



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



**Audit of the Office of Justice Programs'
Tribal Youth Program Training and
Technical Assistance Cooperative
Agreement Awarded to
Lamar Associates, LLC
Albuquerque, New Mexico**

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS'
TRIBAL YOUTH PROGRAM TRAINING AND TECHNICAL
ASSISTANCE COOPERATIVE AGREEMENT
AWARDED TO LAMAR ASSOCIATES, LLC
ALBUQUERQUE, NEW MEXICO**

EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of the cooperative agreement awarded by the Office of Juvenile Justice and Delinquency Prevention (OJJDP), a component of the Office of Justice Programs (OJP), under the Tribal Youth Training and Technical Assistance Program to Lamar Associates, LLC in Albuquerque, New Mexico. Lamar Associates was awarded \$375,000 under Cooperative Agreement Number 2010-TY-FX-K019 to assist DOJ program offices and other federal agencies coordinate their resources as they work on initiatives, programs, and policies that impact and serve American Indian and Alaska Native youth.¹

The objective of this audit was to determine whether costs claimed under the cooperative agreement were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of cooperative agreement management: financial management, expenditures, budget management and control, drawdowns, federal financial reports, and program performance. The criteria we audited against are contained in the OJP Financial Guide and the award documents.

As of December 31, 2014, Lamar Associates had drawn down \$360,605 of the total cooperative agreement funds awarded. We examined Lamar Associates' operating policies and procedures, accounting records, and financial and progress reports, and found that Lamar Associates did not comply with essential award conditions related to cooperative agreement expenditures and federal financial reports. Most significantly, Lamar Associates charged unallowable and unsupported costs to the cooperative agreement. Based on our audit results, we identified \$17,331 in questioned costs, which included \$900 in duplicate costs that were questioned for more than one reason, resulting in net questioned costs of \$16,431.

Our report contains three recommendations, which are detailed in the Findings and Recommendations section of this report. Our audit objective, scope, and methodology are discussed in Appendix 1 and our Schedule of Dollar-Related Findings appears in Appendix 2. We discussed the results of our audit with Lamar Associates officials and have included their comments in the report, as applicable. In addition, we requested written responses to the draft audit report from Lamar Associates and OJP, which are appended to this report in Appendices 3 and 4,

¹ Cooperative Agreement Number 2010-TY-FX-K019 had a project start date of October 1, 2010, and the project end date is March 30, 2015.

respectively. Our analysis of both responses, as well as a summary of actions necessary to close the recommendations can be found in Appendix 5 of this report.

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INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of the cooperative agreement awarded by the Office of Juvenile Justice and Delinquency Prevention (OJJDP), a component of the Office of Justice Programs (OJP), under the Tribal Youth Training and Technical Assistance Program to Lamar Associates, LLC in Albuquerque, New Mexico. Lamar Associates was awarded \$375,000 under Cooperative Agreement Number 2010-TY-FX-K019.¹

The OJJDP's mission is to provide national leadership, coordination, and resources to prevent and respond to juvenile delinquency and victimization. OJJDP supports states and communities in their efforts to develop and implement effective and coordinated prevention and intervention programs and to improve the juvenile justice system so that it protects public safety, holds offenders accountable, and provides treatment and rehabilitative services tailored to the needs of juveniles and their families. Lamar Associates is a 100 percent American Indian-owned and operated consulting and professional services company, specializing in law enforcement, security, and emergency preparedness.²

Funding through the Tribal Youth Training and Technical Assistance Program is designed to help tribal communities develop comprehensive, systemic approaches that reduce juvenile delinquency, violence, and child victimization and increase public safety. Cooperative Agreement Number 2010-TY-FX-K019 was awarded to assist DOJ program offices and other federal agencies coordinate their resources as they work on initiatives, programs, and policies that impact and serve American Indian and Alaska Native youth. Specifically, Lamar Associates was to provide training, technical assistance, and outreach to tribes that specifically focus on tribal youth initiatives, through a combination of onsite and distance learning; support the DOJ 2011 Tribal Youth Summit; and provide technical support in furtherance of the recently enacted Tribal Law and Order Act.

