



**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
BUREAU OF JUSTICE ASSISTANCE COOPERATIVE  
AGREEMENTS AWARDED TO BRANDEIS UNIVERSITY  
WALTHAM, MASSACHUSETTS**

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

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

The Department of Justice Office of the Inspector General, Audit Division, has completed an audit of four Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA) cooperative agreements awarded to Brandeis University (Brandeis), agreement numbers 2008-PM-BX-K017, 2009-PM-BX-K044, 2011-PM-BX-K001, and 2011-PM-BX-K002. The total amount for the four cooperative agreements was \$3,826,950.

These cooperative agreements were awarded to Brandeis to: (1) provide comprehensive training and technical assistance to assist state grantee Prescription Drug Monitoring Programs, (2) oversee the continued development of the Interstate Information Sharing Project, and (3) build upon the Prescription Drug Monitoring Center of Excellence through the development of a clearinghouse of information and analysis for prescription drug monitoring stakeholders.

The objective of our audit was to determine whether reimbursements claimed for costs under the agreements were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the cooperative agreements. We also assessed Brandeis's program performance in meeting the cooperative agreements' objectives and overall accomplishments.

We determined Brandeis did not fully comply with some of the essential cooperative agreement requirements we tested. We reviewed Brandeis's compliance with 12 essential cooperative agreement conditions and found weaknesses in 7 areas. Specifically, we found internal control weaknesses, untimely progress reports, unsupported and unallowable consultant expenditures, expenditures that were outside of the project scope, non-compliance with award special conditions, and accountable property that was not inventoried. Additionally, we determined that Brandeis did not effectively monitor contractors and a subrecipient who performed services funded by the cooperative agreements. Because of the deficiencies identified, we are questioning \$608,646 of the cooperative agreement funds.<sup>2</sup> This report contains 12 recommendations, which are detailed in the Findings and Recommendations section of the report.

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<sup>1</sup> Inspector General Michael E. Horowitz recused himself from this audit as an alumnus of Brandeis University.

<sup>2</sup> Appendix II of this audit report provides a detailed listing of the questioned costs summarized here.

These items are discussed in detail in the findings and recommendations section of the report. Our audit objectives, scope, and methodology appear in Appendix I.

We discussed the results of our audit with Brandeis officials and have included their comments in the report, as applicable. Additionally, we requested a response to our draft report from Brandeis and OJP, and those responses are appended to this report as Appendix III and IV, respectively. Our analysis of both responses, as well as a summary of actions necessary to close the recommendations can be found in Appendix V of this report.

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**INTRODUCTION**

The Department of Justice Office of the Inspector General, Audit Division, has completed an audit of four Office of Justice Programs, Bureau of Justice Assistance (BJA) cooperative agreements awarded to Brandeis University (Brandeis), located in Waltham, Massachusetts. The cooperative agreements reviewed were: (1) the Harold Rogers Prescription Drug Monitoring Training and Technical Assistance Program, award number 2008-PM-BX-K017; (2) Harold Rogers Prescription Drug Monitoring Program Training and Technical Assistance, award number 2009-PM-BX-K044; (3) Prescription Drug Monitoring National Training and Technical Assistance Center, award number 2011-PM-BX-K001; and (4) Prescription Drug Monitoring Program Clearinghouse/Center of Excellence, award number 2011-PM-BX-K002. As shown in Exhibit I, BJA awarded Brandeis a total of \$3,826,950 under the four awards.<sup>3</sup>

**EXHIBIT I  
Bureau of Justice Assistance  
Cooperative Agreements to Brandeis University**

<b>Award Number</b>	<b>Award Start Date</b>	<b>Award End Date</b>	<b>Award Amount</b>
2008-PM-BX-K017	10/1/2008	06/30/2010	\$ 670,000
2009-PM-BX-K044	10/1/2009	06/30/2012	1,456,954
2011-PM-BX-K001	10/1/2011	03/31/2013	700,000
2011-PM-BX-K002	10/1/2011	03/31/2013	500,000
Supplement 1 to 2011-PM-BX-K002	10/1/2011	03/31/2014	499,996
<b>Total</b>			<b>\$3,826,950</b>

Source: BJA

The stated purpose of the cooperative agreements was to: (1) provide training and technical assistance to state grantees; (2) establish a national Center of Excellence for prescription drug monitoring programs; (3) provide leadership and coordination of the interstate information sharing project; and (4) advance prescription drug monitoring programs through assessment.

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<sup>3</sup> In August 2012, Brandeis received a \$1,200,000 supplemental award for the 2011-PM-BX-K001 cooperative agreement. However, Brandeis did not receive approval to spend the supplemental award until March 2013. Because the permission to use the supplemental award was granted after our fieldwork concluded in December 2012, the supplemental award was not included in our audit testing and is not included in our audit report.

The objective of our audit was to determine whether reimbursements claimed for costs under the cooperative agreements were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the cooperative agreements. We also assessed Brandeis's program performance in meeting cooperative agreement objectives and overall accomplishments.

## **Office of Justice Programs**

The Office of Justice Programs (OJP), within the Department of Justice, provides the primary management and oversight of the cooperative agreements we audited. According to its website, OJP provides innovative leadership to federal, state, local, and tribal justice systems by disseminating state-of-the-art knowledge and practices across America, and providing grants for the implementation of these crime fighting strategies. Because most of the responsibility for crime control and prevention falls to law enforcement officers in states, cities, and neighborhoods, the federal government can be effective in these areas only to the extent that it can enter into partnerships with these officers. Therefore, OJP does not directly carry out law enforcement and justice activities. Instead, OJP works in partnership with the justice community to identify the most pressing crime-related challenges confronting the justice system and to provide information, training, coordination, and innovative strategies and approaches for addressing these challenges.

## **Bureau of Justice of Assistance**

BJA's mission is to provide leadership and services in grant administration and criminal justice policy development to support local, state, and tribal justice strategies to achieve safer communities. BJA supports programs and initiatives in the areas of law enforcement, justice information sharing, countering terrorism, managing offenders, combating drug crime and abuse, adjudication, advancing tribal justice, crime prevention, protecting vulnerable populations, and capacity building.

## **Brandeis University**

According to Brandeis's website, Brandeis was founded in 1948 and is one of the youngest private research universities, as well as the only nonsectarian Jewish-sponsored college or university in the country. Named for the late Justice Louis Dembitz Brandeis of the U.S. Supreme Court, Brandeis University's website states that it combines the faculty and resources of a world-class research institution with the intimacy and personal attention of a small liberal arts college. The university is located in Waltham, Massachusetts, 9 miles west of Boston.

## **Cooperative Agreements**

Cooperative agreements are awarded to states, units of local government, or private organizations at the discretion of the awarding agency. The distinguishing



factor between a grant and a cooperative agreement is the degree of federal participation or involvement during the performance of the work activities. Cooperative agreements are used when substantial involvement is anticipated between the awarding agency, in this case BJA, and the recipient during performance of the contemplated activity.

### *Prescription Drug Monitoring Programs*

Beginning in 2002, Congress appropriated funding to the Department of Justice to support the Harold Rodgers Prescription Drug Monitoring Program (PDMP). PDMPs are intended to help prevent and detect the diversion and abuse of drugs, particularly at the retail level, where no other automated information collection system exists, by enhancing the capacity of regulatory and law enforcement agencies to collect and analyze data on prescriptions of pharmaceutical controlled substances.

### *2008-PM-BX-K017 Program Background*

The primary goal of the Prescription Drug Monitoring Training and Technical Assistance Program was to provide a comprehensive array of training and technical assistance to state grantees so that the state grantees can enhance the capacity of regulatory and law enforcement agencies' ability to collect and analyze controlled substance prescription data through a centralized database administered by an authorized state agency.

### *2009-PM-BX-K044 Program Background*

The 2009-PM-BX-K044 cooperative agreement called for Brandeis, in partnership with the Alliance of State Prescription Monitoring Programs, to build upon and expand Brandeis's initial year of work on the Harold Rogers Prescription Drug Monitoring Program Training and Technical Assistance Program funded by the 2008-PM-BX-K017 cooperative agreement. Specifically, under the 2009 cooperative agreement, Brandeis was to continue to develop innovative ways to provide training and technical assistance to state PDMPs; add a new Clearinghouse/Center of Excellence for PDMPs; and, as described in further detail below, subcontract with the Integrated Justice Information Systems (IJIS) Institute to continue development of the Interstate Information Sharing Project.

### Interstate Information Sharing Project Phase III Extension

The purpose of the Phase III Extension Project was to allow four states to exchange patient information with each other. Brandeis assumed responsibility of Interstate Information Sharing Project Phase III Extension Project when it received the 2009-PM-BX-K044 award, a non-competitive award which required Brandeis to contract with the IJIS Institute for \$616,596 to complete the Phase III Extension Project. The IJIS Institute, a nonprofit membership-based organization "dedicated to joining forces with its member companies to unite the private and public sectors for improving mission-critical information sharing," had begun work on the Phase

III Interstate Information Sharing Project in 2008 with funds provided by a Department grant.<sup>4</sup> According to the Phase III project manager at the IJIS Institute, the funds awarded to Brandeis for the extension of Phase III were necessary because the project ran out of funding during the initial Phase III of the project because of the decision to develop server software with cooperative agreement funds at the IJIS Institute. As of October 2009, BJA had awarded the IJIS Institute \$2,194,863 for the entire interstate information sharing project.

#### *2011-PM-BX-K001 Program Background*

This 2011 award provided Brandeis with funding to continue to provide training and technical assistance to states funded by the Harold Rogers Prescription Drug Monitoring Program. Brandeis proposed that it would serve as the primary technical assistance provider for PDMP grantees by providing technical assistance online, via telephone, through on-site assistance and through peer-to-peer assistance.

#### *2011-PM-BX-K002 Program Background*

According to the award documentation, this cooperative agreement was intended to allow Brandeis to build upon the Prescription Monitoring Program Center of Excellence it established with its 2009 BJA award. Specifically, Brandeis was to focus on three major continuing programmatic goals: (1) develop a clearinghouse of information, analyses, and evaluation tools for PDMP stakeholders, (2) advance PDMPs through a focus on the assessing the performance of PDMPs including identification of promising practices, and (3) work with national and federal partners to increase the utilization and improve the benefits of PDMPs.

