" or "Transaction Total Claimed" when the transaction consisted of multiple expenses.

6/1/09	7700731	\$7,961.70	\$7,961.70	Teen Court session.	(2)
6/1/09	7700731	\$7,961.70	\$7,961.70	Teen Court session.	(2)
6/1/09	7700731	\$7,687.00	\$7,687.00	Consulting fees for preparing grant application.	(2)(12)
6/1/09	7700731	\$7,687.00	\$7,687.00	Consulting fees for preparing grant application.	(2)(12)
3/9/09	6144759	\$960.15	\$960.15	Supplies for the IRS' VITA program.	(9)
Subtotal			\$51,362.34		
Grant Number 2007-WS-Q7-0250					
5/26/09	Not provided	\$16,997.28	\$12,300.00	Rent Expense for 1 year after the grant ended.	(2)(11)
5/26/09	Not provided	\$16,997.28	\$3,000.00	Payment to publish newsletters for 2 years after the grant ended.	(2)(11) (12)
8/3/08	Not provided	\$4,529.45	\$1,611.77	\$1,611.77 credit from hotel was not credited back to the grant.	(2)(12)
9/28/08	Not provided	\$194.39	\$194.39	Food expense for a meeting that began at noon.	(3)(13)
6/3/09	Not provided	\$3,624.36	\$120.17	Food for Steering Committee meeting.	(3)(13)
6/3/09	Not provided	\$3,624.36	\$41.04	Breakfast for community safety meeting.	(3)(13)
9/28/08	Not provided	\$917.03	\$917.03	Police cell phone expenses.	(2)(12)
Subtotal			\$18,184.40		
Grant Number 2008-WS-QX-0219					
7/3/09	91474	\$39.00	\$39.00	Return payment fee.	(2)(12)
11/10/09	114228	\$250.00	\$250.00	Catering costs for a 45 minute meeting.	(3)(13)
2/2/10	139404	\$1,955.00	\$1,955.00	Construction project at the Mayor's office	(8)(12)

5/30/10	160704	\$8,000.00	\$8,000.00	According to the grant budget approved by OJP, this was to be provided from city funds as part of its matching share of grant costs.	(9)
Subtotal			\$10,244.00		
Grant Number 2008-WS-QX-0221					
6/1/09	89634	\$1,967.62	\$276.12	Hotel and per diem costs exceeded the federal rate.	(10)
9/3/09	102009	\$1,000.00	\$1,000.00	Cost of 50 persons to attend a civic league function, which was not in the grant budget approved by OJP.	(2)
9/3/09	102010	\$122.35	\$122.35	Food/Catering for Steering Committee meeting.	(3)(13)
12/3/09	115442	\$1,226.24	\$1,226.24	Food/Catering for Steering Committee "retreat."	(3)(13)
4/3/10	149157	\$656.96	\$656.96	Food/Catering for unknown purpose.	(3)(13)
Subtotal			\$3,281.67		
Grant Number 2009-WS-QX-0123					
08/31/10	12106554	\$12,802.30	\$56.25	Consulting fees.	(10)
09/30/11	263561	\$12,885.00	\$11,659.80	Billing error.	(5)(12)
08/31/10	245613	\$10,000.00	\$10,000.00	According to the grant budget approved by OJP, this was to be provided from city funds as part of its matching share of grant costs.	(9)
3/30/11	11701146	\$239.81	\$239.81	Catering for 1.5 hour meeting.	(3)(13)
6/15/11	12091222	\$211.21	\$40.00	Renewal of personal membership in a warehouse purchase club.	(2)
Subtotal			\$21,995.86		

Grant Number 2009-WS-QX-0125					
8/11/10	10818172	\$603.54	\$603.54	Duplicate payment.	(5)(12)
8/27/10	10775195	\$698.97	\$698.97	Camera.	(2)
9/3/10	10793053	\$297.00	\$297.00	Food for Steering Committee meeting.	(3)(13)
11/28/10	11114182	\$1,800.00	\$1,125.00	Consulting fees (\$150 per hour).	(10)
Subtotal			\$2,724.51		
Grant Number 2010-WS-QX-0094					
6/8/11	13533474	\$7,300.00	\$7,300.00	Duplicate payments (for various types of costs).	(5)(12)
11/4/11	13139038	\$635.25	\$635.25	Catering for Steering Committee meeting (2.75 hours).	(3)(13)
1/31/12	13562479	\$531.00	\$531.00	"Integrity Luncheon" to celebrate the first anniversary of opening of neighborhood resource center.	(3)(13)
2/10/12	13614988	\$221.85	\$221.85	Catering at noon.	(3)(13)
3/6/12	13727448	\$825.00	\$825.00	Catering for 2-hour Steering Committee meeting.	(3)(13)
Subtotal			\$9,513.10		
TOTAL UNALLOWABLE COSTS			\$117,305.88		

Source: OIG analysis of City of Atlanta records

Notes:

1. Exceeds the maximum allowable amount permitted by the Weed and Seed program – \$3,000 annually for promotion and marketing expense; \$2,500 annually for National Night Out and other similar community events; or, beginning with the 2008 grants, 10 percent of the award amount for administrative costs.
2. Not in the grant budget approved by OJP.
3. Food expenditure did not meet OJP's Food and Beverage Policy described in the Grant Expenditures section of the report.
4. Amount or type of expenditure is unreasonable.

5. Unallowable for other reasons.
6. No original invoices or other supporting documentation were provided.
7. Advance payments for goods and services are generally prohibited by 31 U.S.C. 3324.
8. Weed and Seed grant funds may not be spent for construction projects.
9. According to the grant budget approved by OJP, these costs were to be provided by the city as part of its matching share of grant costs.
10. Exceeded the maximum allowable federal rate or amount.
11. Expenditure was for goods or services to be provided after the grant end date.
12. In its response to the draft audit report, the city agreed that this expenditure was unallowable.
13. This expenditure is part of \$5,393 in food and catering costs we identified as unallowable. In its response to the draft report, the city agreed these costs were unallowable.

Appendix 4

Details of Costs Not Supported By Adequate Documentation²²

Transaction			Amount Not Adequately Supported	Comments
Date	ID	Amount		
<i>Grant Number 2007-WS-Q7-0088</i>				
3/18/2009	6144759	1,534.75		Along with its response to the draft report, the city provided documentation to support these costs.
9/28/2008	Not available	1,382.16		
9/28/2008	Not available	1,372.04		
5/28/2009	6994462	1,251.10	1,251.10	The city provided an invoice for "services rendered," but needs to provide detailed original receipts and invoices.
3/10/2009	6144759	1,100.00	1,100.00	The contractor invoice states that this was for "reimbursement for expenses incurred for Parent Patrol," but the invoice does not provide the details of the expenses. The city needs to provide detailed original invoices showing what these expenses were with dates and amounts.
3/10/2009	6144759	1,100.00	1,100.00	The contractor invoice states that this was for "reimbursement for expenses incurred for Parent Patrol," but the invoice does not provide details of the expenses. The city needs to provide detailed original invoices showing what these expenses were with dates and amounts.
9/28/2008	Not available	931.55		Along with its response to the draft report the city provided documentation to support these costs.

²² Because the City changed accounting systems in 2008, the titles of some terms changed from prior reporting terms used. As a result we had to use what descriptions were available to us and therefore, Transaction dates are from the accounting record fields labeled "Expenditure Item Date" or "Transaction Date". Transaction amounts are from "Burdened Cost Amount" or "Transaction Total Claimed" and some transaction amounts consist of multiple expenses. Transaction numbers are from the accounting record field labeled "Original Transaction Reference" or "Transaction ID".

5/12/2009	6855871	846.92	846.92	The city needs to provide original receipts for all expenses related to the conference, including hotel and airfare and the dates of the conference. ²³
5/12/2009	6855871	813.96	813.96	The city needs to provide original receipts for all expenses related to the conference.
5/05/2009	6855871	738.92	738.92	The city needs to provide original receipts for all expenses related to the conference.
5/05/2009	6855871	712.04	712.04	The city needs to provide original receipts for all expenses related to the conference.
5/04/2009	6685318	602.28	602.28	The city needs to provide original receipts for all expenses related to the conference.
7/25/2008	5254543	457.11		Along with its response to the draft report, the city provided documentation to support these costs.
9/01/2008	4274693	396.75	396.75	Need invoices and receipts for hotel and airline ticket to show staff attended the training.
3/15/2009	6144759	383.50	383.50	Need invoices and receipts for travel along with the agenda for the training.
3/04/2009	6144759	350.00		Along with its response to the draft report, the city provided documentation to support these costs.
3/17/2009	6144759	263.75		
Subtotal			\$7,945.47	
Grant Number 2007-WS-Q7-0250				
6/03/2009	Not available	140.00		Along with its response to the draft report, the city provided documentation to support these costs.
6/03/2009	Not available	29.97	29.97	The \$29.97 was for food for a law enforcement planning meeting. The city needs to provide a copy of the meeting agenda so that we can determine whether this was an allowable food cost.

²³ To adequately support the costs of per diem, the city needs to provide documentation such as a meeting agenda showing the dates and the location of the conference or training.

