



United States Department of Justice
Office of the Inspector General
Audit Division

AUDIT REPORT

MISSING CHILDREN'S ASSISTANCE
GRANT NUMBER 2000-MC-CX-K021
ADMINISTERED BY THE
NATIONAL CENTER FOR MISSING AND
EXPLOITED CHILDREN
ALEXANDRIA, VIRGINIA

GR-30-04-002

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OFFICE OF THE INSPECTOR GENERAL
WASHINGTON REGIONAL AUDIT OFFICE
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EXECUTIVE SUMMARY

The Office of the Inspector General, Audit Division, has completed an audit of the Missing Children's Assistance, School Resource Officer, grant awarded by the U.S. Department of Justice, Office of Justice Programs (OJP), Office of Juvenile Justice and Delinquency Prevention to the National Center for Missing and Exploited Children (NCMEC). The purpose of this grant is to develop standards for School Resource Officers (SRO) and develop and conduct SRO training nationwide. Between June 26, 2000 and August 14, 2002, the NCMEC was awarded a total of \$10,993,363 of which Fox Valley Technical College was authorized to receive \$8,411,398 as a single-source provider.

We reviewed the NCMEC's accounting records to determine whether the grantee adhered to all financial and administrative conditions of the grant award and if costs charged to the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the agreement.

We found that the NCMEC complied with the OJP grant requirements. Our audit revealed that adequate controls were taken over the accounting process and records relating to the grant. We determined that costs claimed for reimbursement were allowable, supported, and in accordance with applicable laws, regulations, guidelines and terms and conditions of the grant.

Our audit objectives, scope, and methodology appear in Appendix I.

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INTRODUCTION

The Office of the Inspector General, Audit Division, has completed an audit of the Missing Children's Assistance, School Resource Officer, grant awarded by the U.S. Department of Justice (DOJ), Office of Justice Programs (OJP), Office of Juvenile Justice and Delinquency Prevention (OJJDP) to the National Center for Missing and Exploited Children (NCMEC) located in Alexandria, Virginia. The purpose of this grant is to develop standards for School Resource Officers (SRO) and develop and conduct SRO training nationwide. Between June 26, 2000 and August 14, 2002, the NCMEC was awarded a total of \$10,993,363 to ensure that SROs have the necessary tools, resources, and skills to perform their functions and duties in a comprehensive and effective manner.

We performed audit work at the NCMEC where we obtained an understanding of the NCMEC's accounting and procurement systems, and we reviewed grant expenditures. In addition, we reviewed grant documents including the application, grant awards, budgets, financial status reports, and progress reports. We also interviewed key individuals regarding grant activities, and determined the NCMEC has no program income or matching fund requirement. As of July 31, 2003, the NCMEC's records showed a total of \$6,211,075 in grant related costs, of which the OJP reimbursed \$6,114,000 (98.4 percent) through July 31, 2003.

Background

One response to the recent increase in school violence and crime as well as increased concern about the safety of students, teachers, and school administrators is the proliferation of law enforcement officers on schools and campuses throughout the country. The SRO programs have been established nationwide to provide increased security to schools, prevent or reduce the incidence of school crime and violence, and improve police-youth relations. These programs have resulted in the assignment of thousands of SROs to schools and campuses across the country. Many of these SROs are not familiar with, adequately trained in, or fully equipped to work in school settings or in the larger juvenile-justice and community settings.

