



**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
CONGRESSIONALLY MANDATED GRANT AWARDED TO  
THE NEW JERSEY POLICE ATHLETIC LEAGUE  
FREEHOLD, NEW JERSEY**

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

Audit Report GR-70-14-006  
June 2014

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
CONGRESSIONALLY MANDATED GRANT AWARDED TO THE NEW  
JERSEY POLICE ATHLETIC LEAGUE  
FREEHOLD, NEW JERSEY**

**EXECUTIVE SUMMARY**

The Department of Justice Office of the Inspector General, Audit Division, has completed an audit of the Office of Justice Programs (OJP), Office of Juvenile Justice and Delinquency Prevention (OJJDP) congressionally mandated grant to the New Jersey Police Athletic League (NJPAL).<sup>1</sup> NJPAL received the initial grant of \$993,500 in September 2003 and a supplement of \$246,661 in September 2005 for a total award of \$1,240,161.<sup>2</sup> Drawdowns on the grant continued through June 2010, with one small drawdown in March 2013. The purpose of the grant was to implement an equestrian camp in New Jersey for youth likely to become involved in juvenile crime. The camp was to reinforce academic achievement and social skills through hands-on training in equestrian care, ecology, and leadership activities.

The purpose of our audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. We also evaluated NJPAL's program performance and accomplishments. We identified significant issues during our audit which required further investigation and referred those matters to the OIG's Investigations Division. We put our audit on hold pending the investigation. Subsequently, we were able to complete our audit and issue this report.

We found that NJPAL was in material non-compliance with the grant requirements we tested. Specifically, we reviewed NJPAL's compliance with essential grant conditions, and found material weaknesses in four of the areas we tested: (1) grant expenditures, (2) drawdowns, (3) reporting, and (4) program performance.

We found that NJPAL was unable to provide support for \$310,251 in payroll charges and items purchased with grant funds. In addition, NJPAL charged the grant \$133,451 in unallowable expenditures. As a result, we questioned a total of \$443,702 in expenditures.

In addition, we identified four management findings related to inventory control, reporting, drawdowns, and program performance. We found that NJPAL did not have an adequate inventory control system in place to track and safeguard

---

<sup>1</sup> The New Jersey Police Athletic League has been renamed as the Police Athletic League of New Jersey.

<sup>2</sup> In addition to the grant discussed in this report, NJPAL received an additional OJP grant for \$1,500,000 in September 2009, after our audit work began. This grant was not included in the scope of this audit.

grant-funded equipment. We also found NJPAL did not provide Financial Status Reports and progress reports that were accurate or timely. Furthermore, NJPAL did not comply with the minimum cash on hand requirements for drawdowns.

Finally, we concluded that NJPAL did not maintain the appropriate performance data that would have allowed us to evaluate whether the objectives of the grant funded program were met. Progress reports NJPAL provided to OJP did not include data on the progress of camp attendees or program performance and NJPAL officials stated that these statistics were not documented. We found that without this information, OJP could not properly assess the program's progress. In total, we are questioning \$1,100,732 in funding provided to NJPAL.<sup>3</sup>

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 provided a copy of this draft report to both NJPAL and to OJP for comments. Their 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.

---

<sup>3</sup> At the award end date March 31, 2013, there was \$139,429 in undisbursed grant funds.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
CONGRESSIONALLY MANDATED GRANT AWARDED TO THE NEW  
JERSEY POLICE ATHLETIC LEAGUE  
FREEHOLD, NEW JERSEY**

**TABLE OF CONTENTS**

<b>INTRODUCTION</b> .....	1
Office of Justice Programs .....	1
Office of Juvenile Justice and Delinquency Prevention .....	2
The New Jersey Police Athletic League .....	2
Subsequent Events.....	3
Our Audit Approach.....	3
<b>FINDINGS AND RECOMMENDATIONS</b> .....	5
Grant Expenditures .....	5
Drawdowns .....	7
Reporting.....	8
Budget Management and Control .....	10
Program Performance .....	10
Conclusions.....	11
Recommendations.....	11
<b>APPENDIX I - OBJECTIVES, SCOPE, AND METHODOLOGY</b> .....	13
<b>APPENDIX II - SCHEDULE OF DOLLAR-RELATED FINDINGS</b> .....	15
<b>APPENDIX III - POLICE ATHLETIC LEAGUE OF NEW JERSEY RESPONSE TO THE DRAFT AUDIT REPORT</b> .....	16
<b>APPENDIX IV - OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT AUDIT REPORT</b> .....	20
<b>APPENDIX V - OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT</b> .....	24

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
CONGRESSIONALLY MANDATED GRANT AWARDED TO THE NEW  
JERSEY POLICE ATHLETIC LEAGUE  
FREEHOLD, NEW JERSEY**

**INTRODUCTION**

The Department of Justice Office of the Inspector General, Audit Division, has completed an audit of the Office of Justice Programs (OJP), Office of Juvenile Justice and Delinquency Prevention (OJJDP) grant number 2003-SI-FX-0112 to the New Jersey Police Athletic League (NJPAL).<sup>4</sup> NJPAL received the initial grant of \$993,500 in September 2003 and a supplement of \$246,661 in September 2005 for a total award of \$1,240,161.<sup>5</sup> The purpose of the congressionally mandated grant was to implement an equestrian camp for youth in New Jersey likely to become involved in juvenile crime. The camp was to provide the youth with training in equestrian care, ecology, and leadership skills in order to promote better school performance and decrease crime.

The purpose of our audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grant. We also evaluated NJPAL's program performance and accomplishments.

**Office of Justice Programs**

The Office of Justice Programs (OJP), within the Department of Justice, provides primary management and oversight of the grant we audited. OJP works to assist 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.

---

<sup>4</sup> The New Jersey Police Athletic League (NJPAL) has been renamed the Police Athletic League of New Jersey (PALNJ). The grant discussed in this report was provided to NJPAL which has been replaced by PALNJ which responded to this report.

<sup>5</sup> For this report we will refer to both the grant and supplement as the grant.

## **Office of Juvenile Justice and Delinquency Prevention**

The Office of Juvenile Justice and Delinquency Prevention (OJJDP), a component of OJP, accomplishes its mission by supporting states, local communities, and tribal jurisdictions in their efforts to develop and implement effective programs for juveniles. OJJDP strives to strengthen the juvenile justice system's effort to protect public safety, hold offenders accountable, and provide services that address the needs of youth and their families. Through its components, OJJDP sponsors research, program, and training initiatives; develops priorities and goals and sets policies to guide the federal juvenile justice issues; disseminates information about juvenile justice issues; and awards funds to states to support local programming.

