

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS GRANTS  
AWARDED TO THE BOOKER T. WASHINGTON  
RESOURCE CENTER, MARLIN, TEXAS**

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

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
GRANTS AWARDED TO THE  
BOOKER T. WASHINGTON RESOURCE CENTER  
MARLIN, TEXAS**

**EXECUTIVE SUMMARY<sup>1</sup>**

The U.S. Department of Justice, Office of the Inspector General (OIG), has completed an audit of three Office of Justice Programs (OJP), Community Capacity Development Office (CCDO) grants totaling \$525,000, awarded to the Booker T. Washington Resource Center (BTWRC) for a Weed and Seed program in Marlin, Texas. At the time of our audit, the BTWRC had drawn \$391,841 of the \$525,000 awarded. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) grant drawdowns; (3) grant expenditures, including personnel costs; (4) budget management and control; (5) matching costs; (6) grant reporting; (7) compliance with grant requirements; (8) monitoring contractors; (9) accountable property; (10) program performance and accomplishments; and (11) closeout activity.

The BTWRC received OJP funding as a new Weed and Seed site in 2006 and received continuation awards in 2007 and 2008. BTWRC employees stated that the initial grant application was submitted under the BTWRC's Employer Identification Number by the former Weed and Seed Steering Committee president without BTWRC knowledge or approval. Further, BTWRC officials stated that they were misled regarding their role as fiscal agent of the grants. Nevertheless, in January 2007 OJP confirmed that the BTWRC was the fiscal agent, and therefore responsible for the awards. The program terminated in November 2008 when the BTWRC opted out of the Weed and Seed program by issuing a Cease and Desist Notice to OJP and the former Steering Committee president.<sup>2</sup>

Upon termination of the program, the former Steering Committee president removed grant related documentation from the BTWRC. After multiple requests, this individual provided the OIG with four boxes of grant related information for review. However, no general ledger was provided,

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<sup>1</sup> The Office of the Inspector General redacted portions of Appendices IV and V of this report because they contain information that may be protected by the Privacy Act of 1974, 5 U.S.C. §552(a) or may implicate the privacy rights of identified individuals.

<sup>2</sup> The Cease and Desist Notice and related correspondence are included in Appendix IV in this report. As a result of this notice, OJP deobligated the remaining funds totaling \$133,159 which had been awarded through Grant No. 2008-WS-QX-0196.

and the majority of the documentation was not organized in a manner that was meaningful to our work. With the assistance of OJP officials and current BTWRC employees, we obtained records from local financial institutions at which grant funds were deposited, which we used as the basis for our audit.<sup>3</sup>

BTWRC employees affirmed to us that they provided accurate responses to our interviews, but stated that they could not sign a management representation letter because they could not attest to the reliability of the documentation provided by the former Steering Committee president. Without current BTWRC management's representation that the documentation provided was reliable and accurate, we cannot conclude that the expenditures were supported and allowable. Therefore, we question a total of \$418,436, which includes the total drawn down and the \$63,010 unsupported match requirement.<sup>4</sup> Throughout this report we provide additional details on the following issues:

- The BTWRC did not apply sufficient internal controls to ensure the safeguard and appropriate use of grant funds.
- The BTWRC expended \$169,907 in unsupported payroll costs, \$29,794 in unsupported fringe costs, and \$4,592 in unsupported contractor costs.
- The BTWRC expended \$86,751 in unallowable direct costs, \$51,505 in unsupported direct costs, and \$12,877 in unsupported unidentified questioned costs.
- The BTWRC reported \$63,010 in unsupported costs associated with the match requirement for Grant No. 2006-WS-Q6-0204.

As the BTWRC has no current grants from the DOJ, we do not make individual recommendations to enhance internal control issues at this time. It is OJP's responsibility to ensure that grant recipients have adequate controls in place to manage grant funds. Therefore, in addition to the

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<sup>3</sup> During this audit, we identified certain issues requiring further investigation. We made a referral to the OIG's Investigations Division, and put our audit on hold pending resolution of the referral. Subsequently, we were able to complete our audit and issue this report.

<sup>4</sup> The total of \$418,436 includes a reduction of \$37,915 for costs which were recovered and returned to OJP as a result of our audit. Additionally, our questioned costs include the BTWRC's 25 percent match contribution, which totals \$63,010; the federal share of Weed and Seed programs may not exceed 75 percent of the total project costs. Finally, the amount includes a \$1,500 expenditure which has been questioned as both unallowable and unsupported.

remedy of questioned costs, we also recommend that OJP ensure that the BTWRC implements appropriate internal controls and procedures to safeguard future DOJ grant funds in the event that OJP awards future grants to the BTWRC.

The findings and recommendations are detailed in the Findings and Recommendations section of this report. Our audit objectives, scope, and methodology are in Appendix I.

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
GRANTS AWARDED TO THE  
BOOKER T. WASHINGTON RESOURCE CENTER  
MARLIN, TEXAS**

**INTRODUCTION**

The U.S. Department of Justice, Office of the Inspector General (OIG), has completed an audit of three Office of Justice Programs (OJP), Community Capacity Development Office (CCDO) grants totaling \$525,000, awarded to the Booker T. Washington Resource Center (BTWRC) for a Weed and Seed program in Marlin, Texas. At the time of our audit, the BTWRC had drawn \$391,841 of the \$525,000 awarded.

**EXHIBIT 1: GRANTS AWARDED TO THE BOOKER T. WASHINGTON  
RESOURCE CENTER**

<b>AWARD NUMBER</b>	<b>AWARD DATE</b>	<b>PROJECT START DATE</b>	<b>PROJECT END DATE</b>	<b>AMOUNT</b>
2006-WS-Q6-0204	08/15/2006	10/01/2006	09/30/2007	\$ 175,000
2007-WS-Q7-0111	07/16/2007	10/01/2007	03/31/2009	200,000
2008-WS-QX-0196	08/25/2008	10/01/2008	09/30/2009	150,000
<b>Total:</b>				<b>\$525,000</b>

Source: The Office of Justice Programs' Grant Management System.

**Background**

OJP's stated mission is to provide leadership to federal, state, local, and tribal justice systems by disseminating state-of-the-art knowledge and practices across America, and by providing grants for the implementation of crime fighting strategies. In support of this mission, the CCDO worked with local communities to design strategies for deterring crime, promoting economic growth, and enhancing quality of life. However, the CCDO closed on June 5, 2011, and active Weed and Seed grants were transferred to OJP's Bureau of Justice Assistance for management and administration through the end of the grant award period. All grants in this audit had ended prior to the date of CCDO's closure.

CCDO's stated mission was to support communities by enabling them in the development of solutions to public safety problems, and in strengthening the leadership to implement and sustain those solutions. The Weed and Seed initiative was CCDO's flagship strategy. Weed and Seed claimed to use an innovative and comprehensive multiagency approach to law enforcement, crime prevention, and community revitalization, and noted

that it oversaw a network of more than 300 Weed and Seed funded communities.

The CCDO viewed the Weed and Seed Program as a strategy that aimed to prevent, control, and reduce violent crime, drug abuse, and gang activities in designated high-crime neighborhoods across the country. Weed and Seed sites varied in size from several neighborhood blocks to several square miles, with populations ranging from 3,000 to 50,000. The strategy involved a two-pronged approach: law enforcement agencies and prosecutors cooperated in "weeding out" violent criminals and drug abusers, while public agencies and community-based private organizations collaborated to "seed" much-needed human services, including prevention, intervention, treatment, and neighborhood restoration programs. A community-oriented policing component bridged the weeding and seeding elements.

At each site, the relevant United States Attorney's Office (USAO) played a leadership role in organizing local officials, community representatives, and other key stakeholders to form a steering committee. The USAO also facilitated coordination of federal, state, and local law enforcement efforts so that sites effectively use federal law enforcement partners in weeding strategies. In some instances, the USAO helped sites mobilize resources from a variety of federal agencies for seeding programs.

#### *The Booker T. Washington Resource Center*

The BTWRC, located in Marlin, Texas, is a 501(c)(3) tax-exempt, non-profit community organization. The organization's stated mission is to provide assistance to at-risk youth, families, senior citizens, and the underprivileged while restoring esteem to the community. According to BTWRC officials, the organization strives to provide a variety of programs including recreational activities for youth, after-school tutoring, wellness classes, job skills assistance, college prep classes, and financial literacy classes.

#### *Background of our Audit*

The BTWRC received OJP funding as a new Weed and Seed site in 2006, and received continuation awards in both 2007 and 2008. Current BTWRC employees claim that they were misled regarding their role as fiscal agent of the grants, and that the grant application was submitted by the former Steering Committee president under the BTWRC's Employer Identification Number without BTWRC knowledge or approval.

The BTWRC vice president stated that he was concerned regarding financial responsibility for the grant and that OJP was contacted to determine which entity had been named fiscal agent of the grant. On January 25, 2007, OJP confirmed that the BTWRC was the fiscal agent, and therefore fiscally responsible for the grant.

In July and August 2008, the vice president submitted a complaint reporting concerns regarding payroll taxes, payroll advances, and travel expenditures to both the Department of the Treasury OIG and the DOJ OIG Investigations Division. The Department of the Treasury, having no involvement as the awards were not made with Treasury funds, referred the complaint to the IRS. The DOJ OIG Investigations Division referred the complaint to OJP in September 2008. During this audit, we identified certain issues requiring further investigation. We made a referral to the OIG's Investigations Division, and put our audit on hold pending resolution of the referral. Subsequently, we were able to complete our audit and issue this report.

The program terminated in November 2008 when the BTWRC opted out of the Weed and Seed program by issuing a Cease and Desist Notice to OJP and the former Steering Committee president.<sup>1</sup> This was less than 2 months into the implementation of Grant No. 2008-WS-QX-0196, the third grant received by the BTWRC. A final drawdown was approved by OJP in January 2009 to cover "minimal operating expenses required for proper closeout," bringing the total amount drawn from the three awards to \$391,841. Program funding was then frozen, funds for Grant No. 2008-WS-QX-0196 were deobligated, and no drawdowns occurred after January 2009.

The majority of the work detailed throughout this report was conducted with the assistance of current BTWRC employees, as the former Steering Committee president was no longer associated with the BTWRC and was generally unresponsive to requests for information.

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<sup>1</sup> The Cease and Desist Notice and related correspondence are included in Appendix IV in this report. As a result of this notice, OJP deobligated the remaining funds totaling \$133,159 which had been awarded through Grant No. 2008-WS-QX-0196.

## **Our Audit Approach**

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the awards, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) grant drawdowns; (3) grant expenditures, including personnel costs; (4) budget management and control; (5) matching costs; (6) grant reporting; (7) compliance with grant requirements; (8) monitoring contractors; (9) accountable property; (10) program performance and accomplishments; and (11) closeout activity. We determined that indirect costs and program income were not applicable to these awards. We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in this report, the criteria we audit against are contained in the *OJP Financial Guide* and the award documents.

To conduct our audit, we examined available bank records, financial and progress reports, and operating policies. Our audit was limited to the extent that accounting records and grant information were either unavailable or organized in a manner that was not meaningful to our work.

The former Weed and Seed Steering Committee president had removed grant related documentation from BTWRC headquarters upon termination of the program and stored it in her personal residence. After multiple requests, this individual provided the OIG with four boxes of grant related information for review. However, no listing of grant expenditures was provided, and the majority of requested documentation was either unavailable or organized in a manner that was not meaningful to our work.

We requested that OJP provide us with the grantee's bank information. Using this information, we determined that grant funds had been deposited into accounts at two different banks in Marlin, Texas. With the assistance of OJP officials and current BTWRC employees, we obtained records from local financial institutions at which grant funds were deposited, which we used as the basis for our audit. We attempted to categorize all expenditures into appropriate budget categories by examining comments recorded in the "memo" field of the checks; however, not all transactions were identifiable.

Our comparison of the bank records to the drawdowns revealed that each account contained a remaining grant fund balance, as shown in Exhibit 2.

**EXHIBIT 2: FUNDS REMAINING IN BOOKER T.  
WASHINGTON RESOURCE CENTER  
ACCOUNTS AFTER THE GRANT PERIODS  
ENDED**

<b>AWARD NUMBER</b>	<b>TOTAL DRAWN</b>	<b>TOTAL EXPENDED</b>	<b>AMOUNT AVAILABLE FOR RECOVERY</b>
2006-WS-Q6-0204	\$175,000	\$165,895	\$ 9,105
2007-WS-Q7-0111	200,000	174,404	25,596
2008-WS-QX-0196	16,841	13,626	3,215
<b>Total:</b>			<b>\$37,915<sup>2</sup></b>

Source: OJP's Grant Management System and grantee bank records.