### **Our Audit Approach**

We tested compliance with what we considered to be the most important conditions of the cooperative agreements. Unless otherwise stated in our report, we applied the Office of Justice Programs (OJP) Financial Guide as our primary criteria during our audit. The OJP Financial Guide serves as a reference manual assisting award recipients in their fiduciary responsibility to safeguard award funds and ensure that funds are used appropriately and within the terms and conditions of cooperative agreements. Additionally, the OJP Financial Guide cites applicable Office of Management and Budget (OMB) criteria and the Code of Federal Regulations (C.F.R.) that we also considered in performing our audit. We tested Brandeis's:

- **Internal Control Environment** to determine whether the financial accounting system and related internal controls were adequate to safeguard award funds and ensure compliance with the terms and conditions of the cooperative agreements.

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<sup>4</sup> The grant number of the 2008 grant was 2008-PM-BX-K062.



- **Personnel Budget Allocation and Personnel Expenditures** to determine whether the personnel costs charged to the cooperative agreements were allowable, supported, accurate, and whether positions were within approved award budgets.
- **Expenditures** to determine whether the costs charged to the cooperative agreements were allowable and adequately supported.
- **Reporting** to determine if the required periodic Federal Financial Reports and Progress Reports were submitted on time and accurately reflected grant activity.
- **Drawdowns** to determine whether requests for reimbursement, or advances, were adequately supported, and if Brandeis managed cooperative agreement receipts in accordance with federal requirements.
- **Indirect Costs** to determine whether Brandeis's expenditures were allocated in accordance with its indirect cost rate agreement.
- **Budget Management and Control** to determine whether Brandeis adhered to the BJA-approved cooperative agreement budgets for the expenditure of funds.
- **Monitoring of Contractors** to determine whether Brandeis had taken appropriate steps to ensure that contractors complied with requirements of the cooperative agreements.
- **Monitoring of Subrecipients** to determine if Brandeis conducted adequate financial and programmatic monitoring of subrecipients of cooperative agreement funds.
- **Compliance with Other Requirements** to determine if Brandeis complied with all of the terms and conditions specified in the individual cooperative agreement award documents.
- **Accountable Property** to determine whether Brandeis had procedures for controlling accountable property, and whether the property was included in its inventory and identified as purchased with federal funds.
- **Program Performance and Accomplishments** to determine whether Brandeis achieved cooperative agreement objectives, and to assess performance and cooperative agreement accomplishments.

Where applicable, we also test for compliance in the areas of matching funds and program income. For these cooperative agreements, we determined that matching funds were not required and the programs funded by the cooperative agreements did not generate any program income.

## **FINDINGS AND RECOMMENDATIONS**

### **COMPLIANCE WITH ESSENTIAL GRANT REQUIREMENTS**

We determined that Brandeis University did not comply with all of the cooperative agreement requirements in the areas we tested. Specifically, we found: (1) deficiencies in Brandeis's system of internal controls, (2) unsupported and unallowable expenditures, (3) inaccurate and late grant reporting, (4) inadequate contractor monitoring, (5) inadequate subrecipient monitoring, (6) noncompliance with special conditions, and (7) deficiencies in inventory controls. As a result of these deficiencies, we question \$608,646 in grant expenditures. These conditions, including the underlying causes and potential effects on program performance, are further discussed in the body of this report.

#### **Internal Control Environment**

We developed an understanding of the financial and accounting systems and related internal controls Brandeis used to ensure it complied with the terms and conditions of the cooperative agreements. We interviewed Brandeis officials and requested financial reporting and accounting system data to determine if controls were adequate to separately account for and maintain cooperative agreement funds. In reviewing Brandeis's internal controls specific to the cooperative agreements, we also assessed whether policies and procedures were in place to guide Brandeis in safeguarding cooperative agreement funds and administering the cooperative agreement awards.

According to the OJP Financial Guide, recipients of cooperative agreements are responsible for establishing and maintaining an adequate system of accounting and internal controls. The absence of an adequate and effective internal control environment leaves cooperative agreement funds at significant risk and weakens the ability of the cooperative agreement recipient to ensure that federal funds are being adequately safeguarded and spent in accordance with the objectives of the cooperative agreement.

While our audit did not assess Brandeis's overall system of internal controls, we did review the internal controls of Brandeis's financial management system specific to the management of DOJ cooperative agreement funds during the grant periods under review. Overall, we identified significant internal control deficiencies that are discussed in greater detail below. These deficiencies warrant the attention of Brandeis's management for necessary corrective action.

According to the Government Accountability Office, a positive control environment provides discipline and structure to a system of internal controls. Management's commitment to competence is a primary factor in determining an organization's internal control environment. All personnel need to possess and

maintain a level of competence that allows them to accomplish their assigned duties, as well as understand the importance of developing and maintaining good internal control.

While we found that Brandeis had established financial policies and procedures, we found several instances where these policies and procedures were not fully implemented. The control weaknesses we identified impair Brandeis's ability to adequately safeguard assets and maintain effective control and accountability over federal funds.

- Brandeis's Accounts Payable Department paid invoices for labor that did not list the amount of time worked.
- Brandeis overpaid a website development contractor \$7,113 because officials did not limit the amount paid to the contractor to the contract award amount.
- Invoices appeared to be paid without close scrutiny or review. Specifically, we determined that only 42 of 187 consultant invoices included time and effort reports as required by the OJP Financial Guide.
- We observed a contractor mistakenly submitted an invoice for a time period for which the contractor already had been compensated. Brandeis did not deny payment of the invoice until the contractor recognized the error and submitted an invoice for the correct period.
- Brandeis did not always adhere to its sole source policy because, according to the principal investigator, he was concerned that competitive selection of consultants would have delayed the project's implementation.

We recommend that Brandeis enhance its policies and procedures to enhance its accountability over federal funds.

### **Cooperative Agreement Expenditures**

Brandeis's cooperative agreement expenditures consisted of payments for personnel, fringe benefits, consultants, expenses for training and conferences (including travel, lodging, and food), and indirect costs. We tested Brandeis's expenditures to determine if they were allowable, reasonable, allocable, necessary to the project, and in compliance with the funding requirements within the OJP Financial Guide. We identified a total of \$686,923 in expenditures that we consider questioned costs, including \$91,292 (consultants, commingled expenditures, and conference participation) we consider unallowable, and \$595,001 (consultant expenditures) we consider unsupported.

### *Personnel and Fringe Benefits*

According to its accounting records, as of September 30, 2012, Brandeis spent \$291,066 on employee salaries and \$72,059 on fringe benefits. We selected 16 payroll transactions totaling \$117,960, or 41 percent of all salary expenditures, for detailed testing to determine if salaries were supported and allowable. For the sampled transactions, we found that the salary expenditures were supported by the required time and effort reports, allowable based on the budgets approved by BJA, and in compliance with the award requirements of the cooperative agreements. We also determined that Brandeis maintained sufficient documentation to support personnel expenditures charged to the cooperative agreements.

We selected 16 fringe benefit payments totaling \$4,542 to determine whether the fringe benefit expenditures were adequately supported. In our testing, we verified the fringe benefit rates established by the Department of Human and Health Services and to determine whether these costs were allowable, we calculated the fringe benefit costs using the approved fringe benefit rates and bi-monthly salary information. Based on our review, we determined that the fringe benefits were supported and allowable.

### *Conferences*

The approved budgets for the four cooperative agreements allowed Brandeis to spend a total of \$439,573 to attend conferences where participants were to exchange critical information and explore topics of special interest or growing concern in prescription drug monitoring. We reviewed invoices totaling \$126,820, about 35 percent of the conference related expenses for the four cooperative agreements, to determine if the expenditures were allowable and adequately supported. Based on our review, we determined that Brandeis maintained records to support the expenditures we selected. We also determined that Brandeis followed the approved budgets and obtained approval from BJA prior to holding conferences. As a result, we determined that the expenses related to conferences were allowable.

### *Consultants*

Special conditions incorporated as part of Brandeis's cooperative agreement awards limited consultant fees to no more than \$56.25 per hour, or \$450 a day for an 8 hour day, for an individual consultant. This special condition stipulated that a detailed budget justification must be submitted and approved by BJA prior to the obligation and expenditure of funds in excess of that maximum allowable daily or hourly rate. To determine if Brandeis complied with the special condition, we reviewed invoices submitted to Brandeis by consultants and consultant agreements.

Brandeis allocated \$797,602 for consultants to oversee the Technical and Training Assistance Center and Center of Excellence and, as of September 2012, spent \$713,791 on consultants. According to the budgets, with the exception of agreement number 2008-PM-BX-K017, BJA approved the daily consultant rate

Brandeis expected the consultants to charge. We reviewed consultant invoices and identified instances where consultants submitted invoices that charged an hourly rate that exceeded the approved \$56.25 per hour. Specifically, we found that Brandeis operates on a 7-hour work day, but some of the consultants retained for the cooperative agreements exceeded the allowable rate by basing charges on an 8 hour day exceeding Brandeis's allowable rate. As a result, we expanded our testing to a total of 208 transactions, or 100 percent of the consultant expenditures, totaling \$713,791.

Our expanded testing revealed additional instances in which consultants charged in excess of Brandeis's allowable rate per seven-hour day. As a result, consultant charges in excess of the approved hourly rate, we question \$60,068 as unallowable. Brandeis officials told us they believed they complied with the special condition because Brandeis disclosed the daily rates for the consultants in the grant budget approved by BJA. However, Brandeis's budgets submitted to BJA for approval did not disclose that consultants would be compensated in excess of the allowable hourly rate, and approval from OJP to exceed the rate was never obtained.

According to the OJP Financial Guide, "time and effort reports are required for consultants." However, according to Brandeis personnel, Brandeis did not require time and effort reports for consultants to be submitted in conjunction with the consultant's invoices. With the exception of three consultants, who provided these reports without being required, we found that time and effort reports were not maintained. This lack of monitoring places federal grant award funds at risk and undermines the ability of Brandeis to adequately administer and manage the award, as well as ensure that federal funds are being adequately safeguarded and spent accurately and properly in accordance with the grant objectives. As a result of this deficiency, we question \$595,001 Brandeis paid to consultants that were not adequately supported by time and effort reports for all four cooperative agreements.

