



Audit of the Office of Justice Programs Office  
of Juvenile Justice and Delinquency Prevention  
Mentoring Opportunities for Youth Initiative  
Grants Awarded to Sea Research Foundation, Inc.,  
Mystic, Connecticut



AUDIT DIVISION

24-052

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**MARCH 2024**

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# EXECUTIVE SUMMARY

## **Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Mentoring Opportunities for Youth Initiative Grants Awarded to Sea Research Foundation, Inc., Mystic, Connecticut**

### **Objectives**

The Office of Justice Programs (OJP) awarded the Sea Research Foundation, Inc. (SRF) two grants totaling \$4,750,000 for the Mentoring Opportunities for Youth Initiative. The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether SRF demonstrated adequate progress towards achieving program goal and objectives.

### **Results in Brief**

As a result of our audit, we concluded that SRF generally complied with all of the grant requirements we tested and demonstrated adequate progress towards the grants' stated goal and objectives. However, we found SRF did not comply with essential award conditions related to one special condition, financial management, drawdowns, budget management and control, and federal financial reporting. We also identified \$41,035 in unsupported fringe benefit costs and \$114,300 in unsupported training costs.

### **Recommendations**

Our report contains five recommendations for OJP. We requested a response to our draft audit report from SRF and OJP, which can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

### **Audit Results**

The purposes of the two OJP grants we reviewed were to strengthen and expand mentoring activities for young people. The project period for the grants was from October 2018 through September 2024. As of January 2023, SRF had drawn down a cumulative amount of \$3,012,029 for all the grants we reviewed.

#### **Program Goal and Accomplishments**

We determined that there were no indications that SRF was not making adequate progress towards achieving its goal of improving outcomes and meeting its objectives for mentoring young people.

#### **Subrecipient Monitoring**

We found that SRF, as a pass-through entity, did not adequately monitor its subrecipients' compliance with a grant special condition to ensure background checks for its mentors were completed prior to interactions with minors.

#### **Fringe Benefits and Training Costs**

We found that SRF claimed reimbursement for fringe benefits and training costs using estimated costs instead of actual costs that resulted in \$155,335 in unsupported costs charged to the federal grants.

#### **Grant Financial Management**

We found that SRF did not properly classify and allocate fringe benefit and training expenditures in its financial management system. Instead, SRF relied on a stand-alone spreadsheet to calculate estimated costs, and this spreadsheet was not reconciled to its financial management system. SRF also relied on the spreadsheet that contained these estimated costs for its drawdowns, budget management, and federal financial reporting process.

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# Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of two grants awarded by the Office of Justice Programs (OJP) Office of Juvenile Justice and Delinquency Prevention (OJJDP) under the Mentoring Opportunities for Youth Initiative to the Sea Research Foundation, Inc. (SRF) in Mystic, Connecticut. SRF was awarded two grants totaling \$4,750,000, as shown in Table 1.

**Table 1**

**Audited Grants Awarded to SRF**

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2018-JU-FX-0025	OJJDP	09/28/2018	10/01/2018	09/30/2021	\$2,250,000
15PJDP-21-GG-03589-MENT	OJJDP	11/09/2021	10/01/2021	09/30/2024	\$2,500,000
<b>Total:</b>					<b>\$4,750,000</b>

Source: JustGrants

Funding through the Mentoring Opportunities for Youth Initiative was intended to strengthen and expand mentoring activities for juvenile youth. According to OJP's Mentoring Practice Profile, mentoring has been shown to improve academic performance and/or social or job skills, support behavioral or other personal development, and reduce consumption of alcohol and other drugs. OJP awarded SRF the above two grants to provide juvenile mentoring programs in multiple states.

To provide mentoring programs to youth, SRF funded 89 subawards located in 30 states, the District of Columbia, and Puerto Rico. SRF budgeted 67 percent of the awards to fund subrecipients and used the remaining amount to develop science, technology, engineering, and math (STEM) programs, training courses for mentors, and monitor its subrecipients.

## The Grantee

SRF is a non-profit corporation that includes an operating aquarium located in Mystic, Connecticut. SRF exists for the purpose of educating the general public in the marine sciences by providing classes, field trips, and exhibits. According to its website, SRF provides mentoring and academic enrichment programs to underserved youth by partnering with youth-serving organizations across the country to implement its group mentoring STEM program. With the grants, SRF intended to expand and enhance its mentoring program using its partners as subrecipients under the two audited grants.

## OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether SRF demonstrated adequate progress towards achieving program goal

and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

We tested compliance with what we considered to be the most important conditions of the grants. The DOJ Grants Financial Guide, 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the award documents contain the primary criteria we applied during the audit.

The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

# Audit Results

## Program Performance and Accomplishments

We reviewed required performance reports, grant solicitations, and program narratives and interviewed SRF officials to determine whether SRF demonstrated adequate progress towards achieving program goal and objectives. We also reviewed progress reports to determine if the required reports were accurate. Finally, we reviewed SRF's compliance with the special conditions identified in the award documentation.

### Program Goal and Objectives

In SRF's program narratives for the STEM mentoring program, we identified one main goal and three objectives the two grants aimed to achieve. The main goal was to positively impact the social development and academic achievement of at-risk and high-risk youth aged 6-10. To achieve the main goal, SRF outlined three objectives: (1) provide subrecipients with training and technical assistance based on the Elements of Effective Practice for Monitoring, (2) provide subrecipients with STEM Mentoring curriculum modules along with associated STEM content training and technical assistance, and (3) measure the impact of the project.

We reviewed mentoring program accomplishments provided by the subrecipients to SRF. We also interviewed SRF staff, inspected STEM kits assembled by SRF, and reviewed various supporting documentation for one of its training presentations. We found SRF: (1) provided its subrecipients with training and technical assistance, (2) demonstrated STEM mentoring modules it provided to its subrecipients, and (3) tracked and retained documentation related to performance measures from progress reports. Based on our review, there were no indications that SRF was not adequately achieving the stated goal and objectives of the grants.

### Required Performance Reports

According to the DOJ Grants Financial Guide, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. SRF collected performance measure data from its subrecipients to review and compile before submitting the information to OJP through progress reports.

To evaluate the accuracy of the progress reports submitted by SRF to OJP, we used the one report for each grant and we judgmentally sampled two performance measures from each report. Based on our progress report testing, we did not identify any instances where the accomplishments described in the required reports did not match the supporting documentation.

### Subrecipient Monitoring

As a direct grant recipient that provided subawards to subrecipients, SRF is considered a pass-through entity, and is required to oversee the operations of its subrecipients to ensure they achieve their performance objectives and use grant funds in accordance with federal and program guidelines.

We reviewed SRF's written policies and procedures, interviewed staff, and inspected documentation describing its subrecipient monitoring activities. Based on this testing, we did not identify any significant concerns related to SRF's monitoring of subrecipient compliance with financial-related guidelines or subrecipient achievement of the program goal. However, we determined that SRF did not monitor that its subrecipients completed background checks of its mentors and its subrecipient-related policies do not contain procedures to monitor compliance with the grant provision that requires mentors to receive background checks prior to having contact with minors.

This requirement for mentor background checks is a special condition of the OJP grant SRF received—referred to as Determination of Suitability—and requires the grant recipient and subrecipients to evaluate the suitability before certain individuals may interact with participating minors, such as through criminal background and child safety checks obtained from law enforcement agencies.<sup>1</sup> These background checks must be completed prior to any interaction with minors and must be reexamined every 5 years.<sup>2</sup>

Although we found that SRF informed its subrecipients of this requirement by including the Determination of Suitability special condition in written subaward agreements and nothing came to our attention during the audit to indicate that SRF's subrecipients were out of compliance with this requirement, we recommend OJP work with SRF to establish and execute procedures to monitor and confirm its subrecipients' compliance with OJP's Determination of Suitability special condition.