We coordinated with OJP's Office of the Chief Financial Officer (OCFO), and all remaining funds totaling \$37,915 were successfully recovered and returned to the OJP's OCFO. Based on our review of the documentation that was provided, we identified deficiencies, or were unable to make a reasonable determination of achievement in every area we tested, including: (1) the internal control environment; (2) grant drawdowns; (3) grant expenditures, including personnel costs; (4) budget management and control; (5) matching costs; (6) grant reporting; (7) compliance with grant requirements; (8) monitoring contractors; (9) accountable property; (10) program performance and accomplishments; and (11) closeout activity. As the BTWRC has no current grants from the DOJ, we do not make individual recommendations to enhance internal control issues at this time. It is OJP's responsibility to ensure that grant recipients have adequate controls in place to manage grant funds. Therefore, in addition to the remedy of questioned costs detailed throughout this report, we also recommend that OJP ensure that the BTWRC implements appropriate internal controls and procedures to safeguard future DOJ grant funds in the event that OJP awards future grants to the BTWRC.

The findings and recommendations identified here are detailed in the Findings and Recommendations section of this report. Our audit objectives, scope, and methodology appear in Appendix I.

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<sup>2</sup> Throughout this report, differences in the total amounts are due to rounding.

## FINDINGS AND RECOMMENDATIONS

The BTWRC drew down \$391,841 of the \$525,000 awarded under the three grants included in our audit. We identified deficiencies, or were unable to make a determination of adequate performance, in each area we tested, including: (1) the internal control environment; (2) grant drawdowns; (3) grant expenditures, including personnel costs; (4) budget management and control; (5) matching costs; (6) grant reporting; (7) compliance with grant requirements; (8) monitoring contractors; (9) accountable property; (10) program performance and accomplishments; and (11) closeout activity. Additionally, current BTWRC employees did not sign a Management Representation Letter verifying the accuracy of the documentation provided to the OIG for analysis. These employees affirmed that they provided accurate responses to our interviews, but could not attest to the reliability of documentation that had not been in their possession. Without management's representation that the documentation provided was reliable and accurate, we cannot fully conclude that any costs are allowable. Therefore, we questioned a total of \$418,436, which includes all grant expenditures and an additional \$63,010 in unsupported match requirements.<sup>3</sup>

### Prior Audits

We analyzed prior reviews of the BTWRC to determine if those reviews described any findings that could affect grant administration, or our risk assessment of the BTWRC. We determined that the OJP's OCFO had conducted a site visit to the BTWRC on January 13, 2009. The subsequent report contained the following 10 issues and recommendations:

1. The Center did not maintain accounting, personnel, travel, procurement, or grant financial management policies and procedures.
2. The Center did not utilize time/activity sheets or certification forms for salaried employees.

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<sup>3</sup> The total of \$418,436 includes a reduction of \$37,915 for costs which were recovered and returned to the OJP's OCFO as a result of our audit. Additionally, our questioned costs include the BTWRC's 25 percent match contribution for Grant No. 2006-WS-Q6-0204, which totals \$63,010; the federal share of Weed and Seed programs may not exceed 75 percent of the total project costs. Finally, the amount includes a \$1,500 expenditure which has been questioned as both unallowable and unsupported.

3. The Center's accounting system was inadequate to record and report on Federal grant funds.
4. The Center maintained excess cash on hand of \$25,704.
5. The Center reported cumulative expenditures on Financial Status Reports that did not reconcile to the bank records.
6. The Center did not track grant expenditures by approved award budget categories.
7. The Center did not provide adequate supporting documentation for \$44,243 in equipment and contractual expenditures.
8. The Center did not maintain an inventory control listing for equipment purchased with Federal grant funds.
9. The Center incurred \$4,937 in unauthorized expenditures.
10. The Center could not provide any documentation supporting matching funds.

The former Steering Committee president submitted a response to the report on April 1, 2009, which addressed recommendations two, three, and six to the OJP's OCFO's satisfaction; these recommendations were closed. Recommendation one was partially closed in regard to travel, and personnel policies and procedures. Additionally, recommendation seven was partially closed in relation to \$20,244 in equipment costs, and recommendation eight was partially closed in relation to items that were adequately recorded on an inventory control list. The remaining recommendations remain open.

We note that this site visit was conducted in January 2009, two months after the Cease and Desist notice was issued by the BTWRC to the former Steering Committee president. The site visit report indicated that the Cease and Desist notice was discussed with the former Steering Committee president, but no additional information was provided. Our analysis and recommendations are based on policies and procedures that were in place at the time the grants were active.

### **Internal Control Environment**

The *OJP Financial Guide* requires that all recipients establish and maintain accounting systems and financial records to accurately account for

funds awarded to them. As stated previously, complete grant records were not provided to the OJP's OCFO during their site visit in 2009, nor were they provided to the OIG during this audit.

Using the limited information provided, we tested grantee recordkeeping, procurement policies and procedures, receiving procedures, payment procedures, and the payroll system, and identified deficiencies in all areas. Specifically, adequate policies and procedures were not in place to effectively control and account for federal funds, resulting in the approval and payment of a significant number of unsupported and unallowable transactions. These are detailed throughout this report.

Since the BTWRC has no current grants from the DOJ, we do not make individual recommendations to enhance internal control issues at this time. However, if OJP awards any future grant funds to the BTWRC, we recommend that OJP ensure that the BTWRC implements appropriate internal controls and procedures to safeguard those funds. Specifically, policies and procedures should be developed to include clear, detailed, and comprehensive directions describing all activities needed to ensure adequate control of Federal funds, including effective grant administration. These policies and procedures should also include adequate internal controls to ensure accountability and oversight. Additionally, these policies and procedures should be consistent with the requirements of the Office of Management and Budget (OMB) Circulars A-122, *Cost Principles for Non-Profit Organizations*; A-110, *Uniform Administrative Requirements for Grants and Agreements with institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*; and the *OJP Financial Guide*.

## **Drawdowns**

To meet minimum cash on hand requirements, the *OJP Financial Guide* requires that recipients time their drawdown requests to ensure that Federal cash on hand is the minimum needed for disbursements or reimbursements to be made immediately or within 10 days. To determine if drawdowns were supported, we compared the drawdown requests to the bank records for each grant. We also compared the total expenditures per the bank records for each grant with the total drawdowns for the grant, as shown in Exhibit 3.

### EXHIBIT 3: ANALYSIS OF DRAWDOWNS

DRAWDOWN NUMBER	DRAWDOWN DATE	DRAWDOWN AMOUNT	EXPENDITURES FOR THAT PERIOD	DIFFERENCE	CUMULATIVE DRAWDOWNS	CUMULATIVE EXPENDITURES <sup>4</sup>	CUMULATIVE DIFFERENCE
<b>Grant No. 2006-WS-Q6-0204</b>							
1	12/01/06	\$ 11,200	\$ (\$90) <sup>5</sup>	\$(11,290)	\$ 11,200	\$ (90)	\$ (11,290)
2	01/03/07	50,000	8,222	(41,778)	61,200	8,132	(53,068)
3	04/16/07	70,000	12,000	(58,000)	131,200	20,132	(111,068)
4	09/11/07	43,800	102,030	58,230	175,000	122,162	(52,838)
<b>Grant No. 2007-WS-Q7-0111</b>							
1	12/20/07	\$ 40,000	\$ (110) <sup>6</sup>	\$(40,110)	\$ 40,000	\$ (110)	\$ (40,110)
2	01/23/08	30,000	37,112 <sup>7</sup>	7,112	70,000	37,003	(32,997)
3	02/13/08	58,000	19,905 <sup>8</sup>	(38,095)	128,000	56,907	(71,093)
4	07/16/08	55,105	53,731	( 1,374)	183,105	110,638	(72,467)
5	09/03/08	16,895	58,985	42,090	200,000	169,623	(30,377)
<b>Grant No. 2008-WS-QX-0196</b>							
1	01/26/09	\$ 16,841	\$ (18)	\$(16,858)	\$ 16,841	\$ (18)	\$ (16,858)

Source: OJP's Grant Management System and grantee bank records.

As shown above, we found that drawdowns were consistently in violation of the *OJP Financial Guide's* Minimum Cash on Hand requirement, and a cumulative balance remained in the grantee's bank accounts during the award periods.

Since the BTWRC has no current grants from the DOJ, we do not make individual recommendations to enhance internal control issues at this time. However, if OJP awards any future grant funds to the BTWRC, we recommend that OJP ensure that the BTWRC implements appropriate internal controls and procedures to safeguard those funds.

<sup>4</sup> We also identified expenditures that took place after the final drawdown date. Specifically, we identified \$72,481 in expenditures for Grant No. 2006-WS-Q6-0204, \$4,781 in expenditures for Grant No. 2007-WS-Q7-0111, and \$13,643 in expenditures for Grant No. 2008-WS-QX-0196 that took place after the final drawdown date. These expenditures were funded in part with the unallowable transfers between awards, which we describe in the Budget Management and Control section of this report.

<sup>5</sup> Negative figures throughout the table indicate a time period in which deposits exceeded expenditures. These were influenced in part by opening deposits and transfers between accounts.

<sup>6</sup> This amount includes a \$200 fund transfer from Grant No. 2006-WS-Q6-0204 to Grant No. 2007-WS-Q7-0111. All unallowable budget transfers disclosed in footnotes six through eight are discussed in the Budget Management and Control section of this report.

<sup>7</sup> This amount includes \$28,747 in fund transfers from Grant No. 2007-WS-Q7-0111 to Grant No. 2006-WS-Q6-0204. The transfers occurred on December 31, 2007 and January 17, 2008.

<sup>8</sup> This amount includes a \$1,000 fund transfer from Grant No. 2006-WS-Q6-0204 to Grant No. 2007-WS-Q7-0111 on January 31, 2008.

## **Grant Expenditures**

Generally, we conduct sample testing in several areas of grant expenditures, including payroll and fringe benefits, direct cost transactions, and contractor costs. Since complete grant records were not provided to us, we were unable to conduct such testing. We used the limited information provided to review grant expenditures.

### *Personnel Costs*

To verify the reasonableness, accuracy, and completeness of salary and fringe benefit transactions charged to the grants, we requested payroll information, including time sheets, for all employees paid using grant funds. The *OJP Financial Guide* requires that the BTWRC maintain a financial management system that can accurately and reliably account for funds spent. However, complete records were not provided to the OJP's OCFO during their site visit or to the OIG during our audit. We used the limited information provided to review personnel costs.

Our review of the available documentation indicated that \$63,866 (60 percent) of personnel costs for Grant No. 2006-WS-Q6-0204 were not supported, or were approved by BTWRC supervisors despite significant inaccuracies; \$61,640 (77 percent) of personnel costs for Grant No. 2007-WS-Q7-0111 were not supported, or were approved by BTWRC supervisors despite significant inaccuracies; and, \$12,075 (100 percent) of personnel costs for Grant No. 2008-WS-QX-0196 were not supported.

The issues we identified related to personnel costs charged to the grants include, but are not limited to:

- Instances in which the total hours paid were higher than the recorded total hours worked.
- Instances in which unallowable payroll advances were made, including an instance in which a payroll advance was requested and approved despite the fact that: (1) payroll advances are unallowable, and (2) the request includes documentation indicating that a previous payroll advance remained outstanding.
- Instances in which time sheets appear to have been altered after original submission to increase the hours worked, despite written activity reports that indicated far fewer hours had actually been worked.

- A timesheet submitted with no hours recorded; rather, the employee wrote a lump sum dollar amount at the bottom of the time sheet. Despite this fact, the time sheet was approved and paid.

In an attempt to identify a reason for the inconsistencies, we contacted the former Site Coordinator, who approved many of the time sheets. The former Site Coordinator was unable to offer a reason as to why inconsistent, altered, or unsupported time sheets were approved for payment. We also found that salaried employees did not fill out time sheets, a finding that was included in the OJP's OCFO's report. The *OJP Financial Guide* requires time and attendance reports for all individuals reimbursed under the award, whether they are employed full time or part time. The material number of inaccurate and unsupported payroll records that were approved by supervisors, combined with the fact that supervisors could not offer an explanation for their actions, resulted in our inability to reasonably determine the accuracy or allowability of payroll transactions.