### **The New Jersey Police Athletic League**

The Police Athletic League (PAL) is a recreation-oriented juvenile crime prevention program that relies heavily on athletics and recreational activities to tighten the bond between police officers and children in the community. Housed under the umbrella of state chapters within the PAL, NJPAL is a non-profit Police and Youth organization, with a stated mission of reducing juvenile delinquency and promoting positive interaction between law enforcement and communities in the State of New Jersey. According to its website, NJPAL, founded in 1990, has been a recognized leader in the development of programs and activities for youth within New Jersey.

NJPAL planned to use funding from this grant to implement an equestrian youth camp for children, ages 11 to 16, with signs of at-risk behavior.<sup>6</sup> The goal was to use the camp as a means of training youth in equestrian healthcare, ecology, and leadership skills in order to provide an alternative to juvenile delinquency. NJPAL also intended for the camp to promote: academic achievement, positive community involvement, and engagement in interpersonal relationships.

In addition to the grant we audited and discuss in this report, NJPAL received an additional OJP grant for \$1,500,000 in September 2009 after our audit work began. This grant, number 2009-JL-FX-0273, was not included in the scope of this audit.

---

<sup>6</sup> The NJPAL defines at-risk as any youth in the state of New Jersey between the ages of 11 and 16.

## Subsequent Events

During our audit work, significant issues were identified that resulted in the referral of this grant to the OIG Investigations office for its review.<sup>7</sup> In October 2011, NJPAL and its former Executive Director were suspended from entering into new contracts with the Federal Government.<sup>8</sup> NJPAL received from OJP a no-cost extension of the award period through March 31, 2013, which allowed an additional drawdown of \$3,011 by NJPAL to pay for bills received for grant-related activities before expiration of the award period.<sup>9</sup> According to OJP, the suspension applied to future awards not the current grant and the expenditures took place before the former Executive Director or NJPAL had been suspended. As a result, the organization was entitled to the funds.

On July 31, 2013, the United States Attorney's Office for the District of New Jersey, NJPAL and its former Executive Director entered into Stipulation and Settlement Agreements to resolve any and all potential civil claims the United States may have had against NJPAL and its former Executive Director in connection with the grant. The parties reached the settlements to avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the claims. Under the terms of the settlements, NJPAL agreed to pay \$35,000, and the former Executive Director agreed to pay \$22,000.

## Our Audit Approach

We tested compliance with what we considered to be the most important conditions of the grant. Unless otherwise stated in our report, we applied the 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 awarded funds and ensure funds are used appropriately. We tested the NJPAL's:

- **grant expenditures** to determine whether the costs charged to the grant were allowable and supported.
- **reporting** to determine whether the required Financial Status Reports and progress reports were submitted on time and accurately reflected grant activity.
- **budget management and control** to determine whether the grantee adhered to the OJJDP-approved budget for expenditures of grant funds.

---

<sup>7</sup> During this audit, we identified certain issues requiring further investigation. We made a referral to the OIG's Investigations Division, and put our audit on hold pending resolution of the referral. Subsequently, we were able to complete our audit and issue this report.

<sup>8</sup> The Executive Director was required to resign as part of the Stipulation and Settlement Agreement and will be referred to as the former Executive Director in this report.

<sup>9</sup> In addition to the \$3,011, OJP allowed an additional \$11,648 to be drawn down by NJPAL from a grant it received in 2009. However, this grant was not included in our audit.

- **drawdowns** to determine whether the requests for reimbursement were adequately supported and if the grantee managed grant receipts in accordance with federal requirements.
- **program performance** to determine whether NJPAL achieved grant objectives and to assess NJPAL's performance and grant accomplishments.

When applicable, we also test for compliance in the areas of program income and subgrantee monitoring. For this grant, we determined NJPAL did not produce any program income and there were no subgrantees, so we did not include these tests in this audit.

## FINDINGS AND RECOMMENDATIONS

We determined that NJPAL did not fully comply with the grant requirements we tested and found material weaknesses relating to NJPAL's grant expenditures, drawdowns, reporting, and program performance. Specifically, we found that NJPAL made \$133,451 in unallowable expenditures and made \$310,251 in program-related expenditures that were unsupported. We also determined NJPAL did not have an adequate inventory system in place to track grant-funded equipment or a system that tracked the hours worked by NJPAL employees. Additionally, we found that the financial status reports submitted by NJPAL were inaccurate. Finally, we questioned \$1,100,732, the total grant funds expended as NJPAL neither complied with the terms and conditions of the grant nor demonstrated the achievement of any of the grant's objectives.

### Grant Expenditures

As of January 2008, NJPAL expended \$626,873 of grant funds on personnel, fringe benefits, equipment, supplies, contracts, and leasing costs.<sup>10</sup> We tested grant expenditures for allowability and supportability. To determine if expenditures were allowable, we compared the expenditures to the grant budget and permissible uses of grant funds outlined in the OJP Financial Guide. To determine if expenditures were supported, we reviewed purchase documents, invoices, and accounting system data. We also reviewed expenditures to determine if they were made in accordance with NJPAL purchasing and accounting procedures, as required by the OJP Financial Guide.

#### *Personnel and Fringe Benefits Expenditures*

As of March 7, 2008, NJPAL charged \$264,387 to the grant for personnel and fringe benefits. To determine whether personnel charges were allowable and supported, we interviewed NJPAL officials and reviewed related documentation.