#### *Cooperative Agreements Inaccurately Charged*

The OJP Financial Guide prohibits funds specifically budgeted or received for one project to be used to support an alternate project. Inaccurate distribution of expenditures among cooperative agreements impairs project implementation because the cooperative agreement that is inaccurately charged has fewer funds available to accomplish its objectives. We determined that Brandeis spent \$22,167 from the 2008-PM-BX-K017 cooperative agreement on five consultant invoices for expenses that were incurred by another of Brandeis's cooperative agreements. Similarly, we found that Brandeis spent \$1,757 from the 2011-PM-BX-K011 cooperative agreement on two consultant transactions incurred by another cooperative agreement. We determined the cause of these inaccurate charges was Brandeis's failure to verify that cooperative agreement expenditures were assigned the correct accounting code. As a result of this deficiency, we questioned \$23,923 as unallowable.

## Reporting

### *Federal Financial Reports*

The financial aspects of cooperative agreements are monitored through a Federal Financial Report (FFR).<sup>5</sup> According to the OJP Financial Guide, FFRs are designed to describe the status of a program's funds and should be submitted within 30 days of the end of the most recent quarterly reporting period on a calendar basis throughout the life of a grant. Grant funding requests (drawdowns) or future awards may be withheld if reports are not submitted or are excessively late. The Financial Guide also requires that grantees report the actual expenditures and unobligated liquidations as incurred for the quarterly reporting period. We reviewed the submitted FFRs for timeliness and accuracy.

#### *2008-PM-BX-K017*

Brandeis submitted all seven of the required FFRs for the grant. We determined one of the seven FFRs was submitted 3 days late. Brandeis officials told us the late submission was attributable to a delay in OJP's Grant Management System processing the FFR. We do not consider this untimely submission to be material. Additionally, we found that the data in FFRs reconciled with the data in Brandeis's accounting records.

#### *2009-PM-BX-K044*

Brandeis submitted all 11 of the required FFRs for the grant. We determined 9 of 11 FFRs were submitted on time and that 9 of 11 FFRs matched Brandeis's accounting records. We determined 2 of 11 FFRs were submitted 5 days late. The expenditures reported in the June 2011 and the September 2011 quarterly FFRs did not match Brandeis's accounting records. For the quarterly reporting period ending in June 2011, Brandeis's FFR reported \$34,608 in grant expenditures, but the accounting records for that period reported expenditures of \$30,320. Brandeis's FFR reported \$59,516 in expenditures for the September 2011 quarterly reporting period, but the accounting records for the period reported \$63,804. Brandeis's Vice President for Finance agreed the FFRs were inaccurate and told us the discrepancy was caused by indirect cost charges for the June 2011 reporting period being included on an FFR in the subsequent reporting period due to an accounting software issue. Because the subsequent FFR submissions were both accurate and timely, we do not consider the two inaccurate FFRs to be material.

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<sup>5</sup> Effective October 1, 2009, the Financial Status Report (FSR) was replaced by the Federal Financial Report (FFR). We use the term FFR throughout the report refer to the required periodic financial reporting Brandeis was required to submit to BJA.

#### *2011-PM-BX-K001*

Brandeis submitted all four of the required FFRs for the cooperative agreement. We determined all of the FFRs were submitted on time, and Brandeis's accounting records matched the information in the FFRs.

#### *2011-PM-BX-K002*

Brandeis submitted all four of the required FFRs for the cooperative agreement. We determined all of the FFRs were submitted on time and Brandeis's accounting records matched the information in the FFRs.

#### *Progress Reports*

BJA requires awardees to complete and submit progress reports as a means to monitor the performance of award-funded programs. Progress reports should describe the status of the project, a comparison of actual accomplishments to the objectives, or other pertinent information. According to the OJP Financial Guide, progress reports are to be submitted within 30 days after the end of the reporting periods, June 30 and December 31. Funds or future awards may be withheld if reports are not submitted or are excessively late.

Between 2008 and 2012, Brandeis submitted all 12 of the required semiannual progress reports for its 4 cooperative agreements and we found that Brandeis was able to provide adequate documentation to support the information contained in its progress reports.

In reviewing the reports for timeliness of submission, we found that Brandeis did not submit 4 of its 12 reports on time, with the 4 reports being between 15 and 98 days late. Consequently, on several occasions, BJA withheld funding from Brandeis until the reports were submitted. A Brandeis official told us a potential cause for the delayed submissions was turnover among staff members assigned to progress reporting duties. Additionally, a Brandeis official told us there was confusion about how progress reports were to be submitted. The absence of complete and timely periodic progress reports impairs BJA's ability to monitor cooperative agreement activity and increases the risk that projects funded by cooperative agreements could be delayed, or that cooperative agreement funds could be wasted or used for unallowable purposes. We recommend Brandeis strengthen its policies and procedures to enable the timely submission of its progress reports.

#### **Drawdowns**

The term drawdown is used to describe the process by which a recipient requests and receives funds under a grant award agreement. The OJP Financial Guide establishes the methods by which the awarding agency makes payments to grantees. The methods and procedures for payment are designed to minimize the time that elapses between the transfer of funds by the awarding agency and the



disbursement of funds by the grantee. Grantees may be paid in advance, provided they maintain procedures to minimize the time between the transfer of funds by the awarding agency and the disbursement of funds by the grantee. The Financial Guide recommends that funds be drawn to handle disbursements to be made immediately or within 10 days.

We interviewed Brandeis officials, reviewed drawdown procedures, and verified the deposits of grant funds into the Brandeis bank account. We found that Brandeis's grant accountant calculated drawdowns based on expenditures denoted in accounting records as being funded by one of the cooperative agreements. These expenditures were also reported on Brandeis's monthly profit and loss report for each cooperative agreement. Based on our analysis, we determined that Brandeis adhered to the OJP Financial Guide's minimum cash on hand requirement and properly requested funds based on actual expenses.

### **Indirect Costs**

Indirect costs are costs of an organization that are not readily assignable to a particular project, but are necessary to the operation of the organization and the performance of the project. According to a Brandeis official, Brandeis relied on its approved indirect cost rate agreements as its cost allocation methodology to ensure the cooperative agreements were charged their fair share to support common expenses shared among cooperative agreements such as rent and personnel. To determine whether Brandeis complied with its indirect cost rate, we selected 40 transactions worth \$170,955 from the four cooperative agreements. To test compliance, we compared each indirect transaction with its corresponding direct cost base to determine if the transaction was in compliance with the indirect cost rate agreement. We concluded that all 40 transactions were in compliance with Brandeis's indirect rate agreement.

### **Budget Management and Control**

BJA approved a detailed budget for each of the four cooperative agreements we reviewed during our audit. The OJP Financial Guide requires that recipients spend award funding according to defined budget categories. However, to meet unanticipated program requirements, recipients are permitted to move up to 10 percent of the total award between approved budget categories. Transfers between approved budget categories in excess of 10 percent of the total award must be approved in advance by the awarding agency. In addition, the Financial Guide requires that all grantees establish and maintain an adequate system for accounting and internal controls.

Brandeis received a final Financial Clearance Memorandum for each of its cooperative agreements that contained the approved budget for each cooperative agreement. According to Brandeis's Director of Sponsored Program Accounting, Brandeis's accounting software package produces a transaction detail report for each cooperative agreement, including the total grant expenditures summarized by

each approved budget category. Brandeis used information from this transaction detail report to ensure that it remained within its approved budget for each award.

For each grant, we compared the total expenditures by budget category from the Brandeis accounting system to the budget categories established by BJA's final budget revision. We found that Brandeis spent cooperative agreement funds in accordance with the budgets approved by BJA.<sup>6</sup>

## **Monitoring of Contractors**

According to the OJP Financial Guide, recipients should ensure that they monitor organizations under contract in a manner that is in compliance with their own overall financial management requirements. Additionally, 28 C.F.R. § 70.47 requires that recipients conduct assessments of contractor performance and document a contractor's compliance with the terms and conditions of the contract. Brandeis spent a total of \$796,684 from its four cooperative agreements on contractors, including contractors that provided technical assistance to states regarding PDMPs and developed a website to serve as the national clearinghouse of PDMP best practices. We interviewed a Brandeis official and were informed that there was no evaluation of the contractor's internal controls, financial management systems, or ability to adhere to the terms and conditions of the contract and the award-funded program. Additionally a Brandeis official told us he thought it was unnecessary to monitor the technical assistance contractors because he interacted with them routinely as part of the project implementation process. He also said he was generally unfamiliar the monitoring requirements specified in the OJP Financial Guide and C.F.R.

Close scrutiny of contractor performance enables grant objectives to be met and contractors to operate in compliance with the terms and conditions of the award-funded program. For example, the website development consultant expenditures exceeded the contract amount of \$20,000 by \$7,113. Also, as discussed previously, Brandeis did not require consultants to submit time and activity reports as required by the OJP Financial Guide, resulting in a total of \$595,001 in unsupported consultant expenditures for the 4 cooperative agreements. A systematic review of contractor performance and documentation of contractor compliance with the contract may have led to earlier detection of the contractors' non-compliance with these requirements. We recommend that Brandeis develop policies and procedures to better document contractor performance as well as contractor compliance with award-funded contract.

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<sup>6</sup> While we found that Brandeis's spending conformed with the BJA-approved budgets, at the time of our audit Brandeis's accounting records misclassified expenditures for consultants to attend conferences as travel expenditures, so it appeared as though travel expenditures for the 2008-PM-BX-K017 cooperative agreement varied from the budgeted amount by more than 10 percent of the total award. When we brought this misclassification to Brandeis's attention, a Brandeis official corrected the error.

## **Subrecipient Monitoring**

The purpose of subrecipient monitoring is to ensure that federal program funds are spent in accordance with the federal program and grant requirements, laws, and regulations. The OJP Financial Guide requires that recipients monitor any subrecipients and ensure that all programmatic and fiscal responsibilities are fulfilled. To evaluate Brandeis's subrecipient monitoring, we interviewed Brandeis officials and reviewed related documentation. The budget for Brandeis's 2009-PM-BX-K044 award allocated \$609,046 to the IJIS Institute as a subrecipient to be the project manager of its information sharing project, and the 2008-PM-BX-K017 agreement allocated \$65,000 to a subrecipient to perform data analysis.