Audit Approach

The objective of this audit was to determine whether costs claimed under the cooperative agreement were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To

¹ Cooperative Agreement Number 2010-TY-FX-K019 had a project start date of October 1, 2010, and the project end date is March 30, 2015.

² Statements of mission and intent regarding OJJDP and Lamar Associates have been taken from the agencies' website directly (unaudited).

accomplish this objective, we assessed performance in the following areas of cooperative agreement management: financial management, expenditures, budget management and control, drawdowns, federal financial reports, and program performance.

We tested compliance with what we consider to be the most important conditions of the cooperative agreement. The criteria we audited against are contained in the OJP Financial Guide and the award documents. The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix 1 contains additional information on the audit's objective, scope, and methodology.

FINDINGS AND RECOMMENDATIONS

As further discussed in this report, we found that Lamar Associates did not comply with essential award conditions in the areas of cooperative agreement expenditures and federal financial reports. Most significantly, Lamar Associates charged unallowable and unsupported costs to Cooperative Agreement Number 2010-TY-FX-K019. We identified \$17,331 in questioned costs, which included \$900 in duplicate costs that were questioned for more than one reason, resulting in net questioned costs of \$16,431. Based on our audit results, we make two recommendations to address dollar-related findings and one recommendation improve the management of the cooperative agreement.

Cooperative Agreement Financial Management

According to the OJP Financial Guide, all award recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. We reviewed Lamar Associates' internal control environment, including procurement, receiving, and payment procedures; the payroll system; and monitoring of contractors to determine whether the financial management system Lamar Associates uses for the processing and payment of funds adequately safeguard cooperative agreement funds and to ensure compliance with the terms and conditions of the cooperative agreement. Lamar Associates' officials provided written policy and procedures related to internal controls, financial management, and timekeeping; and described the procedures for payroll, procurement, receiving, payment of expenses, and contracts. Based on our review, we did not identify any significant deficiencies with Lamar Associates' financial management system specific to administration of the cooperative agreement.

Cooperative Agreement Expenditures

Lamar Associates received budget approval for costs categories including Personnel, Fringe Benefits, Travel, Supplies, Contractual, and Other. In order to determine whether expenditures were allowable, supported, reasonable, and in compliance with award requirements, we reviewed transactions totaling \$57,376. Accountable property, indirect costs, and matching were not applicable to this cooperative agreement. The following sections describe the results of our review.

Personnel Costs

We reviewed salary and fringe benefit transactions covering two non-consecutive pay periods, totaling \$10,585, and did not note any issues.

Other Direct Costs

We reviewed 66 other direct cost transactions totaling \$46,792, and determined that 12 transactions were unsupported, as shown in Table 1. The OJP Financial Guide requires award recipients to retain all financial records, supporting

documents, statistical records, and all other records pertinent to the award for at least 3 years after receiving notification from the awarding agency that the award has been financially and programmatically closed. However, 12 transactions included expenses that were not supported by a receipt, invoice, contract, or rate agreement.

Table 1
Unsupported Other Direct Costs

NUMBER OF TRANSACTIONS	DESCRIPTION	QUESTIONED COSTS
11	Missing receipt(s) or invoice	\$ 8,314
1	Missing contract or rate agreement	407
12	Total Unsupported Other Direct Costs:	\$8,720³

Source: Lamar Associates' accounting records

Overall, we identified unsupported other direct costs totaling \$8,720. Therefore, we recommend that OJP coordinate with Lamar Associates to remedy the \$8,720 in unsupported other direct costs.

Further, we determined that 32 transactions were unallowable, as shown in Table 2.