Our review of Steering Committee meeting minutes identified additional unallowable payroll activity. Specifically, we identified an instance on October 11, 2007, in which the former president adjourned a Steering Committee meeting only to reconvene after some members had left. Of those who remained, the former president requested that 25 percent of the Site Coordinator's salary be reduced and added to the president's salary. We reviewed the bank records and confirmed a decrease in the Site Coordinator's salary and an increase in the former Steering Committee president's salary in October 2007. Specifically, monthly payments to the Site Coordinator were lowered from \$2,418 per month to \$1,782 per month, a decrease of approximately 26 percent. At the same time, monthly payments to the president were increased from \$489 to \$2,886, an increase of 491 percent. An increase of this size additionally violates the terms of the 2007 continuation award, as two Site Coordinator salaries were essentially being paid for a single site.

In January 2009, approximately 15 months after the salary changes described above had been instituted, the former president submitted a request to OJP for retroactive approval of the salary revisions. This request was deemed unallowable by OJP because it violated the Steering Committee's policy requiring all Steering Committee members to be given the opportunity to vote on actions.

As previously stated, the *OJP Financial Guide* requires that grantees maintain a financial management system that can accurately and reliably account for funds spent; additionally, the guide requires time and attendance reports for all individuals reimbursed under the award, whether

they are employed full time or part time. The deficiencies outlined above, including the high rates of inaccurate and unsupported personnel costs that were approved by supervisors, and the inability of supervisors to offer an explanation for the deficiencies, resulted in our inability to make a reasonable determination that payroll costs were allowable and supported. As a result, we question the full amount of personnel costs paid under the grants totaling \$169,907 as unsupported, and we recommend that OJP coordinate with the BTWRC to remedy these costs. The unsupported payroll costs for each grant are detailed in Exhibit 4.

**EXHIBIT 4: UNSUPPORTED COSTS - PAYROLL**

<b>AWARD NUMBER</b>	<b>AMOUNT QUESTIONED</b>
2006-WS-Q6-0204	\$ 88,826
2007-WS-Q7-0111	69,006
2008-WS-QX-0196	12,075
<b>Total:</b>	<b>\$ 169,907</b>

Source: OJP's Grant Management System and grantee bank records.

*Fringe Benefit Costs*

Although some fringe benefit costs appeared to have been charged to the grants, we could not verify the accuracy or allowability of these costs. As a result, we question the full amount of fringe benefit costs charged to the awards totaling \$29,794 as unsupported, and we recommend that OJP coordinate with the BTWRC to remedy these costs. The unsupported fringe costs for each grant are detailed in Exhibit 5.

**EXHIBIT 5: UNSUPPORTED COSTS - FRINGE**

<b>AWARD NUMBER</b>	<b>AMOUNT QUESTIONED</b>
2006-WS-Q6-0204	\$ 17,061
2007-WS-Q7-0111	12,733
2008-WS-QX-0196	-
<b>Total:</b>	<b>\$ 29,794</b>

Source: OJP's Grant Management System and grantee bank records.

*Contractor Costs*

In each award application, the BTWRC included a budget narrative for OJP approval that identified the contractors to be paid using grant funds. For Grant No. 2006-WS-Q6-0204, a total of \$6,540 was approved to cover internet and tutoring costs. We could not identify any payments made for these purposes.

For Grant No. 2007-WS-Q7-0111, a total of \$49,406 was approved for costs related to tutoring, consulting, hotels, cell phones, internet service, copy machine rental, and van rental. Only \$3,426 in payments for copy machine rental, internet service, and cell phones were identifiable in the bank records. We were not able to verify that the costs were appropriately shared or associated with work relevant to the grant.

Finally, for Grant No. 2008-WS-QX-0196 a total of \$5,837 was approved for costs related to cell phones, copy machine rental, and internet services. In the award documentation, an additional \$50,000 for tutoring costs, District Attorney's activities, and job training were reclassified from the "Other" category to "Contracts". Though this grant ended prematurely, we were only able to identify payments of \$1,166 for copy machine rental. Again, we were not able to verify that the costs were shared appropriately or associated with work relevant to the grant.

As a result of our inability to reasonably identify these transactions, we question \$4,592 in contractor costs as unsupported costs, and we recommend that OJP coordinate with the BTWRC to remedy these costs. The unsupported contractor costs for each grant are detailed in Exhibit 6.

**EXHIBIT 6: UNSUPPORTED COSTS - CONTRACTORS**

<b>AWARD NUMBER</b>	<b>AMOUNT QUESTIONED</b>
2007-WS-Q7-0111	\$ 3,426
2008-WS-QX-0196	1,166
<b>Total:</b>	<b>\$ 4,592</b>

Source: OJP's Grant Management System and grantee bank records.

*Direct Cost Transactions*

We examined the records provided to determine the accuracy and allowability of all direct cost transactions, including travel costs, equipment costs, supply costs, and other costs as detailed below.

Travel Costs

We identified \$15,041 in travel costs that had been spent over the course of the award periods. Of this amount, \$12,044 was associated with Grant No. 2006-WS-Q6-0204. We determined that \$11,777, or 98% of the total amount, were large payments made to the former Steering Committee president directly rather than to individual travelers. A total of \$8,673 of those large payments were made over a 2-week period from October to November 2007. We were not provided with adequate documentation to

support these or any other travel expenditures for Grant No. 2006-WS-Q6-0204, and question the entire amount, \$12,044, as unsupported.

For Grant No. 2007-WS-Q7-0111 we identified \$2,997 in travel costs. We were provided with limited supporting documentation for these costs, but without management's representation that the documentation provided is reliable, we cannot make a determination that the costs are allowable. Therefore, we question the \$2,997 as unsupported. We identified no travel costs associated with Grant No. 2008-WS-QX-0196.

### Equipment Costs

For Grant No. 2006-WS-Q6-0204, we identified a total of \$60,500 in equipment costs. Of this amount, \$59,000 was for the purchase of a surveillance camera, which was not in the approved budget. Our review of the Steering Committee minutes revealed ongoing confusion regarding the camera, which was revealed to be a prototype. Once delivered, members of the Marlin Police Department noted that the camera was not readily available to the police force as it was so large a van was required to conceal it. One officer noted that he was able to use the camera, as he personally owned a Suburban. However, it is reasonable to conclude that a camera purchased for the police department would be usable, at the time of delivery, by other members of the police force.

The *OJP Financial Guide* notes that careful screening should take place before acquiring property in order to ensure that it is needed, and encourages the use of procedures to establish levels of review for equipment purchases, dependent on factors such as the cost of the proposed equipment and the size of the recipient or subrecipient organization. As noted above, our review of the Steering Committee minutes indicated that an appropriate review did not take place, and the product ultimately delivered was of limited use. This, combined with the fact that the \$59,000 surveillance camera was not in the approved budget, resulted in our decision to question the camera purchase as unallowable.

The remaining \$1,500 equipment purchase for Grant No. 2006-WS-Q6-0204 funded equipment for the youth football league. Though sporting equipment was identified in the budget, it was included as a match contribution. Specifically, the BTWRC was approved to provide sporting equipment for youth activities as part of the BTWRC's fulfillment of the 25 percent match requirement required by the Weed and Seed program. OJP did not approve the purchase of sporting equipment using DOJ grant funds. Though limited supporting documentation was provided for the

unallowable equipment purchases described previously, no such documentation was provided for the \$1,500 youth football league purchase. For this reason, we question the \$1,500 as both unallowable and unsupported.

For Grant No. 2007-WS-Q7-0111, we identified a total of \$55,049 in equipment costs. Of this amount, we were provided with documentation for \$22,864 which had been spent on hand held radios and video flashlight equipment. However, without management's representation that the documentation provided is reliable, we cannot make a determination that the costs are allowable. We also identified \$6,200 in funds to support the Police Athletic League; however, we were not provided with documentation to support this transaction. We question a total of \$29,064 in equipment costs as unsupported.

We also identified equipment expenditures totaling \$10,593 for ThermoVision video cameras and \$15,392 for Watch Guard cameras which were not appropriately budgeted. Additionally, OJP had previously determined that the replacement of cameras should have been a part of the city's general budget, and therefore was not an allowable grant expenditure. We question these amounts, totaling \$25,985, as unallowable.

#### Supply Costs

We were provided with supporting documentation for \$1,894 in supply costs charged to Grant No. 2006-WS-Q6-0204 and an additional \$38 charged to Grant No. 2007-WS-Q7-0111. However, without management's representation that the documentation provided is reliable, we cannot make a determination that the costs are allowable. We also identified \$739 in supply costs charged to Grant No. 2006-WS-Q6-0204 and \$208 charged to Grant No. 2007-WS-Q7-0111 for which no documentation was provided. We question the total amounts of \$2,634 charged to Grant No. 2006-WS-Q6-0204 and \$246 charged to Grant No. 2007-WS-Q7-0111 as unsupported.

#### Other Costs

For Grant No. 2006-WS-Q6-0204 we identified expenditures totaling \$3,020 for the lease of a copy machine and for a confidential funds purchase that had been budgeted in the "Other" category.<sup>9</sup> We were not provided with appropriate documentation for the confidential funds costs,

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<sup>9</sup> For Grant No. 2006-WS-Q6-0204, the BTWRC had budgeted the copy machine under "Other". In subsequent awards, it was budgeted under "Contracts."

and we were not able to verify that the copier costs were appropriately shared or associated with work relevant to the grants. Therefore, we question the total of \$3,020 as unsupported.

Summary of Direct Cost Analysis

Based on the information previously discussed, we identified \$51,505 in unsupported direct costs, and we recommend that OJP coordinate with the BTWRC to remedy these costs. The unsupported direct costs we identified for each grant are totaled in Exhibit 7.

**EXHIBIT 7: UNSUPPORTED DIRECT COSTS**

<b>AWARD NUMBER</b>	<b>AMOUNT QUESTIONED</b>
<b>2006-WS-Q6-0204</b>	
Travel	\$ 12,044
Equipment	1,500
Supplies	2,634
Other	3,020
<b>2007-WS-Q7-0111</b>	
Travel	2,997
Equipment	29,064
Supplies	246
Other	-
<b>2008-WS-QX-0196</b>	
Travel	-
Equipment	-
Supplies	-
Other:	-
<b>Total:</b>	<b>\$ 51,505</b>

Source: OJP's Grant Management System and grantee bank records.

In addition to the unallowable direct costs described in the Equipment Costs section of this report, we identified \$266 in bank fees, including service charges and insufficient fund penalties that were charged to the grants. These costs were not approved by OJP, and are unallowable under the terms and conditions of the 2008 *OJP Financial Guide*. We recommend that OJP coordinate with the BTWRC to remedy the \$86,751 in unallowable direct costs, and we summarize these charges and the unallowable direct costs previously discussed in Exhibit 8.

### EXHIBIT 8: UNALLOWABLE DIRECT COSTS

AWARD NUMBER	AMOUNT QUESTIONED
<b>2006-WS-Q6-0204</b>	
Equipment	\$ 60,500
Bank Fees	155
<b>2007-WS-Q7-0111</b>	
Equipment	25,985
Bank Fees	31
<b>2008-WS-QX-0196</b>	
Equipment	-
Bank Fees	80
<b>Total:</b>	<b>\$ 86,751</b>

Source: OJP's Grant Management System and grantee bank records.

Finally, we found an additional \$12,877 in expenditures that were not identifiable through the bank records we obtained, and did not have corresponding records of payment. As a result, we question the \$12,877 as unsupported, and we recommend that OJP coordinate with the BTWRC to remedy these costs.

### EXHIBIT 9: UNSUPPORTED UNIDENTIFIED QUESTIONED COSTS

AWARD NUMBER	AMOUNT QUESTIONED
<b>2006-WS-Q6-0204</b>	\$ 9,203
<b>2007-WS-Q7-0111</b>	3,370
<b>2008-WS-QX-0196</b>	304
<b>Total:</b>	<b>\$ 12,877</b>

Source: OJP's Grant Management System and grantee bank records.

### Budget Management and Control

According to the *OJP Financial Guide*, a grantee may transfer funds between approved budget categories without OJP approval if the total transfers are 10 percent or less than the total award amount. As previously noted, we were not provided with accounting records that identified expenditures by budget category. Although we were able to reasonably separate certain expenditures based on our review of the checks, we were not able to identify all expenditures.

We identified several instances in which funds were transferred between Grant Nos. 2006-WS-Q6-0204 and 2007-WS-Q7-0111. Specifically, the BTWRC made two transfers totaling \$1,200 from Grant No. 2006-WS-Q6-0204 to Grant No. 2007-WS-Q7-0111, and two transfers totaling \$28,747 from Grant No. 2007-WS-Q7-0111 to Grant No.