## Grant Expenditures

As of January 2023, for the two grants we audited, SRF made funding reimbursement requests totaling \$3,012,029 based on claimed costs including fringe benefits, training, indirect costs, subrecipient awards, contractual, personnel, supplies, travel, and other costs.

We judgmentally selected a sample for testing totaling \$306,253, or about 10.2 percent of claimed costs. Based on our testing, we determined that SRF's expenditures for subrecipient, contractual, and salary costs were allowable and supported. However, we determined that SRF improperly claimed reimbursements for estimates rather than actual expenditure amounts for fringe benefits and trainings. By using estimates, we found SRF overcharged the federal grant with a total of \$155,335 in questioned costs due to unsupported costs for fringe benefits and trainings.

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<sup>1</sup> SRF did not work directly with minors. Therefore, SRF was not required to perform any background checks of its employees.

<sup>2</sup> According to OJP's Determination of Suitability special condition requirement, the recipient (or subrecipient) must, at least every 5 years, update the searches, reexamine the covered individual's suitability determination in light of those search results, and, if appropriate, modify or withdraw that determination. Additionally, recipients (or the subrecipient) should be cognizant of each state's background check requirements.

## Fringe Benefit Costs

We determined that SRF overcharged its DOJ grants because it requested reimbursement for fringe benefit costs using an estimated rate from the related grant applications. Related to the total \$80,981 in claimed fringe benefit costs for which SRF was reimbursed, we found that it had actually incurred only \$39,946.

We also found that SRF did not, at any time before this audit, have a process for identifying and allocating actual fringe benefit costs to any of its federal grants. As part of this audit, SRF officials provided us with an after-the-fact analysis that we used to confirm actual costs and calculate the amount of excess reimbursements.

SRF acknowledged it was reimbursed for more than actual costs and it intends to reduce the amount of future drawdowns to offset the \$16,304 in excess drawdown related to the ongoing award (number 15PJDP-21-GG-03589-MENT). However, because the 2018-JU-FX-0025 grant is now closed, SRF is not able to offset the excess drawdown amount of \$24,731.

We recommend OJP work with SRF to remedy \$41,035 in unsupported fringe benefit costs charged to the grants. We also recommend that OJP require SRF to implement written policies and procedures that result in charging fringe benefits costs based on actual, allocated costs to federal grants.

## Training Costs

We determined that SRF requested reimbursement for training costs totaling \$114,300 using estimates but did not, at any time before this audit, have a process for identifying and allocating actual training costs to these grants.<sup>3</sup> For example, we determined SRF claimed reimbursement of a total of \$102,500 in certain training costs by multiplying the estimated cost of training a single person (\$500) by the number of people who attended these trainings (205).

SRF acknowledged that the reimbursements for training costs were based on estimates and provided us with an after-the-fact analysis attempting to demonstrate that the entire amount of claimed costs could be supported by actual costs recorded in SRF's accounting system. However, we found that this analysis did not adequately demonstrate that the expenditures identified were properly recorded and allocated as grant-related costs in its financial management system.

We recommend that OJP remedy \$114,300 in unsupported training costs charged to the 2018-JU-FX-0025 and 15PJDP-21-GG-03589-MENT grants. We also recommend OJP require SRF to implement written policies and procedures that result in charging training costs based on actual, allocated costs to federal grants.

## 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. The DOJ Grants Financial Guide states that "recipients that have never had an approved federal indirect cost rate may either

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<sup>3</sup> SRF claimed \$87,300 in estimated training costs to the 2018-JU-FX-0025 award and \$27,000 to the 15PJDP-21-GG-03589-MENT award.



negotiate an indirect cost rate with their cognizant federal agency or elect to charge a de minimis rate of 10 percent of modified total direct costs.” SRF elected to charge a de minimis rate for both grants, and it requested reimbursement for indirect costs totaling \$78,227.

We found that SRF did not use its financial management system to record these indirect costs and its indirect costs charges were not accurately calculated. Specifically, SRF incorrectly used the aforementioned estimated fringe benefits and training costs—rather than actual costs—in its modified total direct costs base when calculating indirect costs. However, this did not result in overcharges because SRF did not include all eligible costs in its calculations; SRF did not include up to the first \$25,000 of operational costs for each subaward in its indirect costs calculations.

We recommend OJP require SRF to enhance written policies and procedures to use actual, allocated direct grant costs in its calculations of indirect cost and record these expenses in its financial management system.

### **Subrecipient Costs**

To accomplish the goal of the grants described in the performance section of this report, SRF used grant funding to make a combined total of 89 subawards under the two awards. The subrecipients used funding to pay for staff salaries, STEM kits for mentees, and travel costs for peer mentors to attend training.

We reviewed SRF’s selection of these subrecipients, including an assessment of risk of non-compliance by each subrecipient. We also reviewed SRF’s oversight of subrecipient spending by testing a sample of \$110,728, or about 5.5 percent of all subrecipient expenditures. Based on our testing, we did not identify any concerns with SRF’s selection of subrecipients and or the subrecipient expenditures we tested.

### **Contractual Costs**

SRF used \$321,814 in grant funding to provide subrecipients with training and technical assistance, and contracts for the development of STEM training. In addition to reviewing SRF’s selection and awarding of these contracts, we tested contractual expenditures to determine whether costs were allowable and supported. As part of our testing, we reviewed a sample of expenditures totaling \$28,415, or about 8.8 percent of all contractual expenditures.

Based on our review, we did not identify any concerns related to SRF’s contracting or procurement practices and found that the expenditures we reviewed were allowable and necessary.

### **Personnel Costs**

SRF used \$337,421 in personnel costs to pay salaries of nine SRF employees working on grant-related activities, such as STEM kit design and assembly, and subrecipient monitoring. As part of our testing, we selected a sample of personnel costs for seven individuals for two non-consecutive months, totaling \$59,192 of the \$337,421, or about 17.54 percent, charged to the two grants.

Based on our testing, we found SRF’s reimbursed costs were accurate and supported by adequate time and effort documentation.

## Grant Financial Management and Drawdowns

According to the DOJ Grants Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records, and to accurately account for funds awarded to them, including drawdowns and expenditures records. To assess SRF's financial management of the grants covered by this audit, we conducted interviews with financial staff, examined written policy and procedures, and inspected grant documents to determine whether SRF adequately safeguarded the funds we audited.

Of the \$3,012,029 in total drawdowns, SRF properly classified and allocated \$2,401,099 in its financial management system. However, we found the remaining \$610,930 of costs claimed for the grants were recorded in a stand-alone spreadsheet which included estimated amounts for fringe benefits and training costs. As described earlier in this report, we identified \$155,335 of fringe benefits and training costs as unsupported because the amounts charged to the grants were estimates and we were unable to confirm the actual amounts for training costs.

Despite having a written policy that requires "all expenditures are adequately supported, properly classified, timely and accurately recorded in the Association's general ledger, and posted to the proper accounting period," we found that SRF did not properly classify and allocate in its financial management system all of its costs claimed for reimbursement. Although SRF had recorded fringe benefits and some of its training costs in its financial management system, SRF did not properly classify and allocate these costs to the federal grants. Because SRF was unable to readily identify all grant-related costs in its financial management system, it relied on a stand-alone spreadsheet to manually record certain commingled grant-related costs, track the grant budget, and calculate the amount to draw down from its federal grants. However, the entries on the stand-alone spreadsheet were not referenced to any financial system transactions and in many cases were estimated costs, such as the aforementioned example of estimating a \$500 training cost for each of 205 people trained. Additionally, SRF did not reconcile the stand-alone spreadsheet to SRF's financial management system.