Table 2
Unallowable Other Direct Costs

NUMBER OF TRANSACTIONS	DESCRIPTION	QUESTIONED COSTS
23	Not approved in cooperative agreement budgets or by a Grant Adjustment Notice(GAN)	\$7,183
3	Hotel room rate and taxes in excess of GSA Per Diem rates	829
6	Rate in excess of the \$450 per day or \$56.25 per hour set by the OJP Financial Guide and Special Condition 14	599
32	Total Unallowable Other Direct Costs:	\$8,610

Source: Lamar Associates' accounting records

Specifically, 23 transactions comprised of expenses that were not allowable in the approved budgets or by an approved Grant Adjustment Notice (GAN), including a camera, lighting equipment, an extra computer, hotel internet, and 2011 OJJDP National Intertribal Youth Summit expenses. For the unallowable 2011 OJJDP National Intertribal Youth Summit expenses, Lamar Associates provided emails documenting that OJJDP Program Managers asked Lamar Associates if they would cover some of the costs for the 2011 OJJDP National Intertribal Youth Summit that was being held by another cooperative agreement recipient. The costs Lamar Associates was asked to cover included supplies, costs for presenters and

³ Differences in the total amounts are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded.

coordinators, travel, equipment, copies, and a dance group performance.⁴ In its response Lamar Associates ultimately agreed to cover the costs, but stated that they didn't understand why they were being asked to cover the costs of the 2011 OJJDP National Intertribal Youth Summit that was funded by a cooperative agreement awarded to a different recipient. Overall, we identified 19 transactions, totaling \$5,531, for the 2011 OJJDP National Intertribal Youth Summit covered by Cooperative Agreement Number 2010-TY-FX-K019.⁵ Despite the fact that OJJDP Program Managers asked Lamar Associates to cover these costs, these transactions were not allowable in the approved budgets or by an approved GAN and Lamar Associates is ultimately responsible for ensuring that costs charged to the cooperative agreement are allowable.

Additionally, the OJP Financial Guide allows recipients to follow their own established travel rates. However, the Office of the Chief Financial Officer reserves the right to determine the reasonableness of those rates. If a recipient does not have a written travel policy, the recipient must abide by the federal travel policy. The current travel policy and per diem rate information is available at the U.S. General Services Administration (GSA) web site <http://www.gsa.gov>. Lamar Associates' Employee Manual and Contractor Handbook stated that travel, meal, and accommodation expenses will be reimbursed at GSA rates. During our audit, we identified three transactions with hotel room rates in excess of GSA rates by \$69, \$238, and \$348 per night, which ranges from 133 percent to 265 percent of the GSA rate. As a result, we questioned these amounts and the taxes associated with them as unallowable.

Finally, Special Condition 14 of Cooperative Agreement Number 2010-TY-FX-K019 states "Approval of this award does not indicate approval of any consultant rate in excess of \$450 per day. A detailed justification must be submitted to and approved by the OJP program office prior to obligation or expenditure of such funds." Additionally, the OJP Financial Guide stated a GAN is required for compensation for individual consultant services in excess of \$450 per 8-hour day, or \$56.25 per hour. During our audit, we identified six transactions involving three contractors with rates in excess of the \$450 per day or \$56.25 per

⁴ The invoice from the other cooperative agreement recipient described the supply expenses as "rental of the bulletin board, tag board, markers, pens, envelopes and papers for the student's questions to be supplied and stored." While the Walmart and TJ Max receipts included some of these items, they also included the following unallowable items: a bean bag toss game, basketballs, balls, bedding sheets, towels, wash cloths, shampoo, toothpaste, toothbrushes, soda pop, water, Gatorade, and pillows. Since this transaction was already questioned as unallowable because the 2011 OJJDP National Intertribal Youth Summit was not allowable in the approved budgets or by an approved GAN, we did not further question these unallowable items.

⁵ We also found that the OJJDP Program Manager at the time and the other recipient that received a cooperative agreement for the 2011 OJJDP National Intertribal Youth Summit had largely approved these speakers and costs prior to the event, and not Lamar Associates, even though Lamar Associates was asked to cover the costs. Lamar Associates explained that they were asked to pay for certain expenses by the OJJDP Program Manager and did not book or manage any of the travel, nor did they scrutinize any of the expenses, with the one exception being a supply transaction for nearly twice the amount that was initially agreed upon. As a result, Lamar Associates was unable to answer additional questions we had regarding possible unsupported and unallowable costs related to these 19 transactions.

hour set by the OJP Financial Guide and Special Condition 14, and there was no GAN for the excess; therefore, we questioned the excess as unallowable.⁶

Overall, we identified unallowable other direct costs totaling \$8,610. Therefore, we recommend that OJP coordinate with Lamar Associates to remedy the \$8,610 in unallowable other direct costs.