2006-WS-Q6-0204, resulting in a net total of \$27,547 having been moved from the 2007 account to the 2006 account. This is in violation of the terms and conditions under which the grantee accepted the award; specifically, the Special Conditions in both Grant Nos. 2006-WS-Q6-0204 and 2007-WS-Q7-0111 state that the awards have a limited obligation and payment period, and are not eligible to be supplemented with funds from other fiscal years.

Since the BTWRC has no current grants from the DOJ, we do not make individual recommendations to enhance internal control issues at this time. However, if OJP awards any future grant funds to the BTWRC, we recommend that OJP ensure that the BTWRC implements appropriate internal controls and procedures to safeguard those funds.

### **Matching Costs**

The federal share of Weed and Seed programs may not exceed 75 percent of the total project cost. A minimum of 25 percent of the total project cost is required as a match contribution and must come from state, local, or private sources. We reviewed the budget documentation for each grant in this audit to determine the amount of non-federal match required. We found that Grant No. 2006-WS-Q6-0204 required \$63,010 in matching funds, Grant No. 2007-WS-Q7-0111 required \$66,687 in matching funds, and Grant No. 2008-WS-QX-0196 required \$50,000 in matching funds. The *OJP Financial Guide* requires that the matching contribution be obligated by the end of the period for which the federal funds have been made available for obligation under an approved program or project, but notes that matching contributions need not be applied at the exact time or in proportion to the obligation of the federal funds.

Due to the Cease and Desist order issued by the BTWRC, the Marlin Weed and Seed Program was prematurely ended, and Grant No. 2007-WS-Q7-0111 and 2008-WS-QX-0196 were effectively closed prior to reaching their official end-date. Since the *OJP Financial Guide* allows until the end of the project period to meet match obligations, we do not question the match amounts for these two awards, but note that none of the required match amounts were achieved.

For Grant No. 2006-WS-Q6-0204, we question the total amount of \$63,010 as unsupported since the grant did reach its end date and we were provided with no reliable documentation to indicate that the match requirement had been met. The final Financial Status Report for this award was submitted on November 26, 2007, indicating that the required contribution amount had been exceeded, and a total of \$84,257 was

reported as match. However, we question only the \$63,010 that was approved in the Final Review, and therefore subject to audit. We recommend that OJP coordinate with the BTWRC to remedy the \$63,010 in unsupported costs associated with the match requirement for Grant No. 2006-WS-Q6-0204.

## Grant Reporting

We reviewed the financial reports and progress reports required for all three awards. We found that neither financial reports nor progress reports were consistently submitted accurately, or in a timely manner.

### Financial Reporting

According to the *OJP Financial Guide*, the BTWRC is required to submit quarterly financial reports for the life of all awards. Prior to October 1, 2009, the *OJP Financial Guide* required the reports, referred to at that time as Financial Status Reports (FSR), be submitted within 45 days after the end of each calendar quarter, or within 90 days after the end of the grant period for a final report.

We analyzed the FSRs for all grants awarded to the BTWRC, and the results of our analysis are shown in Exhibit 10.

### EXHIBIT 10: FINANCIAL STATUS REPORT TIMELINESS

FSR NUMBER	REPORTING PERIOD	DUE DATE	SUBMISSION DATE	DAYS LATE
<b>Grant No. 2006-WS-Q6-0204</b>				
1	10/01/06 - 12/31/06	02/14/07	11/27/06	0
2	01/01/07 - 03/31/07	05/15/07	Not Submitted	N/A
3	04/01/07 - 06/30/07	08/14/07	07/31/07	0
4	07/01/07 - 09/30/07	12/29/07	11/26/07	0
<b>Grant No. 2007-WS-Q7-0111</b>				
1	10/01/07 - 12/31/07	02/14/08	02/13/08	0
2	01/01/08 - 03/31/08	05/15/08	05/14/08	0
3	04/01/08 - 06/30/08	08/14/08	08/08/08	0
4	07/01/08 - 09/30/08	11/14/08	12/05/08	21 <sup>10</sup>
5	10/01/08 - 12/31/08	02/14/09	Not Submitted	N/A
6	01/01/09 - 03/31/09	06/29/09	Not Submitted	N/A
<b>Grant No. 2008-WS-QX-0196</b>				
1	10/01/08 - 12/31/08	03/31/09	05/15/09	45

Source: OJP's Grant Management System and the *OJP Financial Guide*.

As shown above, we identified three reports that have not been submitted by the BTWRC. For Grant No. 2006-WS-Q6-0204, we found that

<sup>10</sup> A project period extension was approved on October 6, 2008. Due to this extension, FSR No. 4 was no longer the final FSR for this award, and the due date would have been November 14, 2008. We determined that the change was made early enough during the reporting period to allow adequate time to file FSR No. 4 in a timely manner, and consider it 21 days late.

FSR No. 3 covered a 6-month period, from January through June 2007; FSR No. 2 was not submitted, as FSR No. 3 covered the time period for both required reports. FSR No. 3 was accepted by OJP despite the fact that it is not in compliance with the *OJP Financial Guide*, which requires that FSRs be submitted every calendar quarter.

Additionally, the BTWRC was granted an extension for Grant No. 2007-WS-Q7-0111, which changed the end date from September 30, 2008 to March 31, 2009. The BTWRC indicated that FSR No. 4, which covered activity up to the original project end date, was the final report, though we identified account activity as late as March 10, 2009. We also noted that the final FSR for Grant No. 2008-WS-QX-0196 was submitted 45 days late.

Since the BTWRC has no current grants from the DOJ, we do not make individual recommendations to enhance internal control issues at this time. However, if OJP awards any future grant funds to the BTWRC, we recommend that OJP ensure that the BTWRC implements appropriate internal controls and procedures to safeguard those funds.

We also evaluated all FSRs for accuracy. The *OJP Financial Guide* requires that each FSR include the actual expenditures and unliquidated obligations for that reporting period (calendar quarter) and cumulative for the award. We determined that the FSRs submitted did not reconcile to the bank records during any single reporting period. Additionally, we identified remaining balances in all three grants, as shown in Exhibit 11.

**EXHIBIT 11: FINANCIAL STATUS REPORT ACCURACY**

FSR NUMBER	REPORT PERIOD	EXPENDITURES PER FSR	EXPENDITURES PER BANK RECORDS	DIFFERENCE	CUMULATIVE EXPENDITURES PER FSR	CUMULATIVE EXPENDITURES PER BANK RECORDS <sup>11</sup>	CUMULATIVE DIFFERENCE
<b>Grant No. 2006-WS-Q6-0204</b>							
1	10/01/06 - 12/31/06	-	\$ 5,714	\$ 5,714	-	\$ 5,714	\$ 5,714
2	01/01/07 - 03/31/07	-	\$ 14,418	\$ 14,418	-	\$ 20,132	\$ 20,132
3	04/01/07 - 06/30/07	\$ 59,571 <sup>12</sup>	\$ 42,305	\$ (17,266)	\$ 59,571	\$ 62,437	\$ 2,866
4	07/01/07 - 09/30/07	\$ 115,429	\$ 74,102	\$ (41,326)	\$ 175,000	\$ 136,539	\$(38,461)
<b>Grant No. 2007-WS-Q7-0111</b>							
1	10/01/07 - 12/31/07	\$ 40,000	\$ 4,900	\$ (35,100)	\$ 40,000	\$ 4,900	\$(35,100)
2	01/01/08 - 03/31/08	-	\$ 81,492	\$ 81,492	\$ 40,000	\$ 86,392	\$ 46,392
3	04/01/08 - 06/30/08	\$ 88,000	\$ 23,586	\$ (64,414)	\$ 128,000	\$ 109,978	\$(18,022)
4	07/01/08 - 09/30/08	\$ 46,296	\$ 60,022	\$ 13,726	\$ 174,296	\$ 170,000	\$ (4,296)
<b>Grant No. 2008-WS-QX-0196</b>							
1	10/01/08 - 12/31/08	\$ 16,841	\$ 52	\$ (16,788)	\$ 16,841	\$ 52	\$ (16,788)

Source: OJP's Grant Management System and the *OJP Financial Guide*.

Activity on Grant No. 2006-WS-Q6-0204 continued after the final reporting date of September 30, 2007, and included an additional \$58,104 in grant related transactions. The additional transactions were funded in part by the \$28,747 in unallowable transfers from Grant No. 2007-WS-Q7-0111 described in the Budget Management and Control section of this report. We found that the \$20,252 in spending not funded by transfers was drawn down from the 2006 award. Expenditures included, but were not limited to, salary, fringe, and travel payments. At the time of our audit, a balance of \$9,105 remained in the account.

For Grant No. 2007-WS-Q7-0111, the final FSR submitted by the BTWRC reported that \$174,296 had been expended. This FSR was submitted on December 5, 2008; however, the full award amount of \$200,000 had been drawn by September 3, 2008. At the time of our audit, a balance of \$25,596 remained in the account. Finally, for Grant No. 2008-WS-QX-0196, a lump-sum amount of \$16,841 was drawn in January 2009 to cover final costs. Of this amount, only \$13,626 was expended, leaving a remaining balance of \$3,215 in the account. The OIG coordinated with the OJP's OCFO to remedy these balances, and at the time of our audit all remaining funds have been recovered. We expand on this in the Closeout Activity section of this report.

<sup>11</sup> The BTWRC continued to expend funds after the submission of their final FSR. The figures noted here indicate the amount which had been spent at the time the final FSR was submitted.

<sup>12</sup> This FSR reported expenditures from January 1, 2007, through June 30, 2007. Since individual reports were not submitted for each quarter as required, we cannot differentiate between funds spent in the first and second quarter of 2007. Exhibit 11 includes all expenditures reported for this time period on the report covering April 1, 2007, through June 30, 2007.

As reported above, the FSRs submitted did not reconcile to the bank records during any reporting period. Since the BTWRC has no current grants from the DOJ, we do not make individual recommendations to enhance internal control issues at this time. However, if OJP awards any future grant funds to the BTWRC, we recommend that OJP ensure that the BTWRC implements appropriate internal controls and procedures to safeguard those funds.

*Categorical Assistance Progress Reports*

According to the *OJP Financial Guide*, semi-annual progress reports are due on January 30 and July 30 for the life of the grants, with a 90 day allowance for the final report. We analyzed the progress reports for all grants in our audit, and determined that reports were not consistently submitted in a timely manner. Specifically, five of the seven required reports were submitted late. The final progress report for Grant No. 2006-WS-Q6-0204 was submitted late, and was incomplete; therefore, OJP requested changes requiring resubmission. The required resubmission had not taken place at the time of our analysis in 2011.

**EXHIBIT 12: PROGRESS REPORT TIMELINESS**

PROGRESS REPORT NUMBER	REPORT PERIOD	REPORT DUE DATE	REPORT SUBMISSION DATE	DAYS LATE
<b>Grant No. 2006-WS-Q6-0204</b>				
1	10/01-06 - 12/31/06	01/30/07	01/31/07	1
2	01/01/07 - 06/30/07	07/30/07	08/02/07	3
3	07/01/07 - 09/30/07	12/29/07	Not Submitted	Not Submitted
<b>Grant No. 2007-WS-Q7-0111</b>				
1	10/01/07 - 12/31/07	01/30/08	11/06/08	281
2	01/01/08 - 06/30/08	07/30/08	08/06/08	7
3	07/01/08 - 12/31/08	03/31/09	12/05/08	0
<b>Grant No. 2008-WS-QX-0196</b>				
1	10/01/08 - 12/31/08	01/30/09	12/05/08	0

Source: OJP's Grant Management System and the *OJP Financial Guide*.

Since the BTWRC has no current grants from the DOJ, we do not make individual recommendations to enhance internal control issues at this time. However, if OJP awards any future grant funds to the BTWRC, we recommend that OJP ensure that the BTWRC implements appropriate internal controls and procedures to safeguard those funds.

We also analyzed the semi-annual progress reports for accuracy. We determined that the progress reports generally did not contain information that adequately articulated progress made towards the goals and objectives of the awards. For example, the final progress report for Grant No. 2006-WS-Q6-0204 contained only the following information:

*The Marlin Weed had a successful first year of funding. Although we had a few "bumps and bruises" with some of our collaborators, we have been able to continuously gain community support regarding our program. We look forward to our next year's funding. The Special Emphasis-Police Athletic League is of particular interest to our children for the summer.*

We do not consider this to be a reasonable representation of achievement for a \$175,000 award, and, as noted above, the progress report was not accepted by OJP due to the limited information provided.