A Brandeis official told us Brandeis did not have written policies regarding subrecipient monitoring and that he did not monitor the subrecipients because he believed BJA was monitoring them. As a result, he assumed that all subrecipient invoices were in compliance with award requirements. He also said that the IJIS Institute performed all of its agreed upon tasks under budget, but that it had subsequently billed Brandeis for the remaining amount. However, the Brandeis official told us he was unsure what project the remaining funds were spent on and whether the funds were spent in a manner consistent with the 2009-PM-BX-K044 award's program narrative. As a result, we expanded testing of this subrecipient.

To determine whether the IJIS Institute complied with the terms and conditions of its contract with Brandeis, as well as requirements contained in the OJP Financial Guide, we reviewed the IJIS Institute's contract and invoices, and we interviewed Brandeis and IJIS Institute officials. We identified four contract provisions and two OJP Financial Guide requirements that the IJIS Institute did not fully meet. We discuss these issues in greater detail below.

### *Unapproved Changes to the Statement of Work*

The IJIS Institute's contract with Brandeis required that all changes to the statement of work be approved in writing by the Brandeis authorizing official. Also, the OJP Financial Guide required that all expenditures must be necessary to the project. We found that BJA often communicated directly with the IJIS Institute and that BJA initiated seven changes to the scope of the statement of work that were not approved by Brandeis's authorizing official. During the project's implementation an alternate information sharing system was developed. The alternate information sharing system was privately financed and initially could not share information with the BJA sponsored system. Consequently, it became necessary to develop a national architecture which would ensure both information sharing systems adhered to the same information security standards and were able to share information with each other.

Additionally, the scope of the project was changed to allow for software to be commercially purchased rather than developed internally which made additional funds available to work on the national architecture. We also found that the IJIS Institute spent \$7,301 of award number 2009-PM-BX-K044 funds for a staff retreat

and travel to a pharmaceutical diversion summit in Orlando, Florida, that was not included in the contract's statement of work, budget, or Brandeis's approved budget. Additionally, the conference occurred in April 2012, after the information technology project was completed.

When grantees fail to properly monitor subrecipient expenditures, OJP funds are at risk for fraud, waste, and abuse. By failing to require subrecipients to receive prior written approval from Brandeis for all changes to statements of work, Brandeis could not be sure that funds are being spent as intended. As a result, we questioned \$7,301, the amount charged to the cooperative agreement for the staff retreat and conference as unallowable.

### *Accountable Property Not Inventoried*

As discussed in greater detail below in the Accountable Property section of this report, Brandeis did not ensure that the IJIS Institute adhered to the inventory provisions of its contract. In addition to the provisions in the contract, the OJP Financial Guide also required a bi-annual inventory of equipment purchased with federal funds. The IJIS Institute project manager told us that no inventory was conducted of the information technology equipment purchased for the agreement-funded project. Also, neither the Brandeis official who acted as the subrecipient's project manager nor the BJA IT policy advisor could guarantee that the information technology equipment was being used according to the project's purpose. In our judgment, closer monitoring of the subrecipient could have enabled Brandeis to guarantee the equipment was being used according to the project's purpose and decreased the risk of fraud, waste, and abuse of federal funds.

### *Direct Contact with BJA*

Brandeis's contract prohibited the IJIS Institute from directly communicating with BJA without the prior written approval of Brandeis's authorizing official. However, we found that the IJIS Institute was in frequent contact with BJA and, as discussed previously, the scope of the project was changed without the authorizing official's approval. Direct contact with the sponsor impaired Brandeis's ability to monitor the IJIS Institute's progress because Brandeis could not track all of the sponsor's requests and ensure they were completed by the IJIS Institute.

### *Third Party Contracts*

The IJIS Institute's contract with Brandeis prohibited the IJIS Institute from entering into contracts on behalf of the project without the prior approval of the authorizing official. A Brandeis official told us the IJIS Institute contracted with a vendor to purchase \$46,005 of computer equipment without the official's prior approval. Officials from the IJIS Institute said they selected the particular vendor because the vendor was a wholesaler. However, the IJIS Institute did not conduct an analysis to document that the vendor provided the lowest cost or best value. Unapproved third party contracts can potentially place the project's implementation

at risk because potentially unqualified third parties can complete the work without obtaining the approval of Brandeis or BJA.

We recommend that Brandeis remedy \$7,301 in unallowable expenditures incurred by the IJIS Institute. Additionally, we recommend that Brandeis develop a comprehensive subrecipient monitoring program to ensure that its future subrecipients comply with its internal requirements, as well as those established in the OJP Financial Guide.

### **Compliance with Other Cooperative Agreement Requirements**

In addition to the general cooperative agreement requirements, we tested for compliance with terms and conditions specified in the cooperative agreement award documents. The four awards contained 79 special conditions. We found that Brandeis complied with most of the special conditions we tested, except for the findings previously reported and those discussed below.

The 2011-PM-BX-K001 award included a special condition regarding sole source procurement whenever a contract's cost exceeded \$100,000 and there had been no open competition in obtaining the contractor's services. In addition to this special condition, the OJP Financial Guide requires that whenever a non-competitive contract exceeds \$100,000, the recipient must submit a Grant Adjustment Notice requesting sole source approval. We determined Brandeis's approved budget and consultant contract allocated \$177,000 to a technical assistance consultant, but that Brandeis did not use open competition to select the consultant. Brandeis officials told us they thought it was unnecessary to solicit other competitors because the consultant had extensive experience and a positive relationship with BJA. A Brandeis official believed that any additional approval was unnecessary because BJA had released Brandeis from meeting the sole source condition when BJA had obligated funding. However, we reviewed the Grant Adjustment Notices associated with this cooperative agreement and determined while a special condition was removed; it was related to permission to use award funds. Also, we identified no correspondence from BJA that required Brandeis to pay the consultant in excess of \$100,000. As of September 2012, Brandeis had paid the consultant \$108,167 and, therefore, was required to obtain sole source approval via a Grant Adjustment Notice.

We recommend Brandeis enhance its policies and procedures to ensure compliance with grant special conditions.

### **Accountable Property**

#### *2009-PM-BX-K044 Award*

The OJP Financial Guide states that award recipients and subrecipients are required to conduct a bi-annual inventory of equipment purchased with award funds and to retain property records according to the conditions specified within the OJP Financial Guide. The guide also states that recipients must establish an effective

system for property management. Additionally, Brandeis's internal policy required Brandeis to maintain detailed records of all property and equipment within its accounting system and to receive property it purchased into its accounting system. Lastly, Brandeis's contract with its subrecipient, the IJIS Institute, required IJIS Institute to inventory and dispose of equipment according to federal guidelines. We determined the IJIS Institute purchased \$46,005 of computer server equipment for the purpose of enabling 2 to 4 states to share pharmaceutical diversion information.

When we interviewed officials from Brandeis and the IJIS Institute to determine if an inventory had been conducted, we were told that no bi-annual inventory of the information technology equipment purchased by the 2009-PM-BX-K044 agreement had been conducted. In addition to the inventory requirement, the OJP Financial Guide also requires that cooperative agreement recipients be responsible for ensuring that subrecipients fulfill all fiscal and programmatic responsibilities. In our judgment, the subrecipient was responsible for conducting a biannual inventory and Brandeis was responsible for ensuring that the IJIS Institute conducted the inventory. We determined that the information technology equipment was located at a state board of pharmacy, but neither the IJIS Institute's project manager nor the property custodian for the state board of pharmacy could guarantee that the information technology equipment was being used to further the goals of the cooperative agreement.

Brandeis's failure to ensure that an inventory had been performed has placed federally purchased property at risk for misuse and unauthorized requisition. Periodic inventory, as well as an inventory control system, are valuable controls against fraud, waste, and abuse of valuable property. We recommend the Brandeis enhance its financial policies and procedures to better track equipment purchased by subrecipients and ensure a biannual inventory is conducted.

## **Program Performance and Accomplishments**

### *Grant 2008-PM-BX-K017*

The objective for the 2008-PM-BX-K017 cooperative agreement was to provide technical assistance to state prescription drug monitoring programs. To accomplish this objective, Brandeis said it would provide or develop the following work products: (1) serve as the primary provider of technical assistance and information to states that are enhancing or implementing a Prescription Drug Monitoring Program (PDMP), (2) develop a website to serve the states' needs and provide easy and immediate access to technical assistance, (3) host a national conference on PDMPs as well as four regional conferences with PDMPs, (4) produce and electronically distribute a bi-monthly newsletter, and (5) advise and assist grantees in collecting and reporting on PDMP performance measures, through contracting with a third party performance measurement consultant.<sup>7</sup> In order to

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<sup>7</sup> The purpose of a Prescription Drug Monitoring Program is to enhance the capacity of regulatory and law enforcement agencies to collect and analyze controlled substance prescription data.

meet its programmatic objectives, Brandeis allocated \$603,004 or 90 percent of its approved funding to the "contractual" budget category. To assess if Brandeis accomplished its performance objectives, we interviewed Brandeis officials and reviewed progress reports, publications, conference agendas, and expenditures. Based on our review of the documentation provided by Brandeis, we concluded Brandeis met its performance objectives for the award.

#### *2009-PM-BX-K044*

The objective for the 2009-PM-BX-K044 cooperative agreement was to establish a national clearinghouse of prescription drug monitoring information, provide technical assistance to state PDMPs, and implement the Phase III Extension of the Interstate Information Sharing Project. To accomplish this objective, Brandeis said it would: (1) assist state PDMPs by providing a clearinghouse of information, evaluation results and tools, statistics, epidemiological examinations, and other materials relevant to PDMP administrators, state and federal policy makers, and researchers; (2) advance the methodology for assessing PDMP effectiveness and undertake and encourage assessment and evaluation to identify and improve PDMPs' benefits; and (3) upgrade the PMP Hub software and demonstrate that it can share real patient information among four participating states. To assess if Brandeis met its performance objectives, we interviewed Brandeis, IJIS Institute, and BJA officials and reviewed progress reports, publications, technical assistance logs, and email correspondence. Based on the information we reviewed, it appears that Brandeis met its program objectives. However, we noted that the Interstate Information Sharing Project objective was completed approximately 17 months late. Officials from Brandeis and the IJIS Institute attributed the delays to a fundamental shift in how the software was developed and challenges in getting three participating states to finalize memoranda of understanding to allow the exchange of real patient data between the states. A BJA official told us that, despite the delay, the interstate exchange of information identified "doctor shoppers" and potentially saved lives.