Budget Management and Control

According to the OJP Financial Guide, the recipient is responsible for establishing and maintaining an adequate system of accounting and internal controls, which includes presenting and classifying projected historical cost of the award as required for budgetary and evaluation purposes, and providing financial data for planning, control, measurement, and evaluation of direct and indirect costs. A GAN is required if: (1) the proposed cumulative change to the approved budget is greater than 10 percent of the total award amount, (2) if there is any dollar increase or decrease to the indirect cost category of an approved budget, (3) if there were expenses incurred in a cost category not included in the original budget, and (4) if there is a change in the project scope.

To ensure Lamar Associates complied with the OJP Financial Guide requirements, we reviewed the approved budget and related GANs broken down by budget categories including Personnel, Fringe Benefits, Travel, Supplies, Contractual, and Other, and we conducted detailed analysis of expenditures by budget category. We found that Lamar Associates expenditures were within the 10 percent threshold allowed and we did not identify significant deficiencies with Lamar Associates' budget management processes.

Drawdowns

According to the OJP Financial Guide, funds should be requested based upon immediate disbursement or reimbursement need. Drawdown requests should be timed to ensure that federal cash on hand is the minimum needed for disbursements or reimbursements to be made immediately or within 10 days. We found that as of December 11, 2014, which was the date of the last drawdown plus 10 days, cumulative expenditures exceeded cumulative drawdowns.

Federal Financial Reports

According to the OJP Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report.

To determine whether the FFRs submitted by Lamar Associates accurately reflected the expenditures for Cooperative Agreement Number 2010-TY-FX-K019;

⁶ We identified two contracts made by Lamar Associates that were for amounts greater than the \$56.25 allowable in OJP Financial Guide and by Special Condition 14; there was no GAN for the excess.

we compared the last four FFRs submitted to the accounting records. We found that two of the FFRs were not accurate because they included costs that were outside of the period covered by the FFR. Therefore, we recommend that OJP coordinate with Lamar Associates to ensure that FFRs accurately cover the period covered by the FFR.

Program Performance and Accomplishments

According to Lamar Associates work plan, Cooperative Agreement Number 2010-TY-FX-K019 was awarded to assist DOJ program offices and other federal agencies coordinate their resources as they work on initiatives, programs, and policies that impact and serve American Indian and Alaska Native youth. Specifically, Lamar Associates was to provide training, technical assistance, and outreach to tribes that focus on tribal youth initiatives through a combination of onsite and distance learning; support the DOJ 2011 Tribal Youth Summit; and provide technical support in furtherance of the recently enacted Tribal Law and Order Act.

Based on our review of the items produced by Lamar Associates, we did not identify any significant discrepancies with Lamar Associates' achievement of cooperative agreement objectives. These items included: Tribal Law and Order Act report, Tribal Law and Order Act Power Point, three training courses in various stages of development, and two public service announcements. However, according to Lamar Associates officials as of February 2015, for two of the training courses that are still in development, one has been waiting since December 2014 for the OJJDP Program Manager's final review before the course can go live, while another has been waiting since November 20, 2014 for the OJJDP Program Manager's review before final narration can be completed. The OJJDP Program Manager's review was noted in GAN Number 16 as a reason for extending the project period to March 30, 2015.

Categorical Assistance Progress Reports

According to the OJP Financial Guide, progress reports are prepared twice a year and are used to describe performance of activities or the accomplishment of objectives as set forth in the award application. To determine whether the progress reports submitted by Lamar Associates accurately reflected the activity of the cooperative agreement, we performed testing of some of the accomplishments described in the last two Categorical Assistance Progress Reports. Progress Report Numbers 7 and 8 covered the reporting periods July 1, 2013 through December 31, 2013, and January 1, 2014 through June 30, 2014; we selected accomplishments including program materials developed and number of people trained. We confirmed the number of program materials developed; however, Lamar Associates officials explained that the number of people trained was transposed in Progress Report Number 8. The supporting documentation was submitted along with the progress report; however, the error was not caught or corrected until the audit. As a result, we concluded that the progress reports were generally accurate.