6/03/2009	Not available	219.19		Along with its response to the draft report, the city provided documentation to support these costs.
6/03/2009	Not available	209.20		
6/03/2009	Not available	209.20		
6/03/2009	Not available	219.19		
6/03/2009	Not available	209.20		
6/03/2009	Not available	179.20		
6/03/2009	Not available	209.20		
6/03/2009	Not available	181.44		
4/12/2009	Not available	168.33	168.33	Need detailed invoices showing the expense was grant related.
3/19/2009	Not available	1,868.46	1,868.46	The invoice from the sub-recipient provided no details showing how the funds were spent. Need detailed original invoices for this expense.
9/28/2008	Not available	609.32	609.32	Invoice provided does not match the amount or the date of the expense in the accounting records. Need correct invoice.
9/28/2008	Not available	477.00	477.00	Need documentation showing that the trip was grant related.
9/01/2008	Not available	396.75	396.75	Need invoice from hotel and documentation showing how this was related to the grant.
Subtotal			\$3,549.83	
Grant Number 2008-WS-QX-0219				
8/06/2009	93273	\$20,000.00	\$3,084.41	The city provided invoices for \$16,915.59. The city needs to provide original invoices for the remaining costs.
7/17/2009	126976	13,748.90		Along with its response to the draft report, the city provided documentation to support these costs.
6/15/2009	91064	4,897.50	4,897.50	Invoice states that this was for consultant work for June 3 through July 8. The city needs to provide detailed invoices showing hours worked and what work was accomplished.

8/06/2009	93262	1,274.43	1,274.43	No original receipts were provided. The city stated that the receipts were missing from the file.
7/03/2009	91470	397.70		Along with its response to the draft report, the city provided documentation to support these costs.
7/03/2009	91475	397.70		
7/03/2009	91468	387.70		
9/01/2009	115882	200.53	200.53	This was for afterschool refreshments. The city stated that the receipts were missing.
Subtotal			\$9,456.87	
Grant Number 2008-WS-QX-0221				
6/22/2009	91579	\$8,198.00	\$1,031.00	The city needs to provide the invoice for the web hosting network installation.
			472.00	The city needs to provide the receipt for food for Ribbon Cutting.
			600.00	The city needs to provide the receipt for the printing costs for Ribbon Cutting.
			598.00	The city needs to provide the invoice or receipt for the computer.
			500.00	Need city needs to provide the invoice for the copier/fax/printer.
7/5/2009	91259	2,093.17	714.31	Total travel cost was \$983.81. The city needs to provide hotel invoice for \$684.31 and transportation receipt for \$30.
6/1/2009	89634	1,967.62	529.70	The city needs to provide an expense report with hotel bills for the remaining \$529.70.
Subtotal			\$4,445.01	
Grant Number 2009-WS-QX-0123				
08/31/2010	12106554	\$12,802.30	\$12.00	Amount charged to the grant for food was \$160.29. Receipt was for \$148.29. The city needs to provide support for the remaining \$12.
09/30/2011	263563	3,000.00	3,000.00	The city needs to provide a copy of the contract showing the city agreed to pay a \$3,000 "TCF Administrative Fee" for arranging a conference at a resort.
Subtotal			\$3,012.00	

Grant Number 2009-WS-QX-0125				
11/02/2010	10924945	\$1,250.00		Along with its response to the draft report, the city provided documentation to support these costs.
11/02/2010	10924945	1,250.00		
11/02/2010	10924945	1,250.00		
11/02/2010	10924945	1,250.00		
11/02/2010	10924945	1,250.00		
11/02/2010	10924945	1,250.00		
11/02/2010	10924945	1,250.00		
11/02/2010	10924945	400.00		
		Subtotal	\$0.00	
Grant Number 2010-WS-QX-0094				
06/08/2011	12596745	\$8,125.16	\$30.00	The city needs to provide a receipt or other document explaining the \$30 paid to the community organizer.
			\$60.00	The city needs to provide a receipt or other document explaining the \$60 paid to the community organizer.
06/08/2011	13533474	\$7,300.00	\$300.00	\$300 paid to community organizer "KH" on 12/13/2011. Timesheet provided shows only 3 hours worked on December 1. Timesheet does not support the \$300 payment.
			\$300.00	\$300 paid to community organizer "RC" on 12/13/2011. The city provided a timesheet showing "RC" worked 17.5 hours in January 2011, but worked no additional hours before the 12/13/2011 payment. The city needs to provide a timesheet showing "RC" worked 30 hours through 12/13/2011.
10/04/2011	12631574	\$500.00		Along with its response to the draft report, the city provided an original invoice for this expenditure.

06/08/2011	13868229	\$7,645.47	\$137.65	The city needs to provide the invoice/receipt for the \$137.65 printer cartridge.
				Along with its response to the draft report, the city provided the original receipt for \$77.94.
				Along with its response to the draft report, the city provided the original receipt for \$29.88.
			\$600.00	The city needs to provide the original invoice/receipt for \$600 for "Calling Posts."
Subtotal			\$1,427.65	
TOTAL COSTS NOT SUPPORTED BY ADEQUATE DOCUMENTATION			\$29,836.83	

Source: OIG analysis of City of Atlanta records

Appendix 5

Matching Costs Not Provided or Not Supported by Adequate Documentation

Grant Number	Transaction	Transaction Amount	Amount Not Provided or Not Adequately Supported	Explanation
2008-WS-QX-0219	Trans ID: 184319 Item Date: 1-Jun-10	\$10,924	\$740.00	Along with its response to the draft report, the city provided additional documentation for \$8,462. The city needs to provide timesheets for payments of \$340 and \$400.
2008-WS-QX-0221	Trans ID: 147283 Item Date: 1-Mar-10	\$8,384	\$8,383.97	The city needs to provide original vendor invoices, timesheets, and payroll records for \$8,384.
	Trans ID: 133786 Item Date: 1-Dec-09	\$7,700	\$7,700.00	This was for salaries for a neighborhood coordinator for November and December 2009. The city already recorded these salaries as a grant expenditure using transaction number 115370.
2009-WS-QX-0123	Not Applicable (see explanation)	Not Applicable (see explanation)	\$0.00	The city had to provide \$47,293 in matching costs, but according to the accounting records, it provided only \$33,099. The remaining \$14,194 in matching costs was not provided. Along with its response to the draft report, the city provided accounting records showing it provided an additional \$14,194.07 in grant matching costs.
	Project Number: 4210718 Item Date: 27-Aug-10	\$6,000	\$6,000.00	Invoice for \$6,000 is for "services rendered." Along with its response to the draft report, the city provided documentation that we could not reconcile to the \$6,000.
	Project Number: 4210718 Item Date: 8-Jun-11	\$1,085	\$1,084.67	The city needs to provide the original receipts and invoices for the \$1,084.67.

	Project Number: 4210718 Item Date: 8-Jun-11	\$200	\$0.00	Along with its response to the draft report, the city provided and invoice for the \$200.
2009-WS-QX-0125	Project Number: 4210719 Item Date: 28-Feb-11	\$11,505	\$0.00	Along with its response to the draft report, the city provided documentation to support the remaining \$2,500.
	Project Number: 4210719 Item Date: 26-May-11	\$5,712	\$750.00	Along with its response to the draft report, the city provided documentation to support \$4,280. The city needs to provide timesheets and payroll records for the remaining \$750.
2010-WS-QX-0094	Project Number: 4210928 Item Date: 1-Sep-11	\$2,194	\$0.00	Along with its response to the draft report, the city provided a timesheet for this expense.
	Project Number: 4210928 Item Date: 23-Nov-11	\$449	\$0.00	Along with its response to the draft report, the city provided documentation to support this expense.
	Project Number: 4210928 Item Date: 11-Mar-12	\$650	\$0.00	Along with its response to the draft report, the city provided documentation to support this expense.
Totals			\$24,658.64	

Source: OIG analysis of City of Atlanta records

The Office of Justice Program'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

JUL - 5 2013

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

FROM: Maureen A. Henneberg
Director *M. Henneberg*

SUBJECT: Response to the Draft Audit Report, *Audit of Office of Justice Programs Weed and Seed Grants Awarded to the City of Atlanta, Georgia*

This memorandum is in response to your correspondence, dated May 28, 2013, 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 draft audit report contains **eight** recommendations and \$437,416¹ in net questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

- We recommend that OJP ensures that the City has implemented and follows procedures to ensure that: (1) original invoices and other supporting documents are submitted along with any payment requests and reviewed for accuracy before they are paid, (2) expenditures submitted for payment have not already been paid, (3) expenditures are recorded in the accounting records using the correct expense categories and the categories approved in the grant budgets, and (4) it reconciles advance payments to the goods and services received.**

OJP agrees with the recommendation. We will coordinate with the City to obtain a copy of policies and procedures implemented to ensure that: (1) original invoices and other supporting documents are submitted along with any payment requests, and reviewed for accuracy before they are paid; (2) expenditures submitted for payment have not already been paid; (3) expenditures are recorded in the accounting records using the correct

¹ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amounts.

expense categories and the categories approved in the grant budgets; and (4) reconciliations between advance payments and the goods and services received are routinely performed.

- 2. We recommend that OJP remedy the \$338,790 in unallowable costs charged to the grant as "Service Grants" expenses, which was not an approved budget category.**

OJP agrees with the recommendation. We will coordinate with the City to remedy the \$338,790 in questioned costs charged to the City's Weed and Seed grants as "Service Grants" expenses, which was not an approved budget category. If adequate documentation cannot be provided, we will request that the City return the funds to the U.S. Department of Justice (DOJ), adjust their accounting records to remove the costs, and submit revised final Federal Financial Reports (FFR) for each grant.

- 3. We recommend that OJP remedy the \$69,254 in unallowable excess administrative costs.**

OJP agrees with the recommendation. We will coordinate with the City to remedy the \$69,254 in excess administrative costs. If adequate documentation cannot be provided, we will request that the City return the funds to the DOJ, adjust their accounting records to remove the costs, and submit revised final FFRs for each grant.

- 4. We recommend that OJP remedy the \$117,306 in unallowable other direct costs.**

OJP agrees with the recommendation. We will coordinate with the City to remedy the \$117,306 in questioned other direct costs. If adequate documentation cannot be provided, we will request that the City return the funds to the DOJ, adjust their accounting records to remove the costs, and submit revised final FFRs for each grant.