According to the DOJ Grants Financial Guide, "Draw down requests should be timed to ensure that federal cash on hand is the minimum needed for disbursements/reimbursements to be made immediately or within 10 days." By using its stand-alone spreadsheet, which contained estimated costs, to calculate amounts to draw down, SRF violated DOJ's excess cash-on-hand rule because SRF drew down funds in excess of actual costs. Moreover, SRF had no written policy or procedures for calculating drawdown requests. SRF's instead relied on its stand-alone spreadsheet to track and estimate reimbursement amounts on a monthly basis.

The consequences of using this stand-alone spreadsheet and not recording and tracking all expenses in its financial management system are described in detail in the [Grant Expenditures](#) section of this report and include unsupported fringe benefit and training expenditures totaling \$155,335. We recommend OJP require SRF to adhere to its written policy and procedure that require properly classifying and allocating all grant-related activity in its financial management system. We also recommend that OJP ensure SRF

implements written procedures that result in determining drawdowns using actual cost data from its financial management system.<sup>4</sup>

## Single Audit

Non-federal entities that receive federal financial assistance are required to comply with the *Single Audit Act of 1984*, as amended. The Single Audit Act provides for recipients of federal funding above a certain threshold to receive an annual audit of their financial statements and federal expenditures. Under the Uniform Guidance, such entities that expend \$750,000 or more in federal funds within the entity's fiscal year must have a single audit performed annually covering all federal funds expended that year. In evaluating SRF's financial management of grants, we reviewed the most recent single audit report for fiscal year 2021 and did not identify significant deficiencies or material weaknesses related to SRF's grant management.

## Budget Management and Control and Federal Financial Reports

As discussed above, SRF maintained a stand-alone spreadsheet with inaccurate cost data on fringe benefits and training costs. We determined this same stand-alone spreadsheet was also used to monitor the award budgets and report grant expenditures on federal financial reports. As a result, the estimated amounts—rather than actual costs—were used in SRF's tracking of budgeted amounts versus expenditures. Therefore, we could not determine whether SRF transferred funds among budget categories in excess of 10 percent of the grant amount, the transfer limit established within the DOJ Grants Financial Guide. We also were not able to verify the accuracy of the federal financial reports that SRF submitted.

We recommend OJP require SRF to implement written policies and procedures to ensure SRF adequately tracks its expenditures against its approved budget and to ensure that SRF's federal financial reports are accurately completed using official financial accounting records containing all actual grant expenditures incurred for the reporting period.

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<sup>4</sup> In the [Conclusion and Recommendations](#) section of this report, we make one recommendation that consolidates the recording of grant expenditures in its financial management system, including the use of actual expenditures.

## Conclusion and Recommendations

We determined that SRF generally complied with all of the grant requirements we tested and demonstrated adequate progress towards the grants' stated goal and objectives. We did not identify significant issues regarding SRF's program performance and accomplishments, and subrecipient and contractual costs. However, we found that SRF did not ensure that subrecipients complied with an award special condition related to mentor background checks, and we identified weaknesses related to financial management and drawdowns, budget management, and federal financial reports. We found that SRF claimed reimbursement for fringe benefits and training costs using estimated costs. As a result, we provide five recommendations to OJP to address these deficiencies and remedy \$155,335 in unsupported fringe benefit and training costs.

We recommend that OJP require SRF to:

1. Establish and execute procedures to monitor and confirm its subrecipients' compliance with OJP's Determination of Suitability special condition.
2. Remedy \$41,035 in unsupported fringe benefit costs charged to the 2018-JU-FX-0025 and 15PJDP-21-GG-03589-MENT grants.
3. Remedy \$114,300 in unsupported training costs charged to the 2018-JU-FX-0025 and 15PJDP-21-GG-03589-MENT grants.
4. Implement written policies and procedures that result in : (1) charging fringe benefits and training costs based on actual, allocated costs to federal grants; (2) using of actual, allocated direct costs in its calculations of indirect cost and recording these expenditures in its financial management system; (3) determining drawdowns using actual cost data from its financial management system, (4) adequately tracking its expenditures against its approved budget and ensuring that SRF's federal financial reports are accurately completed using official financial accounting records containing all actual grant expenditures incurred for the reporting period.
5. Adhere to its written policy and procedure that require properly classifying and allocating all grant-related expenditures in its financial management system.

# APPENDIX 1: Objectives, Scope, and Methodology

## Objectives

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether Sea Research Foundation, Inc. (SRF) demonstrated adequate progress towards achieving the program goal and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

## Scope and Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This was an audit of the Office of Justice Programs (OJP) Office of Juvenile Justice and Delinquency Prevention (OJJDP) grants awarded to the SRF under the Juvenile Mentoring Program. OJP awarded two grants totaling \$4,750,000 to SRF. Our audit concentrated on, but was not limited to, the period of October 2018 through September 2024. As of January 19, 2023, SRF had drawn down \$3,012,029 of the total grant funds awarded.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of SRF's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including subrecipient reimbursement charges, payroll and fringe benefit charges, contractual charges, training charges, supplies charges, indirect cost charges, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The DOJ Grants Financial Guide; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from DOJ JustGrants system as well as SRF's financial management system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems were verified with documentation from other sources.

## Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of SRF to provide assurance on its internal control structure as a whole. SRF management is responsible for the establishment and maintenance of internal controls in

accordance with 2 C.F.R. § 200. Because we do not express an opinion on SRF's internal control structure as a whole, we offer this statement solely for the information and use of SRF and OJP.<sup>5</sup>

We assessed SRF management's design, implementation, and operating effectiveness of these internal controls and identified deficiencies that we believe could affect SRF's ability to effectively operate, comply with laws and regulations, and correctly state financial and performance information. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to those internal control components and underlying principles that we found significant to the objectives of this audit, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

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<sup>5</sup> This restriction is not intended to limit the distribution of this report, which is a matter of public record.

## APPENDIX 2: Schedule of Dollar-Related Findings

Description	Grant No.	Amount	Page
<b>Questioned Costs:<sup>6</sup></b>			
Unsupported Fringe Benefits	2018-JU-FX-0025	\$24,731	5
Unsupported Fringe Benefits	15PJDP-21-GG-03589-MENT	\$16,304	5
Unsupported Training	2018-JU-FX-0025	\$87,300	5
Unsupported Training	15PJDP-21-GG-03589-MENT	<u>\$27,000</u>	5
Unsupported Costs		\$155,335	
<b>TOTAL QUESTIONED COSTS</b>		<b><u>\$155,335</u></b>	

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<sup>6</sup> **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, the provision of supporting documentation, or contract ratification, where appropriate.

# APPENDIX 3: Sea Research Foundation, Inc. Response to the Draft Report



**Response to the Draft Audit Report: *Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Mentoring Opportunities for Youth Initiative Grants Awarded to Sea Research Foundation, Inc., Mystic, Connecticut***

**February 9, 2024**

**Submitted To:**

Mr. Thomas O. Puerzer  
Philadelphia Regional Audit Manager  
United States Department of Justice  
Office of the Inspector General  
700 Market Street, Suite 2300  
Philadelphia, PA 19106

**Submitted By:**

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February 9, 2024

Mr. Thomas O. Puerzer  
Philadelphia Regional Audit Manager  
United States Department of Justice  
Office of the Inspector General  
700 Market Street, Suite 2300  
Philadelphia, PA 19106

Dear Mr. Puerzer:

Thank you for giving me and the staff of Sea Research Foundation, Inc. (SRF) the opportunity to review the draft report of the *Audit of the Office of Justice Programs Office of Juvenile Justice and Delinquency Prevention Mentoring Opportunities for Youth Initiative Grants Awarded to Sea Research Foundation, Inc., Mystic, Connecticut*.