Our review of the NJPAL application and program budgets submitted to OJP showed both the former Camp's Program Director and former Camp Director were to work full-time on the grant funded program, only performing duties specific to the horse camp. During our audit, both the former Camp Director and former Program Director stated that the majority of their work hours were spent running other PAL programs. The former Program Director stated that NJPAL runs seven other youth programs, including a NJPAL Basketball Tournament, the Explorer Academy, and the Shop with a Cop Program. The former Program Director stated that he spent approximately 30 percent of his time working on the NJPAL grant program, while the former Camp Director stated that only 5 percent of his time was spent working on the grant program. We found that during the grant period, the entire salaries for both positions were charged to the grant, while neither individual

---

<sup>10</sup> Payroll and fringe costs are included as of the last date of fieldwork on March 7, 2008.

worked on grant related duties full-time. Based on the amount of time spent working on the NJPAL grant program, 70 percent of the former Program Director's salary, or \$61,182 should not have been charged to the grant. In addition, 95 percent of the former Camp Director's salary, or \$30,504 should not have been charged to the grant. As a result, we determined that \$30,504 in personnel and fringe benefits charged to the grant were unallowable.<sup>11</sup>

The former Program Director also told the audit team that he had been employed by NJPAL as a former Program Director for 16 years. We confirmed his employment prior to the grant by reviewing employee files. As the program was initiated in 2003, we asked the former Program Director why his salary was not charged to the grant until 2006. He told us that this was done to alleviate budget constraints on NJPAL. We determined the former Program Director's entire salary of \$87,403 charged to the grant was unallowable, as he held his position with NJPAL for many years prior to the grant. Grant conditions specifically prohibit the use of grant funds to replace or supplant the payment of personnel previously paid from other sources.

#### Payroll Procedures

To account for the payroll charged to the grant, NJPAL's bookkeeper sent the necessary employee salary information to a payroll company that performed the payroll function for NJPAL. NJPAL's bookkeeper recorded the payroll charges in NJPAL's accounting system once she received the hours from the former Executive Director.<sup>12</sup> The camp's Facilities Manager stated, and the former Executive Director reaffirmed, that NJPAL did not have a system to track the weekly hours of the employees at NJPAL, such as signed timecards. Because we were unable to verify the hours worked for any of the 16 employees paid with grant funds, we concluded that the entire \$264,387 charged to the grant for personnel and fringe benefits costs were unsupported.

We also found instances where employees were paid using non-grant funds; yet the grant was charged for these transactions. The transactions, however, were not recorded in the NJPAL accounting system. The bookkeeper explained that these payroll charges were for employees that started 1 week before they were entered into the Paychex payroll system; and that NJPAL initially paid these employees with non-grant funds before being reimbursed by the grant. However, we were not provided with sufficient documentation demonstrating that these employees worked the hours charged. Consequently, we determined that these payroll charges, totaling \$2,420, were not supported.

---

<sup>11</sup> Although we question 70 percent, or \$61,182 as unallowable, we question the entire salary amount in the following paragraph due to the supplanting issue.

<sup>12</sup> Paychex provided the payroll and human resource functions to NJPAL.

### *Equipment and Supplies Expenditures*

NJPAL expended \$335,286 on equipment and supplies used at the camp and office sites. Equipment and supplies purchased with the grant included laptop computers, t-shirts for camp participants, tractors, horses, hay, and the materials used to build a fence for the farm's pasture and riding areas. To determine if supplies and expenses were supported and allowable, we tested \$278,745 in supplies and equipment transactions.

According to the OJP Financial Guide, property records should be accurately maintained; and a physical inventory of property should be reconciled with the respective records at least once every 2 years. In addition, a control system must be in effect to ensure adequate safeguards are in place to prevent loss, damage, or theft of the property. During testing, we found that invoices were unavailable for \$12,470 in equipment and supplies for three horses and hay purchased with grant funds. The bookkeeper told us that she was unable to locate the missing invoices. In addition, NJPAL could not physically account for 5 laptops, 12 radios, and approximately 1,200 tee shirts purchased with grant funds. We were given several conflicting stories as to the whereabouts of these items; and we were unable to verify the purchase of \$18,394 in equipment and supplies. In total, we determined that \$30,864 of grant transactions were unsupported, as several invoices and items purchased with grant funds were missing. In addition, NJPAL did not maintain the required property records and did not conduct the required inventory.

### *Contracts*

NJPAL paid a total of \$19,000 for two contractors, including an equestrian trainer who was paid \$15,000 between May and November 2007. A second contractor was paid \$4,000 in labor costs to construct a fence for the horses purchased with grant funds. The audit team was able to view the fence during our site visit. As a result we do not question the labor costs to construct it. However, we were unable to determine the extent of the equestrian trainer's activities because the services provided were neither adequately monitored nor documented. Therefore, we question the \$15,000 in contracting costs for the equestrian trainer.

### *Leasing Costs*

Prior to June 2006, NJPAL was unable to acquire farm land for the horses, supplies, and equipment purchased with the grant. Therefore, NJPAL leased boarding and pasture for the horses between October 2005 and May 2006. Leasing costs for this time period totaled \$12,200. In our review of the related expenditures, we did not find any discrepancies in leasing costs charged to the grant.

### **Drawdowns**

As of January 2008, NJPAL requested grant funds through 102 drawdowns, totaling \$623,733. In reviewing the documentation supporting the drawdowns

made by NJPAL, we found that NJPAL charged the grant twice for certain transactions. Specifically, we found that NJPAL charged the grant twice for the purchase of computers, hay, and helmets. In addition, the grant was charged for sales tax paid and reimbursed to NJPAL, while NJPAL should not have been charged sales tax. Based on these transactions, we determined that \$15,544 in drawdowns were unallowable.

As discussed previously NJPAL continued to draw down funds even after we referred this grant to Investigations. These drawdowns occurred primarily from February 2008 through June 2010, with a single drawdown in March 2013.

The OJP Financial Guide establishes the methods by which the Department of Justice makes payments to grantees. The methods and procedures for payment are designed to minimize the time elapsed between the transfer of funds by the government and the disbursement of funds by the grantee. Grantees may be paid in advance, provided they maintain procedures to minimize the time elapsing between the transfer of funds by the government and the disbursement of funds by the grantee. The disbursement policy employed by NJPAL involved the bookkeeper totaling the invoices and payroll for the period. As a result, NJPAL was not always reimbursed for actual expenditures on a reimbursement basis. In our review of NJPAL's drawdowns, we determined that NJPAL did not consistently adhere to the guide with respect to the drawdown policies.

## **Reporting**

### *Financial Status Reports*

Financial Status Reports (FSR) provide OJP with a snapshot of NJPAL's grant-related expenditures and obligations for each calendar quarter throughout the life of the grant.<sup>13</sup> According to the award letter, an FSR must be submitted within 45 days of the end of the most recent past quarterly reporting period or within 120 days of the end of the grant. Even when there have been no outlays, a report containing zeroes must be submitted. Funds or future awards may be withheld if FSRs are not submitted or are excessively late.

During the approved grant period covered by our audit, NJPAL was required to submit 16 FSRs. We reviewed the submitted FSRs for both accuracy and timeliness.