Conclusion

The objective of this audit was to determine whether costs claimed under the cooperative agreement were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. We examined Lamar Associates' accounting records, budget documents, financial and progress reports, and financial management procedures, and found \$8,720 in unsupported other direct costs, \$8,610 in unallowable other direct costs, and that two of the four FFRs reviewed were not accurate because they included costs that were outside of the period covered by the FFR. We made three recommendations to improve Lamar Associates' management of Cooperative Agreement Number 2010-TY-FX-K019.

Recommendations

We recommend that OJP coordinate with Lamar Associates to:

1. Remedy the \$8,720 in unsupported other direct costs.
2. Remedy the \$8,610 in unallowable other direct costs.
3. Ensure that FFRs accurately cover the period covered by the FFR.

APPENDIX 1

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether costs claimed under the cooperative agreement were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of cooperative agreement management: financial management, expenditures, budget management and control, drawdowns, federal financial reports, and program performance.

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 believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This was an audit of the Office of Juvenile Justice and Delinquency Prevention's, a component of OJP, cooperative agreement awarded to Lamar Associates under the Tribal Youth Training and Technical Assistance Program. Lamar Associates was awarded \$375,000 under Cooperative Agreement Number 2010-TY-FX-K019 and as of December 31, 2014, had drawn down \$360,605 of the total awarded. Our audit concentrated on, but was not limited to September 20, 2010, the award date for Cooperative Agreement Number 2010-TY-FX-K019, through January 15, 2015, the last day of our fieldwork.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of Lamar Associates' activities related to the audited cooperative agreement. We performed sample-based audit testing for cooperative agreement expenditures, including payroll and fringe benefit charges; federal financial reports; and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the cooperative agreement reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The criteria we audit against are contained in the OJP Financial Guide and the award documents. In addition, we evaluated Lamar Associates': (1) financial management, including cooperative agreement-related procedures in place for procurement, contractor monitoring, federal financial reports, and progress reports; (2) budget management and controls; (3) drawdowns; and (4) program performance.

During our audit, we obtained information from OJP's Grant Management System, as well as Lamar Associates' accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of

those systems as a whole; therefore any findings identified involving information from those systems was verified with documentation from other sources.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

DESCRIPTION	AMOUNT	PAGE
Questioned Costs ⁷		
Unsupported Other Direct Costs:	\$8,720	4
<i>Total Unsupported:</i>	\$8,720	
Unallowable Other Direct Costs:	\$8,610	4
<i>Total Unallowable:</i>	\$8,610	
<i>Total (Gross):</i>	\$17,331	
Less Duplication ⁸ :	(\$900)	
Net Questioned Costs:	\$16,431	

⁷ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; 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.

⁸ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which include \$900 in other direct costs for the 2011 OJJDP National Intertribal Youth Summit that was questioned as both unsupported as well as unallowable.

**LAMAR ASSOCIATES'
RESPONSE TO DRAFT REPORT**



April 24, 2015

David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
1120 Lincoln Street, Suite 1500
Denver, CO 80203

Dear Mr. Sheeren:

We are receipt of the draft audit report detailing the results of the Audit of the Office of Justice Programs Tribal Youth Program Training and Technical Assistance Cooperative Agreement awarded to Lamar Associates (2010-TY-FX-K019). The draft audit report has been reviewed in its entirety. From the onset of the audit process it was evident the auditor would perform the review in a thorough and professional manner. The draft report is reflective of the expert review and is technically accurate regarding each finding. Though accurate on its face the draft report, for the most part, does not take into consideration mitigating circumstances, which I will address with comment.

Background

Lamar Associates submitted an extensive and detailed proposal in response to a solicitation for 2010-TY-FX-K019. Previously the grant had been awarded to a single grantee organization. We were informed in September 2010 that we were awarded the grant and for several weeks were making preparations to execute a significant and large grant. Then came the news that the grant had been divided into three separate cooperative agreements and our portion had been set at \$375,000. The then OJJDP program manager candidly explained plans had not yet been formulated for our participation. Though we had staff hired to execute the grant it was not until six months later that we had an urgent short notice request to participate in a team effort to draft a report to congress. We quickly staffed up to be a full team participant. Once the report was submitted the grant returned to limited activity with no real plan offered by OJJDP regarding our deliverables. The original program manager was eventually replaced, however, we remained an afterthought. We submitted program plans and suggested deliverables, however, program manager direction and engagement continued to be sporadic at best. We ended up having four program managers and it was not until the last assigned program manager was a good solid scope of work agreed upon and executed.