We take the feedback that was received very seriously and look forward to working with OIG and OJP to address all the recommendations in the draft audit report. We concur with some of the recommendations in the report and do not concur with others. Including in this letter are our responses to each recommendation. When we concur with a recommendation, we state the completed actions taken and/or the anticipated planned actions that will be taken to address the recommendations, accompanied by related timeframes, and/or supporting documentation, as applicable. Supporting documentation is referenced in our response, labeled Attachment 1, Attachment 2, etc., and forwarded with our comments. When we do not concur with a recommendation, we state the reason(s) for non-concurrence, including, as applicable: 1) supporting information evidencing compliance with the grant requirement(s); or 2) an alternative solution to address the recommendations. Note that we have some additional documentation that we did not include in the attachments due to the presence of personally identifiable information, including names and salary information; this documentation is available upon request.

**Recommendation 1:** Establish and execute procedures to monitor and confirm its subrecipients' compliance with OJP's Determination of Suitability special condition.

**SRF Response to Recommendation 1:** SRF does not concur entirely with this recommendation. The draft audit report states that, "Although we found that SRF informed its subrecipients of this requirement by including the Determination of Suitability special condition in written subaward agreements and nothing came to our attention during the audit to indicate that SRF's subrecipients were out of compliance with this requirement, we recommend OJP work with SRF to establish and execute procedures to monitor and confirm its subrecipients' compliance with OJP's Determination of Suitability special condition." SRF agrees with the importance of this recommendation but would also like to let OJP know that it did take additional steps to comply with OJP's Determination of Suitability special condition beyond what is referenced in the report. The following steps were taken:

- Background check requirement language was included in all Letters of Agreement (LOAs) with subawardees, with a link to the webpage detailing OJP's Determination of Suitability special condition for all subawards made under the FY2021 award. Because the FY2018

award was awarded prior to the calendar year 2019 updates to the Determination of Suitability language, the link to the OJP webpage containing the updated language was included only in subawards made under the FY2023 award. See Attachments 1 and 2 for examples of LOAs issued under the FY2018 award (Attachment 1: LOA Template Example FY2018) and FY2021 award (Attachment 2: LOA Template Example FY2021); p. 1 and p. 4 include language related to background check requirements.

- SRF supplied all subawardees under both awards with SRF’s Special Conditions, which included the updated language about the Determination of Suitability requirement for the FY2021 award.
- SRF staff described the background check and/or Determination of Suitability requirement in program training webinars at the outset of the award prior to program implementation for both the FY2018 award and the FY2021 award. Attendance at these webinars was mandatory, and those who were not able to attend live were asked to follow up afterward and submit in writing that they watched the webinar recordings.
- For the FY2021 award, SRF added a new question (#11c) to its semi-annual progress report questionnaire to ask each affiliate site to confirm that all adult mentors had completed the required OJP-required screening:

11c) Number of adult mentors with a completed background check per OJP policy requirements	Please enter the number of mentors enrolled this reporting period for whom you have completed the required background check.
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For all semi-annual progress reports completed so far during the FY2021 award, all sites have indicated that all adult mentors have completed the required background checks; however, if any site had reported that these were not completed, appropriate follow-up would have been conducted.

SRF will continue to take all the above steps for its current and future awards. In addition, to further strengthen the monitoring and confirmation of this requirement, SRF has developed a Determination of Suitability Screening Certification form (see Attachment 3: Background Check Verification Form) for subawardees to complete to verify in writing that this requirement has been fulfilled. The fillable PDF form will be sent to all subawardees prior to the start of program implementation. SRF will resend the document at the start of each new semester of programming to account for any turnover, and follow-up will be conducted with any sites that do not return the signed document. For any subawardees that are not in compliance with the requirement, appropriate technical assistance will be provided and/or action will be taken, which would include suspension of the subawardee’s program and/or the involvement of applicable mentors/staff until the issue is resolved. SRF is currently undergoing an external review of its written policies and procedures by a grants compliance consultant, and it plans to update its policies and procedures on subaward monitoring to reflect these changes once the review process is complete; the timeframe for completion of the review is 6 months, and SRF plans to have updated policies and procedures in place by July 31, 2024.

**Recommendation 2:** Remedy \$41,035 in unsupported fringe benefit costs charged to the 2018-JU-FX-0025 and 15PJDP-21-GG-03589-MENT grants.

**SRF Response to Recommendation 2:** SRF concurs with this recommendation, has already taken steps to remedy \$17,934.40, and has a proposal for remedying an additional \$27,203.55;



note that these numbers are higher than what OIG has indicated since SRF is also proposing to remedy the corresponding indirect costs related to the incorrectly charged fringe benefits. SRF's policy prior to the OIG audit was to charge a fringe benefits cost for all employees at a rate of 24%, which had been calculated as an average across the organization. During the OIG audit, however, it was determined that fringe benefits should be actual costs calculated per employee and not the 24% per employee listed in the approved budget. Upon receiving this information, SRF immediately calculated the actual fringe rates for all employees named in its OJP awards using ADP payroll reports. For the FY2021 award that is currently open, the fringe overage that had already been drawn down from the award was \$16,304. This was adjusted in May 2023, along with the 10% indirect that had been incorrectly charged on this amount (\$1,630); that is, SRF decreased the amount it could have drawn down in May 2023 by \$17,934.40 (\$16,304 + \$1,630) to proactively remedy the overage. Since June 2023 to the present, SRF has been charging actual fringe rates for all employees on its open FY2021 award.

For the FY2018 award, SRF went back and used the same process to calculate actual fringe rates for all employees named in its OJP award using ADP payroll reports. Because the FY2018 award has been closed, the overage of \$24,730.50 and corresponding indirect charge of \$2,473.05 — for a total of \$27,203.55 — has not yet been remedied. However, SRF now knows that, although the 24% rate had been approved in its budget, it should have charged actual fringe benefits costs rather than an estimated average.

SRF would like to propose to OJP that the total of \$27,203.55 in fringe benefits-related costs that were incorrectly drawn down from its FY2018 award be remedied by the fact that SRF did not charge eligible indirect costs on any of the subawards from its FY2018 award. As noted in the draft audit report, "SRF did not include all eligible costs in its [indirect cost] calculations; SRF did not include up to the first \$25,000 of operational costs for each subaward in its indirect costs calculations." SRF has calculated that it could have charged a total of \$80,498.81 in indirect costs based on the first \$25,000 of each subaward. See Attachment 4: FY2018 Subawardee Spending by Year and Attachment 5: FY2018 Subawardee Spending and Amount Eligible for Indirect Cost Charges. SRF would appreciate if OJP would consider allowing SRF to offset the fringe benefits-related overages that were incorrectly drawn down from its FY2018 award by recognizing that this amount is less than what SRF could have charged in eligible indirect costs on its subawards for this award.

Note that more detailed backup for all fringe-related charges is available upon request but is not provided here as attachments due to the inclusion of personally identifiable information, including names and salary information.

As mentioned earlier, SRF is currently undergoing an external review of its written policies and procedures by a grants compliance consultant, and once the review process is complete, it plans to update its policies and procedures related to charging fringe benefits costs and indirect costs based on actual, allocated costs to federal grants; the timeframe for completion of the review is 6 months, and SRF plans to have updated policies and procedures in place by July 31, 2024.

**Recommendation 3:** Remedy \$114,300 in unsupported training costs charged to the 2018-JU-FX-0025 and 15PJDP-21-GG-03589-MENT grants.

**SRF Response to Recommendation 3:** SRF does not concur entirely with this recommendation. SRF has detailed backup for many of the costs included in the calculation of "unsupported

training costs” and would like to break down the \$114,300 into five parts, responding to each one separately:

<b>Part 1. Drawdown from FY2018 award based on actual costs for in-person PMLA sessions held in 2019</b>	<b>\$ 35,000</b>
<b>Part 2. Drawdown from FY2018 award for estimated costs related to virtual PMLA sessions held in 2020</b>	<b>\$ 29,500</b>
<b>Part 3. Drawdown from FY2018 award for estimated costs related to virtual field trips delivered in summer 2020</b>	<b>\$ 11,800</b>
<b>Part 4. Drawdown from FY2018 award for actual costs related to virtual field trips delivered in fall 2020</b>	<b>\$ 11,000</b>
<b>Part 5. Drawdown from FY2021 award based on actual costs for in-person PMLA sessions held in 2022</b>	<b>\$ 27,000</b>
<b>TOTAL Questioned Costs:</b>	<b>\$ 114,300</b>

Prior to addressing each of these costs, SRF would like to provide some background information on the PMLA and virtual field trips for context:

*Background Information on the PMLA:* SRF has hosted hundreds of teen peer mentors and adult staff from around the country during its Peer Mentor Leadership Academy (PMLA), which is part of its STEM Mentoring program. The inaugural PMLA was held in 2019, and sessions were also held in 2020 and 2022.