To ensure that SROs have the necessary tools, resources, and skills to perform their functions and duties in a comprehensive and effective manner, the U.S. Congress provided funding to the NCMEC to establish SRO standards, and develop and conduct SRO training nationwide. Congress appropriated \$5 million to NCMEC in the FY 2000 appropriation bill per Public Law 106-71 to accomplish these goals under the direction of the Office of Community Oriented Policing Services (COPS). The COPS Office transferred

\$5 million to the OJJDP for the NCMEC. According to the NCMEC management, the NCMEC did not request the appropriation, and they were unprepared to perform the initiatives of the grant when the Center was notified of the appropriation. The NCMEC prepared the grant application after the \$5 million was appropriated by Congress. In FY 2001, Congress again funded the program under COPS, but the NCMEC did not expend funds for the project. Due to the NCMEC receiving the initial grant award at mid-year and the time required to develop the training courses, the NCMEC was appropriated more funds than activity at the time required. In FY 2002, Congress appropriated another \$3 million for the SRO program; however, responsibility was transferred to OJJDP from the COPS office at the request of NCMEC with the concurrent approval of OJJDP and COPS.

As of August 14, 2002, the OJP/OJJDP awarded the NCMEC a total of \$10,993,363, as follows:

**AMOUNTS AWARDED TO THE NATIONAL CENTER
FOR MISSING AND EXPLOITED CHILDREN
UNDER GRANT NO. 2000-MC-CX-K021**

Award		
Date	Amount	Description
6/26/00	\$ 4,999,963	Initial Award
8/14/02	5,993,400	Supplemental Award
Total	\$10,993,363	

Source: OJP

The OJP/OJJDP awarded the NCMEC the grant to:

- Enable all organizations in the community, schools, and the juvenile justice system to take the initiative and leadership for establishing or improving their SRO program.
- Assist organizations in building organizational capacity and competence for establishing and maintaining an SRO program.
- Assist agencies and organizations in developing policies, legislation, and procedures for an improved SRO program.
- Demonstrate best practices and develop national standards for improving services to children and protecting children, families, schools, and the community through interagency collaboration and partnerships.

The grantee's award authorized single-source utilization of Fox Valley Technical College (FVTC), located in Appleton, Wisconsin, as its contractor for curriculum development, administrative support of logistics, and delivery of training for the SRO Training and Technical Assistance Program. Of the \$10,993,363 grant, FVTC's approved budget was \$8,411,398, or 77 percent of the total award amount.

We reviewed grant funds expended directly by the NCMEC. We excluded grant funds expended by FVTC since the focus of our audit was to review grant expenditures under the direct control of the prime grantee, the NCMEC. A Single Audit of FVTC was conducted in accordance with the Office of Management and Budget (OMB) Circular A-133 and revealed there were no internal control weaknesses or instances of noncompliance with laws and regulations reported by the independent auditor.

The objective of the audit was to determine whether the grantee adhered to all financial and administrative conditions of the grant award and if costs charged to the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the agreement.

We provided the draft report to OJP and NCMEC for comments. OJP's response appears in Appendix II and NCMEC's response appears in Appendix III. After discussion with NCMEC management, we have incorporated the revisions to the budget categories as agreed upon.

AUDIT RESULTS

For the items tested, the grantee adhered to all financial and administrative conditions of the grant award. Further, we found that the costs charged to the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the agreement. Expenditures were properly accounted for, supported, and allowable under the terms and conditions of the grant. We found no weaknesses in the NCMEC's accounting records.

Financial Status and Progress Reports

For the period April 1, 2000 through June 30, 2003, we reviewed financial and progress reports for timeliness and accuracy. Following are the results of our review.

Financial Status Reports – The grantee prepares the Financial Status Reports (Standard Form (SF) 269A) from the Trial Balance that is generated from the NCMEC accounting system. Once the report is reviewed and signed by Vice President and Chief Financial Officer, the report is forwarded to OJP, normally within 45 days after the end of the quarter. Based on the period of performance of the grants, the NCMEC was required to submit 13 reports covering the period April 1, 2000 through June 30, 2003. According to the OJP Financial Guide, the grantee is required to submit the SF 269As to the OJP within 45 days of the end of each calendar quarter. We found that the NCMEC submitted to the OJP all 13 of the required SF 269As within the 45-day deadline, and that all 13 reports were accurate, as follows:

ANALYSIS OF THE TIMELINESS & ACCURACY OF SF 269AS

Quarter Ended	Due Date	Date to OJP	Amount Per SF-269A	Amount per Accounting Records	Variance
6/30/00	8/15/00	8/2/00	\$14,068.14	\$14,068.14	\$0.00
9/30/00	11/15/00	11/14/00	\$156,446.65	\$156,446.65	\$0.00
12/31/00	2/15/01	2/12/01	\$270,177.06	\$270,177.06	\$0.00
3/31/01	5/15/01	4/20/01	\$147,289.58	\$147,289.58	\$0.00
6/30/01	8/15/01	8/6/01	\$442,263.19	\$442,263.19	\$0.00
9/30/01	11/15/01	10/15/01	\$443,166.05	\$443,166.05	\$0.00
12/31/01	2/15/02	1/25/02	\$948,114.82	\$948,114.82	\$0.00
3/31/02	5/15/02	5/1/02	\$98,984.25	\$98,984.25	\$0.00
6/30/02	8/15/02	7/22/02	\$846,160.00	\$846,160.00	\$0.00
9/30/02	11/15/02	10/24/02	\$1,053,101.97	\$1,053,101.97	\$0.00
12/31/02	2/15/03	2/11/03	\$554,581.07	\$554,581.07	\$0.00
3/31/03	5/15/03	5/13/03	\$974,777.69	\$974,777.69	\$0.00
6/30/03	8/15/03	8/11/03	\$184,839.81	\$184,839.81	\$0.00

Source: NCMEC Financial Status Reports and accounting system.

Progress Reports – According to the Director of Training, information for the progress reports is compiled from class rosters provided by the FVTC and documentation in the office. Each progress report addresses activities pertaining to the grant (i.e., courses held and technical assistance provided). Based on the grant project period, the NCMEC was required to submit seven progress reports. According to the OJP Financial Guide, progress reports are to cover the six-month periods ending June 30 and December 31 of every year for the life of an award and must be submitted within 30 days after the end of a reporting period. However, the Vice President and Chief Operating Officer for the NCMEC prepares and submits the progress reports quarterly versus semi-annually as the OJP Financial Guide directs. Therefore, the NCMEC submitted 13 progress reports. We reviewed the reports and determined that all 13 of the progress reports were submitted timely and accurately depicted grant activity. The results of our assessment follow:

ANALYSIS OF THE PROGRESS REPORTS

OJP Period Ended	Quarter Ended	Due Date	Date Submitted	Activity Reported
6/30/00	6/30/00	7/31/00	7/13/00	<ul style="list-style-type: none"> Advisory Group meeting
	9/30/00		10/12/00	<ul style="list-style-type: none"> Advisory Group meeting
12/31/00	12/31/00	1/31/01	1/11/01	<ul style="list-style-type: none"> SRO Training – 45 attendees Technical Assistance – 100 attendees
	3/31/01		4/11/01	<ul style="list-style-type: none"> SRO Training – 44 attendees Chief Executive Officer (CEO) Training – 84 attendees Legal Assistance Presentations at Children’s Advocacy Center Presentation at National Council of Juvenile and Family Court Judges
6/30/01	6/30/01	7/31/01	7/13/01	<ul style="list-style-type: none"> SRO Training – 41 attendees Technical Assistance 1-day presentation in Lewiston, NY 4 presentations at Ohio Juvenile Officers Association Conference 2 workshops at PA Crime Prevention Officers Association Conference 5 workshops in West Palm Beach, FL
	9/30/01		10/11/01	<ul style="list-style-type: none"> SRO Training – 210 attendees 1-day presentation in Scranton, PA
12/31/01	12/31/01	1/31/02	1/11/02	<ul style="list-style-type: none"> SRO Training – 138 attendees Crime Prevention Through Environmental Design (CPTED) Training – 126 attendees CEO Training – 61 attendees Site plan reviews Presentation at WI State Dept of Juvenile Justice - 100 attendees
	3/31/02		4/9/02	<ul style="list-style-type: none"> SRO Training – 140 attendees CPTED Training – 48 attendees CEO Training – 81 attendees Safe Schools Interagency Team Planning (STP) Training Key Elements for Effective School Policing (KE) Training – 145 attendees
6/30/02	6/30/02	7/31/02	7/12/02	<ul style="list-style-type: none"> SRO Training – 99 attendees KE Training – 94 attendees CPTED Training – 94 attendees CEO Training – 111 attendees STP Training – 120 attendees 6 presentations at TN School Resource Training Program 3 presentations in New Orleans, LA CPTED review of 4 schools Review of Letter of Agreement for San Marino School District