Finally, we were not provided with statistical evidence to support the general claims of progress. Therefore, we cannot make a determination as to whether progress reports were accurate. Since the BTWRC has no current grants from the DOJ, we do not make individual recommendations to enhance internal control issues at this time. However, if OJP awards any future grant funds to the BTWRC, we recommend that OJP ensure that the BTWRC implements appropriate internal controls and procedures to safeguard those funds.

### **Compliance with Grant Requirements**

We reviewed the award documentation for all grants in our audit to determine if there were additional requirements to which the BTWRC must adhere. We also reviewed the awarding agency solicitations, award documentation, and conducted interviews with grantee officials to determine if the BTWRC is meeting the requirements and objectives of each grant program. We found that the BTWRC was not in compliance with grant requirements in numerous areas, and have separated them by award year below.

Special Conditions included in the documentation for all awards, but not met by the BTWRC:

- The BTWRC did not submit Government Performance and Results Act reports for each calendar year.

Special Conditions included in the documentation for the 2006 and 2007 awards, but not met by the BTWRC:

- The BTWRC supplemented funds for Grant No. 2006-WS-Q6-0204 with funds from Grant No. 2007-WS-Q7-0111 (reported in the *Budget Management and Control* section of this report).

Special Conditions included in Grant No. 2006-WS-Q6-0204:

- The BTWRC did not submit a copy of approved Weed and Seed Policies and Procedures within 90 days of award acceptance.

Special Conditions specific to Grant No. 2007-WS-Q7-0111:

- The BTWRC did not submit documentation verifying that the program had come into compliance with all new statutory requirements for Weed and Seed programs within 90 days of accepting the award.
- The BTWRC did not maintain documentation indicating that contracts made under the awards had been competitively awarded.

Since the BTWRC has no current grants from the DOJ, we do not make individual recommendations to enhance internal control issues at this time. However, if OJP awards any future grant funds to the BTWRC, we recommend that OJP ensure that the BTWRC implements appropriate internal controls and procedures to safeguard those funds.

### **Monitoring of Contractors**

We were not provided with documentation supporting a system by which the BTWRC monitored its contractors. Additionally, as noted in the Contractors section of this report, it did not appear that any payments had been made to the majority of contractors that were in the OJP approved budgets. With the information we were provided, we cannot make a reasonable determination as to whether the BTWRC effectively monitored its contractors, or had a policy in place to establish effective criteria to do so.

Since the BTWRC has no current grants from the DOJ, we do not make individual recommendations to enhance internal control issues at this time. However, if OJP awards any future grant funds to the BTWRC, we recommend that OJP ensure that the BTWRC implements appropriate internal controls and procedures to safeguard those funds.

### **Accountable Property**

Our review of the General Ledgers identified several equipment purchases that were in excess of \$5,000. Specifically, these items include equipment purchased for the Marlin Police Department, and their costs have been questioned under the Direct Costs section of this report. We were not able to confirm that the items had been properly screened, were properly

identified, or were properly used, as there were no grant records related to accountable property, and the items purchased were not located on site. Since the BTWRC has no current grants from the DOJ, we do not make individual recommendations to enhance internal control issues at this time. However, if OJP awards any future grant funds to the BTWRC, we recommend that OJP ensure that the BTWRC implements appropriate internal controls and procedures to safeguard those funds.

### **Program Performance and Accomplishments**

The Goals and Objectives of the Weed and Seed program are specific, and are detailed in both the program solicitations and in the grantee's approved program narrative. The goals focus around the four areas described earlier in this report: Law Enforcement; Community Policing; Prevention, Intervention, and Treatment, and; Neighborhood Restoration. Each of these primary goals are further broken down into multiple objectives. In its grant applications, the BTWRC noted detailed plans to meet each primary goal and related objectives; however, as detailed in the Grant Reporting section of this report, progress reports generally did not include information detailing such progress.

We interviewed the former Site Coordinator to gain perspective as to what the BTWRC viewed to be the goals and objectives of the Weed and Seed program. The Site Coordinator believed the goals included change in the overall community of Marlin that included: getting youths off the street and in school, changing the mentality that it is acceptable to not complete one's education, and to improve the general self-worth of those in the Marlin community by providing classes to aid in skill development. We acknowledge these as worthy goals, but did not find that they address all the specific goals required by the CCDO, outlined above. We again attempted to contact the former Steering Committee president, but that individual was unresponsive to our requests for information.

We were not provided with documentation with which we could make a reasonably supported statement that the goals and objectives of the program were achieved. Since the BTWRC has no current grants from the DOJ, we do not make individual recommendations to enhance internal control issues at this time. However, if OJP awards any future grant funds to the BTWRC, we recommend that OJP ensure that the BTWRC implements appropriate internal controls and procedures to safeguard those funds.

## Closeout Activity

The *OJP Financial Guide* requires that recipients submit a final FSR and final progress report within 90 days of the project end date. As noted in the *Grant Reporting* section of this audit, an acceptable final progress report for Grant No. 2006-WS-Q6-0204 was not submitted. Additionally, while the final progress report for Grant No. 2008-WS-QX-0196 shows as accepted as of December 8, 2008, the status remains as incomplete in the closeout package.

The findings associated with the OJP's OCFO's audit report have not been sufficiently resolved, so a closeout package for Grant No. 2007-WS-Q7-0111 has not been completed.

As discussed in the *Grant Reporting* sections of this audit, financial reporting submitted for the awards was not accurate. We identified a balance of \$9,105 related to Grant No. 2006-WS-Q6-0204, \$25,596 related to Grant No. 2007-WS-Q7-0111, and \$3,215 related to Grant No. 2008-WS-QX-0196. The OIG coordinated with the OJP's OCFO to remedy these balances, and at the time of our audit all outstanding funds have been recovered, as shown in Exhibit 13.

### EXHIBIT 13: FUNDS RECOVERED AS A RESULT OF THIS AUDIT

AWARD NUMBER	TOTAL DRAWDOWNS	TOTAL EXPENDITURES	AVAILABLE FOR RECOVERY
2006-WS-Q6-0204	\$ 175,000	\$ 165,895	\$ 9,105
2007-WS-Q7-0111	200,000	174,404	25,596
2008-WS-QX-0196	16,841	13,626	3,215
<b>TOTAL AVAILABLE FOR RECOVERY:</b>			<b>\$37,915</b>

Source: OJP's Grant Management System and grantee bank records.

As detailed above, we found that the grants were not accurately closed out, and that funds remained in all accounts. Since the BTWRC has no current grants from the DOJ, we do not make individual recommendations to enhance internal control issues at this time. However, if OJP awards any future grant funds to the BTWRC, we recommend that OJP ensure that the BTWRC implements appropriate internal controls and procedures to safeguard those funds.

## Conclusion

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, terms and

conditions of the grant, and to determine program performance and accomplishments. We identified material non-compliance in the following areas:

- Sufficient controls were lacking in all areas tested, including purchasing, receiving, payment, payroll, drawdowns, budget management, reporting requirements, grant requirements, contractors, accountable property, and closeout.
- The BTWRC expended \$169,907 in unsupported payroll costs and \$29,794 in unsupported fringe costs.
- The BTWRC expended \$4,592 in unsupported contractor costs.
- The BTWRC expended \$86,751 in unallowable direct costs and \$51,505 in unsupported direct costs.
- The BTWRC expended \$12,877 in unsupported unidentified questioned costs.
- The BTWRC reported \$63,010 in unsupported costs associated with the match requirement for Grant No. 2006-WS-Q6-0204.

## **Recommendations**

We recommend that OJP:

1. Ensure that the BTWRC implements appropriate internal controls and procedures to safeguard DOJ funds before awarding any future grants to the BTWRC.
2. Remedy the \$169,907 in unsupported payroll costs.
3. Remedy the \$29,794 in unsupported fringe costs.
4. Remedy the \$4,592 in unsupported contractor costs.
5. Remedy the \$86,751 in unallowable direct costs.
6. Remedy the \$51,505 in unsupported direct costs.
7. Remedy the \$12,877 in unsupported unidentified questioned costs.

8. Remedy the \$63,010 in unsupported costs associated with the match requirement for Grant No. 2006-WS-Q6-0204.

## APPENDIX I

### OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the awards, and to determine program performance and accomplishments. The objective of our audit was to review the Booker T. Washington Resource Center's performance in the following areas: (1) internal control environment; (2) grant drawdowns; (3) grant expenditures, including personnel costs; (4) budget management and control; (5) matching costs; (6) grant reporting; (7) compliance with grant requirements; (8) monitoring contractors; (9) accountable property; (10) program performance and accomplishments; and (11) closeout activity. We determined that indirect costs and program income were not applicable to these awards. This audit included Grant Nos. 2006-WS-Q6-0204, 2007-WS-Q7-0111, and 2008-WS-QX-0196 totaling \$525,000. This audit concentrated on, but was not limited to, August 15, 2006, the date Grant No. 2006-WS-Q6-0204 was awarded, to August 8, 2011, the date on which OJP's OCFO received repayment of all grant funds that had remained in the BTWRC's accounts.

Our testing was limited by the lack of documentation we received from the grantee. Generally, we conduct sample testing in several areas of grant expenditures, including payroll and fringe benefits, direct cost transactions, and contractor costs. Since complete grant records were not provided to us, we were unable to conduct such testing. We used the limited information provided to review all grant expenditures. During this audit, we identified certain issues requiring further investigation. We made a referral to the OIG's Investigations Division, and put our audit on hold pending resolution of the referral. Subsequently, we were able to complete our audit and issue this report.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

We 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 *OJP Financial Guide* and the award documents.

In addition, we reviewed the BTWRC's budget management and control; evaluated the timeliness and accuracy of financial reports and progress reports; evaluated compliance with grant requirements; evaluated the grantee's monitoring of contractors; and reviewed the organization's internal controls. However, we did not test the reliability of the financial management system as a whole since reliance on computer based data was not significant to our objectives.

## APPENDIX II

### SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>QUESTIONED COSTS</u> <sup>13</sup>	<u>AMOUNT</u>	<u>PAGE</u>
Unallowable Direct Costs:	\$86,751	13
<i>Total Unallowable:</i>	<i>\$86,751</i>	
Unsupported Payroll Costs:	\$169,907	12
Unsupported Fringe Costs:	\$29,794	12
Unsupported Contractor Costs:	\$4,592	13
Unsupported Direct Costs:	\$51,505	13
Unsupported Unidentified Costs:	\$12,877	18
Unsupported Match Costs:	\$63,010	19
<i>Total Unsupported:</i>	<i>\$331,685</i>	
<i>Total (Gross):</i>	<i>\$418,436</i>	
<i>Less Duplication:</i> <sup>14</sup>	<i>(\$1,500)</i>	
<b>Net Questioned Costs:</b>	<b>\$416,936</b> <sup>15</sup>	

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<sup>13</sup> Questioned Costs are expenditures that do not comply with legal, regulatory or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

<sup>14</sup> Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount.

<sup>15</sup> This amount includes all drawdowns and the match requirement for Grant No. 2006-WS-Q6-0204. The total has been reduced by the \$37,915 recovered as a result of this audit.

**APPENDIX III**

**UNSUPPORTED  
QUESTIONED COSTS**

<b>2006-WS-Q6-0204<sup>16</sup></b>	
Personnel	\$ 88,826
Fringe	17,061
Contracts	-
Travel	12,044
Equipment	1,500
Supplies	2,634
Other	3,020
Not Identified in Budget	9,203
Match	63,010
<b>2007-WS-Q7-0111</b>	
Personnel	69,006
Fringe	12,733
Contracts	3,426
Travel	2,997
Equipment	29,064
Supplies	246
Other	-
Not Identified in Budget	3,370
<b>2008-WS-QX-0196</b>	
Personnel	12,075
Fringe	-
Contracts	1,166
Travel	-
Equipment	-
Supplies	-
Other	-
Not Identified in Budget	304
<b>Total:</b>	<b>\$ 331,685</b>

<sup>16</sup> Total questioned costs include the \$27,547 in unallowable net transfers from Grant No. 2007-WS-Q7-0111 to Grant No. 2006-WS-Q6-0204.