The PMLA was created to bring together peer mentors and adult staff from STEM Mentoring program sites across the country, with the objective of increasing leadership and relationship-building skills among participants to enhance their effectiveness as mentors and leaders. Programming has included engaging workshops on the campus of Mitchell College in New London, Connecticut; outings in the New London area; and multimedia virtual sessions. Workshop topics have included building camaraderie, developing relationship-building skills, being an effective leader, setting goals, leading small-group discussions, being a mandatory reporter, helping mentees increase community connectedness, supporting mentees affected by the opioid epidemic, and helping mentees stand up to bullying. Peer mentors who attended the PMLA in 2019 and 2022 also participated in coastal field study and beach clean-up events and learned how to model environmental stewardship for their mentees.

Due to the COVID-19 pandemic, the 2020 PMLA was held in a virtual format. Sessions were offered in the summer and fall of 2020, and programming was provided for eight hours over multiple days (in the summer) or weeks (in the fall). For every session that peer mentors from an organization attended, at least one adult staff member from that organization also attended the session in its entirety, and often multiple staff per organization participated. Participants received the same content covered during the in-person PMLA workshops (teambuilding, leadership, hands-on STEM Mentoring activities, how to lead small-group discussions, sympathy vs. empathy, etc.). They also received virtual STEM enrichment activities (live interactions with STEM professionals, a virtual escape room, etc.), additional group discussions, and training in how to lead their mentees in virtual enrichments sessions during the 2020 program year. All supplies (notebooks, materials for hands-on activities, etc.) were provided by SRF and shipped to sites for local distribution to participating peer mentors and staff.



For both the in-person and virtual PMLA, SRF charged a \$500/person registration fee. This fee was included in the submitted budget for the PMLA and was based on similar youth leadership programming that SRF has conducted in the past; it was used to cover the staff time and materials needed to conduct successful programming. Whether the PMLA was in person or virtual, the majority of the fee covered staff time for those who were not already listed by name on the STEM Mentoring grant. Staff from multiple departments within SRF spent many hours preparing for, leading, and following up on the PMLA experience with peer mentors and staff. When the PMLA was in person, the fee also covered materials used in workshops as well as admission fees for museums, parking fees, etc. When the PMLA was virtual, the fee covered the adaptation of existing and new activities to a virtual format as well as the purchase and shipping of supplies to mentors and staff members to enable them to participate in the hands-on activities that were conducted as part of the virtual programming.

SRF's OJP Program Officer at the time of the inaugural PMLA in 2019 was fully informed of the nature and budget for the program, and SRF staff went over detailed plans with the Program Officer during an OJP site visit in May 2019. A summary of the program (see Attachment 6: 2019 STEM Mentoring PMLA Summary) was provided to the Program Officer via email on September 10, 2019.

*Background Information on Virtual Field Trips:* SRF has offered virtual field trips as distance learning programs for schools, afterschool programs, and other youth-serving groups since 2006. Each program is approximately 30–60 minutes long and is designed to be interactive and age-appropriate for each specific audience, from preschool to adult; the virtual field trips offered as part of the STEM Mentoring program often last more than an hour based on the interest level of the mentees and mentors. Programs have been hosted on a variety of platforms over the years but are currently hosted through Zoom Meeting or Zoom Webinar — see <https://www.mysticaquarium.org/learn/schools-and-groups/at-school-and-beyond/live-virtual-programs> for more information. The cost of each program is \$200, which is comparable to the cost of similar programming offered by equivalent institutions (for example, the Newport Aquarium also offers 60-minute virtual aquatic animal programs for \$200 each — see <https://wavefoundation.org/education/wave-on-wheels/virtual-learning-adventures>, and the Aquarium of the Pacific offers virtual field trips for \$100–\$250 per program — see <https://www.aquariumofpacific.org/education/virtualfieldtrips>). SRF's virtual field trips are not “trainings” but rather are direct services provided as STEM enrichment activities for the mentees and mentors participating in the STEM Mentoring program. The cost to supply virtual field trips to STEM Mentoring affiliate sites was built into SRF's budget for the FY2018 grant and the FY2021 grant as a way to ensure that all affiliate sites would be able to engage their mentees and mentors in STEM enrichment activities even if they are in rural or remote locations that are not close to educational institutions such as zoos, aquariums, and science centers. During the COVID-19 pandemic, the need for virtual field trips as a STEM enrichment activity for all mentees and mentors became even greater, as the opportunities for organizations to take their mentees and mentors offsite disappeared completely during the lockdown period and were often restricted for months and years after.

During the pandemic, SRF adapted its virtual field trip programming to meet the needs of its affiliate sites. In the spring of 2020, SRF developed a brand-new virtual field trip and hosted a series of them in May and June specifically for STEM Mentoring sites. The field trips were delivered via the Zoom Webinar platform. A wide variety of dates and times were offered across five time zones, and pre-registration was not required to allow for maximum flexibility. Topics

that were covered included beluga whales, sea lions, African penguins, and Mystic Aquarium's Animal Rescue Program. Engaging video segments were prerecorded, and participants were able to ask questions of a live host. In the summer of 2020, SRF developed another brand-new new virtual STEM enrichment activity called "Mystery at Mystic Aquarium: The Case of the Stranded Seal." This highly interactive virtual field trip was designed to be co-facilitated by peer mentors at each affiliate site and became an integral part of the PMLA, where peer mentors were introduced to it. The virtual field trip was then offered to all affiliate sites in the fall.

Now that you have some background information on the PMLA and virtual field trips, below are SRF's responses to the five different categories of funds that OIG has grouped into "unsupported training costs":

**Recommendation 3, Part 1: Drawdown from FY2018 award based on actual costs for in-person PMLA sessions held in 2019: \$35,000**

When SRF budgeted for the inaugural PMLA in 2019, it budgeted \$500 per participant for registration fees based on similar youth leadership programming that SRF had conducted in the past; these funds were to be used to cover the staff time and materials needed to conduct successful programming. SRF tracked all expenses throughout the PMLA in 2019 and determined that the actual cost for all six sessions of the PMLA was \$50,406.23, which comes out to a little more than \$525 per participant. Expenses covered the salaries of two PMLA Instructors hired to help facilitate the program and to live on campus with the participants during the PMLA, the time of four internal SRF staff members not already listed on the OJP award, meals during the instructor training, supplies, admission fees, and STEM enrichment experiences.

SRF elected to draw down only the budgeted cost of \$500 per participant rather than the actual cost of \$525 per participant to stay in line with what it had budgeted — thus, it drew down \$35,000 from its FY2018 award rather than \$36,754.54. (In 2019, youth participated in the PMLA under SRF's two active awards at the time — its FY2017 award and its FY2018 award. All expenses were proportionally divided based on the relative number of youth participating under each award — 27% for the 26 youth participating under the FY2017 award, and 73% for the 70 youth participating under the FY2018 award.) See Attachment 7: 2019 PMLA Budget Summary for a detailed summary of actual costs related to the 2019 PMLA and Attachment 8: 2019 PMLA Expenses Backup for all receipts related to the 2019 PMLA, Expenditure Requests, invoices, emails concerning rates, etc. The signed offer letters of the two PMLA Instructors and the timesheets for the four SRF employees are available upon request but are not included here as attachments due to them containing personally identifiable information, including names and salary information. SRF submits that the entirety of the \$35,000 that was drawn down from the FY2018 award consists of actual, eligible costs related to the 2019 PMLA, and that these costs were closely tracked during the implementation of the program. SRF acknowledges that the PMLA costs were tracked on a stand-alone spreadsheet to help staff better monitor the budget and logistics of this new program, and going forward, SRF is planning to update its policies and procedures to ensure that all such costs are better integrated directly into SRF's financial management system.