#### *2011-PM-BX-K001*

The objective for the 2011-PM-BX-K001 cooperative agreement was to provide technical assistance to PDMPs. To accomplish this objective, Brandeis said it would: (1) serve as the national technical assistance provider for state PDMPs, (2) develop and maintain a website, (3) distribute a bi-weekly newsletter, and (4) plan one national and two regional conferences for prescription drug monitoring programs. In order to accomplish its programmatic objectives Brandeis allocated \$286,101 to consultants and \$83,395 to personnel to ensure project completion.

In order to determine if Brandeis was achieving its intended performance accomplishments, we reviewed grant expenditures, program performance reports, meeting conference agendas, biweekly newsletters, and a website. Based on our review, it appears that Brandeis is on track to meet its programmatic accomplishments.



The objective for the 2011-PM-BX-K002 cooperative agreement was to continue the operation of its national center of excellence, which would serve as a clearinghouse of information beneficial to state PDMPs. To accomplish its objective, Brandeis said it would: (1) conduct studies to improve the benefits of PDMPs, including develop a methodology for assessing PDMP effectiveness; (2) develop six to ten publications documenting PDMP best practices; and (3) develop four to six additional articles or papers focusing on ongoing developments at state PDMPs. To accomplish its programmatic objectives, Brandeis allocated \$207,568, or 42% of its budget, to anticipated personnel and fringe benefits expenses.

To determine if Brandeis was achieving its stated goals and objectives, we reviewed grant expenditures, program performance reports, the Center of Excellence website, and a publication developed by Brandeis in support of the project. Based on our review of this information, it appears that Brandeis was on track to meet the goal and objectives of this cooperative agreement.

## **Conclusions**

We found that Brandeis did not fully comply with grant requirements in the areas we tested. We found weaknesses in Brandeis's system of internal controls specific to its financial operations. We also found consultant expenditures that were over the consultant rate limit and were not supported by employee time and activity reports. We identified unallowable conference expenditure charges to the 2009-PM-BX-K044 grant, as well as deficiencies in progress reporting, monitoring of contractors, subrecipient monitoring, and non-compliance with other grant requirements. As a result of the deficiencies, we questioned \$608,302 in award expenditures.

## **Recommendations**

We recommend that OJP:

1. Ensure Brandeis implements policies and procedures that ensure accountability over federal funds.
2. Remedy \$595,001 in unsupported consultant expenditures.
3. Ensure Brandeis implements policies and procedures that ensure consultant invoices are supported by time and activity reports.
4. Remedy \$60,068 in unallowable consultant payments for exceeding the OJP Financial Guide \$56.25 per hour limit on consultant pay.
5. Ensure Brandeis develops policies and procedures to prevent consultant compensation from exceeding \$56.25 per hour without BJA prior approval.

6. Ensure Brandeis strengthens its policies and procedures related to the timely submission of its progress reports.
7. Remedy \$23,923 in unallowable costs charged to the 2008-PM-BX-K017 (\$22,167 for this grant specifically) and 2011-PM-BX-K001 (\$1,757 for this grant specifically) cooperative agreements.
8. Ensure Brandeis implements contractor monitoring policies and procedures to better document contractor performance as well as contractor compliance with the contract.
9. Remedy \$7,301 in unallowable expenditures charged to the 2009-PM-BX-K044 award for conference and staff retreat expenses.
10. Ensure Brandeis implements a subrecipient monitoring program to ensure that its subrecipients comply with contract requirements and DOJ standards.
11. Ensure Brandeis implements policies and procedures that ensure the routine monitoring of compliance with award special conditions.
12. Ensure Brandeis implements policies and procedures that ensure an inventory of accountable property is conducted bi-annually.

### OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of the audit was to determine whether reimbursements claimed for costs under the cooperative agreements were allowable, supported, and in accordance with applicable laws, regulations, guidelines and the terms and conditions of the cooperative agreements, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal controls, (2) personnel, fringe benefits, and non-personnel grant expenditures, (3) financial and progress reporting, (4) drawdowns, (5) Indirect costs, (6) budget management and control, (7) monitoring of contractors, (8) subrecipient monitoring, (9) compliance with award special conditions, (10) accountable property, and (11) program performance and accomplishments. We determined that matching costs and program income were not applicable to these awards.

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

Our audit concentrated on, but was not limited to, the Cooperative Agreements which respectively received their funding on September 30, 2008, September 14, 2009, August 26, 2011, and August 31, 2011. We audited BJA's (1) FY 08 Harold Rogers Prescription Drug Monitoring Training and Technical Assistance Program, (2) FY 09 Solicited, Harold Rogers Prescription Drug Monitoring Program Training and Technical Assistance (3) Prescription Drug Monitoring National Training and Technical Assistance Center – Technical Assistance Program (4) FY12 Solicited– Substance Abuse/Mental Health.

Collectively, these cooperative agreement awards totaled \$3,826,950 in BJA funding. Through October 1, 2012, Brandeis drew down \$2,757,979 from all four cooperative agreements.

We tested compliance with what we consider to be the most important conditions of the cooperative agreements. Unless otherwise stated in our report, the criteria we audited against are contained in the applicable Code of Federal Regulations and OMB Circulars cited in the OJP Financial Guide, Brandeis University Financial Policies, General Services Administration Travel Regulations, and the award documentation for each respective grant.

In conducting our audit, we tested Brandeis's grant activities in the areas we previously cited above. In addition, we reviewed the internal controls of Brandeis's financial management system specific to the management of DOJ grant funds during the grant period under review. However, we did not test the reliability of the financial management system as a whole and reliance on computer based data was not significant to our audit objectives. We also performed limited tests of source

documents to assess the accuracy and completeness of reimbursement requests and financial status reports. These tests were expanded when conditions warranted. Finally, we tested accountable property purchased with grant funds.

**SCHEDULE OF DOLLAR-RELATED FINDINGS**

<b>QUESTIONED COSTS:<sup>8</sup></b>	<b>AMOUNT</b>	<b>PAGE</b>
<b>Unsupported Costs</b>		
Consultant expenditures	\$ 595,001	9
<b>Unallowable Costs</b>		
Consultant fees	60,068	9
Incorrect cooperative agreements charged	23,923	9
Conference Participation	7,301	15
<b>Gross Questioned Costs:</b>	<b>\$686,293</b>	
<i>Less Duplicative Questioned Costs<sup>9</sup></i>	<u><i>(\$77,647)</i></u>	
<b>TOTAL QUESTIONED COSTS</b>	<b><u>\$608,646</u></b>	

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8 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>9</sup> We questioned costs related to unsupported and unallowable consultant expenditures. These questioned costs relate to identical expenditures – though questioned for different reasons – and, as a result, that portion of questioned costs is duplicated. We reduced the amount of costs questioned by the amount of this duplication.

## BRANDEIS UNIVERSITY RESPONSE TO THE DRAFT AUDIT REPORT



Brandeis University

415 South Street  
Waltham, MA  
02454

February 11, 2014

Thomas O. Puerzer  
Regional Audit Manager  
Philadelphia Regional Audit Office  
Office of the Inspector General  
U.S. Department of Justice  
701 Market Street, Suite 201  
Philadelphia, PA 19106

Re: 2008-PM-BX-K017  
2009-PM-BX-K044  
2011-PM-BX-K001  
2011-PM-BX-K002

Dear Mr. Puerzer,

Brandeis University (the "University") submits these comments in response to the January 29, 2014 draft audit report titled "Audit of the Justice Programs Bureau of Justice Assistance Cooperative Agreements Awarded to Brandeis University, Waltham, Massachusetts" (hereinafter the "Draft Audit Report").

The University considers the audit process to be an integral tool in the University's ongoing program of internal controls. Regular audits both internal and external facilitate management's ability to identify those areas where internal controls may require further enhancement and those that are performing effectively. In that spirit, we have analyzed each of the auditor's findings and related recommendations herein and, while we may not agree with each one, we will use this report to improve our overall system of compliance and controls.

We note, however, that the Draft Audit Report does include some draft or initial findings related to what are termed deficiencies in the University's system of internal controls, unsupported and unallowable expenditures, inaccurate and late grant reporting, inadequate contractor monitoring, inadequate subrecipient monitoring, noncompliance with special conditions and deficiencies in inventory controls. As discussed in more detail below, the University respectfully takes exception to some of the Draft Audit Report's initial findings. Specifically, the University does not concur with the findings related to unsupported consultant expenditures of \$ 595,001 and unallowable consultant fees of \$ 60,068. The University concurs with the findings related to incorrect cooperative agreements being charged totaling \$ 23,923 and the unallowable conference participation by a subcontractor amounting to \$ 7,301.

DOJ Draft audit response

**Response to Specific Recommendations**

- 1) Ensure that Brandeis implements policies and procedures that ensure accountability over federal funds.

The University does not concur with this finding, as it maintains that it currently has policies and procedures that effectively ensure accountability over federal funds, and believe that this

recommendation is beyond the scope of the audit conducted. The audit did not assess the University's overall system of internal controls, but only tested the controls as they pertained to the cooperative agreements audited. The University maintains policies and procedures related to management of federal awards which are available on the University web site and stated in the Disclosure Statement (DS 2) originally filed in December 1998 and amended in 2011. The University, which is classified by the Carnegie Foundation for the Advancement of Teaching as a Research University with very high research activity, continually reviews its policies and procedures to ensure that best practice is employed in managing business operations and compliance with state and federal regulations, specifically OMB circulars A-21, A-110 and A-133. For example, in the interest of continuous improvement, the University formed a Research Steering Committee to examine the roles and responsibilities and the policies and procedures covering the entire life cycle of federal funding, from proposal development to closeout. In 2012, a well-respected faculty member and former Provost were appointed as Senior Advisor to the Provost for Research and Senior Research Officer to oversee the entire research enterprise. And the University continues to investigate other avenues for improvement, from investing in new information technology to combining the pre- and post- award offices to ensure efficient oversight of external funding. Finally, as previously stated, the University has regular internal and external audits to ensure that federal funds are managed properly. As an indication of its strong internal controls, the University's annual OMB A-133 single audits during the past 15 years have contained unqualified audit opinions and reported no material weaknesses in internal control over compliance.