- 5. We recommend that OJP remedy the \$62,594 in grant expenditures that were not supported by adequate documentation.**

OJP agrees with the recommendation. We will coordinate with the City to remedy the \$62,594 in grant expenditures that were not supported by adequate documentation. If adequate documentation cannot be provided, we will request that the City return the funds to the DOJ, adjust their accounting records to remove the costs, and submit revised final FFRs for each grant.

- 6. We recommend that OJP remedy the \$57,588 in grant matching costs that the City did not provide or could not show that it had provided.**

OJP agrees with the recommendation. We will coordinate with the City to remedy the \$57,588 in grant matching costs, which were not provided or properly documented, for five of the City's seven Weed and Seed grants. Once a final determination has been made regarding the allowable Federal costs for those awards, the final matching amounts will be determined, and the City may be required to return funds to the DOJ, if necessary.

7. **We recommend that OJP ensures that the City implements procedures designed to ensure it meets the goals, objectives, and outcome measures of the grants.**

OJP agrees with the recommendation. We will coordinate with the City to obtain a copy of policies and procedures implemented to ensure that the goals, objectives, and outcome measures of its Federal grants are met in the future.

8. **We recommend that OJP ensures that the City implements procedures to monitor subrecipients and maintain documentation of monitoring activities.**

OJP agrees with the recommendation. We will coordinate with the City to obtain a copy of policies and procedures implemented to ensure that subrecipients are properly monitored, and documentation of monitoring activities is maintained for future auditing purposes.

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

cc: Jeffery A. Haley
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The City of Atlanta's Response to the Draft Audit Report



CITY OF ATLANTA

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KASIM REED
MAYOR

June 27, 2013

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Email: Ferris.B.Polk@usdoj.gov

RE: DEPARTMENT OF JUSTICE CITY OF ATLANTA DRAFT AUDIT REPORT

Dear Mr. Polk:

The City of Atlanta (the "City") appreciates the opportunity to respond to the recommendations submitted in the Department of Justice Draft Audit Report (the "Report") resulting from the audit conducted by the Office of the Inspector General (the "Audit"). Grant funding is an integral part of the City's ability to deliver services to its constituents and the City greatly appreciates recommendations made related to its grants management process. The Report makes eight recommendations to which the City submits the following responses. A summary of the Reports unallowable costs and the City's justification is included in the chart on the following page.

Summary of Questioned Costs

Category	OJP Audit	City of Atlanta Concur as Unallowable	
		Item	Amount
Questioned Costs Unallowable			
RECOMMENDATION 2			
Unallowable costs charged to the grant as "Service Grants" expenses	\$338,790	Service Grants Expenses	\$0
RECOMMENDATION 3			
Unallowable administrative costs	\$69,254		
		Projector	\$711
		Food	\$1,426
RECOMMENDATION 4			
Unallowable other direct costs	\$117,306		
		Credit card payment	\$49
		Returned payment	\$39
		Food	\$32
		Consulting Fees	\$15,374
		Reversed charge in accounting records	\$1,612
		Door bell access to administrative office	\$1,955 ¹
		Expense error, should be matching share	\$10,000
		Duplicate payment	\$7,904
		Publishing of newsletters	\$3,000
		Exceeded marketing limit	\$3,102
		Police Cell Phones	917
		Billing error	\$11,660
		Food & catering	\$5,393
Subtotal	\$525,350		\$63,174
Questioned Costs - Unsupported			
RECOMMENDATION 5			
Unsupported grant expenditures	\$62,594	Unsupported grant expenditures	\$11,129
RECOMMENDATION 6			
Matching costs not provided/adequately supported	\$57,588	Matching costs not provided/adequately supported	\$684

¹ A correction is requested for an item listed on page 19 of the Report. The Report states that the \$1,955 was attributable to construction project in the Mayor's Office making it unallowable expense. This item was incorrectly described and the City desires that the item be corrected to reflect the installation of a door bell for an administrative office which is an allowable expense.

NOTE: The item the city refers to in this footnote now appears on page 17 of the report.

Category	OJP Audit	City of Atlanta Concur as Unallowable
Subtotal	\$120,182	
Total Questioned Costs	\$645,532	
Less Duplication	(\$208,116)	
Total Related to Findings	\$437,416	
City of Atlanta Considered Unallowable Costs		\$74,987

Recommendation 1: Ensure the city has implemented and follows procedures to ensure that: (1) original invoices and other supporting documents are submitted along with any payment requests and reviewed for accuracy before they are paid, (2) expenditures submitted for payment have not already been paid, (3) expenditures are recorded in the accounting records using the correct expense categories and the categories approved in the grant budgets, and (4) it reconciles advance payments to the goods and services received.

City Response: The City's Accounts Payable, along with the Grants Accounting Office has implemented procedures to ensure original invoices and supporting documents are provided to substantiate payments. These procedures are regularly reviewed as part of the City's external audit. With respect to duplicate payments, the City has a continuous audit process that seeks to identify any duplicate invoice payments. A list of duplicate payments is produced by the City's internal auditor and is reviewed quarterly. Vendors are then contacted to return any duplicate payments issued. The City asserts that expenditures are recorded in the Oracle ERP System using correct expense categories. For internal control purposes, expenditures relating to sub-recipients are recorded in account 5239004 "Service Grants" category. An explanation of the City's use of "Service Grant" as a category is provided as part of the City's response to the Report's Recommendation 2. Finally, the City no longer provides advance grant payments.

Recommendation 2: Remedy \$338,790 in unallowable costs charged to the grant as "Service Grants" expenses, which was not an approved budget category.

City Response: The City disagrees with the \$338,790 in unallowable costs stated in the Report. It appears the \$338,790 was disallowed because "Service Grants" was not an approved budget category, because the specific category was not presented in the submitted budget. However, the budget was presented in functional categories such as personnel, supplies, consultant/contracts, etc., detailing where funds would be spent to support grant initiatives. Contracts were awarded to sub-recipients after each sub-recipient provided a detailed budget by expenditure category. Each sub-recipient reports its actual expenditures to

the City in detail and as referenced in their budgeted category. However, to maintain internal controls on segregation of the City's day-to-day business operating expenses from sub-recipient grant contracts, sub-recipient grant expenditures are accounted for in account 5239004 "Service Grants" in the City's Oracle ERP System. The system used by the City ensures that sub-recipient expenditures and the City's day-to-day operating expenditures do not co-mingle, without such a system, it would be difficult to review the grant expenditures versus the City's day to day costs in conducting its regular business. It should be noted that during the Audit, supporting documentation for "Service Grants" expenditures were reviewed and no expenditures were disallowed. The City holds that the \$338,790 in Service Grants was allowable and attributable to approved budgeted costs.

Recommendation 3: Remedy \$69,254 in unallowable excess administrative costs.

City Response: The City disagrees with the \$69,254 in unallowable costs stated in the Report with the exception of the \$711.99 for a projector and \$1,326 for food costs in excess of the authorized amount. The approved budget submitted to Office of Justice Programs ("OJP") included the \$69,254 as direct costs that supported program goals, objectives and outcome measures as more particularly described in Exhibit 1.

Salaries for neighborhood coordinators and community organizers were approved budget items as listed below. Program assistants attributable to Raising Expectation and Safehaven were permissible and budgeted expenses charged to account 5239004 "Service Grants" and should not be considered administrative costs. The approved budget follows.

2010-WS-QX-0094	Neighborhood Coordinator	\$24,000
	Community Organizers	\$10,000
2009-WS-QX-0125	Neighborhood Coordinator	\$24,000
	Community Organizers	\$10,000
2009-WS-QX-0221	Executive Director/ Neighborhood Coordinator	\$21,000
2007-WS-QX-0250	Neighborhood Coordinator	\$33,380
	Neighborhood Extra Help	\$10,400

The \$18,000 payment to the university used to evaluate and report on Weed and Seed grant projects was included, and approved in the grant budget for 2007-WS-Q7-0088 as consultant contracts – Evaluation Consultation Service in the amount of \$28,300. Of the budgeted amount, \$14,000 was for evaluation and consulting services and \$14,300 was for the cost of data collection, analytical mapping, planning analysis, operational supplies, results accountability and logic model trainings. The Weed and Seed Steering Committee expressed a strong need for increased capacity building, accountability and sustainability from residents and resources were and are being made available to increase performance and accountability.

Recommendation 4: Remedy \$117,306 in unallowable other direct costs. (Exhibit 2)

City Response: The City disagrees with the \$117,306 in unallowable costs stated in the Report. After review of the City's records, we found that only \$61,036.27 of the \$117,306 of expenditures may be deemed unallowable as more particularly described in Exhibit 2. Please note that the U.S. Department of Justice 2011 Financial Guide (Revised July 2012), page 45, states that individual consultant rates are to be reasonable and consistent with that paid for similar services. The City feels that the \$31,847 paid to the local District Attorney's Office for four Teen Court sessions was consistent with amounts paid for similar services. Although the Teen Court sessions invoices were dated near the end of grant year, the actual number of cases heard during the period August 2008-June 2009 totaled 121. Due to the need for confidentiality, and the need for sensitivity and the protection of individual teen identities, a sign in log and record of participants was not maintained. The Teen Court sessions were successful in that assistance was provided for teens in a court setting outside of the juvenile court system.

Recommendation 5: Remedy \$62,594 in grant expenditures that were not supported by adequate documentation.

City Response: The City disagrees that \$62,594 in grant expenditures were unsupported by adequate documentation, supporting documentation has been provided in Exhibit 3. Moreover, the documentation in Exhibit 3 supports grant expenditures to achieve the goals, objectives and outcome measures of the Weed and Seed grant.