A NJPAL official told us that expenditure information reported on each FSR was obtained from the amount of drawdowns made during the period. We compared the amount of expenditures reported on the FSRs to the actual amounts expended per quarter based on the drawdowns. For the quarter ending March 31, 2007, NJPAL reported that no grant funds were spent. However, we found that

---

<sup>13</sup> Effective for the quarter beginning October 1, 2009, grant recipients must report expenditures online using the Federal Financial Report (FFR-425). Prior to October 1, 2009, the financial reports were called Financial Status Reports (FSRs). For this report all expenditure reports are FSRs because they were submitted prior to October 1, 2009.

actual expenditures totaled \$37,231. The former Program Director explained that he did report the actual amount spent, but the numbers would not show up in the OJP Grant Management System. When this happened, the former Program Director stated that the OJP Grant Manager was notified. We contacted the Grant Manager to verify this matter, and she had no recollection or documentation to support that NJPAL contacted her about the problem. Therefore, we determined that grant expenditures were not accurately reported for that period and recommend that NJPAL implements and adheres to procedures that will result in accurate FSRs.

To determine if the FSRs were submitted on time to OJP, we compared the submission date on each FSR to the due date. We found that during the first year of reporting, NJPAL submitted three reports more than 1 month late. However, since August 2005, NJPAL had submitted FSRs timely.

### *Progress Reports*

Grantees are required to submit progress reports twice a year to OJP that describe program activities and accomplishments of objectives during the reporting period. According to the OJP Financial Guide, the reports are due within 30 days of the end of each reporting period, which are June 30 and December 31. Funds or future awards may be withheld if reports are not submitted or are excessively late.

During the grant period covered by our audit, NJPAL was required to submit nine progress reports. We reviewed each report for accuracy and timeliness. To determine if NJPAL accurately reported grant activities, we reviewed the information on each report. We found the reports neither adequately addressed the goals of the grant nor accurately reflected grant activity. The reports stated that approximately 160 children attended the camp. However, we received conflicting statements from several grant officials about the actual number of camp attendees- the highest stated number of attendees was 85. NJPAL did not keep any documentation on the camp's attendees or accomplishments; therefore, we were unable to verify the number of attendees reported.

We also concluded that the information on the reports did not adequately address the overall goals of preventing juvenile delinquency and reinforcing the need for academic achievement. Each report noted staff hiring and equipment purchases as accomplished goals. However, no data on the progress of attendees or program performance was given. Officials stated that these statistics were not documented. In our view, without this information, the OJP could not properly monitor grant activities and assess the program progress throughout the grant.

To determine if the reports were submitted on time to OJP, we reviewed the submission date on each report. We found that eight of the nine reports were submitted late. Three reports were over 5 months late; and five reports ranged from 15 to 42 days late. Based on the above findings, we recommend that NJPAL implements and adheres to procedures for the submission of timely and accurate progress reports.

## Budget Management and Control

We reviewed the grantee's award letter and Grant Adjustment Notices to determine the approved budget categories. Based on those documents, the approved budget amounts and categories are as follows.

### Approved Grant Budget

Personnel	\$ 551,790
Fringe Benefits	71,327
Travel	0
Equipment	387,144
Supplies	84,900
Construction	0
Consultants/Contracts	45,000
Other	100,000
Indirect Costs	0
<b>Total Project Costs</b>	<b>\$1,240,161</b>

Source: OJP Grant Award Letter and Grant Adjustment Notice

As of the end of our fieldwork, NJPAL only spent about 50 percent of grant funds. According to the OJP Financial Guide, grantees should stay within their approved budget or receive prior written approval if budget categories are to be changed by more than 10 percent of the total award. To determine if NJPAL adhered to the budget, we compared the amounts in each budget category to the actual expenditures in each budget category. We determined that all expenditures were within the allowable budget categories.

## Program Performance

According to the grant application, the objectives of NJPAL's grant program were to:

- create an equestrian-based youth summer camp;
- increase youth participation in the camp annually by 10 percent;
- integrate youth of various social, economic, and racial backgrounds into the camp's community;
- establish incentive-based guidelines for attendance;
- establish a tier-based achievement schedule; and
- recognize and publicize the achievements of the camp.

As part of the audit, we sought to measure the success of NJPAL in meeting the grant's objectives. To accomplish this, we interviewed NJPAL officials and attempted to review grant-related documentation. However, NJPAL officials told us

that they did not maintain any supporting records to demonstrate program performance.

The NJPAL former Executive Director stated that the objectives of the grant had not yet been met because the program got off to a late start. He also told the audit team that the overnight portion of the camp had not yet occurred because of opposition from the New Jersey Department of Environmental Protection; but he would try to push past it.

Based on our interviews and the lack of documentation provided to the audit team, we conclude that NJPAL did not assess program performance. In our view, program performance must be assessed throughout the grant term to determine if funds are helping to meet program objectives. We found that NJPAL did not accomplish any of their objectives outlined in the grant application. Furthermore, NJPAL neither adequately used grant funds nor fully complied with the conditions of the grant. As a result, we question all grant transactions, totaling \$1,100,732.

## **Conclusions**

NJPAL did not fully comply with the grant requirements we tested. We found material weaknesses in NJPAL's grant expenditures, drawdowns, reporting, and program performance. Specifically, we found that NJPAL made \$133,451 in unallowable expenditures and drawdowns. NJPAL also made \$310,251 in unsupported expenditures.

We determined NJPAL does not have an adequate inventory system in place to track grant-funded equipment or a system that tracks the hours worked by NJPAL employees. We also found that financial status reports were inaccurate. Finally, we questioned \$1,100,732 the total grant funds drawn down as NJPAL neither complied with the terms and conditions of the grant nor demonstrated the achievement of any of the grant's objectives.

## **Recommendations**

Recognizing that the settlement agreements entered into with NJPAL and its former Executive Director may affect OJP's ability to resolve our recommendations, we recommend that OJP:

1. Remedy \$133,451 in unallowable expenditures, resulting from:
  - a) Personnel and fringe benefits charged for work not grant related (former Camp Director- \$30,504).
  - b) Personnel and fringe benefits for former Program Director due to supplanting (\$87,403).
  - c) Drawdowns supported by duplicate charges and unallowable sales tax payments (\$15,544).