**Recommendation 3, Part 2: Drawdown from FY2018 award for estimated costs related to virtual PMLA sessions held in 2020: \$29,500**



When SRF planned for its 2020 PMLA sessions, it had budgeted \$500 per participant for registration fees based on similar youth leadership programming that SRF had conducted in the past and the actual costs of the prior year's PMLA; these funds were to be used to cover the staff time and materials needed to conduct successful programming. However, when the COVID-19 pandemic hit, SRF pivoted to adapt its PMLA from in-person sessions to virtual sessions. Multiple sessions were offered in the summer and fall of 2020, and programming was provided for eight hours over multiple days for each summer session, and one hour per week for eight weeks for the fall session. Peer mentors and staff attend the virtual PMLA, and all received the same content covered during the in-person PMLA workshops as well as a variety of virtual STEM enrichment activities. Participants also received training in how to lead their mentees in virtual enrichment sessions during the 2020 program year, including how to co-facilitate SRF's newly developed virtual field trip called "Mystery at Mystic Aquarium: The Case of the Stranded Seal." All supplies (notebooks, materials for hands-on activities, etc.) were provided by SRF and shipped to sites for local distribution to participating peer mentors and staff. A total of 59 peer mentors and staff participated in the virtual PMLA sessions in 2020, and SRF drew down \$500 per participant from the FY2018 award for a total of \$29,500. Although SRF is confident that these estimated costs were incurred — based on the large number of people whose time and effort went into making the virtual PMLA sessions a success, as well as the cost of materials shipped to each participating site — it acknowledges that in the chaos of the pandemic, participating SRF staff members were not asked to carefully track their time related to this project. Therefore, SRF does not have detailed backup available for the actual costs related to the 2020 virtual PMLA program and is thus open to discussions with OIG and OJP about how to remedy all or part of the \$29,500, if needed — ideally by allowing SRF to offset the costs based on the eligible indirect costs that SRF could have drawn down on its subawards for the FY2018 award. As stated earlier, SRF did not charge eligible indirect costs on any of the subawards from its FY2018 award and has calculated that it could have charged a total of \$80,498.81 in indirect costs based on the first \$25,000 of each subaward. See Attachment 4: FY2018 Subawardee Spending by Year and Attachment 5: FY2018 Subawardee Spending and Amount Eligible for Indirect Cost Charges. SRF would like to note that, even if the amount of incorrectly charged fringe benefits related to **Recommendation 2** were to be subtracted from these eligible indirect costs, that there would still be additional uncharged, eligible indirect costs that could potentially help to remedy some or all of the costs related to the 2020 virtual PMLA sessions.

**Recommendation 3, Part 3: Drawdown from FY2018 award for estimated costs related to virtual field trips delivered in summer 2020: \$11,800**

When lockdown for the COVID-19 pandemic started, and it became clear that it was going to last longer than the original two weeks that everyone anticipated at the outset, SRF immediately started thinking about how it could continue to serve its mentees and mentors via meaningful STEM Mentoring programming. Some of SRF's affiliate sites were completely shut down, with mentees and mentors forced to participate in all school and after-school programming from home — if they could participate at all. Other affiliate sites remained open, as they were serving the children of essential workers. One of the programs that SRF decided to offer to its affiliate sites was a virtual field trip to Mystic Aquarium, which allowed youth to participate in an educational and engaging STEM enrichment activity no matter where they were located. This brand-new virtual field trip was developed specifically for STEM Mentoring affiliate sites and delivered via the Zoom Webinar platform for safety reasons; this platform allows for all participants to automatically be off camera and on mute, thus making it safer for youth to join independently if

needed. The virtual field trip included segments on beluga whales, sea lions, African penguins, and Mystic Aquarium's Animal Rescue Program and was geared specifically to STEM Mentoring mentees and mentors. SRF offered a wide variety of dates and times across five time zones and advertised the programming heavily to its affiliate sites in May and June. Pre-registration was not required in order to allow mentees and mentors to join from home and/or their youth-serving organization. SRF did not limit how many times a given site could participate in the programming and was not able to track attendance due to using the Zoom Webinar platform and not requiring registration. For example, a group of mentees and mentors from a given site could have joined a single program or 20 programs, and SRF would not have been able to tell, as no identifying information was collected from webinar participants. In general, when SRF delivers virtual field trips, it charges a per-experience fee of \$200 for all participating sites. However, in this case, SRF elected to charge a per-site fee of \$200 for as many virtual field trips as they were able to join. SRF had 59 active STEM Mentoring implementation locations under the FY2018 award in the summer of 2020 and thus drew down \$11,800 (59 x \$200) from the "STEM Enrichment Activity: Distance learning program registration fees for sites" line item of its budget for the virtual field trips offered during this time frame. SRF submits that these were eligible costs under the approved budget for its FY2018 award and the special circumstances of the COVID-19 pandemic.

**Recommendation 3, Part 4. Drawdown from FY2018 award for actual costs related to virtual field trips delivered in fall 2020**

As the COVID-19 pandemic continued into the summer and fall of 2020, SRF realized that it would need to continue to deliver virtual offerings in order to successfully reach its mentees and mentors with meaningful STEM Mentoring programming. Some of SRF's affiliate sites continued to stay completely shut down, but most began to reopen in the summer or fall, and some had stayed open all along. With this in mind, in the summer of 2020, SRF developed another brand-new virtual STEM enrichment activity called "Mystery at Mystic Aquarium: The Case of the Stranded Seal." This highly interactive virtual field trip was designed to be co-facilitated by peer mentors at each affiliate site and became an integral part of the PMLA, where peer mentors were introduced to it and instructed in how to help guide their mentees through the experience. The virtual field trip was then offered to all STEM Mentoring affiliate sites in the fall. It was delivered via the Zoom Meeting platform (as opposed to the Zoom Webinar platform) and required registration, and SRF worked directly with each of its implementation sites to coordinate a specific date and time for them to participate in the program. Attachment 9: Fall 2020 Virtual Field Trip Registration Information shows a record of all 55 implementation sites that took advantage of this offering. Each organization has a code based on its unique subaward ID, but note that some organizations have multiple implementation locations and thus participated in more than one virtual field trip. SRF drew down \$11,000 (55 x \$200) from the "Peer Mentor Leadership Academy" line item of its budget for these virtual field trips, as their development and delivery was tied closely to the 2020 PMLA. SRF submits that these were eligible costs under the approved budget for its FY2018 award and the special circumstances of the COVID-19 pandemic. However, SRF recognizes that it might have been confusing to have drawn down these funds from the "Peer Mentor Leadership Academy" line item as opposed to the "STEM Enrichment Activity: Distance learning program registration fees for sites" line item, as they were not "training costs" and is thus open to retroactively updating this if desired by OIG and/or OJP.



**Recommendation 3, Part 5: Drawdown from FY2021 award based on actual costs for in-person PMLA sessions held in 2022: \$27,000**

When SRF budgeted for the 2022 PMLA, it budgeted \$500 per participant for registration fees based on similar youth leadership programming that SRF had conducted in the past and the successful 2019 in-person PMLA; these funds were to be used to cover the staff time and materials needed to conduct successful programming. SRF tracked all expenses throughout the PMLA in 2022 and determined that the actual cost for all four sessions of the PMLA was \$29,195.69, which comes out to approximately \$541 per participant. Expenses covered the salary of one PMLA Instructor hired to help facilitate the program and to live on campus with the participants during the PMLA, the time of two internal SRF staff members not already listed on the OJP award, meals during the instructor training, supplies, admission fees, and STEM enrichment experiences. An additional PMLA Instructor was utilized for the program, but this instructor's \$11,000 salary was covered entirely by the Environmental Fellowship program at Yale University and was not charged to the OJP award.