**UNALLOWABLE  
QUESTIONED COSTS**

<b>AWARD NUMBER</b>	<b>AMOUNT QUESTIONED</b>
<b>2006-WS-Q6-0204</b>	
Equipment	\$ 60,500
Bank Fees	155
<b>2007-WS-Q7-0111</b>	
Equipment	25,985
Bank Fees	31
<b>2008-WS-QX-0196</b>	
Equipment	-
Bank Fees	80
<b>Total:</b>	<b>\$ 86,751</b>

APPENDIX IV

OPT OUT, CEASE AND DESIST MEMORANDUM

Mr. Clyde Chandler

November 8, 2008

[REDACTED]  
[REDACTED]  
[REDACTED]

Mr. [REDACTED]  
Program Manager CCDO  
810 7<sup>th</sup> St NW, 6<sup>th</sup> Floor  
Washington, DC

Dear Mr. [REDACTED]

**This is to inform you that the Board of Directors of the Booker T. Washington Resource Center has voted unanimously to opt out of the Marlin Weed and Seed Program.**

We recognize that the Weed and Seed effort is an excellent program, and is tailor made for a community such as Marlin. We at Booker T. Washington, however, pride ourselves in requiring that all funds with which we are involved are handled properly in accordance with grant requirements, regulatory agency directives, and legal statutes.

Improper use of funds (federal, state, local, donated) is something that we cannot participate in. Such activity will eventually prove fatal to our non-profit status. We have attempted over time to work with the local steering committee to rectify conditions that have led to this situation. The efforts have not been successful.

The effective date of this action is November 14, 2008. As a result of this action, the Booker T. Washington Resource Center hereby notifies that the use of the Federal ID number (83-0358943) and name of the Booker T. Washington Resource Center by Marlin Weed and Seed or any other organization is prohibited. Please do not send additional funds under our name or ID number 83-0358943. Thanking you in advance.

Clyde Chandler – Attorney Assisting Booker T. Washington Resource Center, Inc.

Cc: [REDACTED]  
Johnny Sutton  
[REDACTED]  
Internal Revenue Service

Board of Directors – Booker T. Washington Resource Center, Inc.  
Jimmy Phillips – President  
Cornell Jones – Vice-President  
Lear Alford – Secretary/Publicity Chairperson  
Helen Woodson – Treasurer  
Robert Timms  
Deborah Raphael  
Marilyn Martin



U.S. Department of Justice

Office of Justice Programs

Community Capacity Development Office

Washington, D.C. 20531

NOV 20 2008

Mr. Clyde Chandler  
[REDACTED]

Dear Mr. Chandler,

Thank you for your correspondence of November 8, 2008, e-mailed to our office on November 13, 2008, informing us that the Booker T. Washington Resource Center will no longer participate in the Weed and Seed program as the Fiscal Agent for the Marlin Weed and Seed site. In order for the organization to relinquish that responsibility, and to ensure proper closeout of the two open grants, the grantee will need to submit the following into the Grants Management System (GMS);

A. For grant #2008-WS-QX-0196:

1. A final SF-269 indicating there were no draws on the award and the current balance is \$150,000.
2. A final progress report for the period 7/1/08 – 11/14/08.

B. For grant #2007-WS-Q7-0111:

1. A final SF-269
2. A final progress report for the period 10/1/08 – 11/14/08.

Please have the Booker T. Washington Resource Center submit the required documentation into the system no later than Friday, November 28, 2008. Also, if you would, please have the grantee respond with questions to the CCDO's program manager for the State of Texas, Mr. [REDACTED]. He can be reached at (202)514-5625 or at [REDACTED].

Sincerely,

Dennis Greenhouse  
Director, CCDO

cc: Johnny Sutton, U.S. Attorney, Western District of Texas  
[REDACTED], AUSA, WDTX  
[REDACTED], PAO, USAO, WDTX  
[REDACTED], Division Director for Programs  
[REDACTED], Supervisory Grant Specialist, CCDO  
[REDACTED], Grant Program Manager, CCDO

## CEASE AND DESIST NOTICE

Booker T. Washington Resource Center, Inc.  
P. O. Box 1338  
Marlin, Texas 76661

November 8, 2008

Marlin Weed and Seed  
P. O. Box 1234  
Marlin, Texas 76661

Ms. [REDACTED] - Steering Committee President

Dear [REDACTED]

This letter is to inform you that from this date, November 14, 2008, forward, you are not to write grants, solicit grant funding, or transact business in the name of the Booker T. Washington Resource Center, Inc. or use its EIN #83-0358943 for any purpose.

This letter will serve as notice to you also to not sign any additional funding requests as a representative of Booker T. Washington Resource Center, Inc. Since items on the August 20 letter and unpaid utilities have not been successfully resolved, **Booker T. Washington Resource Center, Inc. is opting out of the entire Weed and Seed program.**

Its name and EIN will not be used for any purpose as of November 14, 2008, nor should you portray yourself as a representative of this organization. Booker T. Washington Resource Center, Inc. assets and property will no longer be used in the Weed and Seed initiative.

This letter will supersede any other directions, verbal or written, which may indicate your ability to act for or sign on behalf of the Booker T. Washington Resource Center, Inc. in any capacity.

Cc: Members of Weed and Seed Steering Committee  
City of Marlin  
Internal Revenue Service

[REDACTED]  
[REDACTED]  
Johnny Sutton  
[REDACTED]

Board of Directors  
Booker T. Washington Resource Center, Inc.

Jimmy Phillips – President  
Cornell Jones – Vice-President  
Lear Alford – Secretary  
Helen Woodson – Treasury  
Robert Timms  
Deborah Raphael  
Marilyn Martin

Clyde Chandler – Attorney Assisting Booker T. Washington Resource Center, Inc.

## APPENDIX V

# BOOKER T. WASHINGTON RESOURCE CENTER RESPONSE TO THE DRAFT AUDIT REPORT

BOOKER T. WASHINGTON RESOURCE CENTER, INC

P. O. BOX 1338

MARLIN, TEXAS 76661

MARLIN WEED AND SEED AUDIT

OFFICIAL RESPONSE

EXECUTIVE SUMMARY

South Marlin was awarded a Weed and Seed grant through the Department of Justice in 2006. This program depended greatly on the collaboration of local organizations, police agencies, elected officials, and the community at large to improve the conditions in a drug infested, marginalized section of the city. Groups were formed to help weed out the undesirable aspects of the area, and seed in positive activities that would improve the established target area.

The role of the Booker T. Washington Resource Center, Inc. (BTWRC) was to be the site of the Safe Haven, and provide building space for the administration and the program activities to operate. The original plan was for the City of Marlin to sponsor the grant and serve as the Fiscal Agent for the project. On final approval and funding, BTWRC learned that its EIN had been used to secure the grant. Since this was different from the original plan, BTWRC sought clarification. BTWRC was told by Mr. [REDACTED] (Department of Justice-Public Affairs Officer-Western District-Texas) that even though BTWRC's EIN had been used, the grant did not belong to BTWRC. He went on to say BTWRC was not liable for the grant and that the Steering Committee was the Fiscal Agent. Other sources said that BTWRC was the Fiscal Agent. Despite numerous requests, BTWRC was not provided a copy of the submitted grant documents to see who was officially named as Fiscal Agent, and who authorized it. Copies of letters and Steering Committee meeting minutes indicate that Fiscal Agent status had changed to the Weed and Seed Steering Committee. Although BTWRC continuously requested a copy of the grant document, BTWRC never received one from the beginning of the program until this day. After uncovering many troubling items in the financial activities of Weed and Seed, BTWRC wrote complaint letters to Inspectors General in both the Treasury Department and the Justice Department outlining the problems it had found and requested a financial audit of the program. On November 8, 2008, BTWRC sent Cease and Desist and Opt Out letters to the appropriate parties and ended its support of the program and the program ended. In this document, we will explain the life of Weed and Seed in Marlin. Supporting documentation will bolster key points (Item # - numbers will note their existence), and can be found at the end of the report.

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NOTE: SUPPORTING DOCUMENTATION (ITEM #1 THROUGH ITEM #24) ENCLOSED FOLLOWING  
SECTION; RESPONSE TO RECOMMENDATIONS OF THE INSPECTOR GENERAL

#### ABOUT THE BOOKER T. WASHINGTON RESOURCE CENTER, INC. (BTWRC)

The Booker T. Washington Resource Center, Inc. (BTWRC), located in Marlin, Texas, is a 501© (3) tax exempt, non-profit community organization. BTWRC's mission is to provide assistance to at-risk youth, families, senior citizens, and the underprivileged while restoring esteem to the community. This is done by providing building space to organizations that provide those relevant services directly to the target audience in the community. BTWRC also provides space for youth recreation, after school tutoring, wellness classes, job skills assistance, college prep classes, and financial literacy classes. Established in 2003, The BTWRC has never had employees in the Marlin location. All work in Marlin is performed by the Board of Directors or volunteers from the community. There are no paid employees at the BTWRC site in Marlin. Beginning in May, 2012, a fundraising activity was started in another city for our organization, and that effort has a small number of part-time employees paid from the proceeds of that fundraiser.

#### BACKGROUND ON WEED AND SEED IN MARLIN, TEXAS

In 2001, the City of Marlin began the process of applying for a Weed and Seed grant to help reduce some of the problems that were plaguing the city. Problems included inadequate youth development opportunities, drug trafficking, dilapidated structures, lack of economic development, and the need for stronger police action. These issues are prevalent in much of the city, but are more pronounced in South Marlin. South Marlin became the target area to be impacted by the application for Weed and Seed assistance. Key to receiving Weed and Seed assistance was the need to show substantial collaboration between organizations, businesses, community leaders, and elected officials who would work together to improve the target area. A Steering Committee was formed, and the members represented interested organizations from throughout the city. At first, the application to become an officially recognized Weed and Seed Site was denied. The Marlin Main Street Manager who worked on the grant moved to another city. The Weed and Seed application languished. After some time, it became known that the former

Steering Committee President (Ms. [REDACTED]) had successfully completed the application. Through her efforts, Marlin became officially recognized as a Weed and Seed site.

#### UNEXPECTED CHANGES

The original application for official recognition by Weed and Seed showed the City of Marlin as sponsor and Fiscal Agent for the grant (Item #1). Since BTWRC was located in the target area, it was selected to be the Safe Haven (Item #2). As the Safe Haven, BTWRC would provide building space for Weed and Seed administrators as well as space for related Weed and Seed activities. In 2006, it became apparent that the grant would be funded. Shortly before funding, the BTWRC board learned that the final application had been submitted under BTWRC's EIN. The original role of BTWRC was to provide Weed and Seed operating space in the Safe Haven. This change presented a problem, and BTWRC sought a meeting with the major participants to get clarification. On September 18, 2006, a meeting was held to discuss collaboration issues between BTWRC and Weed and Seed. Mr. [REDACTED] (DOJ-Public Affairs Officer, Western District of Texas) stated that even though the EIN of BTWRC was used to secure the grant, BTWRC was not liable for Weed and Seed funds (Item #3), and the grant did not belong to BTWRC. With that information, BTWRC then allowed the use of its EIN to open a bank account to receive Weed and Seed funds. Marlin's (then) City Manager stated that as Fiscal Agent, the City of Marlin would need a copy of the grant as funded. Mr. [REDACTED] stated that the Fiscal Agent had been changed and the Steering Committee would serve as Fiscal Agent. The (then) City Manager pressed for a copy of the grant, and Mr. [REDACTED] said he would try to get him one. On January 24, 2007, the (then) City Manager told the BTWRC Vice President, that after visiting with [REDACTED] in the CCDO office in Washington, they thought BTWRC was Fiscal Agent (Item #4). Mr. [REDACTED] confirms his belief by fax (Item #5). After further consultation with IRS, BTWRC asked Mr. [REDACTED] for a copy of the approved grant, and explains that its initial work would center on the status of payroll tax withholding (Item #6).

On April 10, 2007, the (then) city manager writes a letter to members of the U S Attorney's office, reminding them of their promise to provide him with a copy of the approved grant (The City never received a copy). In that letter, he also noted that Mr. [REDACTED] had volunteered that the grant was being amended to assign Fiscal Agent responsibilities to a third party (Item #7).

The re-assignment of Fiscal Agent duties does happen. The minutes of a Weed and Seed Steering Committee meeting held on April 12, 2007, shows the group working on updating its Policies and Procedures. Ms. [REDACTED] says once they finish them, they will need to go to [REDACTED] in Washington D C (Item #8). The issue of the Fiscal Agent comes up. Ms. [REDACTED] stated "being that the Marlin Weed and Seed is overseen by the Steering Committee, she would like to go ahead and let the record reflect that the Weed and Seed Steering Committee will serve as fiscal agent for the Marlin Weed and Seed Program". A former City Council member on the Steering Committee states that since the Fiscal Agent

matter has been such a sticky issue, she requests a roll call vote. The roll is called and all present vote yes to the Steering Committee serving as the Fiscal Agent (Item #9). This action dovetails with the statement made by Mr. [REDACTED] on September 18, 2006, that the Steering Committee would serve as Fiscal Agent.