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With a \$375,000 budget we should have completed grant deliverables within a year, two years at the absolute most. Here we are over four years later and thought we were finally on the verge of being able to close out an incredibly difficult chapter in our small business experience, but then came this ninth hour Office of Inspector General audit. Our criticism is meant to articulate an overall result of what appears to be a bureaucratic lapse and should not be interpreted as singling out any specific person. We are aware of the good work that OJJDP does and understand that Program managers wear numerous hats.

Because of the unpredictable level of work related to the grant, it proved difficult to keep Lamar Associates employees on a fulltime work schedule. The result, as one would expect, was a higher than usual employee turnover. This higher turnover meant more email accounts and individual anecdotal experience. Over the extended period of the grant this meant hundreds and hundreds of emails on at least ten different email accounts. As employees departed and email accounts discontinued every effort was made to archive the correspondence, however, this effort was complicated by the fact that we changed email providers during the grant period. Likewise, company computers were replaced or repurposed leaving data to be transferred to external hard drives.

A company downsizing and my relocation to Washington, D.C. resulted in the closing of our Albuquerque office location. Four years worth of paper records and receipts along with external hard drives were packed in boxes. The boxes and drives were loaded into moving PODS along with my household goods for transport to the Washington, D.C. area. A search for suitable housing turned out to be a protracted process extending over 10 months, still yet the business records remain inaccessible in storage PODS.

In 2011 an OJJDP Intertribal Youth Summit was held in Santa Fe, New Mexico. The draft report provides information relating to the fact that we were asked to cover costs incurred by two organizations also engaged under cooperative agreements. We know that program managers maintain a level of say regarding the awarding of grants and that being the case, they are the "hand that feeds." Though internally we agreed that the program manager "request," or "order" as we saw it, was unusual and unfair to us, we were not anxious to bite the "hand that feeds." We know that the circumstances relating to the 2011 summit and the program manager activities were vigorously investigated by DOJ as they related to one of the other organizations, so we were surprised that we were called to task over expenses covered by us for the other two organizations. Certainly the previous investigation must have detailed the issue with great clarity.

Despite the lack of direction and continuity offered by OJJDP we were still able to deliver an excellent product and service to Indian Country.

Findings and Response

Unsupported Other Direct Costs

"11 Missing receipt(s) or invoice" – questioned costs \$8,314
Paper records and external hard drives currently in storage will be accessible over the next 60 days which should produce the missing documentation.

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“1 missing contract or rate agreement” – questioned costs \$407

The missing contract was forwarded to the auditor via Lamar Associates’ email dated April 7, 2015.

Unallowable Other Direct Costs

“23 Not approved in cooperative agreement budgets or by a Grant Adjustment Notice (GAN)” – questioned costs \$7,183

19 transactions totaling \$5,531 were in relation to the 2011 summit. Though we understand it was ultimately our responsibility to submit a GAN and track expenses, we contend the OJJDP program manager bore responsibility to ensure the unusual request be properly documented. The previous investigation into this matter via one of the other organizations involved should clearly demonstrate we were placed in a difficult situation by the grantor.

The remaining 4 questioned costs include the purchase of a camera, lighting equipment, a computer and hotel Internet costs. We are certain that OJJDP email correspondence and our end product, which included video production will serve to demonstrate the camera, lighting equipment and computer equaling \$1,652 in questionable costs were purchased to accommodate OJJDP program manager requests and program deliverables. The hotel internet costs were in relation to official OJJDP travel and were necessary costs in relation to Lamar Associates’ presentations at OJJDP sponsored events.