2) Remedy \$ 595,001 in unsupported consultant expenses.

The University does not concur with the assertion that consulting expenditures were unsupported in the amount of \$ 595,001. All consultants working on the cooperative agreements were paid on the basis of properly submitted invoices that were consistent with the identification of the consultants, their rates and their level of effort in the proposals for funding. The audit report concludes that the University spent cooperative agreement funds in accordance with the budgets approved by BJA. The report also concludes that the University met its performance and programmatic objectives for all of the agreements. There is therefore no basis to question the fact that the consultants did the work that they were engaged to do. The University does agree that the consultant invoices did not contain specific detail as to actual hours and dates worked. However, when the auditors requested additional supporting documentation for paid consultant invoices, they were provided files with the technical assistance service logs for the PDMP Training and Technical Assistance Center, from February 2009 through April 2013. The logs record dates, services provided, and consultants involved in providing the services (Jim Giglio, Chris Baumgartner, John Eadie and Pat Knue). The services are coded according to BJA's activity categories (described in the attached Word file).

The University respectfully maintains that it had adequate support for its payments to consultants on these projects, especially given the fact that the performance in all instances was satisfactory and that the projects were closely managed by a team of key personnel led by Dr. Kreiner. While the consultants' invoices may not have included details of hours worked, the integrity of the work performed and paid for was not questioned by the auditors. The University appreciates the points raised by the audit and now requires consultants to include the dates and hours worked on invoices submitted for payment. But we do not believe that costs totaling \$595,001 are without support and should be questioned.

3) Ensure Brandeis implements policies and procedures that ensure consultant invoices are supported by time and activity reports.



The University concurs with this recommendation and has implemented the necessary policies and procedures requiring that consultants submit details of hours worked by date in support of invoices submitted for payment.

- 4) Remedy \$ 60,068 in unallowable consultant payments for exceeding the OJP Financial Guide \$ 56.25 per hour limit on consultant pay.

The University does not concur with this recommendation. The University budgeted for and paid the consultant in question at a rate of \$450 per day, consistent with the OJP Financial Guide's limit on consultant pay and with the relevant special condition contained in the cooperative agreements. The auditors determined that the University's standard 7 hour per day 35 hour work week for its employees should be applied to the consultant, resulting in an hourly rate higher than the \$56.25 hourly limit. The University asserts, however, that a consultant, as an independent contractor, establishes the length of his/her own work day and that (s) he is not bound by the University's policy for employees. The Office of Justice Programs own guidance, in its Grants 101 website under budget development, refers to an 8-hour day for consultant fees (<http://ojp.gov/grants101/developbudget.htm>). More specifically, the University has a policy, entitled Consultants and Honorariums (7/1/2005), under which there is a form with a series of questions used to determine consultant status. One of these questions is, "Will they set their own priorities on time, amount of effort, and hours of work to accomplish services within stated time frame?" It is clearly anticipated that, as part of the very nature of a consultancy, the consultant should establish his/her own work day. This consultant in fact worked on the basis of an 8 hour day, and the \$56.25 per hour limit was therefore not exceeded.

- 5) Ensures Brandeis develops policies and procedures to prevent consultant's compensation from exceeding \$ 56.25 per hour without BJA prior approval.

As stated in the University's response to Recommendation # 4, the University maintains that it has been and is compliant with this compensation policy, and therefore does not concur. The University does agree that explicitly communicating the length of consultant work days or hourly rates to BJA will eliminate the confusion concerning this matter. Of course, the University does recognize and will comply with the requirement to seek prior approval should it be necessary to compensate a consultant at a rate higher than \$56.25 per hour.

- 6) Ensure Brandeis strengthens its policies and procedures related to the timely submission of its progress reports.

The University does not concur with the premise that its policies and procedures are insufficient to ensure timely reporting. The audit report indicates that there were 26 financial reports required under the cooperative agreements and that none were untimely in a material way. There were 12 required semiannual progress reports under these agreements, 8 of which were submitted in a timely fashion. While the University agrees that progress reports should always be submitted on time, there are explanations as to why, in the comparatively rare instances of late submissions, this occurred.

Two progress reports were submitted late because of technical problems in inputting information to the BJA TTARS website. In each case, the problems were resolved after extensive telephone conversations with staff from the TTARS Help Desk. In at least one of the cases, the website was having technical difficulties. The University has been addressing this issue by inputting progress reports several days before the due date, to allow time to resolve any technical issues that may arise. The other two progress reports that were more substantially late involved reports for new projects awarded with the special condition that funds could not be used until the final budget was approved and the condition removed. Because there was no project activity in the first quarter due to that restriction, the University did not realize that it was necessary to submit the progress reports. The reports were submitted, indicating that there had been no activity, as soon as BJA notified us that this was necessary, and will continue to do so in the future should similar circumstances arise.

The University remains committed to ensuring that progress reports are submitted within 30 days after the end of stated reporting periods, June 30 and December 31.

- 7) Remedy \$ 23,923 in unallowable costs charged to the 2008-PM-BX-K017 (\$22,167 for this grant specifically) and 2011-PM-BX-K001 (\$ 1,757 for this grant specifically) cooperative agreements.

The University concurs with this finding, but would like to note that the \$22,167 charged to 2008-PM-BX-K017 is an otherwise allowable cost that should instead have been charged to 2009-PM-BX-K044. Both cooperative agreements were Harold Rogers Prescription Drug Monitoring Program Training and Technical Assistance and called for the same activities. At the time of these charges, the performance period of the 2008 agreement and the 2009 agreement overlapped, as the former was in a no-cost extension period. The charges in question related to reserving space at a hotel for a National Meeting. BJA has since changed the way in which it funds similar program activities occurring over a number of years, in part to avoid situations such as this. For example, the most recent Training and Technical Assistance cooperative agreement, 2011-PM-BX-K001, has been amended twice to continue funded activities from 10/1/11 – 3/31/15, as opposed to issuing new agreements each year. The University therefore requests relief of \$ 22,167 based on performance for 2008-PM-BX-K017.

- 8) Ensure Brandeis implements contractor monitoring policies and procedures to better document contractor performance as well as contractor compliance with the contract.

The University has recently completed a thorough overhaul of its procurement system which included implementation of new procurement software and the centralization of the University's procurement function. In addition, the University implemented a procurement marketplace for streamlined on-line purchasing of goods and services, issued new best practice procurement policies and procedures, conducted extensive training of personnel and combined the procurement/accounts payable functions for improved coordination and communication.

These improvements made by the University should prevent a contractor being paid more than the approved contract amount without an approved change order being processed. The University concurs with the finding regarding the \$ 7,113 overpayment to the website design consultant. The new systems, policies, procedures and related training should ensure that this does

not occur again. The University seeks relief based on the above stated changes and the auditors repeated assertions that the University had met the objectives of the cooperative agreements.

- 9) Remedy \$ 7,301 in unallowable expenditures charged to the 2009-PM-BX-K044 award for conference and staff retreat expenses.

The University concurs with the recommendation.

- 10) Ensure Brandeis implements a subrecipient monitoring program to ensure that it subrecipients comply with contract requirements and DOJ standards.

The University does not concur with the premise that it lacks an effective subrecipient monitoring program. The University complies with OMB circulars A-21, A-110 and A-133 with respect to subrecipient monitoring. As previously stated, the University conducts internal and external audits to test compliance with grant management, including subrecipient monitoring. All of the University's subrecipient agreements contain an audit provision, requiring subrecipients to comply with OMB Circular A-133 and to provide the University with a copy of the reporting package submitted to the Federal Clearinghouse when the schedule of findings and questioned costs disclose audit findings related to the agreement, as well as copies of responses to the auditor's report and a plan for corrective action, and the University reserves the right to adjust payment or terminate the agreement. (Audited financial reports and access to inspect records and information are required for subrecipients not subject to the provisions of A-133). In the case of the DOJ awards, the special conditions were flowed down to the subrecipient and attached as an Appendix to the agreement. Further, regular financial and programmatic reporting is required, so that deficiencies in performance or finances may be identified.

As previously discussed in the response to Recommendation # 8, the University has made extensive changes to its procurement systems, policies and procedures that will ensure vendor compliance with contract requirements. Most important to this recommendation is that the University conducted extensive training with respect to qualified vendors, sole source procurement requirements and required approved change orders when original contracts are to be exceeded.

- 11) Ensure Brandeis implements policies and procedures that ensure the routine monitoring of compliance with award special conditions.

The University does not concur with the premise that it lacks policies and procedures to ensure compliance with award special conditions. The auditors stated in the Draft Audit Report that the University had met most of the 79 special conditions included in the four (4) cooperative agreements audited. The University was found to be non-compliant with only the two following special conditions, which were previously addressed in responses to recommendations #4, #8 and #10:

- 1) Consultant's hourly rate of 56.25 and Daily rate of \$ 450 (8 hour day)
- 2) Sole Source contract limits

The University has taken the necessary steps and implemented appropriate policies and procedures to ensure that award special conditions are met, including specifying in budgets either the hourly rate of consultants or the anticipated length of their work day, and creating and publicizing a new procurement policy entitled Sole Source/Price Justification that became effective July 1, 2013.

(<http://www.brandeis.edu/financialaffairs/procurement/solesource/index.html>).

- 12) Ensure Brandeis implements policies and procedures that ensure an inventory of accountable property is conducted bi-annually

As evidenced in the University's annual OMB Circular A-133 audits, the University is compliant with OMB Circular A-110 requiring bi-annual inventory of moveable equipment greater than our Cognizant Agency (Department of Health & Human Services) approved capitalization threshold of \$ 5,000. As stated in our response to recommendation # 10, the University flows down all applicable provisions to its subrecipients. In the case of IJIS Institute, the subrecipient in question, we requested and received a copy of their A133 audit as well a signed attestation letter indicating that their A133 audit was completed with no material weaknesses or findings related to their sub award with the University for FY10 through FY12. The University maintains that it reasonably relied on this documentation, and does not concur with this recommendation.

The subrecipient is responsible for ensuring that equipment purchased with pass-through funds is being properly utilized and inventoried.