#### PAYROLL TAXES UNPAID

In July, 2007, BTWRC received an IRS letter in its P O box 1338 (Weed and Seed had a separate box number 1234) requesting form 941 filing for tax period 12/31/2006 (Item #10). BTWRC had no employees from inception (2003) until 2011. When IRS asked for 941 reports in July 2007, BTWRC had no employees. Knowing that Weed and Seed had employees, the BTWRC President and Vice President spoke to Ms. [REDACTED] about whether she had filed 941 reports for the 4<sup>th</sup> quarter of 2006 and 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2007. Ms. [REDACTED] said she would look into it and get back to us. She later called the BTWRC President and told him to put zeroes on the return, and send it back. We began our efforts to get taxes paid. We requested meetings with the Steering Committee, but were met with cancelled meeting replies (Item #11). Through efforts I will explain later, BTWRC learned taxes had not been paid. Confronted with this fact in August, 2007, Ms. [REDACTED] stated that taxes would be paid. By December, 2007, this still had not been done.

Washington based CCDO Program Manager [REDACTED] and [REDACTED] visited Marlin Weed and Seed on December 20, 2007 (Item #12). The BTWRC Attorney and the BTWRC Vice President met with them and discussed the non-payment of payroll taxes for 4<sup>th</sup> quarter 2006, and the first 3 quarters of 2007 (Item #13). Mr. [REDACTED] said he would get back to our Attorney. Mr. [REDACTED] return correspondence viewed it as a local dispute (Item #14). Weed and Seed invited BTWRC to a called meeting on January 31, 2008 (Item #15). Ms. [REDACTED] gave BTWRC representatives copies of 941 documents showing she had made 941 tax payments on January 29, 2008 for 4<sup>th</sup> quarter 2006 - \$997.09; 1<sup>st</sup> quarter 2007 - \$3,827.24; 2<sup>nd</sup> quarter 2007 - \$4,667.52; 3<sup>rd</sup> quarter 2007 - \$6,014.20; and 4<sup>th</sup> quarter 2007 - \$8,372.85 (Item #16)

#### OTHER PROBLEMS DISCOVERED

BTWRC did not have possession or access to Weed and Seed files. Weed and Seed was viewed as a stand-alone entity supported by various collaborative groups. Earlier in our efforts to find out if payroll taxes had been paid for 2006 and 2007, BTWRC needed copies of checks and bank statements to

determine if payroll taxes had been paid. The BTWRC Board President, a Steering Committee member, had signatory authority on the Weed and Seed grant checking account. He requested, and was given copies of bank statements and checks on the grant account from September, 2006 to December, 2007. When Ms. [REDACTED] found out that BTWRC President had secured the copies, she relayed that information to Mr. [REDACTED]. Mr. [REDACTED] became upset. The BTWRC President was removed as a signer on the account and was unable to receive more check copies and account statements from the bank. The BTWRC President said that he was ostracized by Mr. [REDACTED], and that Mr. [REDACTED] never spoke to him again from that day until the grant ended. Getting the bank statement copies and check copies helped BTWRC look further into Weed and Seed activities. These items were used to develop a spread sheet showing monthly revenue and cost activity (Item #17). Further study of these spreadsheets raised red flags on other items.

Some Travel cost and per diem items appeared to be suspect. In October, 2007, some Weed and Seed Steering Committee members took an out of town trip. Check #596 (10/22/07) reimbursed Ms. [REDACTED], Weed and Seed Steering Committee President, \$2,292.50 for hotel, conference, and van expenses. On check #597 (10/23/07), Ms. [REDACTED] was paid an additional \$1,000.00. In the memo section, it states "10 people per diem conf". Further questioning of participants showed that some travelers were not given a full \$100.00 share of the per diem. The review of check copies also showed payroll advances received by several Weed and Seed employees, including a \$1,500.00 advance to Ms. [REDACTED] (Item # 18). We were not able to determine if the advances were paid back because the BTWRC President was prevented from receiving additional check copies and bank statements from the bank.

BTWRC scheduled a meeting for September 25, 2008, inviting the Weed and Seed Steering committee and Ms. [REDACTED] to discuss these and other items (Item #19). Several members of the Weed and Seed Steering Committee attended to discuss the information that we had gathered. Because they attended the meeting with us, one attendee stated that Mr. [REDACTED] called them traitors. Ms. [REDACTED] did not attend the meeting citing a previous engagement (Item #20).

The Steering Committee members that did come scheduled a follow-up meeting with the full Steering Committee in their offices on October 9, 2008. At that meeting, the Steering Committee was concerned enough about the per diem payments and employee advances that the Falls County Attorney (member of the Steering Committee) volunteered to perform an audit of Weed and Seed financial activities (Item #21).

#### OUTREACH TO THE INSPECTOR GENERAL

Realizing, that it would never get clear information or a copy of the grant; grant administration was deliberately secretive, efforts to get assistance had failed, and that unknown financial conditions could continue to get worse, BTWRC reached out to the office of the Inspector General. It sent the exact same

supported complaint letter to the Treasury Department Inspector General and the Justice Department Inspector General (Item #22).

#### BTWRC OPTS OUT OF WEED AND SEED

Knowing that its true role in Weed and Seed had not been clearly identified, and recognizing that further participation in the Weed and Seed program would not bring more clarity, BTWRC issued an Opt Out letter on November 8, 2008 (Item #23) and a Cease and Desist notice (Item #24) ending its involvement with Weed and Seed.

#### SUMMARY

The Booker T. Washington Resource Center, Inc. was misled from the beginning of the awarding of the Weed and Seed grant to Marlin, Texas. The original filing for Weed and Seed had the City of Marlin as Fiscal Agent and BTWRC as provider of space for the Safe Haven. Upon award, we learned changes had been made from the original grant application. BTWRC's EIN had been used to secure the grant. BTWRC did not authorize its use. This presented a problem; the City of Marlin was to be the grant sponsor. At a clarification meeting held on September 18, 2006, Mr. [REDACTED] (Public Affairs Officer with the Department of Justice), told BTWRC that although its EIN had been used to secure the grant, BTWRC was not liable for any Weed and Seed funds and that the grant did not belong to BTWRC. The Marlin (then) City Manager, in the role of Fiscal Agent, then asked for a copy of the grant as funded. Mr. [REDACTED] told the City Manager that the Fiscal Agent had been changed, and that the Steering Committee would act as Fiscal Agent. The City Manager pressed for a copy of the grant, and Mr. [REDACTED] said that he would try to get him one. I do not think the city ever got a copy of the grant, but I know BTWRC never received one. Despite repeated requests to the Steering Committee, Mr. [REDACTED], Washington Office of CCDO, and others, BTWRC never received a copy of the grant. If BTWRC had been told by Mr. [REDACTED] that funding the grant under BTWRC's EIN could be construed as the grant being awarded to BTWRC, BTWRC would have sought changes immediately. BTWRC would have insisted on transferring grant status to some other entity and hiring some firm (CPA firm or other institution) to handle financial aspects of the grant. BTWRC does not seek or administer program grants. Its sole purpose is building renovation, restoration, and maintenance, to provide space for those organizations that wish to administer programs, whether they have grant funding or not. BTWRC does not understand Mr. [REDACTED] motivation for stating that:

- (1) The use of BTWRC EIN for the grant posed no liability to BTWRC for grant funds (if it does)
- (2) The grant did not belong to BTWRC (if it did)
- (3) The Steering Committee was the Fiscal Agent (if it wasn't)
- (4) His refusal to provide grant copies to BTWRC and the City of Marlin

Beginning as early as 2007, BTWRC's attorney instructed the Marlin Weed and Seed to:

- (1) Secure its own EIN to operate the grant activity
- (2) Have a Certified Audit of grant years 2006 and 2007
- (3) Provide BTWRC with a copy of the grant
- (4) Ensure that a new Fiscal Agent is assigned to the grant

Though the assertions are that BTWRC was the fiscal agent, no one would produce the official document from the grant package that would prove or disprove it. Actions on the ground seemed to indicate just the opposite; someone wanted the Steering Committee to act as Fiscal Agent as evidenced by the following actions:

- (1) In the meeting held on September 18, 2006, Mr. [REDACTED] states the grant does not belong to BTWRC, it has no liability for grant funds, and the Steering Committee is the Fiscal Agent (Item #3)
- (2) In an April 10, 2007 letter to the Assistant U. S. Attorney in Waco, the (then) City Manager says that Mr. [REDACTED] volunteered that the grant was being amended to assign the Fiscal Agent responsibilities to a third party (It does not say from what entity it is coming from or to what entity it is going to) (Item #7)
- (3) In Steering Committee minutes of April 12, 2007, members are developing Policies and Procedures that Ms. [REDACTED] states are to be sent to Mr. [REDACTED] at CCDO. Ms. [REDACTED] stated "being that the Marlin Weed and Seed is overseen by the Steering Committee she would like to go ahead and let the record reflect that the Weed and Seed Steering Committee will serve as Fiscal Agency for the Marlin Weed and Seed Program". A member of the committee stated "being that the Fiscal Agent has been such a sticky issue, she would like for Ms. [REDACTED] to do a roll call. Ms. [REDACTED] asked the Steering Committee members present to respond yes or no to the question of the Steering Committee being the fiscal agency for Marlin Weed and Seed. All responded "yes" for the Steering Committee to be the fiscal agent for the Marlin Weed and Seed Program (item #9)

The comment by the Steering Committee member that the Fiscal Agent had been a "sticky issue" is at the heart of the problems that developed at Marlin Weed and Seed. An excellent program went bad because the truth was not spoken in regard to the identity and role of the participants. The correct name of the Fiscal Agent should have been known by all from the beginning of the grant. The shell game played with that position created a weakness that could not be remedied. The Cease and Desist notice and OPI Out letter were the only ways for BTWRC to ensure that it was not fiscal agent, and curtail anyone from using its EIN. The web was so tangled; the only option was to kill the grant.

BTWRC asked the Inspector General's office to audit the program. Our goal has always been to ensure that the program is administered properly. In spite of not having access to any of the records of Weed and Seed, and never receiving any Weed and Seed funds, BTWRC will work with the Justice Department to try to reach final resolution.

RESPONSE TO RECOMMENDATIONS OF THE INSPECTOR GENERAL

Inspector General recommends that OJP:

- 1) Ensure that the BTWRC implements appropriate internal controls and procedures to safeguard DOJ funds before awarding any future grants to the BTWRC.
- 2) Remedy the \$169,907 in unsupported payroll costs.
- 3) Remedy the \$29,794 in unsupported fringe costs.
- 4) Remedy the \$4,592 in unsupported contractor cost.
- 5) Remedy the \$86,751 in unallowable direct costs
- 6) Remedy the \$51,505 in unsupported direct costs
- 7) Remedy the \$12,877 in unsupported unidentified questioned costs
- 8) Remedy the \$63,010 in unsupported costs associated with the match requirement for Grant No.2006-WS-Q6-0204.

BTWRC Response to Recommendations:

- 1) BTWRC agrees with recommendation #1
- 2) Recommendations #2 through #8

Although BTWRC has not seen the records that involve these costs, and received none of the funds expended by the Weed and Seed Program, we are willing to work with the Department of Justice and explore methods that could be used to resolve these items.

Rev. Jimmy Phillips, [REDACTED]

Board President; Booker T. Washington Resource Center, Inc.

Cornell Jones, [REDACTED]

Board Vice President; Booker T. Washington Resource Center, Inc.

## APPENDIX VI

# OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

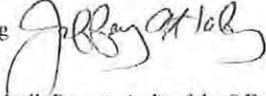
Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

JUN 26 2013

MEMORANDUM TO: David M. Sheeren  
Regional Audit Manager  
Denver Regional Audit Office  
Office of the Inspector General

FROM:  Maureen A. Henneberg   
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Grants Awarded to the Booker T. Washington Resource Center, Marlin, Texas*

This memorandum is in reference to your correspondence, dated May 22, 2013, transmitting the above-referenced draft audit report for the Booker T. Washington Resource Center (BTWRC). We consider the subject report resolved and request written acceptance of this action from your office.