Recommendation 6: Remedy \$57,588 in grant matching costs that the city did not provide or could not show that it had provided.

City Response: The City disagrees that it failed to provide \$57,588 in grant matching costs as prescribed by the grant. The City has included documentation regarding its matching obligations in Exhibit 4. The City's Exhibit 4 will substantiate the City meeting its matching costs requirement, with the exception of \$7,700. The \$7,700 may be identified as unallowable because it is a duplicate payment which was made in error. As previously described in recommendation 1, the City has a process in place to identify duplicate payments going forward.

Recommendation 7: Ensure the city implements procedures designed to ensure it meets the goals, objectives, and outcome measures of the grants.

City Response: The City provides details regarding goals, objectives and outcome measures in Exhibit 5.

The City's strategy regarding grant implementation was based on the national two-pronged approach model where: 1) Law enforcement agencies cooperate with local residents to "**weed out**" criminal activity and 2) Social service providers and economic revitalization efforts to "**seed**" the area for long-term positive change. A key coordination strategy included participation of criminal justice initiatives with social services and community efforts to maximize the impact of programs and resources to fill in gaps in services where applicable. Community residents and stakeholders were involved to assist in targeted neighborhood problem solving.

The City validated and verified performance of process outcomes in:

- Reduction in Violent Crime
- Increased Resident Engagement
- Increased Community Partnerships

Qualitative and quantitative data indication included:

- # and types of resident engagement
- # and types of meetings
- #training and types of training
- # and types of special events
- #of crime incidents
- Perception of crime
- Influence change in neighborhood conditions and behaviors

Direct service, service grants and/or sub-grants were awarded to assist in undertaking certain aspects within the scope of work.

The City intends to implement procedures designed to ensure goals, objectives, and grant outcome measures are met, procedures will include:

- Procedure formalization so that procedures may be applied consistently.
- Procedures will be designed to ensure internal control of funds.
- Development of a system to match financial transactions with program goals, objectives and outcomes for auditing purposes.

Recommendation 8: Ensure the city implements procedures to monitor sub-recipients and maintain documentation of monitoring activities.

City Response: The City maintains that it monitored and maintained documentation regarding sub-grantee grant activity as required. The monitoring principles applied were as follows:

- Service grants and/or sub-grant awards were awarded to assist in undertaking a part of the scope of work described in the strategic plan
- The City maintained agreements with sub-grantees which outlined the scope of work
- Sub-grantees receive a grant handbook
- Sub-grantees submitted progress reports providing information supportive of the master strategic plan

Going forward, the City intends to implement standard operating procedures with respect to monitoring sub-recipients and maintaining documentation of monitoring activities which will include the development of procedures as listed as part of the City's response to Recommendation 7.

In addition, the City intends to implement the following monitoring procedures:

Monitoring Procedures:

As necessary, on a monthly, semi-annually or annual basis, a monitor review will be conducted on the activities of sub-recipients to ensure that federal awards are being used for authorized purposes, in compliance with laws, regulations, and in accordance with the grant agreement.

The City intends to improve performance based grant agreements between grantees and the City by implementing a payment request schedule with performance requirements and performance allotment schedules based on achievement of specific accomplishments and outcome data as prescribed by the Performance Standards rather than basing payment on grantee incurred costs. For any deliverable not met and not reported by the due date, the City shall retain the right to issue a percentage reduction of the payment associated with the reporting period to encourage timely reimbursement requests during the entire grant period.

The City will continue to provide oversight and monitoring so that funds are expended according to provisions and required regulations, agency administrative requirements, relevant OMB circulars, and the terms of award notices for projects' goal and objectives. In addition, the City will work to achieve:

- The development of program monitoring plan based on grant requirements
- Maintain a compliance system that contains sufficient detailed information to accurately account for contracts and records pertaining to grant awards, authorizations and obligations
- Maintain a compliance system that fairly and fully discloses the financial position and results of the City's grant operations
- Ensure compliance with legal and contractual provisions

- Review annual operating results, and other pertinent information to facilitate management control of financial operations, external/legislative oversight, and external reporting purposes
- Notify the sub-recipients in writing of noncompliance with grant administration and accounting policy and procedures
- Prepare internal monitoring timetable in a master grant system file and/or dashboard/database documenting any finding and corrective actions to be taken

Based on the documentation and explanations provided herein the City believes it may be responsible for \$74,987 in unallowable expenses and looks to the U.S. Department of Justice for guidance on how to remedy same. Again, the City thanks you for allowing us to respond to the Report.

Respectfully,



J. Anthony Beard, CTP
Chief Financial Officer

cc: Honorable Kasim Reed, Mayor
Duriya Farooqui, Chief Operating Officer
Candace Byrd, Chief of Staff
Andrea Boone, Commissioner, Constituent Services
Karen Rogers, Director, Weed and Seed
John Gaffney, Controller
Gene Kirschbaum, Director, Financial Reporting & Grants Accounting
Lee Hannah, Director, Grants Services
Linda Taylor, Office of Justice Programs

Exhibit 2

Recommendation 4

Remedy \$117,306 in unallowable other direct costs.

Transaction			Amount Unallowable	Purpose	Response
Date	Number	Amount			
<i>Grant Number 2007-WS-Q7-0088</i>					
8/3/08	4062837	\$63.67	\$63.67	Promotional and Marketing expense (engraving plaques) Recorded as Catering Expense.	The City does not have an account to code promotional & marketing materials. The City accounts for such expenditures in supplies.
8/3/08	4062837	\$49.00	\$49.00	Fee for late credit card payment.	Unallowable
10/30/08	4822448	\$262.50	\$262.50	Promotion and Marketing expense (t-shirts) recorded as Non-consumable supplies.	The City does not have an account to code promotional & marketing materials. The City accounts for such expenditures in supplies.
4/3/09	6206948	\$31.50	\$31.50	Lunch at community safety meeting.	Unallowable
5/7/09	6994462	\$646.80	\$646.80	Promotional and Marketing expense (award ribbons and stick-on tattoos) recorded as Catering Expense	The City does not have an account to code promotional & marketing materials. The City accounts for such expenditures in supplies.
5/29/09	6999862	\$3,980.92	\$980.92	Promotional and Marketing expense (backpacks) recorded as Telephone Expense.	
5/29/09	6999862	\$1,147.00	\$1,147.00	Promotional and Marketing expense for backpacks recorded as Auto Allowance.	
6/1/09	7700731	\$7,961.70	\$7,961.70	Teen Court session.	Allowable - Service grant for TEEN Court at Kennedy Middle School Safehaven.
6/1/09	7700731	\$7,961.70	\$7,961.70	Teen Court session.	
6/1/09	7700731	\$7,961.70	\$7,961.70	Teen Court session.	
6/1/09	7700731	\$7,961.70	\$7,961.70	Teen Court session.	
6/1/09	7700731	7,687.00	7,687.00	Consulting fees for preparing grant application.	Unallowable
6/1/09	7700731	7,687.00	7,687.00	Consulting fees for preparing grant application.	Unallowable
3/9/09	6144759	\$960.15	\$960.15	Supplies for IRS VITA Center	Allowable supplies items used at VITA an approved project.
Sub-total			\$51,362.34		

Transaction			Amount Unallowable	Purpose	Response
Date	Number	Amount			
Grant Number 2007-WS-Q7-0088					
8/3/08	4062837	\$63.67	\$63.67	Promotional and Marketing expense (engraving plaques) Recorded as Catering Expense.	The City does not have an account to code promotional & marketing materials. The City accounts for such expenditures in supplies.
10/30/08	4822448	\$262.50	\$262.50	Promotion and Marketing expense (t-shirts) recorded as Non-consumable supplies.	The City does not have an account to code promotional & marketing materials. The City accounts for such expenditures in supplies.
5/7/09	6994462	\$646.80	\$646.80	Promotional and Marketing expense (award ribbons and stick-on tattoos) recorded as Catering Expense	The City does not have an account to code promotional & marketing materials. The City accounts for such expenditures in supplies.
5/29/09	6999862	\$3,980.92	\$3,980.92 (description above reflects wrong amount)	Promotional and Marketing expense (backpacks) recorded as Telephone Expense.	The City does not have an account to code promotional & marketing materials. The City accounts for such expenditures in supplies.
5/29/09	6999862	\$1,147.00	\$1,147.00	Promotional and Marketing expense for backpacks recorded as Auto Allowance.	The City does not have an account to code promotional & marketing materials. The City accounts for such expenditures in supplies.
Promotional and Marketing Sub-total			3,100.89		
3/9/09	6144759	\$960.15	\$960.15	Supplies for IRS VITA Center	Allowable supplies item to the City VITA Center not a IRS Center. VITA Center an approved project.
Sub-total			\$960.15		

Grant Number 2007-WS-Q7-0088

\$3,102 for promotional items – For Grant Number 2007-WS-Q7-0088, the city spent \$6,102 (5 transactions described below) on promotional items for National Night Out (NNO) and other community events. However, grantees are limited to \$3,000 per year for such expenditures. The city recorded these expenditures as Telephone Expense (\$3,980.92), Auto Allowance (\$1,147.00) Catering (\$646.80 and \$63.67), and Non-Consumable Supplies (\$263.75), which made all of these

Exhibit 2 - 2

expenses appear allowable. However, we question \$3,102 of these expenditures as unallowable because they exceeded the \$3,000 annual limit.

The City concurs \$3,102 of the promotional expenditures exceeded the limit and are unallowable.

\$49 fee for a late credit card payment – For Grant Number 2007-WS-Q7-0088, the city charged \$49 to the grant for a fee for late credit card payment. We question the \$49 as unallowable because we consider this an unreasonable cost. Reasonable costs are described in the report section titled *OMB Circular A-87*.