SRF elected to draw down only the budgeted cost of \$500 per participant rather than the actual cost of \$541 per participant to stay in line with what it had budgeted — thus, it drew down \$27,000 from its FY2021 award rather than \$29,195.69. This drawdown was based on a total of 54 participants, including youth and staff member chaperones, as the 2022 programming and related fees were the same for all participants whether they were youth or staff. See Attachment 10: 2022 PMLA Budget Summary for a detailed summary of actual costs related to the 2022 PMLA and Attachment 11: 2022 PMLA Expenses Backup for all receipts related to the 2022 PMLA, Expenditure Requests, invoices, program rates, etc. The signed offer letter of the PMLA Instructor hired by SRF and the timesheets for the two SRF employees are available upon request but are not included here as attachments due to them containing personally identifiable information, including names and salary information. SRF submits that the entirety of the \$27,000 that was drawn down from the FY2021 award consists of actual, eligible costs related to the 2022 PMLA, and that these costs were closely tracked during the implementation of the program. SRF acknowledges that the PMLA costs were tracked on a stand-alone spreadsheet to help staff better monitor the budget and logistics of this program, and going forward, SRF is planning to update its policies and procedures to ensure that all such costs are better integrated directly into SRF's financial management system.

As mentioned earlier, SRF is currently undergoing an external review of all its written policies and procedures by a grants compliance consultant, and once the review process is complete, it plans to update its policies and procedures related to charging training costs based on actual, allocated costs to federal grants (even if such costs might be more than its originally budgeted estimates), entering all such costs into its financial management system; the timeframe for completion of the review is 6 months, and SRF plans to have updated policies and procedures in place by July 31, 2024.

**Recommendation 4: Implement written policies and procedures that result in: (1) charging fringe benefits and training costs based on actual, allocated costs to federal grants; (2) using of actual, allocated direct costs in its calculations of indirect cost and recording these expenditures in its financial management system; (3) determining drawdowns using actual cost data from its financial management system, (4) adequately tracking its expenditures against its approved budget and ensuring that SRF's federal financial reports are accurately completed using official**

financial accounting records containing all actual grant expenditures incurred for the reporting period.

**SRF Response to Recommendation 4:** SRF concurs with the need to implement improved written policies and procedures and has contracted with an external consultant to review and update all of its grant-related policies and procedures. SRF expects this process to take 6 months and plans to have updated policies and procedures related to all of these areas in place by July 31, 2024. SRF plans to retain its current financial management system, which is Dynamics 365 Business Central, a Microsoft Office 365 product that allows SRF to create customizable reports. By assigning a unique number to each grant award in Dynamics, and coding expenses related to that grant to its unique number, SRF is able to run reports with date parameters for the specified grant number; these reports are created in Excel format. With this existing, robust financial management system in place, alongside updated written policies and procedures to ensure that all grant-related expenses are reflected within the system, SRF will then be able to confidently (1) charge fringe benefits and training costs based on actual, allocated costs to federal grants; (2) use actual, allocated direct costs in its calculations of indirect cost and recording these expenditures in its financial management system; (3) determine drawdowns using actual cost data from its financial management system; and (4) adequately track its expenditures against its approved budget and ensure that its federal financial reports are accurately completed using official financial accounting records containing all actual grant expenditures incurred for each reporting period.

**Recommendation 5:** Adhere to its written policy and procedure that require properly classifying and allocating all grant-related expenditures in its financial management system.

**SRF Response to Recommendation 5:** SRF concurs with this recommendation and will adhere to all newly created written policies and procedures. As stated above, SRF has contracted with an external consultant to review and update all of its grant-related policies and procedures. SRF expects this process to take 6 months and plans to have updated policies and procedures in place by July 31, 2024. These policies and procedures will be shared with OIG and OJP as soon as they are completed.

SRF appreciates the opportunity to have reviewed and commented on the draft audit report. If you have any questions or require additional information, please contact me at 860-572-5955 x875 or [stibus@mysticaquarium.org](mailto:stibus@mysticaquarium.org).

Sincerely,



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# APPENDIX 4: The Office of Justice Programs Response to the Draft Report



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

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Washington, D.C. 20531

February 20, 2024

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

FROM: Jeffery A. Haley *Jeffery A Haley*  
Acting Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Office of Juvenile Justice and Delinquency Prevention Mentoring Opportunities for Youth Initiative Grants Awarded to Sea Research Foundation, Inc., Mystic, Connecticut*

This memorandum is in reference to your correspondence, dated January 19, 2024, transmitting the above-referenced draft audit report for the Sea Research Foundation, Inc. (SRF). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains five recommendations and \$155,335 in 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 OJP's response.

1. **We recommend that OJP require SRF to establish and execute procedures to monitor and confirm its subrecipients' compliance with OJP's Determination of Suitability special condition.**

OJP agrees with the recommendation. In its response, dated February 9, 2024, although SRF agreed in part with this recommendation, SRF stated that it had taken additional steps to comply with OJP's Determination of Suitability special condition, beyond what was referenced in the draft audit report. Further, SRF stated that an external grants compliance consultant was reviewing its subaward monitoring policies and procedures, which would subsequently be updated to reflect the changes, once the review process is completed. SRF anticipates that the updated policies and procedures will be completed by July 31, 2024.

Accordingly, we will coordinate with SRF to obtain a copy of its written policies and procedures, developed and implemented, to monitor and confirm its subrecipients' compliance with OJP's Determination of Suitability special condition.



- 2. We recommend that OJP require SRF to remedy \$41,035 in unsupported fringe benefit costs charged to the 2018-JU-FX-0025 and 15PJDP-21-GG-03589-MENT grants.**

OJP agrees with the recommendation. To remedy the \$41,035 in questioned costs, related to unsupported fringe benefit expenditures, charged to Grant Number 15PJDP-21-GG-03589-MENT, in its response, dated February 9, 2024, SRF stated that it has already taken steps to remedy the questioned costs, by proposing an offset of additional eligible indirect costs that it could have charged to these awards.

Therefore, we will review the \$41,035 in questioned costs, related to unsupported fringe benefit expenditures that were charged to Grant Numbers 2018-JU-FX-0025 (\$24,731) and 15PJDP-21-GG-03589-MENT (\$16,304), and will work with SRF to remedy the costs, as appropriate.

- 3. We recommend that OJP require SRF to remedy \$114,300 in unsupported training costs charged to the 2018-JU-FX-0025 and 15PJDP-21-GG-03589-MENT grants.**

OJP agrees with the recommendation. To remedy the \$114,300 in questioned costs, related to unsupported training expenditures charged to Grant Number 2018-JU-FX-0025, in its response, dated February 9, 2024, SRF agreed in part with this recommendation. Specifically, because of the OIG's calculation of these costs, SRF provided an explanation on the background of these costs, and stated that some supporting documentation was not available, but that it would work with OJP to request a retroactive budget modification to remedy these costs.

While these costs were not questioned based on allowability, but rather due to a lack of adequate supporting documentation, we will review the \$114,300 in questioned costs, related to unsupported training expenditures that were charged to Grant Numbers 2018-JU-FX-0025 (\$87,300) and 15PJDP-21-GG-03589-MENT (\$27,000), and will work with SRF to remedy these costs, as appropriate.