#### **Conclusion and Response to Recommendations**

For the reasons set forth above, the University respectfully does not concur with the Draft Audit Report's recommendation that it remedy \$ 595,001 in consulting expenses as being unsupported and \$ 60,068 in consulting expenses for exceeding the hourly approved rate. The University concurs with the auditor's findings with respect to \$ 23,923 in out of period expenses, but requests relief of \$ 22,167 for costs incurred in different periods for the same project based on program performance and BJA's subsequent change in the way it funds continuing activities for the same program. The University concurs with recommendation # 9 to remedy \$ 7,301 for conference and staff retreat expenses.

The University also submits that the positive comments incorporated in the Draft Audit Report with respect to Federal Financial Reporting, Grant Fund Drawdowns, Budget Management and Control, Calculation of Indirect Cost, Conference Management and Personnel and Fringe Benefits is further evidence that the University has sound policies and procedures in place and is complying with them. The University will address those areas identified where clarification and improved communication of policies is required.

We appreciate the guidance we received from the audit team during the fieldwork and subsequently. We look forward to our opportunity to resolve these final questioned costs with BJA and the Audit Resolution group of the DOJ and appreciate the time and effort that DOJ committed to ensuring a complete and accurate report.

Sincerely,  


Christopher J. O'Brien  
VP Financial Affairs and University Treasurer



Paul F. O'Keefe  
Assistant Provost for Research Administration



OFFICE OF JUSTICE PROGRAMS  
RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

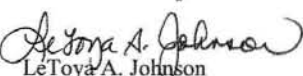
Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

FEB 28 2014

MEMORANDUM TO: Thomas O. Puerzer  
Regional Audit Manager  
Philadelphia Regional Audit Office  
Office of the Inspector General

FROM:   
LeToya A. Johnson  
Acting Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Bureau of Justice Assistance, Cooperative Agreements Awarded to Brandeis University, Waltham, Massachusetts*

This memorandum is in reference to your correspondence, dated January 29, 2014, transmitting the above-referenced draft audit report for Brandeis University (Brandeis). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains 12 recommendations and \$608,646<sup>1</sup> 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 ensure that Brandeis implements policies and procedures that ensure accountability over Federal funds.**

OJP agrees with the recommendation. We will coordinate with Brandeis to obtain a copy of policies and procedures developed and implemented to ensure Federal funds are properly accounted for and adequately safeguarded.

2. **We recommend that OJP remedy the \$595,001 in unsupported consultant expenditures.**

OJP agrees with the recommendation. We will coordinate with Brandeis to remedy the \$595,001 in unsupported excess consultant expenditures.

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

3. **We recommend that OJP ensure that Brandeis implements policies and procedures that ensure consultant invoices are supported by time and activity reports.**

OJP agrees with the recommendation. We will coordinate with Brandeis to obtain a copy of policies and procedures developed and implemented to ensure that consultant invoices are supported by time and activity reports.

4. **We recommend that OJP remedy the \$60,068 in unallowable consultant payments for exceeding the OJP Financial Guide \$56.25 per hour limit on consultant pay.**

OJP agrees with the recommendation. We will coordinate with Brandeis to remedy the \$60,068 in questioned consultant payments, which exceeded the OJP Financial Guide's limits on consultant pay.

5. **We recommend that OJP ensure that Brandeis develops policies and procedures to prevent consultant compensation from exceeding \$56.25 per hour without prior approval of the Bureau of Justice Assistance (BJA).**

OJP agrees with the recommendation. We will coordinate with Brandeis to obtain a copy of policies and procedures developed and implemented to ensure that consultant compensation does not exceed the limits on consultant pay, as stated in the OJP Financial Guide, without prior approval of OJP.

6. **We recommend that OJP ensure that Brandeis strengthens its policies and procedures related to the timely submission of its progress reports.**

OJP agrees with the recommendation. We will coordinate with Brandeis to obtain a copy of policies and procedures developed and implemented to ensure that future progress reports are timely submitted.

7. **We recommend that OJP remedy the \$23,923 [sic] in unallowable costs charged to cooperative agreement numbers 2008-PM-BX-K017 (\$22,167 for this grant specifically) and 2011-PM-BX-K001 (\$1,757 for this grant specifically).**

OJP agrees with the recommendation. We will coordinate with Brandeis to remedy the \$23,923 [sic] in questioned costs charged to cooperative agreement numbers 2008-PM-BX-K017 (\$22,167) and 2011-PM-BX-K001 (\$1,757).

8. **We recommend that OJP ensure that Brandeis implements contractor monitoring policies and procedures to better document contractor performance as well as contractor compliance with the contract.**

OJP agrees with the recommendation. We will coordinate with Brandeis to obtain a copy of policies and procedures developed and implemented to ensure that adequate monitoring of contractor performance, as well as contractor compliance with the contract, is enforced.

9. **We recommend that OJP remedy the \$7,301 in unallowable expenditures charged to award number 2009-PM-BX-K044 for conference and staff retreat expenses.**

OJP agrees with the recommendation. We will coordinate with Brandeis to remedy the \$7,301 in unauthorized expenditures charged to cooperative agreement number 2009-PM-BX-K044, related to conference and staff retreat expenses.

10. **We recommend that OJP ensure Brandeis implements a subrecipient monitoring program to ensure that its subrecipients comply with contract requirements and the U.S. Department of Justice standards.**

OJP agrees with the recommendation. We will coordinate with Brandeis to obtain a copy of policies and procedures developed and implemented to ensure that Federal funds awarded to subrecipients, are properly accounted for, controlled, and monitored; and the supporting documentation is maintained for future auditing purposes.

11. **We recommend that OJP ensure that Brandeis implements policies and procedures that ensure the routine monitoring of compliance with award special conditions.**

OJP agrees with the recommendation. We will coordinate with Brandeis to obtain a copy of policies and procedures developed and implemented to ensure the routine monitoring of compliance with award special conditions.

12. **We recommend that OJP ensure that Brandeis implements policies and procedures that ensure an inventory of accountable property is conducted bi-annually.**

OJP agrees with the recommendation. We will coordinate with Brandeis to obtain a copy of policies and procedures developed and implemented to ensure that a physical inventory of fixed assets purchased with Federal funds is performed at least every two years; and the results of the physical inventory are reconciled to the fixed asset records.

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  
Director  
Bureau of Justice Assistance

Tracey Trautman  
Deputy Director for Programs  
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cc: Eileen Garry  
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OJP Executive Secretariat  
Control Number IT20140210123803

## 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 Brandeis University (Brandeis) and the Office of Justice Programs (OJP). Brandeis' response is included as Appendix III, and OJP's response is included as Appendix IV of this final report. In response to our audit report, OJP agreed with our recommendations and discussed the actions it will take to address each of our findings. The following provides our analysis of the responses and summary of actions necessary to close the report.

### Summary of Actions Necessary to Close Report

#### 1. **Ensure Brandeis implements policies and procedures that ensure accountability over federal funds.**

Resolved. The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to work with Brandeis to ensure it enhances its policies and procedures to enhance accountability over federal funds.

In its response, Brandeis did not agree with our recommendation and cited Brandeis's A-133 single audits from the past 15 years, which did not report any material weakness in internal controls, as well as the Brandeis's own efforts to promote sound internal controls as support for why enhancements to Brandeis's financial policies and procedures are unnecessary. Further, Brandeis's response did not specifically address the internal control weakness raised in the draft report.

While we reviewed Brandeis's A-133 audits as part of our audit work, we did not rely on the results of that review and we performed our own testing of Brandeis's adherence with DOJ requirements. As a result of that testing, we found deficiencies related to Brandeis's controls over its cooperative agreement funds, which are discussed in detail throughout the report. For example, Brandeis neither complied with grant requirements related to support for consultant payments, nor its own sole source procurement policy. In addition, as shown below in the discussion of recommendations three and eight, Brandeis concurred with our recommendations to enhance its policies and procedures regarding procurement and consultant invoices, both of which will help ensure the accountability of federal funds.

This recommendation can be closed when we receive documentation demonstrating Brandeis has developed and implemented policies and procedures that ensure it has adequate accountability over federal funds.

## **2. Remedy \$595,001 in unsupported consultant expenditures.**

Resolved. The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to work with Brandeis to remedy \$595,001 in unsupported consultant expenditures.

In its response, Brandeis did not concur with the underlying finding that is the basis of our recommendation that OJP remedy \$595,001 in unsupported consultant expenditures. In its response, Brandeis stated that the consultant invoices at issue were adequately supported. It further stated that the consultants submitted invoices which Brandeis believes were properly submitted in accordance with rates and level of effort disclosed in the approved budgets of the cooperative agreements. Brandeis also noted that during our audit we asked for additional supporting documentation for the consultant invoices and it provided technical assistant service logs which included the dates and services provided by the consultants.

Further, the technical assistant service logs Brandeis provided during our audit were not sufficient for this purpose because they did not include the number of hours each consultant work worked on each service provided, or the total number of hours worked each month. Because Brandeis did not provide supporting documentation that demonstrated the number of hours each consultant worked for each invoice Brandeis paid, we consider the costs unsupported.

Additionally, Brandeis stated that there is no basis to question the consultants' work because the draft report concluded that Brandeis met its performance objectives for the cooperative agreements. It also cited our report, which concluded that the University spent cooperative agreement funds in accordance with budgets approved by BJA. However, we note that the performance on the grant objectives does not mitigate the financial management risk posed by noncompliance with grant conditions. Also, the approved budgets with which the report concluded Brandeis was in compliance identified broad spending categories of expenditures, such as consultant costs. The fact that we concluded that Brandeis expended funds for the categories of items identified in the budget does not alleviate Brandeis's responsibilities to maintain documentation for those expenditures or to adhere to the limits of those expenditures imposed by the award special conditions.

Further, Brandeis confirmed that consultant invoices did not include the dates and hours worked, but that it now requires that information on consultant invoices, as discussed in our analysis of recommendation 3.

This recommendation can be closed when we receive documentation that OJP has remedied \$595,001 in unsupported consultant expenses.

**3. Ensure Brandeis implements policies and procedures that ensure consultant invoices are supported by time and activity reports.**

Resolved. The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to work with Brandeis to develop policies and procedures requiring its consultants to submit details of hours worked.

In its response, Brandeis concurred with this recommendation. Brandeis's response stated that it has implemented the necessary policies and procedures requiring consultants to submit details of hours worked, including the hours worked by date, to support invoices submitted for payment.

This recommendation can be closed when we receive documentation confirming that Brandeis has implemented the necessary policies and procedures that require consultants submit details of hours worked, by date, in support of invoices submitted for payment.