The City concurs this as a nonallowable expenditure.

\$31,847 to a local district attorney's office – For Grant Number 2007-WS-Q7-0088, the city made four payments of \$7,961.70 each to a local district attorney's office for "Teen Court" sessions. The four invoices are dated June 25, 26, 27, and 28, 2009. The grant ended June 30, 2009. We asked the city to provide copies of any agenda for the teen court sessions and sign-in logs for persons who attended the sessions, but none of those documents were provided to us. We question the \$31,847 as unallowable because the expenditures were not in the grant budget approved by OJP. The amounts also appear unreasonable.

The City does not concur. The expenditure or payment date does not reflect the activity date. The number of cases heard during the period August 2008-June 2009 totaled 121. Because of the confidentiality, sensitivity and protection of individual teens, a sign in log and record of participants is not maintained. The Teen Court sessions were successful in that assistance is provided to the teens in a court setting outside of a real court.

The project was a preventive measure to keep children in school and a mechanism to intervene in suspension and other conflicts at the Kennedy Middle School Safehaven. Peers of the defendants occupy the roles of the attorneys, clerk, bailiff and the jury. Sign in sheets are not utilized as offender parental consent would be needed. TEEN Court data summary and TEEN Court attorneys, clerk, bailiff and the jury activity documentation attached.

\$15,374 to work on the Weed and Seed grant application – For Grant Number 2007-WS-Q7-0088, the city paid \$7,687 to a former city official and \$7,687 to a consulting agency to work on the Weed and Seed grant application. The grant ended June 30, 2009. The invoice for the former city official is dated June 28, 2009, and the invoice from the consultant is dated June 30, 2009. The invoices did not include the hourly consulting rates or hours worked. According to OMB Circular A-87, costs of preparing proposals for potential federal awards are allowable if they were approved in advance by the federal awarding agency. We question the \$15,374 as unallowable because these costs were not in the grant budget approved by OJP.

The City concurs this as a nonallowable expenditure.

\$960 for supplies for the IRS VITA program – For Grant Number 2007-WS-Q7-0088, the city charged \$960.15 to the grant for supplies for the IRS VITA program. The grant budget approved by OJP did not include supplies for the VITA program.

The City does not concur. The Volunteer Income Tax Assistance (VITA) Centers were approved in Weed and Seed sites across the country. With OJP equipment and software grant, Atlanta opened a VITA Center in Atlanta and IRS is one of the partners. The general supply materials used at the VITA Center as OJP approved project is allowable.

Exhibit 2 - 4

<i>Grant Number 2007-WS-Q7-0250</i>					
Date	Number	Amount	Unallowable Expense	Purpose	Response
5/26/09	Not Provided	\$16,997.28	12,300.00	Rent Expense for 1 one year after grant ended	Service grant to English Avenue Neighborhood Association. Not an original budget item however savings in neighborhood coordinators and community organizers category allowing for access to residents and community based stakeholders to participate in community meetings, special events and other activities.
5/26/09	Not Provided	\$16,997.28	\$3,000.00	Payment to publish newsletters for two years after the grant	Researching
8/3/08	Not Provided	\$4,529.45	\$1,611.77	Training/Travel expense, but charged as service grants expense	Charged to "service grants" as sub-recipient.
9/28/08	Not Provided	\$194.39	\$194.39	Food expense for a meeting that began at noon.	Several hours of substantive instructional material presented at meeting.
6/3/09	Not Provided	\$3,624.36	\$120.17	Food for Steering Committee meeting.	Several hours of substantive instructional material presented at meeting.
6/3/09	Not Provided	\$3,624.36	\$41.04	Breakfast for public safety meeting.	Several hours of substantive instructional material presented at meeting.
9/28/08	Not Provided	\$917.03	\$917.03	Not in approved budget.	Service grant savings for auto rental used for police telephones to support tactical operations.
Sub-total			\$18,184.40		

Exhibit 2 - 5

Grant Number 2007-WS-Q7-0250

\$12,300 to lease space for community organizers – For Grant Number 2007-WS-Q7-0250, the city paid \$12,300 in advance to lease space for neighborhood coordinators and community organizers. The city entered into the lease agreement on June 22, 2009. The grant ended June 30, 2009. The 1-year lease period began July 1, 2009, which was after the grant ended. The \$12,300 expenditure is unallowable because the grant ended before the lease start date. The expenditure is also unallowable because rent expense was not in the grant budget approved by OJP.

The City does not concur. The cost of renting space (\$12,300) for a neighborhood coordinator and community organizers was a service grant adjustment to the English Avenue Neighborhood Association. This was not an original budget item, however savings in the neighborhood coordinators and community organizers category provided an opportunity to the residents to participate in community meetings, special events and other activities. Although the use of funds was not approved prior to renting the space, it did provide a great benefit to the community and did support the grant goals, objectives and outcome measures. Without the space the community involvement would have been limited.

\$3,000 to publish newsletters – For Grant Number 2007-WS-Q7-0250, the city made a \$3,000 advance payment to publish a bi-monthly newsletter for a period of 2 years. The start date of the written agreement to publish the newsletters was June 9, 2009, but the grant ended 21 days later on June 30, 2009. The expenditure is unallowable because it was for goods or services to be provided after the grant ended. The city provided no documentation to support that the recipient of the \$3,000 had published the newsletters.

The City concurs this as a nonallowable expenditure.

\$1,612 in credit card charges – For Grant Number 2007-WS-Q7-0250, the Weed and Seed Director's credit card statement showed a charge of \$4,925.45 for a deposit for hotel rooms for a youth camp. The city charged this amount to the grant. However, the credit card statement also shows a \$1,611.77 credit from the hotel. The Weed and Seed Director told us the original hotel bills are missing and the hotel is unable to provide duplicate receipts. The accounting records for the grant do not appear to include a credit for \$1,611.77 therefore, we question \$1,611.77 as unallowable because the funds were reimbursed by the hotel but not reversed in the accounting records.

The City concurs this as a nonallowable expenditure.

\$917 for police cell phone expenses – For Grant Number 2007-WS-Q7-0250, the city charged \$917.03 to the grant for police cell phone expenses, but this expense was not in the grant budget approved by OJP.

The City concurs this as a nonallowable expenditure.

<i>Grant Number 2008-WS-QX-0219</i>					
7/3/09	91474	\$39.00	\$39.99	Return payment fee.	Payment error unallowable
11/10/09	114228	\$250.00	\$250.00	Catering Cost for a 45 minute meeting.	Two-hour scheduled Senior Community Safety Session at New Horizons Senior Center where substantive instructional material presented at meeting.
2/2/10	139404	\$1,955.00	\$1,955.00	Door access bell in administrative office	Unallowable
5/30/10	160704	\$8,000.00	\$8,000.00	According to the budget approved by OJP, this was to be provided from the city funds as part of its matching share of grant costs.	Project billing error but allowable
Sub-total			\$10,244.00		

Grant Number 2008-WS-QX-0219

\$18,000 for salaries for "volunteers" – The Internal Revenue Service (IRS), in coordination with a local workforce agency, has a Volunteer Income Tax Assistance (VITA) program designed to provide free income tax assistance to qualifying individuals. IRS-trained volunteers provide the services. For Grant Number 2008-WS-QX-0219, the city reimbursed the workforce agency \$8,000 from grant funds for salaries for VITA program "volunteers." However, according to the grant budget approved by OJP, the \$8,000 was to be provided from city funds as part of its matching share of grant costs. In addition, the matching funds were to be used for a VITA Center Coordinator. However, the invoices the city provided for the \$8,000 were from four volunteers and the invoices stated that the payments were for "tax preparation services." For Grant Number 2009-WS-QX-0123, the city reimbursed the local workforce agency \$10,000 for VITA program volunteers time. However, according to the grant budget approved by OJP, the \$10,000 was to be provided from city funds as part of its matching share of grant costs. We question the \$18,000 as unallowable because those costs were to be paid from city funds as part of its matching share of grant costs.

The City does not concur. VITA was perceived as a mandatory unpaid volunteer operation. However, this was a staff managed project where some volunteers are IRS certified tax preparers. OJP approved \$16,120 for a VITA Center Coordinator. Funds were used in the category of coordinators but multiple persons used allowing for the coordinating of operations up to 6 days a week.

\$39 fee for a returned payment – For Grant Number 2008-WS-QX-0219, the city charged a \$39 return payment fee to the grant. We question the \$39 as unallowable because we consider this an unreasonable cost. Reasonable costs are described in the report section titled *OMB Circular A-87*.

The City concurs this as a nonallowable expenditure.
Grant Number 2008-WS-QX-0221

6/1/09	89634	\$1,967.62	\$276.12	Hotel and per diem costs exceeded the federal rate	NEED MORE DETAILS TO DETERMINE.
9/3/09	102009	\$1,000.00	\$1,000.00	Cost of 50 person to attend civic league function, which was not in the grant budget approved by OJP.	Allowable - Approved community and leadership development approved expense and Civic League of Atlanta provided training through the Neighborhood summit.
9/3/09	102010	\$122.35	\$122.35	Food/Catering for Steering Committee meeting.	Several hours of substantive instructional material presented at meeting.
12/3/09	115442	\$1,226.24	\$1,226.24	Food/Catering for Steering Committee "retreat."	Four hour session with several hours of substantive instructional material presented at meeting.
4/3/10	149157	\$656.96	\$656.96	Food/Catering for unknown purpose.	Several hours of substantive instructional material presented at meeting.
Sub-total			\$3,281.67		

Grant Number 2008-WS-QX-0221

\$276 for travel reimbursement – For Grant Number 2008-WS-QX-0221, the city charged \$1,967.62 to the grant for travel expenses, but only \$1,161.80 of that amount was allowable based on the federal hotel and per diem rates leaving a difference of \$805.82. We question \$276.12 of the difference as unallowable and \$529.70 as unsupported.