2. Remedy \$310,251 in unsupported expenditures, resulting from:
  - a) Personnel and fringe charges due to lack of signed time cards or any other record keeping of hours and work performed (\$264,387).
  - b) Equipment and supplies purchased with grant funds unsupported by invoices or missing (\$30,864).
  - c) Contracting cost for equestrian trainer as the services were neither adequately monitored nor documented (\$15,000).
3. Remedy \$1,100,732 in questioned unreasonable costs for NJPAL's non-compliance with the terms and conditions of the grant and inability to demonstrate achievement of the grant's objectives.
4. Ensure NJPAL maintains an inventory system that properly tracks grant-funded equipment.
5. Ensure NJPAL maintains records to support the purchase of grant-related items.
6. Ensure NJPAL maintains a system that accounts for employees' hours worked each week and paid with grant funds.
7. Ensure NJPAL implements and adheres to procedures that will result in accurate and timely drawdowns.
8. Ensure NJPAL implements and adheres to procedures that will result in accurate Financial Status Reports.
9. Ensure NJPAL implements and adheres to procedures for the submission of timely and accurate progress reports.
10. Ensure NJPAL designs performance measures and collects data to demonstrate what NJPAL is accomplishing with grant funding and allows for a determination of whether the grant objectives are achieved.

## OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of the audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. We also assessed the New Jersey Police Athletic League (NJPAL) program performance in meeting grant objectives and overall accomplishments.

We conducted our audit in accordance with Government Auditing Standards and included tests considered necessary to accomplish our objectives. Our audit included the review of grant activities from September 2003 to March 2008. We audited grant 2003-SI-FX-0112, which provided the NJPAL \$1,240,161 to implement an equestrian camp in New Jersey for youth likely to become involved in juvenile crime.

We tested compliance with what we considered to be the most important conditions of the grant. Unless otherwise stated in our report, we applied the OJP Financial Guide as our primary criteria in auditing this grant. The OJP Financial Guide serves as a reference manual assisting award recipients with the administrative and financial matters associated with the grant.

In conducting our audit, we performed sample testing in each of the following areas. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grant reviewed, such as high dollar amounts or expenditure category based on the approved grant budget. This non-statistical sample design does not allow for the projection of the test results to the universes from which the samples were selected.

Test grant expenditures to determine if costs charged to the grant were accurate, allowable, and supported. We tested 86 percent of grant expenditures. We compared the amounts charged to the grant to source documents, such as purchase orders, invoices, and information from NJPAL's accounting system, to determine whether the expenditures were properly supported, and accurately recorded. We also compared the expenditures to the approved grant budget and program guidelines to determine whether the expenditures were allowable.

Test of reporting to determine if the required Financial Status Reports (FSRs) were submitted on time and accurately reflect grant activity. We reviewed each of the FSRs for accuracy by comparing grant expenditures reported on the FSR to the actual grant expenditures recorded in the NJPAL's accounting system. We also reviewed each of the FSRs for timeliness by comparing the submission date on each report to the quarter end due date. Using the OJP Financial Guide as our criteria, we determined FSRs to be late if they were submitted more than 45 days after the end of the quarter reporting period. Based on the award letter, we determined the final FSR to be late if it was submitted more than 120 days after the end date of the award.

Test of reporting to determine if the required progress reports were submitted on time and accurately reflect grant activity. The OJP Financial Guide states that progress reports must be submitted twice a year, and are due within 30 days of the end of each reporting period, June 30 and December 31. We reviewed the nine progress reports NJPAL submitted to determine if they were on time and accurately reported grant activities.

Test budget management and control to determine whether the grantee adhered to the OJP-approved budget for expenditure of grant funds. We compared the budget categories in the grant application to expenditure records and documentation. The OJP Financial Guide states approval must be obtained in advance for major budget modifications that exceed 10 percent of the total grant budget.

Test of drawdowns to determine whether requests for grant funding were adequately supported and if the NJPAL was managing grant receipts in accordance with federal requirements. We compared the NJPAL's expenditure records and other documentation to the drawdowns reported by OJP. We then determined whether the NJPAL minimized the amount of time between receiving and disbursing funds.

Test program performance to determine if grant objectives are being met. The general objective of the grant as described in the grant award document was for NJPAL to create an equestrian youth camp and increase participation on an annual basis through promotion and incentives. To determine if the objectives were met, we interviewed officials and attempted to review grant documentation.

Test program income, matching, and subgrantee monitoring when applicable. We reviewed grant documentation and expenditures, and determined NJPAL generated no program income and there were no subgrantees. There were also no matching requirements. Therefore, we did not perform tests in these areas.

Test of the internal control environment. We did not test NJPAL's internal control environment as a whole or specifically for the OJP grant. Instead, we compared the characteristics of a high-risk organization listed in the Inspector General Manual to our observations of NJPAL's control environment during field work. We determined NJPAL to be a high-risk organization.<sup>14</sup>

We performed limited testing of source documents to assess the accuracy of reimbursement requests and financial status reports; however, we did not test the reliability of the financial management system as a whole. We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

---

<sup>14</sup> During this audit, we identified certain issues requiring further investigation. We referred those matters to the OIG's Investigations Division, and put our audit on hold pending such investigation. Subsequently, we were able to complete our audit and issue this report.

**SCHEDULE OF DOLLAR-RELATED FINDINGS**

<b>QUESTIONED COSTS:<sup>15</sup></b>	<b>AMOUNT</b>	<b>PAGE</b>
Unallowable Costs		
Personnel and Fringe	\$30,504	6
Program Director Personnel and Fringe	87,403	6
Drawdowns	15,544	8
Unsupported Costs		
Personnel and Fringe	\$264,387	5
Equipment and Supplies	30,864	7
Equestrian Trainer Contract	15,000	7
Lack of Grant Performance	1,100,732	11
<b>TOTAL QUESTIONED COSTS:</b>	<b>\$1,544,434</b>	
<i>LESS DUPLICATION<sup>16</sup></i>	(\$443,702)	
<b>NET QUESTIONED COSTS</b>	<b>\$1,100,732</b>	
<b>TOTAL DOLLAR-RELATED FINDINGS:</b>	<b>\$1,100,732</b>	

---

<sup>15</sup> Questioned Costs are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

<sup>16</sup> We questioned costs related to personnel, equipment, supplies, and drawdowns. Some of the 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.