- 4. We recommend that OJP require SRF to implement written policies and procedures that result in: (1) charging fringe benefits and training costs based on actual, allocated costs to Federal grants; (2) using of actual, allocated direct costs in its calculations of indirect cost and recording these expenditures in its financial management system; (3) determining drawdowns using actual cost data from its financial management system; (4) adequately tracking its expenditures against its approved budget[;] and [(5)] ensuring that SRF's Federal financial reports are accurately completed using official financial accounting records containing all actual grant expenditures incurred for the reporting period.**

OJP agrees with the recommendation. In its response, dated February 9, 2024, SRF stated that it has contracted with an external consultant to review and update all of its grant-related policies and procedures, including the processes identified in this recommendation, and expects the process will take six months to complete. SRF anticipates that the updated policies and procedures related these areas will be in place by July 31, 2024.

Accordingly, we will coordinate with SRF to obtain a copy of its written policies and procedures, developed and implemented, to ensure adequate administration of Federal grant funds, covering the following areas: 1) charging fringe benefits and training costs based on actual, allocated costs to Federal grants; 2) using actual, allocated direct costs in its calculations of indirect costs, and recording these expenditures in its financial management system; 3) determining drawdowns using actual cost data from its financial management system; 4) adequately tracking expenditures against its approved budget; and 5) ensuring that Federal Financial Reports are accurately completed, using official financial accounting records containing all actual grant expenditures incurred for the reporting period.

5. **We recommend that OJP require SRF to adhere to its written policy and procedure that require properly classifying and allocating all grant-related expenditures in its financial management system.**

OJP agrees with the recommendation. In its response, dated February 9, 2024, SRF stated that it had contracted with an external consultant to review and update all of its grant-related policies and procedures, including the process identified in this recommendation, and expects the process will take six months to complete. SRF anticipates that the updated policies and procedures will be in place by July 31, 2024.

Accordingly, we will coordinate with SRF to obtain a copy of its written policies and procedures, developed and implemented, to ensure that it adheres to its written policies and procedures requiring proper classification and allocation of all grant-related expenditures in its financial management system.

In addition, we will obtain evidence from SRF that applicable SRF staff were properly trained on all new policies and procedures.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Linda J. Taylor, Lead Auditor, Audit Coordination Branch, Audit and Review Division, of my staff, on (202) 514-7270.

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## **APPENDIX 5: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report**

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and Sea Research Foundation, Inc. (SRF). SRF's response is incorporated in Appendix 3 and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP agreed with all our recommendations and SRF partially concurred with our recommendations and, as a result, the status of the audit report is resolved. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

### **Recommendations for OJP:**

- 1. Establish and execute procedures to monitor and confirm its subrecipients' compliance with OJP's Determination of Suitability special condition.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with SRF to obtain a copy of its written policies and procedures, developed and implemented, to monitor and confirm its subrecipients' compliance with OJP's Determination of Suitability special condition.

SRF stated that it does not concur entirely with our recommendation and described steps it took to inform subrecipients of their responsibilities to comply with OJP's Determination of Suitability special condition. In its response, SRF stated that it added a reporting requirement for its subrecipients to self-report on background investigations. However, this additional step did not describe any attempts to verify that background investigations were completed for individuals who interact with minors.

SRF also stated that it is currently undergoing an external review of its written policies and procedures by a grants compliance consultant, and it plans to update its policies and procedures on subaward monitoring to reflect these changes once the review process is complete; and SRF plans to have updated policies and procedures in place by July 31, 2024.

This recommendation can be closed when we receive evidence that SRF has established and executed procedures to monitor and confirm its subrecipients' compliance with OJP's Determination of Suitability special condition.

- 2. Remedy \$41,035 in unsupported fringe benefit costs charged to the 2018-JU-FX-0025 and 15PJDP-21-GG-03589-MENT grants.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$41,035 in questioned costs, related to unsupported fringe benefit expenditures, and will work with SRF to remedy the costs, as appropriate.



SRF concurred with the recommendation and acknowledged that it did not charge actual fringe benefit costs and instead used estimates. Related to award 15PJDP-21-GG-03589-MENT, SRF stated that it had already taken steps to remedy \$16,304, exclusive of related indirect costs, by reducing recent drawdowns for eligible reimbursable expenditures made after this issue was identified by the audit.

In addition, although the 2018-JU-FX-0025 award has already been closed, SRF proposed to remedy the unsupported fringe benefit costs of \$24,731, exclusive of indirect costs, by correcting the amount of award-related indirect costs. As stated on page 6 of this report, SRF did not include all eligible costs in its indirect cost calculations and that resulted in less indirect cost charged to the grant than otherwise would be permitted.

This recommendation can be closed when we receive evidence that OJP has remedied the \$41,035 in unsupported fringe benefit costs charged to the 2018-JU-FX-0025 and 15PJDP-21-GG-03589-MENT grants.

**3. Remedy \$114,300 in unsupported training costs charged to the 2018-JU-FX-0025 and 15PJDP-21-GG-03589-MENT grants.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$114,300 in questioned costs, related to unsupported documentation and will work with SRF to remedy these costs, as appropriate.

SRF stated it does not concur entirely with our recommendation and provided an explanation on the background of these costs. SRF provided detailed explanations of certain delivery and other adjustments it made to its training programs in response to the onset of the COVID-19 pandemic. We appreciate the additional information; however, we note that it was not previously available to us in the grantee's official grant records. SRF stated that it would work with OJP to remedy these costs.

This recommendation can be closed when we receive evidence that OJP has remedied the \$114,300 in unsupported training costs charged to the 2018-JU-FX-0025 and 15PJDP-21-GG-03589-MENT grants.

**4. Implement written policies and procedures that result in : (1) charging fringe benefits and training costs based on actual, allocated costs to federal grants; (2) using of actual, allocated direct costs in its calculations of indirect cost and recording these expenditures in its financial management system; (3) determining drawdowns using actual cost data from its financial management system, (4) adequately tracking its expenditures against its approved budget and ensuring that SRF's federal financial reports are accurately completed using official financial accounting records containing all actual grant expenditures incurred for the reporting period.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with SRF to obtain copies of its written policies and procedures, developed and implemented, to ensure adequate administration of Federal grant funds covering the following areas: 1) charging

fringe benefits and training costs based on actual, allocated costs to Federal grants; 2) using actual, allocated direct costs in its calculations of indirect costs and recording these expenditures in its financial management system; 3) determining drawdowns using actual cost data from its financial management system; 4) adequately tracking expenditures against its approved budget, and ensuring that Federal Financial Reports are accurately completed, using official financial accounting records containing all actual grant expenditures incurred for the reporting period.

SRF state that it concurs with our recommendation and that it has contracted with an external consultant to review and update its grant-related policies and procedures, expected to be developed and implemented by July 31, 2024.

This recommendation can be closed when we receive evidence that SRF has implemented its updated procurement policies that result in: (1) charging fringe benefits and training costs based on actual, allocated costs to federal grants; (2) using actual, allocated direct costs in its calculations of indirect cost and recording these expenditures in its financial management system; (3) determining drawdowns using actual cost data from its financial management system, (4) adequately tracking its expenditures against its approved budget, and ensuring that SRF's federal financial reports are accurately completed using official financial accounting records containing all actual grant expenditures incurred for the reporting period.

**5. Adhere to its written policy and procedure that require properly classifying and allocating all grant-related expenditures in its financial management system.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with SRF to obtain a copy of SRF's written policies and procedures, developed and implemented, to ensure that SRF adheres its written policies and procedures requiring proper classification and allocation of all grant-related expenditures in its financial management system. Additionally, OJP said it will obtain evidence from SRF that applicable SRF staff were properly trained on all new policies and procedures.

SRF stated that it concurs with our recommendation and it will adhere to all newly created written policies and procedures, expected to be developed and implemented by July 31, 2024.

This recommendation can be closed when we receive evidence that SRF has developed and implemented new written policies and procedures, and evidence that its staff were properly trained on all new policies and procedures for properly classifying and allocating all grant-related expenditures in its financial management system.