The City concurs this as a nonallowable expenditure.

\$1,000 paid to a local civic league – For Grant Number 2008-WS-QX-0221, the city charged \$1,000 to the grant for the cost of 50 persons to attend a neighborhood summit. However, this expenditure is unallowable because the summit expenses were not included in the grant budget approved by OJP.

The City does not concur. The budget approved community and leadership development expense and Civic League of Atlanta provided training through the Neighborhood summit.

Exhibit 2 - 9

<i>Grant Number 2009-WS-QX-0123</i>					
8/31/10	12106554	\$12,802.30	\$56.25	Consulting Fees	
9/30/11	263561	\$12,885.00	\$11,659.80	Billing error	
8/31/10	245613	\$10,000.00	\$10,000.00	According to the budget approved by OJP, this was to be provided from the city funds a part of its matching share of grant costs.	Disallowed
3/30/11	11701146	\$239.81	\$239.81	Catering for 1.5 hour meeting	Scheduled for 1.5 evening community policing meeting with residents with substantive instructional material presented at meeting.
6/15/11	12091222	\$211.21	\$40.00	Renewal of personal membership in a warehouse purchase club.	The grant project does not have a club membership in its own name as indicated above. Discount clubs allows for snacks to be purchased at a reduced rate and in large quantities and unless there is a business account purchase under personnel membership.
Sub-total			\$21,995.86		

Grant Number 2009-WS-QX-0123

\$56 in excess consultant fees – For Grant Number 2009-WS-QX-0123, the city charged the grant \$225 for 3 hours of consulting work and OJP limits consultant fees to \$56.25 per hour. We question \$56.25 as unallowable [\$225 minus (\$56.25 x 3 hours)] because it exceeds the maximum rate allowed by OJP.

The City does not concur. The 2011 Financial Guide (Revised July 2012), page 45, allow for consultants to be paid a competitive rate. It is felt the rate that was paid is fair when compared to the market.

\$11,660 billing error – For Grant Number 2009-WS-QX-0123, the city paid \$12,885 for 40 persons to participate in a local leadership summit. However, the invoice from the community foundation states that the unit cost per person was \$30.63. Consequently, the correct billing amount should have been \$1,225.20 (40 x \$30.63). The city appears to have overpaid the foundation \$11,660 (\$12,885 minus \$1,225). We asked the city to explain this error, but we never received a response. Failure to identify billing errors demonstrates that the city did not adequately review grant expenditures before payment. We question the \$11,660 overpayment as unallowable. The invoice is dated September 30, 2011. The grant also ended September 30, 2011.

The City concurs this as a nonallowable expenditure.

\$40 for a personal membership – For Grant Number 2009-WS-QX-0123, the city charged the grant \$40 to renew what appears to be a personal membership in a warehouse purchase club. The \$40 is

unallowable because it appears to be a personal expense and the grant project already had a club membership in its own name.

The City does not concur. The grant project did not pay for a personal membership. This membership was obtained to allow purchases for grant. Discount clubs allows for snacks to be purchased at a reduced rate and in large quantities.

Exhibit 2 - 11

Grant Number 2009-WS-QX-0125

<i>Grant Number 2009-WS-QX-0125</i>						
8/11/10	10818172	\$603.54	\$603.54	Duplicate payment		Unallowable
8/27/10	10775195	\$698.97	\$698.97	Camera		Approved OJP expense for \$500
9/3/10	10793053	\$297.00	\$297.00	Food for Steering Committee meeting.		
11/28/10	11114182	\$1,800.00	\$1,125.00	Consulting fees (\$150.00 per hour)		
		Sub-total	\$2,724.51			

<i>Grant Number 2010-WS-QX-0094</i>						
6/8/11	13533474	\$7,300.00	\$7,300.00	Duplicate payments (for various types of cost).		Unallowable
11/4/11	13139038	\$635.25	\$635.25	Catering for Steering Committee meeting 2.75 hours		Substantive instructional material presented at meeting.
1/31/12	13562479	\$531.00	\$531.00	"Integrity Luncheon" at celebrate the first anniversary of opening of neighborhood resource center.		Substantive instructional material presented at event.
2/10/12	13614988	\$221.85	\$221.85	Catering at noon		Substantive instructional material presented at meeting.
3/6/12	13727448	\$825.00	\$825.00	Catering for 2 hour Steering Committee meeting		Substantive instructional material presented at meeting.
		Sub-total	\$9,513.10			

\$7,904 – duplicate payment.

The City concurs this as a nonallowable expenditure.

\$699 for a digital camera – For Grant Number 2009-WS-QX-0125, the city charged \$698.97 to the grant for a digital camera and accessories. The purchase was recorded as "supplies for the upcoming Steering Committee meeting." The digital camera purchase is unallowable because it was not in the grant budget approved by OJP.

The City does not concur. This was an approved budget item.

\$5,393 for food and catering – The city charged \$5,393 in unallowable costs to various grants for food, beverages, and catering, including \$2,627 for Weed and Seed Steering Committee meetings. One charge for food for \$1,226 was for a committee "retreat." The expenditures are unallowable

because they do not meet the requirements of OJP's Food and Beverage Policy described previously in this report.

The City concurs this as a nonallowable expenditure.

\$1,125 excess consultant fees – For Grant Number 2009-WS-QX-0125, the city paid a consultant \$150 per hour for 12 hours of work. According to the OJP Financial Guide, consultant fees are limited to \$56.25 per hour. We question the \$1,125 difference as unallowable [(\$150 minus \$56.25) x 12 hours].

The City does not concur. The 2011 Financial Guide (Revised July 2012), page 45, allow for consultants to be paid a competitive rate. It is felt the rate that was paid is fair when compared to the market.

Exhibit 3

Recommendation 5

Remedy \$62,594 in grant expenditures that were not supported by adequate documentation.

Transaction			Amount Not Adequately Supported	Response
Date	Number	Amount		
Grant Number 2007-WS-Q7-0088				
3/18/2009	6144759	1,534.75	1,534.75	Resubmission – Sample 13 Documents attached
9/28/2008	Not Available	1,382.16	1,382.16	Resubmission – Sample 14 Documents attached
9/28/2008	Not Available	1,372.04	1,372.04	Resubmission – Sample 15 Documents attached
5/28/2009	6994462	1,251.10	1,251.10	Kennedy Safehaven Invoice support for Sample 1 \$21,251.10 Invoice #101 \$20,000.00 Invoice #102 \$1,251.10
3/10/2009	6144759	1,100.00	1,100.00	Documents attached
3/10/2009	6144759	1,100.00	1,100.00	Documents attached
9/28/2008	Not Available	931.55	931.55	Resubmission – Sample 22 To and from listed on invoice
5/12/2009	6855871	846.92	846.92	National Weed and Seed conference \$243.50 Per Diem–(no receipts required) \$603.42 Other receipts absent from file
5/12/2009	6855871	813.96	813.96	National Weed and Seed conference \$462.56 Hotel \$243.50 Per Diem–(no receipts required) \$107.90 Other receipts absent from file
5/05/2009	6855871	738.92	738.92	National Weed and Seed conference \$439.04 Hotel \$21.40 Parking \$243.50 Per Diem–(no receipts required) \$34.98 Other receipts absent from file
5/5/2009	6855871	712.04	712.04	National Weed and Seed conference \$439.04 Hotel \$243.50 Per Diem–(no receipts required) \$29.50 Other receipts absent from file
5/4/2009	6685318	602.28	602.28	National Weed and Seed conference \$439.04 Hotel \$42.80 - Parking \$243.50 Per Diem–(no receipts required)
7/25/2008	5254543	457.11	457.11	Resubmission Sample 36 Water for national night out
9/1/2008	4274693	396.75	396.75	White House Faith Based Training \$264.50 Hotel \$135.25 Per Diem–(no receipts required)
3/15/2009	6144759	383.50	383.50	CCDO Community Economic Development Training \$265.50 Per Diem–(no receipts required) \$118 - Other receipts absent from file
3/4/2009	6144759	350.00	350.00	Resubmission – Sample 39
3/17/2009	6144759	263.75	263.75	Resubmission – Sample 41

Sub-total	\$14,236.83	
Outstanding Remedy	\$893.80	

Grant Number 2007-WS-Q7-0250				
6/3/2009	Not Available	140.00	140.00	Document Attached
6/3/2009	Not Available	29.97	29.97	Document Attached
6/3/2009	Not Available	219.19	219.19	Document Attached
6/3/2009	Not Available	209.20	209.20	Document Attached
6/3/2009	Not Available	209.20	209.20	Document Attached
6/3/2009	Not Available	219.19	219.19	Document Attached
6/3/2009	Not Available	209.20	209.20	Document Attached
6/3/2009	Not Available	179.20	179.20	Document Attached
6/3/2009	Not Available	179.20	179.20	Duplicate request (same as above)
6/3/2009	Not Available	209.20	209.20	Document Attached
6/3/2009	Not Available	181.44	181.44	Document Attached
4/21/2009	Not Available	168.33	168.33	Document Attached. ACH online payment to Go Daddy
3/19/2009	Not Available	1,868.46	1,868.46	English Avenue Neighborhood Association - Receipts absent from file
9/28/2009	Not Available	609.32	609.32	Duplicate payment
	Not Available	477.00	477.00	Document Attached
	Not Available	396.75	396.75	White House Faith Based Training \$264.50 Hotel absent from file \$135.25 Per Diem-(no receipts required)
Sub-total			\$5,325.65	
Outstanding Remedy Amount			\$1,868.46	