# POLICE ATHLETIC LEAGUE OF NEW JERSEY RESPONSE TO THE DRAFT AUDIT REPORT



## POLICE ATHLETIC LEAGUE OF NEW JERSEY

80 Scenic Drive, Suite 7  
Freehold, New Jersey 07728  
Tel (732) 308-1161  
Fax (732) 308-1551  
email: PAL1NJ@aol.com  
www.policeathleticleague.com

March 14, 2014

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

Re: Draft Audit Report Dated March 6, 2014 regarding Grant # 2003-SI-FX-0112

Dear Mr. Puerzer:

The issues raised in the OIG Audit Report have been resolved pursuant to settlement agreements between the United States and NJPAL (PALNJ) and the United States and PALNJ's former Executive Director. PALNJ has a new Executive Director and a new Board of Directors. The new leadership cannot change the past, however, PALNJ is working toward better operational practices now and in the future.

PALNJ asks that the Audit Report be edited, as follows:

- 1) the first paragraph on page 2 of the report be redrafted to more accurately reflect PALNJ's current mission, which is: to provide high quality, statewide programs to the youth of New Jersey and services, assistance and leadership to local PAL chapters.
- 2) the words "executive director", wherever they appear, be replaced by the words "former executive director", and
- 3) the words "camp director" and "program director", wherever they appear, be replaced by the words "former camp director" and "former program director"

Sincerely,

  
Thomas J McDonnell  
Executive Director

cc: Mara & Baldassare

"COPS AND KIDS TOGETHER"

## ADDENDUM TO MARCH 14<sup>th</sup> LETTER

### **Recommendations (on pages 10-11)**

1. Remedy \$133,451 in unallowable expenditures, resulting from:
  - a) Personnel and fringe benefits charged for work not grant related (Camp Director- \$30,504).
  - b) Personnel and fringe benefits for Program Director due to supplanting (\$87,403).
  - c) Drawdowns supported by duplicate charges and unallowable sales tax payments (\$15,544).

***The Police Athletic League of New Jersey (PALNJ) does not concur with this recommendation. The issues raised in the OIG Audit Report have been resolved by settlement agreements between the United States and the PALNJ and the United States and between the former executive director of the PALNJ, which were signed in July of 2013.***

2. Remedy \$310,251 in unsupported expenditures, resulting from:
  - a) Personnel and fringe charges due to lack of signed time cards or any other record keeping of hours and work performed (\$264,387).
  - b) Equipment and supplies purchased with grant funds unsupported by invoices or missing (\$30,864).
  - c) Contracting cost for equestrian trainer as the services were neither adequately monitored nor documented (\$15,000).

***The PALNJ does not concur with this recommendation. The issues raised in the OIG Audit Report have been resolved by settlement agreements between the United States and the PALNJ and the United States and between the former executive director of the PALNJ, which were signed in July of 2013.***

3. Remedy \$1,100,732 in questioned unreasonable costs for NJ PAL's non-compliance with the terms and conditions of the grant and inability to demonstrate achievement of the grant's objectives.

***The PALNJ does not concur with this recommendation. The issues raised in the OIG Audit Report have been resolved by settlement agreements between the United States and the PALNJ and the United States and between the former executive director of the PALNJ, which were signed in July of 2013.***

4. Ensure NJ PAL maintains an inventory system that properly tracks grant-funded equipment.

***The PALNJ does not concur with this recommendation to the extent it applies to the grant at issue in the OIG Audit Report as the program funded by that grant is no longer in existence. The PALNJ concurs, however, on a going forward basis. That is, the PALNJ's new leadership is committed to maintaining an adequate inventory system to track grant-funded equipment, in***

***the event that the PALNJ is reinstated to the DOJ grant program. Indeed, the PALNJ will be fully capable of complying with all grant reporting and record keeping requirements.***

5. Ensure NJ PAL maintains records to support the purchase of grant-related items.

***The PALNJ does not concur with this recommendation to the extent it applies to the grant at issue in the OIG Audit Report as the program funded by that grant is no longer in existence. The PALNJ concurs, however, on a going forward basis. That is, the PALNJ's new leadership is committed to maintaining records to support the purchase of grant-related items, in the event that the PALNJ is reinstated to the DOJ grant program. Indeed, the PALNJ will be fully capable of complying with all grant reporting and record keeping requirements.***

6. Ensure NJ PAL maintains a system that accounts for employees' hours worked each week and paid with grant funds.

***The PALNJ does not concur with this recommendation to the extent it applies to the grant at issue in the OIG Audit Report as the program funded by that grant is no longer in existence. The PALNJ concurs, however, on a going forward basis. That is, the PALNJ's new leadership is committed to maintaining a system that accounts for employees' hours worked each week and paid with grant funds (e.g., through the use of verified timecards), in the event that the PALNJ is reinstated to the DOJ grant program. Indeed, the PALNJ will be fully capable of complying with all grant reporting and record keeping requirements.***

7. Ensure NJ PAL implements and adheres to procedures that will result in accurate and timely drawdowns.

***The PALNJ does not concur with this recommendation to the extent it applies to the grant at issue in the OIG Audit Report as the program funded by that grant is no longer in existence. The PALNJ concurs, however, on a going forward basis. That is, the PALNJ's new leadership is committed to implementing and adhering to procedures that will result in accurate and timely drawdowns, in the event that the PALNJ is reinstated to the DOJ grant program. Indeed, the PALNJ will be fully capable of complying with all grant reporting and record keeping requirements.***

8. Ensure NJ PAL implements and adheres to procedures that will result in accurate Financial Status Reports.

***The PALNJ does not concur with this recommendation to the extent it applies to the grant at issue in the OIG Audit Report as the program funded by that grant is no longer in existence. The PALNJ concurs, however, on a going forward basis. That is, the PALNJ's new leadership is committed to implementing and adhering to procedures that will result in accurate Financial Status Reports, in the event that the PALNJ is reinstated to the DOJ grant program. Indeed, the PALNJ will be fully capable of complying with all grant reporting and record keeping requirements.***

9. Ensure NJ PAL implements and adheres to procedures for the submission of timely and accurate progress reports.

***The PALNJ does not concur with this recommendation to the extent it applies to the grant at issue in the OIG Audit Report as the program funded by that grant is no longer in existence. The PALNJ concurs, however, on a going forward basis. That is, the PALNJ's new leadership is committed to implementing and adhering to procedures for the submission of timely and accurate progress reports, in the event that the PALNJ is reinstated to the DOJ grant program. Indeed, the PALNJ will be fully capable of complying with all grant reporting and record keeping requirements.***

10. Ensure NJ PAL designs performance measures and collects data to demonstrate what NJ PAL is accomplishing with grant funding and allows for a determination of whether the grant objectives are achieved.