“3 Hotel room rate and taxes in excess of GSA per diem rates” – question costs \$829

Though Lamar Associates has adopted the Federal Travel Regulations as company policy, we are still not government employees with official identification. At the onset of the grant award we asked for a letter from OJJDP verifying we were working under a Federal grant to assist in obtaining government lodging rates, for whatever reason we were not furnished a letter. In this particular case it may not have made a difference, in that we were directed to travel to Washington, D.C. with little advanced notice. A major event was taking place in the metro area and government rates were not available. Our policy says we will provide written explanations when lodging costs are exceeded. The explanation for the additional cost in this case will be found in internal Lamar Associates’ emails, however, due to extended period of time and email vendor changes it would not warrant the excessive cost for us to retrieve the emails. As we work with OJP to address this report we will ask them to review OJJDP emails for correspondence related to this finding.

“6 Rate in excess of the \$450 per day or \$56.25 per hour set by the OJP Financial Guide and Special Condition 14” questioned costs \$599

As we address the findings of this report with OJP we will ask them to review OJJDP email correspondence to locate justification and approval for the \$599 in questioned costs.

For us as a small company with no fiscal resources allocated to the retrieval of our archived emails it is not financially reasonable for us to be required to bear this expense.

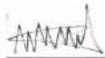
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Conclusion

As a former FBI Special Agent and retired Federal law enforcement executive, I am fully supportive of the accountability and transparency served by inspections, audits and reviews. That said, I am extremely dismayed that this particular audit came near the conclusion of this grant period at significant cost to our small 100 percent Native owned company. I cannot believe that any reasonable person would see this audit process as fair in any sense of the word. As a for profit company we were required to waive our profit status to participate in this grant. That being the case there is no profit to draw on to pay for our mandated participation in this audit. Over \$6,000 in direct costs and a significant number of personal hours were dedicated to our participation in this intense audit. Being a very small company the audit was incredibly and negatively impactful. Had DOJ expended the amount of money required to conduct this audit to provide good solid program management and mentorship, DOJ's constituency and our small company would have benefited in a big way.

It is our sincere desire that the Department of Justice examine how and when OIG audits are exercised and the significant impact they have on the financial health of small business and tribal governments.

Sincerely,



Walter E. Lamar
President and CEO

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**OFFICE OF JUSTICE PROGRAMS'
RESPONSE TO DRAFT REPORT**



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

MAY - 7 2015

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

FROM: Ralph E. Martin
Director 

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Tribal Youth Program Training and Technical Assistance Cooperative Agreement Awarded to Lamar Associates, LLC, Albuquerque, New Mexico*

This memorandum is in reference to your correspondence, dated March 30, 2015, transmitting the above-referenced draft audit report for Lamar Associates, LLC (Lamar Associates). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains three recommendations and \$16,431¹ in net questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. We recommend that OJP remedy the \$8,720 in unsupported other direct costs.

OJP agrees with the recommendation. We will coordinate with Lamar Associates to remedy the \$8,720 in questioned costs, related to unsupported other direct costs that were charged to cooperative agreement number 2010-TY-FX-K019.

2. We recommend that OJP remedy \$8,610 in unallowable other direct costs.

OJP agrees with the recommendation. We will coordinate with Lamar Associates to remedy the \$8,610 in questioned costs, related to unallowable other direct costs that were charged to cooperative agreement number 2010-TY-FX-K019.

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

3. We recommend that OJP coordinate with Lamar Associates to ensure that FFRs accurately cover the period covered by the FFR.

OJP agrees with the recommendation. We will coordinate with Lamar Associates to obtain a copy of written policies and procedures, developed and implemented, to ensure that costs and other information reported on future Federal Financial Reports (FFRs) accurately reflect the period covered by the FFR.