**4. Remedy \$60,068 in unallowable consultant payments for exceeding the OJP Financial Guide \$56.25 per hour limit on consultant pay.**

Resolved. The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to work with Brandeis to remedy \$60,068 in unallowable expenditures.

In its response, Brandeis did not concur with our recommendation and stated that the consultant worked an 8 hour work day. In addition, Brandeis stated that consultants are independent contractors and therefore establish the length of their own work day and that consultants are not bound to Brandeis's 7 hour work day. To support this position, Brandeis cited OJP's Grants 101 website which advised grantees to base their budget submissions to OJP for consultants on an 8 hour work day. Lastly, Brandeis stated, "It is clearly anticipated that, as part of the very nature of a consultancy, the consultant should establish his/her own work day."

We disagree with Brandeis's response. While the OJP's Grants 101 website advised grantees to submit a grant application that disclosed the consultant's hourly or daily fee for an 8 hour day, this guidance only applies to the development and submission of grant and cooperative agreement budgets. The OJP Financial Guide clearly states that recipients need to request prior OJP approval for consultants that are compensated in excess of \$450 per 8 hour day or \$56.25 per hour. As we noted in our discussion of Recommendation 3, Brandeis did not require its consultants to submit time and effort reports, as required by the OJP Financial Guide, and we found no evidence or records to support that Brandeis's consultants deviated from Brandeis's 7 hour work day. As a result, we concluded from the consultant cost information Brandeis provided us that the consultants were paid in excess of \$56.25 per hour. Brandeis has not provided sufficient documentation to refute that

determination, such as time and effort or timesheet reports for consultant costs.

In addition, our recommendation questioned \$60,068 for unallowable expenditures for four consultants, but Brandeis's response only states that one consultant actually worked an 8 hour work day, and Brandeis did not provide any financial documentation to support this statement. Without supporting financial documentation, we are unable to verify Brandeis's consultants worked an 8 hour work day.

This recommendation can be closed when we receive documentation confirming OJP has remedied \$60,068 in unallowable consultant expenditures.

**5. Ensure Brandeis develops policies and procedures to prevent consultant compensation from exceeding \$56.25 per hour without BJA prior approval.**

Resolved. The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to coordinate with Brandeis to ensure that it develops policies and procedures to ensure consultant compensation does not exceed the \$56.25 hourly limit.

In its response, Brandeis did not concur with our recommendation. In its response, Brandeis stated that it was compliant with the consultant compensation limit. We disagree with Brandeis because our audit identified \$60,068 in unallowable consultant payments because the only information Brandeis provided us related to consultant costs indicates that it exceeded the \$56.25 hourly consultant limit (see analysis of recommendation 4).

This recommendation can be closed when we receive documentation that Brandeis has developed policies and procedures that prevent consultant compensation from exceeding \$56.25 per hour.

**6. Ensure Brandeis strengthens its policies and procedures related to the timely submission of its progress reports.**

Resolved. The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to coordinate with Brandeis to ensure that policies and procedures related to the timely submission of progress reports are strengthened.

In its response, Brandeis did not concur with our recommendation that it strengthen its policies and procedures related to the timely submission of its progress reports. Brandeis agreed that 4 of the 12 progress reports were not submitted on time and provided explanations as to why the four progress reports were not submitted on time. Specifically, Brandeis cited technical difficulties with BJA's reporting system and a lack of project activity as the reasons for the untimely submissions.

We disagree with Brandeis that strengthening its policies and procedures is not a reasonable remedy to address the late submission of progress reports. In addition to our concern that 25 percent of the progress reports were submitted late, we note that Brandeis had to be notified by BJA that it was required to submit progress reports regardless of the amount of project activity in the reporting period. We believe that strengthening policies and procedures is a reasonable remedy, especially considering Brandeis at the time of our audit had multiple staff members responsible for progress reporting duties.

This recommendation can be closed when we receive documentation demonstrating that Brandeis strengthened its policies and procedures related to the timely submission of its progress reports.

**7. Remedy \$23,923 in unallowable costs charged to the 2008-PM-BX-K017 (\$22,167 for this cooperative agreement specifically) and 2011-PM-BX-K001 (\$1,757 for this cooperative agreement specifically) cooperative agreements.**

Resolved. The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to work with Brandeis to remedy \$23,923 in unallowable costs.

Brandeis concurred with our recommendation and stated similar future unallowable costs are unlikely to occur because its BJA cooperative agreements no longer have overlapping time periods. Further, Brandeis requested relief of \$22,167 based on its performance on the 2008-PM-BX-K017 cooperative agreement. The OIG does not grant relief of questioned costs. OJP will determine how the costs will be remedied.

This recommendation can be closed when we receive documentation that OJP has remedied \$23,923 in unallowable costs.

**8. Ensure Brandeis implements contractor monitoring policies and procedures to better document contractor performance as well as contractor compliance with the contract.**

Resolved. The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to coordinate with Brandeis to ensure Brandeis develops contractor monitoring policies and procedures.

In its response, Brandeis concurred with our recommendation. In its response, Brandeis stated that it had made several improvements to prevent a contractor from being paid more than the amount in the approved budget, including overhauling its procurement system, providing extensive training for personnel, and issuing best practice policies and procedures.

This recommendation can be closed when we receive documentation that Brandeis has developed policies and procedures to better document contractor performance as well as contractor compliance with the contract.

**9. Remedy \$7,301 in unallowable expenditures charged to the 2009-PM-BX-K044 award for conference and staff retreats.**

Resolved. The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to work with Brandeis to remedy \$7,301 in unallowable expenditures.

In its response, Brandeis stated that it concurred with our recommendation.

This recommendation can be closed when we receive documentation that OJP has remedied the \$7,301 in unallowable expenditures charged to the 2009-PM-BX-K044 award.

**10. Ensure Brandeis implements a subrecipient monitoring program to ensure that its subrecipients comply with contract requirements and DOJ standards.**

Resolved. The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to coordinate with Brandeis to ensure that a subrecipient monitoring program is implemented that ensures subrecipients comply with contract requirements and DOJ standards.

In its response, Brandeis did not concur with the basis of our recommendation, that Brandeis lacks an effective sub recipient monitoring program. In its response, Brandeis stated that it complies with OMB Circulars A-21, A-110, and A-133 regarding subrecipient monitoring, and therefore, Brandeis believes it has an effective subrecipient monitoring program. In addition, Brandeis cited the improvements to its procurement policy in response to recommendation 8 as steps it has taken to ensure vendor compliance with contract requirements. Brandeis stated that the training regarding qualified vendors, sole source procurement requirements, and change orders were the changes that were most important to this recommendation.

We disagree with Brandeis's response. The OJP Financial Guide requires that recipients monitor any subrecipient and ensure that all programmatic and fiscal responsibilities are fulfilled. The subrecipient agreement provisions cited by Brandeis are the same provisions that Brandeis used in its monitoring of IJIS, and these provisions did not ensure that IJIS fulfilled all of its fiscal responsibilities. As discussed in our report, IJIS made unapproved changes to its scope of work, did not inventory accountable property, and charged \$7,301 of unallowable expenditures to the 2009-PM-BX-K044 award. In our judgment, the refinements made to Brandeis's procurement policy in response to Recommendation 8 are insufficient because they are not equivalent to the implementation of a subrecipient monitoring program.

This recommendation can be closed when we receive documentation that confirms Brandeis has implemented a subrecipient monitoring program.

**11. Ensure Brandeis implements policies and procedures that ensure the routine monitoring of compliance with award special conditions.**

Resolved. The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to coordinate with Brandeis to ensure Brandeis develops policies and procedures that ensure the routine monitoring of compliance with award special conditions.

In its response, Brandeis did not concur with the premise that it lacks policies and procedures to ensure compliance with award special conditions. Brandeis stated that the draft report concluded that Brandeis met most of the 79 special conditions included in the four cooperative agreements we audited. Brandeis also stated that it has taken the necessary steps and implemented appropriate policies and procedures to ensure that the two award special conditions identified during the audit as not being are met in the future.

We disagree with Brandeis's response. We agree that Brandeis complied with most of the special conditions contained in its four cooperative agreement awards. However, during the course of our audit, we found that Brandeis did not have policies and procedures in place to ensure that each award's special conditions were taken into account when administering the awards. For example, as noted in Brandeis's response, the two special conditions cited in our report that were not met affected three other audit findings and recommendations. We believe that Brandeis's management of OJP funds would be greatly enhanced if Brandeis had policies in place to ensure that each award's special conditions were reviewed and procedures were adequately implemented to ensure each special condition was met.

This recommendation can be closed when we receive documentation that confirms Brandeis has implemented policies and procedures that ensure the routine monitoring of compliance with award special conditions.

**12. Ensure Brandeis implements policies and procedures that ensure an inventory of accountable property is conducted bi-annually.**

Resolved. The OJP response agreed with our recommendation. This recommendation is resolved based on OJP's concurrence and agreement to coordinate with Brandeis to ensure Brandeis implements policies and procedures that ensure an inventory of accountable property is conducted bi-annually.

Brandeis did not concur with our recommendation. In its response, Brandeis stated, as evidenced by its annual OMB Circular A-133 audits, it is compliant with OMB Circular A-110's requirement for a bi-annual inventory of moveable



equipment. Brandeis stated that those requirements flowed down to its subrecipients and that, in the case of the IJIS Institute, it had requested and received a copy of the IJIS Institute's OMB Circular A-133 audit, as well as a signed attestation letter indicating that the institute's A-133 audit found no material weaknesses or findings related to Brandeis for FYs 2010 through 2012. Brandeis asserted that the subrecipient is responsible for ensuring that equipment purchased with pass-through funds is being properly utilized and inventoried.

We disagree with Brandeis's response. The OJP Financial Guide requires that award recipients monitor any subrecipient and ensure that all programmatic and fiscal responsibilities are fulfilled. As discussed in the report, Brandeis's subrecipient did not inventory accountable property purchased with cooperative agreement funds and Brandeis did not ensure that its subrecipient fulfilled all of its fiscal responsibilities as required by the OJP Financial Guide.

This recommendation can be closed when we receive documentation that confirms Brandeis has implemented policies and procedures that ensure an inventory of accountable property is conducted bi-annually.