Exhibit 3 - 2

Grant Number 2008-WS-QX-0219				
8/6/2009	93273	\$20,000.00	\$3,084.41	Documents Attached
7/17/2009	126976	13,748.90	13,748.90	Resubmission –documents attached
6/15/2009	91064	4,897.50	4,897.50	Documents Attached
8/6/2009	93262	1,274.43	1,274.43	Magnolia Park Safehaven Receipts absent from file
7/3/2009	91470	397.70	397.70	Resubmission Sample 37 Resubmission –documents attached
7/3/2009	91475	397.70	397.70	Resubmission Sample 38 Resubmission –documents attached
7/3/2009	91468	397.80	387.70	Documents Attached
9/1/2009	115882	200.53	200.53	Magnolia Park Safehaven Receipts absent from file
Sub-total			\$24,388.87	
Outstanding Remedy Amount			\$1,474.96	

Exhibit 3 - 3

Grant Number 2008-WS-QX-0221

6/22/2009	91579	\$8,198.00	\$1,031.00	English Avenue Neighborhood Association - Researching Receipts absent from file
			\$472.00	English Avenue Neighborhood Association – Gateway Sign Ribbon Cutting Receipts absent from file
			\$600.00	English Avenue Neighborhood Association Gateway Sign Ribbon Cutting Receipts absent from file
			\$598.00	English Avenue Neighborhood Association Computer Receipts absent from file
			\$500.00	English Avenue Neighborhood Association-Printer Receipts absent from file
7/5/2009	91259	\$2,093.17	\$714.31	Travel expenses tied to journal entry totaling \$2,093.17
6/1/2009	89634	\$1,967.62	\$529.70	CADCA Training English Avenue Neighborhood Association \$410.61 Hotel Daniel 684.31 Hotel Wallace \$122.50 Per Diem--(no receipts required) Daniel \$220.50 Per Diem--(no receipts required) Daniel Other receipts absent from file
Sub-total			\$4,445.01	
Outstanding Remedy Amount			\$3,730.07	

Exhibit 3 - 4

Grant Number 2009-WS-Q7-0123

8/31/2010	12106554	\$12,802.30	\$12.00	NA
9/30/2011	263563	\$3,000	\$3,000.00	Neighborhood Leadership Institute Administrative breakdown coordinating Neighborhood Leadership Institute - outstanding
Sub-total			\$3,012.00	
Outstanding Remedy Amount			\$3,012.00	

Exhibit 3 - 5

Grant Number 2009-WS-Q7-0125				
11/2/2010	10924945	\$1,250.00	\$1,250.00	Document Attached
11/2/2010	10924945	\$1,250.00	\$1,250.00	Document Attached
11/2/2010	10924945	\$1,250.00	\$1,250.00	Document Attached
11/2/2010	10924945	\$1,250.00	\$1,250.00	Document Attached
11/2/2010	10924945	\$1,250.00	\$1,250.00	Document Attached
11/2/2010	10924945	\$1,250.00	\$1,250.00	Document Attached
11/2/2010	10924945	\$1,250.00	\$1,250.00	Document Attached
11/2/2010	10924945	400.00	400.00	Document Attached
Sub-total			\$9,150.00	
Outstanding Remedy Amount			\$0	

Exhibit 3 - 6

Grant Number 2010-WS-QX-0094				
6/8/2011	12596745	\$8,125.16	\$30.00	Document Attached
			\$60.00	Document Attached
6/8/2011	13533474	\$7,300.00	\$300.00	Document Attached
			\$300.00	Document Attached
10/4/2011	12631574	\$500.00	\$500.00	Document Attached
6/8/2011	13868229	\$7,645.47	\$77.94	Document Attached
			\$29.88	Document Attached
			\$600.00	Document Attached minus (\$150.05)
Sub-total			\$2,035.47	
Outstanding Remedy Amount			\$150.05	

Exhibit 3 - 7

Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Report

The Office of the Inspector General (OIG) provided a draft audit report to the Office of Justice Programs (OJP) and the City of Atlanta. OJP's response is incorporated in Appendix 6 and the city's response is incorporated in Appendix 7. Along with its response, the city also provided lengthy attachments that are not included in this final report. The city also provided documentation showing that salaries identified in the draft report as excess administrative costs were for providing direct services to the Weed and Seed communities and should not be classified as administrative costs. These documents were not provided to us prior to the issuance of our draft report. After reviewing these documents, we determined that the city had documentation indicating that the salaries were used to provide direct services and thus we deleted the language and the recommendation in the draft report pertaining to excess administrative costs. The final report contains seven recommendations.

Analysis of OJP's Response to the Draft Report

In its response to the draft report, OJP agreed with all recommendations and stated that it will coordinate with the city to implement the corrective actions. All recommendations are resolved based on OJP's agreement to take appropriate corrective action.

Analysis of the City's Response to the Draft Report

In its response to the draft report, the City of Atlanta disagreed with two recommendations, partially disagreed with three recommendations, and did not state whether it agreed or disagreed with the three remaining recommendations.

The city also asked us to revise certain language in the draft report pertaining to a \$1,955 unallowable grant expenditure. The draft report stated "the city spent \$1,955 for an intercom system at the Mayor's office." The city asked us to revise the report to reflect that this was for the installation of a door bell at an administrative office. The invoice states that this expense was for an "Intercom/Access Control System at the Mayor's Office of Weed and Seed." The city recorded this as Consumable Supplies expense. For administrative costs for this grant, the budget approved by

OJP included a \$490 line item for postage and a \$2,168 line item for “day-to-day general office supplies for the Mayor’s Office of Weed and Seed.” An intercom/access control system does not appear to fit these expense categories. Because the invoice indicates that this expense involved the installation of an intercom and access control system, we consider this to be more closely associated with a construction/renovation project at the Mayor’s Office of Weed and Seed. According to the applicable FY 2008 award solicitation, Weed and Seed grant funds may not be used for “construction, renovations, demolitions, repairs of any kind, or related materials.” The \$1,955 expenditure is unallowable because the expense does not appear to be a general office supply item. Such an expense was not approved by OJP and Weed and Seed funds may not be used for construction/renovation projects. We made clarifications to this final report to address the City’s position discussed in its response and the applicable requirements.

Along with its response to the draft report, the city provided invoices, timesheets, and other supporting documentation that was not provided to us prior to the issuance of our draft report. The city also provided other documentation that we had previously obtained and considered. The city analyzed each of the unallowable costs and stated whether it agreed or disagreed with each item and the reasons for disagreeing. We considered these new materials provided by the city in analyzing its response to the recommendations. Our analysis of the city’s response to each recommendation is discussed below under Summary of Actions Necessary to Close the Report. In addition, we made edits in the body of the report to adjust the questioned costs based on the new documentation provided by the city.

Summary of Actions Necessary to Close the Report

1. **Resolved.** We recommended that OJP ensure the city has implemented and follows procedures to ensure that: (1) original invoices and other supporting documents are submitted along with any payment requests and reviewed for accuracy before they are paid, (2) expenditures submitted for payment have not already been paid, (3) expenditures are recorded in the accounting records using the correct expense categories approved in the grant budgets, and (4) it reconciles advance payments to the goods and services received.

OJP concurred with our recommendation and stated that it would coordinate with the city to obtain documentation showing it implemented the recommendation.

In its response to the draft report, the city did not state whether it agreed or disagreed with this recommendation. The city stated that it has procedures to ensure payments are supported by original invoices and supporting documentation and these procedures are reviewed as part of the city's external audit. According to those procedures, the Office of Grant Services must review and verify all supporting documentation for grant expenses and verify allowable and disallowable costs before submitting them to accounts payable. However, our audit found that the Weed and Seed Director forwarded payment requests to the city but often kept the original invoices, receipts, and other supporting documents in her office. Consequently, neither the Office of Grant Services nor the accounts payable department had an opportunity to verify the original supporting documents or determine whether the costs were allowable before making the payments.

The city's response also states that it has a continuous audit process that seeks to identify and recover any duplicate payments. However, the city's process does not appear to be adequate because it did not identify the duplicate payments we found during the audit.

The city's response states that it records expenditures using the correct expense codes. However, the city recorded purchases of backpacks as Telephone Expense and Auto Allowance, a purchase of shirts as Non-Consumable Supplies, and the cost of engraving plaques as Catering Expense. All of these expenses were related to gifts and promotional items for community events which are limited to \$3,000 per year.

The city's response states that it no longer provides advance grant payments. However, we were not provided a copy of any subsequent policy.

This recommendation is resolved based on OJP's agreement and can be closed when we receive documentation showing the city:

- (1) reminded staff it must obtain and review all supporting documentation and verify allowable and unallowable costs before submitting the documentation to accounts payable,
- (2) implemented a system to identify duplicate payments such as those we identified during the audit,
- (3) implemented procedures to ensure grant expenditures are recorded according to the grant budget categories approved by OJP, and
- (4) issued a policy prohibiting advance grant payments.

2. **Resolved.** We recommended that OJP remedy \$338,790 charged to the grant as "Service Grants" expenses, which was not an expense category approved by OJP.

OJP concurred with our recommendation and stated that it would coordinate with the city to remedy the questioned costs.

In its response to the draft report, the city stated that it used the Service Grants expense category to keep sub-recipient grant and contract costs segregated from the city's day-to-day business operating expenses. However, the city's accounting system included other data fields to identify grant related expenses separately from city expenses. Because the city recorded \$338,790 as "Service Grants" expenses, the accounting records did not accurately describe how the grant funds were spent. For example, upon examination of source documentation and invoices we discovered that a \$16,998 expenditure recorded as "Service Grants" expense in the accounting system actually included a \$12,300 advance payment to rent office space for a 1-year period after the grant ended and a \$3,000 advance payment to publish newsletters for a 2-year period after the grant ended.