***The PALNJ does not concur with this recommendation to the extent it applies to the grant at issue in the OIG Audit Report as the program funded by that grant is no longer in existence. The PALNJ concurs, however, on a going forward basis. That is, the PALNJ's new leadership is committed to designing performance measures and collecting data to demonstrate what PALNJ is accomplishing with grant funding, in the event that the PALNJ is reinstated to the DOJ grant program. Indeed, the PALNJ will be fully capable of complying with all grant reporting and record keeping requirements.***

## 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*

MAY -8 2014

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

FROM: *for* LeToya A. Johnson *Jeffrey Atchley*  
Acting Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Congressionally Mandated Grant Awarded to the New Jersey Police Athletic League, Freehold, New Jersey*

This memorandum is in reference to your correspondence, dated March 6, 2014, transmitting the above-referenced draft audit report for the New Jersey Police Athletic League (NJPAL). We consider the subject report closed and request written acceptance of this action from your office.

The draft report contains **10** recommendations and **\$1,100,732<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 remedy \$133,451 in unallowable expenditures, resulting from: a) personnel and fringe benefits charged for work not grant related (Camp Director - \$30,504); b) personnel and fringe benefits for Program Director due to supplanting (\$87,403); and c) drawdowns supported by duplicate charges and unallowable sales tax payments (\$15,544).**
2. **We recommend that OJP remedy \$310,251 in unsupported expenditures, resulting from: a) personnel and fringe charges due to lack of signed time cards or any other record keeping of hours and work performed (\$264,387); b) equipment and supplies purchased with grant funds unsupported by invoices or missing (\$30,864); and c) contracting cost for equestrian trainer as the services were neither adequately monitored nor documented (\$15,000).**

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

3. **We recommend that OJP remedy \$1,100,732 in questioned unreasonable costs for NJPAL's non-compliance with the terms and conditions of the grant and inability to demonstrate achievement of the grant's objectives.**

With respect to Recommendation Numbers 1-3, OJP agrees with these recommendations, which totaled \$1,544,434 in questioned costs. The OIG stated in the draft audit report that \$443,702 of these costs were duplicative, and therefore excluded from the total questioned costs identified in the audit report. However, after a thorough review, OJP's Office of the General Counsel (OGC) believes the civil settlement agreements that the U.S. Department of Justice, United States Attorney's Office (USAO) entered into with NJPAL and its former Executive Director, executed on July 31, 2013, serve to fully address Recommendation Numbers 1-3.

As part of the due diligence required for OJP to provide a response to Recommendation Numbers 1-3, OGC reviewed the settlement agreements and related documents; and conferred with the Assistant U.S. Attorney (AUSA), New Jersey District, who entered into the settlement agreements on behalf of the United States, as to their content, scope, and effect (see Attachment). In summary, OGC has examined the text of both settlement agreements, reviewed its communications with the USAO, and sought additional information from the AUSA. We reaffirm our understanding that any questioned costs, including the amounts referenced in these findings, were resolved when NJPAL, its former Executive Director, and the United States, entered into the July 2013 settlement agreements. As such, OJP requests closure of Recommendation Numbers 1-3.

4. **We recommend that OJP ensure NJPAL maintains an inventory system that properly tracks grant-funded equipment.**
5. **We recommend that OJP ensure NJPAL maintains records to support the purchase of grant-related items.**
6. **We recommend that OJP ensure NJPAL maintains a system that accounts for employees' hours worked each week and paid with grant funds.**
7. **We recommend that OJP ensure NJPAL implements and adheres to procedures that will result in accurate and timely drawdowns.**
8. **We recommend that OJP ensure NJPAL implements and adheres to procedures that will result in accurate Financial Status Reports.**
9. **We recommend that OJP Ensure NJPAL implements and adheres to procedures for the submission of timely and accurate progress reports.**
10. **We recommend that OJP ensure NJPAL designs performance measures and collects data to demonstrate what NJPAL is accomplishing with grant funding and allows for a determination of whether the grant objectives are achieved.**

OJP agrees with Recommendation Numbers 4-10. However, while OJP normally requires grantees to develop and implement written procedures to address procedural-related recommendations in OIG audit reports, we do not think further action is needed in this case because: 1) the program funded by the OJP grant is no longer in existence; and 2) NJPAL has no active Federal grants from the DOJ. As such, OJP requests closure of Recommendation Numbers 4-10.

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.

Attachment

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

Robert Listenbee  
Administrator  
Office of Juvenile Justice and Delinquency Prevention

Chyrl Jones  
Deputy Administrator for Programs  
Office of Juvenile Justice and Delinquency Prevention

Amy Callaghan  
Special Assistant  
Office of Juvenile Justice and Delinquency Prevention

Angela Parker  
Grant Manager  
Office of Juvenile Justice and Delinquency Prevention

Leigh A. Benda  
Chief Financial Officer

Christal McNeil-Wright  
Associate Chief Financial Officer  
Grants Financial Management Division  
Office of the Chief Financial Officer

Jerry Conty  
Assistant Chief Financial Officer  
Grants Financial Management Division  
Office of the Chief Financial Officer

cc: Lucy Mungle  
Manager, Evaluation and Oversight Branch  
Grants Financial Management Division  
Office of the Chief Financial Officer

Richard P. Theis  
Assistant Director, Audit Liaison Group  
Internal Review and Evaluation Office  
Justice Management Division

OJP Executive Secretariat  
Control Number IT20140306162906

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

The OIG provided a draft of this audit report to the Police Athletic League of New Jersey (PALNJ) and the Office of Justice Programs (OJP). PALNJ's response is incorporated in Appendix III and OJP's response is incorporated in Appendix IV of this final report. The following provides the OIG analysis of the responses and based on our analysis this audit report is issued closed.

**Analysis of PALNJ and OJP Responses**

PALNJ provided an initial response to our report on March 14, 2014, and an addendum on April 1, 2014, which provided the details on each recommendation. In its responses, PALNJ did not concur with our recommendations for two primary reasons. The first reason is that the issues raised in the audit report were resolved by settlement agreements signed in July 2013 between the United States and both the organization and its former executive director. The second reason for non-concurrence was the fact that the program funded by the grant is no longer in existence and new PALNJ leadership will ensure that these issues do not occur again.