We received a copy of the BTWRC's response to the draft audit report, dated June 12, 2013, in which the BTWRC stated that they were misled regarding their role as the fiscal agent for the Weed and Seed grants included in this audit. In addition, the BTWRC stated that they did not: 1) directly receive any of the funds expended under the Weed and Seed program; or 2) have access to any of the records pertaining to these grants. Further, the BTWRC stated that they will work with the U.S. Department of Justice (DOJ) and will "explore methods that could be used to resolve these items" (i.e., the audit recommendations and questioned costs). The Office of Justice Programs (OJP) finds that as the direct recipient of the Weed and Seed grant funds, the BTWRC is ultimately responsible for administering these awards.

While the Steering Committee may handle the day-to-day operations of the Weed and Seed program, the BTWRC, as the grantee of record, is charged with oversight of the grants, which includes, but is not limited to: properly accounting for grant funds; submitting fiscal and program reports, as required; and addressing audit and/or monitoring issues. Accordingly, OJP will work with the BTWRC to ensure that appropriate corrective actions are taken to address the audit report findings.

The draft report contains eight recommendations and \$416,936<sup>1</sup> in net questioned costs. The following is OJP's analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. **We recommend that OJP ensure that the BTWRC implements appropriate internal controls and procedures to safeguard U.S. Department of Justice (DOJ) funds before awarding any future grants to the BTWRC.**

OJP agrees with the recommendation. However, the Weed and Seed grant program is no longer funded by OJP, and the BTWRC does not have any active grants with OJP. Additionally, on November 8, 2008, the BTWRC provided OJP with a cease and desist notice, which effectively notified OJP that the BTWRC would no longer be participating in the Weed and Seed grant program, and would not request additional funding from OJP. Further, OJP plans to designate the BTWRC as a DOJ high-risk grantee, as a result of the issues related to the BTWRC's administration of its Weed and Seed grants. Moreover, as a result of the high risk designation, the BTWRC will not be able to access future Federal grant funds awarded by the DOJ until such time as the BTWRC provides new or revised written procedures that are responsive to this recommendation. While OJP requires grantees to develop and implement written procedures to address procedural-related recommendations in OIG audit reports, we do not think further action is needed from the BTWRC to address this recommendation because BWTRC is no longer receiving Federal grant funds from the DOJ. Additionally, the Weed and Seed grant program has not received appropriated funding since fiscal year 2010. As such, OJP requests closure of this recommendation.

2. **We recommend that OJP remedy the \$169,907 in unsupported payroll costs.**

OJP agrees with the recommendation. We will coordinate with the BTWRC to remedy the \$169,907 in questioned costs, related to unsupported payroll costs charged to various Weed and Seed grants.

3. **We recommend that OJP remedy the \$29,794 in unsupported fringe benefits costs.**

OJP agrees with the recommendation. We will coordinate with the BTWRC to remedy the \$29,794 in questioned costs, related to unsupported fringe benefits charged to various Weed and Seed grants.

4. **We recommend that OJP remedy the \$4,592 in unsupported contractor costs.**

OJP agrees with the recommendation. We will coordinate with the BTWRC to remedy the \$4,592 in questioned costs, related to unsupported contractor costs charged to various Weed and Seed grants.

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<sup>1</sup> Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount.

5. **We recommend that OJP remedy the \$86,751 in unallowable direct costs.**

OJP agrees with the recommendation. We will coordinate with the BTWRC to remedy the \$86,751 in questioned costs, related to unallowable direct costs charged to various Weed and Seed grants.

6. **We recommend that OJP remedy the \$51,505 in unsupported direct costs.**

OJP agrees with the recommendation. We will coordinate with the BTWRC to remedy the \$51,505 in questioned costs, related to unsupported direct costs charged to various Weed and Seed grants.

7. **We recommend that OJP remedy the \$12,877 in unsupported unidentified questioned costs.**

OJP agrees with the recommendation. We will coordinate with the BTWRC to remedy the \$12,877 in questioned costs, related to unsupported unidentified costs charged to various Weed and Seed grants.

8. **We recommend that OJP remedy the \$63,010 in unsupported costs associated with the match requirement for Grant No. 2006-WS-Q6-0204.**

OJP agrees with the recommendation. We will coordinate with the BTWRC to remedy the \$63,010 in questioned costs, related to unsupported costs associated with the match requirement for grant number 2006-WS-Q6-0204.

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

cc: Jeffery A. Haley  
Deputy Director, Audit and Review Division  
Office of Audit, Assessment, and Management

Denise O'Donnell  
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Eileen Garry  
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cc: James Simonson  
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Richard P. Theis  
Assistant Director, Audit Liaison Group  
Internal Review and Evaluation Office  
Justice Management Division

OJP Executive Secretariat  
Control Number 20130741

## APPENDIX VII

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

The OIG provided a draft of this audit report to the Booker T. Washington Resource Center (BTWRC) and the Office of Justice Programs (OJP). The BTWRC's response is incorporated as Appendix V of this final report, and OJP's response is included as Appendix VI. The following provides the OIG's analysis of the responses and summary of actions necessary to close the report.

#### **Analysis of the BTWRC's Response**

In response to our audit report, the BTWRC concurred with our first recommendation. For recommendations two through eight, BTWRC officials stated that they had not seen the records that involved the questioned costs, and did not receive any of the funding associated with these grants. We provide the following reply to these statements before discussing OJP and the BTWRC's specific responses to each of our recommendations, and the actions necessary to close those recommendations.

We disclosed in our audit report that limited grant records had been kept by the former Steering Committee president; however, these records were incomplete and not organized in a manner that was meaningful to our work. The significant amount of "unsupported" questioned costs detailed throughout this report is due to the fact that complete and accurate grant records were not provided to us. The foundation of our audit was based on the bank records provided with BTWRC assistance. When the draft report was issued, we discussed the information provided by the former Steering Committee president with current BTWRC officials, and notified those officials of our intent to return the records to the BTWRC.

In their response to our audit report, BTWRC officials provided details regarding its claim that the BTWRC was misled by the former Steering Committee president and by a representative of the United States Attorney's Office (USAO), Western District of Texas regarding their responsibilities as Fiscal Agent. We provided a copy of the BTWRC's response to the USAO representative and the former Steering Committee president for comments regarding BTWRC's claims. While we did not receive a response from the former Steering Committee president, the USAO representative provided comments.

Specifically, the BTWRC claimed that during a meeting in September 2006, the USAO representative stated that even though the BTWRC's EIN number was used in the application: (1) the grant did not belong to the BTWRC, (2) that the BTWRC would not be liable for the grant, and (3) that the Steering Committee was the Fiscal Agent under the grant. The USAO representative affirmed that to the best of his recollection he made those statements because he believed them to be accurate at that time. The USAO representative cited ongoing confusion within the committee regarding the entity that would be serving as fiscal agent. The USAO representative believed the BTWRC allowed the use of its EIN to open a bank account for the success of the Weed & Seed project. Further, the USAO representative stated that he did not provide a copy of the grant to the BTWRC when requested because he did not have access to the Grants Management System and he believed OJP was in the best position to provide BTWRC officials with a current version of the grant documents. The USAO representative stated that he did not intentionally withhold the grant from BTWRC officials. OJP stated in its response that BTWRC was the grantee of record and, as the direct recipient of the grant funds, was ultimately responsible for the administration of the awards.

The USAO representative also responded to statements in BTWRC's response not directly related to grant administration. Specifically, the USAO representative denied BTWRC's claims that he "ostracized" the BTWRC president and labeled members of the Steering Committee who met with BTWRC officials in September 2008 as "traitors." The USAO representative stated that he was "not happy" that the BTWRC president had obtained the records directly from the bank and recalled expressing disappointment about some actions by Steering Committee members because those actions indicated distrust, splintering, and disruption in the Weed & Seed committee and project. However, he did not recall singling out specific individuals or using the term "traitor". The USAO representative further stated that he did not speak to the BTWRC president after this incident because the BTWRC officials stopped attending Weed & Seed Steering Committee meetings, and therefore the USAO had no reason or opportunity for additional conversation. The USAO representative acknowledged that he had an interest in the success of the program and "may have responded emotionally to these incidents." He also stated that due to personality conflicts and deep disagreements, the Steering Committee was unable to appropriately implement the proposed strategy due to a lack of collaboration among its members.

The BTWRC also stated in its response that it submitted a complaint to the DOJ OIG Investigations Division reporting concerns. As stated in our report, the DOJ OIG Investigations Division received that complaint

regarding payroll taxes, payroll advances, and travel expenditures and referred it to OJP in September 2008. During this audit, we identified certain issues requiring further investigation. We made a referral to the OIG's Investigations Division, and put our audit on hold pending resolution of the referral. Subsequently, we were able to complete our audit and issue this report.

### **Summary of Actions Necessary to Close Report**

1. **Closed.** OJP and the BTWRC concurred with our recommendation to ensure that the BTWRC implement appropriate internal controls and procedures to safeguard Department of Justice (DOJ) funds before awarding any future funds to the BTWRC. OJP stated that it will designate the BTWRC as a high risk grantee until such time as the BTWRC provides new or revised written procedures that are responsive to our recommendation. However, OJP also noted that it determined that further action is not required of the BTWRC as the BTWRC is no longer receiving federal grant funds from DOJ. Therefore, OJP requested closure of the recommendation.

We determined that OJP's response adequately addressed our recommendation. Therefore, this recommendation is closed.

2. **Resolved.** OJP concurred with our recommendation to remedy the \$169,907 in unsupported payroll costs identified in our audit. In their response to the draft report, BTWRC officials stated that although they had not seen the records involving these costs, and received none of the funds expended by the Weed and Seed program, they are willing to work with DOJ to explore methods that could be used to resolve this issue.

This recommendation can be closed when we receive evidence that OJP has remedied the \$169,907 in unsupported payroll costs.

3. **Resolved.** OJP concurred with our recommendation to remedy the \$29,794 in unsupported fringe costs identified in our audit. In their response to the draft report, BTWRC officials outlined the actions taken to report concerns regarding unpaid payroll taxes while the grants were active. BTWRC officials also stated that although they had not seen the records involving these costs, and received none of the funds expended by the Weed and Seed program, they are willing to work with DOJ to explore methods that could be used to resolve this item.

This recommendation can be closed when we receive evidence that OJP has remedied \$29,794 in unsupported fringe costs.

4. **Resolved.** OJP concurred with our recommendation to remedy the \$4,592 in unsupported contractor costs identified in our audit. In their response to the draft report, BTWRC officials stated that although they had not seen the records involving these costs, and received none of the funds expended by the Weed and Seed program, they are willing to work with DOJ to explore methods that could be used to resolve this issue.

This recommendation can be closed when we receive evidence that OJP has remedied the \$4,592 in unsupported contractor costs.

5. **Resolved.** OJP concurred with our recommendation to remedy the \$86,751 in unallowable direct costs identified in our audit. In their response to the draft report, BTWRC officials stated that although they had not seen the records involving these costs, and received none of the funds expended by the Weed and Seed program, they are willing to work with DOJ to explore methods that could be used to resolve this issue.

This recommendation can be closed when we receive evidence that OJP has remedied the \$86,751 in unallowable direct costs.

6. **Resolved.** OJP concurred with our recommendation to remedy the \$51,505 in unsupported direct costs identified in our audit. In their response to the draft report, BTWRC officials stated that although they had not seen the records involving these costs, and received none of the funds expended by the Weed and Seed program, they are willing to work with DOJ to explore methods that could be used to resolve this issue.

This recommendation can be closed when we receive evidence that OJP has remedied the \$51,505 in unsupported direct costs.

7. **Resolved.** OJP concurred with our recommendation to remedy the \$12,877 in unsupported unidentified costs detailed in our audit report. In their response to the draft report, BTWRC officials stated that although they had not seen the records involving these costs, and received none of the funds expended by the Weed and Seed program, they are willing to work with DOJ to explore methods that could be used to resolve this issue.

This recommendation can be closed when we receive evidence that OJP has remedied \$12,877 in unsupported unidentified costs.

8. **Resolved.** OJP concurred with our recommendation to remedy the \$63,010 in unsupported costs associated with the match requirement for Grant No. 2006-WS-Q6-0204. In their response to the draft report, BTWRC officials stated that although they had not seen the records involving these costs, and received none of the funds expended by the Weed and Seed program, they are willing to work with DOJ to explore methods that could be used to resolve this issue.

This recommendation can be closed when we receive evidence that OJP has remedied the \$63,010 in unsupported costs associated with the match requirement for Grant No. 2006-WS-Q6-0204.