The city's response to the draft report also states that the audit reviewed supporting documentation for "Service Grants" expenses and no expenditures were disallowed. However, we disagree with this statement because we found that \$116,723 of \$338,790 in unallowable Service Grants expenses was also unallowable for other reasons or was not supported by adequate documentation.

This recommendation is resolved based on OJP's agreement and can be closed when the \$338,790 has been remedied.

3. (This recommendation was deleted from the final report based on information the city provided in its response to the draft report.)
4. **Resolved.** We recommended that OJP remedy \$117,306 in unallowable other direct costs.

OJP agreed with our recommendation and stated that it would coordinate with the city to remedy the \$117,306 in unallowable other direct costs.

On page 2 of the city's response to the draft report, the city disagreed with the \$117,306 in unallowable other direct costs and stated that it had reviewed its records and found that only \$61,036 was

unallowable. However, the information in the city's response was inconsistent, and some was conflicting. For example, as shown on page 2 of the grantee's response, the \$61,036 it agrees was unallowable included expenditures for food that was already included in \$5,393 for food and catering, as well as a \$10,000 grant expenditure that should have been paid from matching funds. However, in Exhibit 2-7 of the city's response, the city disagreed that this was unallowable. Further, the city excluded from its \$61,036 unallowable expenditures a \$276 payment for travel reimbursement, which it agreed was unallowable in Exhibit 2-8. As a result, although the city identifies \$61,036 as unallowable, by excluding the inconsistencies in its response, it appears that the city only agrees with \$51,280 as unallowable. Below is the city's explanation for why the remaining \$66,027 should be allowable and our analysis of the city's response.

\$31,847 to a local District Attorney's Office

The city's response states that \$31,847 paid to a local District Attorney's office for four teen court sessions (\$7,961.70 each) was reasonable and consistent with amounts paid for similar services as outlined on page 45 of the 2011 Office of Justice Programs (OJP) Financial Guide. However, this does not address the basis for our questioning of the costs. Specifically, we questioned the \$31,847 as unallowable because expenses for teen court were not included in the 2007 grant budget approved by OJP.

\$12,300 to lease space for community organizers

The city's response states that although the use of funds was not approved in advance, the rented space benefitted the community and supported the grant goals. However, the expenditure is unallowable because the grant project period ended June 30, 2009, and the 1-year rental period did not begin until July 1, 2009. The expenditure is also unallowable because it was not in the grant budget approved by OJP for Grant Number 2007-WS-Q7-0250.

\$18,000 for salaries for the Volunteer Income Tax Assistance (VITA) program

The city charged \$10,000 to grant number 2009-WS-QX-0123 and \$8,000 to Grant Number 2009-WS-QX-0219 for "volunteer" salaries. In its response to the draft report, the city stated that OJP approved these costs. However, according to the grant budgets approved by OJP, these costs were to be provided from city funds as part of the city's required matching share of grant costs.

\$1,125 excess consultant fees

The city paid a consultant \$150 per hour for 12 hours of work and charged \$1,800 to Grant Number 2009-WS-QX-0125. In its response to the draft audit report, the city stated that the 2011 Financial Guide (Revised July 2012), page 45, allows for consultants to be paid a competitive rate and the rate the city paid is fair when compared to the market. However, the 2006, 2008, and 2009 versions of the OJP Financial Guides in effect during the period covered by the grants state that consultant rates in excess of \$450 per day (\$56.25 per hour) require written prior approval from the awarding agency. In several instances the city exceeded \$56.25 per hour, but provided no documentation showing that OJP approved the higher rate.

\$960 for supplies for the VITA program

The city's response to the draft report states that VITA centers were approved in Weed and Seed sites across the country and supplies used at the site as an OJP approved project are allowable. However, we questioned the \$960 as unallowable because the grant budget approved by OJP did not include supplies for the VITA program. Further, according to the grant budget approved by OJP, VITA program costs were to be provided from city funds as part of the city's matching share of grant costs.

\$1,000 paid to a local civic league for 50 persons to attend a Neighborhood Summit event

The city's response to the draft report states that the local civic league provided training through the neighborhood summit event. Training is an allowable cost; however, this expenditure is unallowable because the grant budget did not include funds for the neighborhood summit event. The budget included funds for other community events. In accordance with OJP policy, if this were a training event the city would need to provide a formal agenda listing all the activities using an hour-by-hour timeline and sign-in logs showing 50 persons received the training.

\$699 for a digital camera

In its response to the draft report, the city stated that this was an approved budget item. However, this item was not in the grant budget approved by OJP for Grant Number 2009-WS-QX-0125 to which this item was charged. The city recorded this in its accounting records as Consumable Supplies expense.

\$56 in excess consultant fees

The city charged \$225 to Grant Number 2009-WS-QX-0123 for 3 hours of consulting services. We questioned \$56 of this amount as unallowable because the hourly rate exceeded the maximum allowable rate permitted by OJP. The city's response to the draft report states that the 2012 OJP Financial Guide only requires that consultant rates be reasonable and consistent with those paid for similar services. However, the 2006, 2008, and 2009 versions of the OJP Financial Guides in effect during the period covered by the grants state that consultant rates in excess of \$450 per day (\$56.25 per hour) require written prior approval from the awarding agency. In several instances the city exceeded \$56.25 per hour, but provided no documentation showing that OJP approved the higher rate. We calculated the unallowable amount as [\$225 minus (3 hours x \$56.25 per hour)].

\$40 for a personal membership in a warehouse club

The city's response states that the city did not pay for a personal membership. However, a detailed receipt for a purchase at a warehouse club includes a \$40 line item for an "Advantage membership – [PERSONAL NAME REDACTED]." The city made other purchases at the warehouse club using a different membership in the name of the Weed and Seed community organization.

As a result, neither the city's response nor the documentation it attached to its response address the basis for the questioned costs discussed above. Therefore, we maintain our questioned costs. This recommendation is resolved based on OJP's agreement and can be closed when the \$117,306 in unallowable costs has been remedied.

5. **Resolved.** In the draft report, we recommended that OJP remedy \$62,594 in grant expenditures that were not supported by adequate documentation. OJP agreed with our recommendation and stated that it would coordinate with the city to remedy the questioned costs. In its response to the draft report, the city disagreed with the recommendation, but provided documentation sufficient to remedy \$32,757 of the \$62,594. While these documents were not provided to us prior to the issuance of our draft report, we have adjusted the questioned costs in this final report accordingly. As a result, in this final report we recommend that OJP remedy the remaining \$29,837.

This recommendation is resolved based on OJP's agreement and can be closed when the remaining \$29,837 has been remedied. Details of the remaining \$29,837 are presented in Appendix 4.

6. **Resolved.** In the draft report, we recommended that OJP remedy the \$57,588 in grant matching costs that the city did not provide or could not show that it had provided. OJP agreed with our recommendation and stated that it would coordinate with the city to remedy the questioned costs. In its response to the draft report, the city disagreed with our recommendation, but along with its response the city provided documentation to support \$33,679 of the \$57,588. While these documents were not provided prior to the issuance of our draft report, we have adjusted the questioned costs in this final report accordingly. As a result, in this final report, we recommend that OJP remedy the \$24,659.

This recommendation is resolved based on OJP's agreement and can be closed when the remaining \$24,659 has been remedied. Details of the remaining \$24,659 are presented in Appendix 5.

7. **Resolved.** We recommended that OJP ensure the city implements procedures designed to ensure it meets the goals, objectives, and outcome measures of the grants.

OJP agreed with our recommendation and said it would coordinate with the city to obtain a copy of its policies and procedures implemented to ensure it meets the goals, objectives, and outcome measures of the grants.

In its response to the draft report, the city did not state whether it agreed or disagreed with this recommendation, but provided a corrective action plan for implementing the recommendation. Along with its response to the draft report, the city provided documentation to support that the city had accomplished four more of the grant goals, objectives, and outcome measures we tested. These documents were not provided to us prior to the issuance of our draft report. However, we noted in the report that based on the new documentation provided, the city achieved 22 of 31 grant goals, accomplishments, and performance measures we tested.

This recommendation is resolved based on OJP's agreement and can be closed when we review documentation showing that OJP has ensured that the city implemented procedures designed to ensure it meets the goals, objectives, and outcome measures of the grants.

8. **Resolved.** We recommended that OJP ensure the city implements procedures to monitor sub-recipients and maintain documentation of monitoring activities.

OJP agreed with our recommendation and said it would coordinate with the city to obtain a copy of the policies and procedures the city implemented.

In its response to the draft report, the city did not state whether it agreed or disagreed with this recommendation, but stated that it had monitored sub-grantees and monitoring activities were documented in: (1) sub-grant awards, (2) sub-grant agreements outlining the scope of the work, (3) a grant handbook provided to sub-grantees, and (4) progress reports submitted by sub-grantees. The city's response also states that it plans to implement additional procedures including a system to pay sub-grantees based on accomplishments and outcomes instead of basing payments on incurred costs. Along with its response to the draft report, the city provided a copy of a sub-grantee handbook that states each grant project will be subject to a monitoring visit at least once during the project cycle, but no surprise visits will be done unless there is evidence of gross mismanagement. This document was not provided to us prior to the issuance of our draft report. However, these monitoring procedures are inadequate because the monitoring visits were to be done only once during the project cycle, which is too infrequent for the city to ensure that projects stayed on track to meet the goals and objectives of the grants. We asked the city to provide copies of any monitoring visit reports and none were provided to us.

This recommendation is resolved based on OJP's agreement and can be closed when we review documentation showing that OJP ensured the city took appropriate corrective actions.