In its response, PALNJ also requested that we change the name from NJPAL to PALNJ to recognize the dissolution of NJPAL and the creation of a new organization. We have recognized the new organization in the report; however, since the grant was provided to NJPAL we use NJPAL in the discussion of our findings in the report, and refer to PALNJ when discussing the new organization's response. In addition, PALNJ requested that we refer to the executive director in the report as the former executive director. We have edited the report to reflect the fact that the discussion in the report concerns the former NJPAL executive director.

OJP concurred with our recommendations but requested that all the recommendations be closed for two reasons. OJP requested closure of recommendations 1-3 due to the settlement agreement reached with PALNJ and its former executive director. For the remaining recommendations, OJP requested closure because the current organization, PALNJ, has no OJP grants and the former organization, NJPAL, no longer exists.

**Recommendation:**

- 1. Remedy \$133,451 in unallowable expenditures, resulting from:**
  - a) Personnel and fringe benefits charged for work not grant related (former Camp Director - \$30,504).**
  - b) Personnel and fringe benefits for former Program Director due to supplanting (\$87,403).**

**c) Drawdowns supported by duplicate charges and unallowable sales tax payments (\$15,544).**

Closed. OJP agreed with this recommendation but stated that the civil settlement agreements that were entered into with NJPAL and its former Executive Director serve to fully address the recommendation. PALNJ disagreed with the recommendation for the same reason, stating that the issues raised in the report had been resolved by settlement agreements.

We have reviewed the settlement agreements and, while the agreements do not allow for the recovery of questioned costs, found that the agreements address the questioned costs. As a result the recommendation is closed.

**2. Remedy \$310,251 in unsupported expenditures, resulting from:**

- a) Personnel and fringe charges due to lack of signed time cards or any other record keeping of hours and work performed (\$264,387).**
- b) Equipment and supplies purchased with grant funds unsupported by invoices or missing (\$30,864).**
- c) Contracting cost for equestrian trainer as the services were neither adequately monitored nor documented (\$15,000).**

Closed. OJP agreed with this recommendation but stated that the civil settlement agreements that were entered into with NJPAL and its former Executive Director serve to fully address the recommendation. PALNJ disagreed with the recommendation for the same reason, stating that the issues raised in the report had been resolved by settlement agreements.

We have reviewed the settlement agreements and, while the agreements do not allow for the recovery of questioned costs, found that the agreements address the questioned costs. As a result the recommendation is closed.

**3. Remedy \$1,100,732 in questioned unreasonable costs for NJPAL's non-compliance with the terms and conditions of the grant and inability to demonstrate achievement of the grant's objectives.**

Closed. OJP agreed with this recommendation but stated that the civil settlement agreements that were entered into with NJPAL and its former Executive Director serve to fully address the recommendation. PALNJ disagreed with the recommendation for the same reason, stating that the issues raised in the report had been resolved by settlement agreements.

We have reviewed the settlement agreements and, while the agreements do not allow for the recovery of questioned costs, found that the agreements address the questioned costs. As a result, this recommendation is closed.

**4. Ensure NJPAL maintains an inventory system that properly tracks grant-funded equipment.**

Closed. OJP agreed with this recommendation but did not believe further action was needed because the program is no longer in existence and NJPAL has no active grants from DOJ. PALNJ did not concur with the recommendation stating that the program funded by the grant is no longer in existence.

We agree that the program is no longer in existence and PALNJ has no active DOJ grants. In addition, because the former NJPAL organization has substantially been replaced, this recommendation is closed.

**5. Ensure NJPAL maintains records to support the purchase of grant-related items.**

Closed. OJP agreed with this recommendation but did not believe further action was needed because the program is no longer in existence and NJPAL has no active grants from DOJ. PALNJ did not concur with the recommendation stating that the program funded by the grant is no longer in existence.

We agree that the program is no longer in existence and PALNJ has no active DOJ grants. In addition, because the former NJPAL organization has substantially been replaced, this recommendation is closed.

**6. Ensure NJPAL maintains a system that accounts for employees' hours worked each week and paid with grant funds.**

Closed. OJP agreed with this recommendation but did not believe further action was needed because the program is no longer in existence and NJPAL has no active grants from DOJ. PALNJ did not concur with the recommendation stating that the program funded by the grant is no longer in existence.

We agree that the program is no longer in existence and PALNJ has no active DOJ grants. In addition, because the former NJPAL organization has substantially been replaced, this recommendation is closed.

**7. Ensure NJPAL implements and adheres to procedures that will result in accurate and timely drawdowns.**

Closed. OJP agreed with this recommendation but did not believe further action was needed because the program is no longer in existence and NJPAL has no active grants from DOJ. PALNJ did not concur with the recommendation stating that the program funded by the grant is no longer in existence.

We agree that the program is no longer in existence and PALNJ has no active DOJ grants. In addition, because the former NJPAL organization has substantially been replaced, this recommendation is closed.

**8. Ensure NJPAL implements and adheres to procedures that will result in accurate Financial Status Reports.**

Closed. OJP agreed with this recommendation but did not believe further action was needed because the program is no longer in existence and NJPAL has no active grants from DOJ. PALNJ did not concur with the recommendation stating that the program funded by the grant is no longer in existence.

We agree that the program is no longer in existence and PALNJ has no active DOJ grants. In addition, because the former NJPAL organization has substantially been replaced, this recommendation is closed.

**9. Ensure NJPAL implements and adheres to procedures for the submission of timely and accurate progress reports.**

Closed. OJP agreed with this recommendation but did not believe further action was needed because the program is no longer in existence and NJPAL has no active grants from DOJ. PALNJ did not concur with the recommendation stating that the program funded by the grant is no longer in existence.

We agree that the program is no longer in existence and PALNJ has no active DOJ grants. In addition, because the former NJPAL organization has substantially been replaced, this recommendation is closed.

**10. Ensure NJPAL designs performance measures and collects data to demonstrate what NJPAL is accomplishing with grant funding and allows for a determination of whether the grant objectives are achieved.**

Closed. OJP agreed with this recommendation but did not believe further action was needed because the program is no longer in existence and NJPAL has no active grants from DOJ. PALNJ did not concur with the recommendation stating that the program funded by the grant is no longer in existence.

We agree that the program is no longer in existence and PALNJ has no active DOJ grants. In addition, because the former NJPAL organization has substantially been replaced, this recommendation is closed.