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

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

The Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP) and to Lamar Associates. OJP's response is incorporated in Appendix 4 and Lamar Associates' response is incorporated in Appendix 3 of this final report. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Analysis of Lamar Associates' Response

In addition to its responses to our recommendations, which we address below, Lamar Associates questioned in its response the timing and fairness of our audit and audit process. Specifically, Lamar Associates' President and CEO was "extremely dismayed" that the audit came near the conclusion of the grant period and at a significant cost to the company. In all, Lamar Associates stated that it expended over \$6,000 in direct costs and a significant number of personal hours as a result of this OIG audit. We understand that being responsive to an audit can require staff time and effort. However, OIG audits provide important oversight of DOJ award recipients and identify necessary improvements in grant management, as we provided to Lamar Associates through this audit. We note that as an OJP cooperative agreement award recipient Lamar Associates was on notice of, and must adhere to, the 3-year record retention requirements of the OJP Financial Guide. As a DOJ award recipient, Lamar Associates was also required to retain and make available to the OIG documentation supporting expenditures it made with DOJ award funds. As specifically required in the OJP Financial Guide, "the OIG must be granted access to any pertinent books, documents, papers, or other records of recipients which are pertinent to the award..." Lamar Associates stated that much of its supporting documentation is currently in an inaccessible storage facility or included in e-mail archives that would be costly to retrieve. However, it is the responsibility of Lamar Associates to make its supporting documentation available for review, which if sufficient could have alleviated findings in this report.

Summary of Actions Necessary to Close the Report

1. Remedy the \$8,720 in unsupported other direct costs.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with Lamar Associates to remedy the \$8,720 in questioned costs, related to unsupported other direct costs that were charged to Cooperative Agreement Number 2010-TY-FX-K019.

Lamar Associates neither agreed nor disagreed with our recommendation and stated in its response that "Paper records and external hard drives currently

in storage will be accessible over the next 60 days which should produce the missing documentation." Additionally, after issuance of the draft report, Lamar Associates provided a missing contract, which remedied \$407 in unsupported questioned costs.

This recommendation can be closed when we receive documentation supporting that OJP coordinated with Lamar Associates to remedy the remaining \$8,314 (\$8,720 - \$407) in unsupported other direct costs.⁹

2. Remedy the \$8,610 in unallowable other direct costs.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with Lamar Associates to remedy the \$8,610 in questioned costs, related to unallowable other direct costs that were charged to Cooperative Agreement Number 2010-TY-FX-K019.

Lamar Associates neither agreed nor disagreed with our recommendation and stated in its response that of the 23 transactions not approved in cooperative agreement budgets or by a Grant Adjustment Notice (GAN), 19 transactions were in relation to the 2011 summit and "though we understand it was ultimately our responsibility to submit a GAN and track expenses, we contend the Office of Juvenile Justice and Delinquency Prevention (OJJDP) program manager bore responsibility to ensure the unusual request be properly documented." Additionally, Lamar Associates stated in its response that the remaining four questioned costs include the purchase of items that they believe OJJDP e-mail correspondence and the cooperative agreement's end product will demonstrate that these items were purchased to accommodate OJJDP program manager requests and program deliverables. However, no further documentation was provided.

Lamar Associates also stated in its response that for the three transactions for hotel room rates and taxes in excess of GSA per diem rates, Lamar Associates' policy is to provide written explanations when lodging costs are exceeded, and the explanation for the additional cost will be found in internal Lamar Associates' e-mails. However, due to extended period of time and e-mail vendor changes Lamar Associates stated that it would not warrant the excessive cost to retrieve the e-mails and requested that OJP review OJJDP e-mails for correspondence related to this finding.

Finally, Lamar Associates stated in its response that for the six transactions for consultant/contractor rates in excess of the \$450 per day or \$56.25 per hour set by the OJP Financial Guide and Special Condition 14, "we will ask OJP to review OJJDP e-mail correspondence to locate justification and approval for the \$599 in questioned costs."

⁹ Differences in the total amounts are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded.

This recommendation can be closed when we receive documentation supporting that OJP coordinated with Lamar Associates to remedy the remaining \$8,610 in unallowable other direct costs.

3. Ensure that Federal Financial Reports (FFRs) accurately cover the period covered by the FFR.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with Lamar Associates to obtain a copy of written policies and procedures, developed and implemented, to ensure that costs and other information reported on future FFRs accurately reflect the period covered by the FFR.

Lamar Associates did not provide a response regarding this recommendation. This recommendation can be closed when we receive documentation supporting that Lamar Associates developed and implemented written policies and procedures to ensure that costs and other information reported on future FFRs accurately reflect the period covered by the FFR.

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