OJP Period Ended	Quarter Ended	Due Date	Date Submitted	Activity Reported
	9/30/02		10/15/02	<ul style="list-style-type: none"> • SRO Training – 38 attendees • KE Training – 97 attendees • CPTED Training – 82 attendees • CEO Training – 89 attendees • STP Training - 31 attendees • CPTED review of 3 schools • NCMEC/FVTC consultants provide instruction • NCMEC consultant served as keynote speaker • Overview of SRO initiative • NCMEC/FVTC attend seminar in San Francisco, CA • NCMEC/FVTC consultant provide instruction in Rapid City, SD • On-site consultation in Portsmouth, NH
12/31/02	12/31/02	1/31/03	1/9/03	<ul style="list-style-type: none"> • SRO Training – 131 attendees • KE Training – 78 attendees • CPTED Training – 44 attendees • CEO Training – 43 attendees • Sample Memorandum of Understanding (MOU) to Clyde, OH; Kemmerer, WY; and Riternour, MO • Draft MOU to Toledo, OH and Salem-Keizer, OR • Meeting in Galveston, TX • Training in Rapid City, SD
	3/31/03		4/10/03	<ul style="list-style-type: none"> • SRO Training – 177 attendees • KE Training – 98 attendees • CEO Training – 82 attendees • STP Training – 32 attendees • Sample MOU's to Ashlank, KY; Brownsville, TX; Clyde, OH; Lafayette, CO; Levy County, FL; Mascoutah, IL; Panbrooke, NC; Reidsville, NC; and Pierre, SD • Sample job descriptions to San Marino, CA
6/30/03	6/30/03	7/31/03	7/10/03	<ul style="list-style-type: none"> • SRO Training – 46 attendees • KE Training – 38 attendees • CPTED Training – 39 attendees • Sample MOU's to Canyon, TX; Galveston, TX; Gulfport, MS; Inverness, FL; Louisville, KY; Mascoutah, IL; Rainboe City, AL; and St. Johns, AZ

Source: NCMEC progress reports.

Grant Drawdowns

The NCMEC uses the OJP Phone Activated Paperless Request System (known as PAPRS) process to drawdown grant funds telephonically. Once the NCMEC completes the telephonic request, the funds are automatically deposited into the NCMEC's bank account within 48 hours. The NCMEC

follows a process of requesting drawdowns based on expenditures recorded in the general ledger plus anticipated cash needs for the immediate future. The Accounting Manager maintains a spreadsheet that reflects a continuous account total of all grant expenditures (revenue accrued) and drawdowns (letter of credit draws). The amount of grant expenditures is updated from the Trial Balance as they occur, and the amount of drawdowns is updated as a request for drawdown is completed. The Accounting Manager determines the timing and amount of a drawdown by taking into account expected expenditures within the next few days and the amount of the positive balance of revenue accrued and letter of credit draws. This method complies with the OJP Financial Guide which states, "Recipients should time their drawdown requests to ensure that Federal cash on hand is the minimum needed for disbursements to be made immediately or within a few days."

Using the OJP Grant Payment History and Trial Balances for the period June 2000 through August 2003, we conducted an analysis to determine whether the grantee had received excess funds. Our analysis disclosed that the grantee had requested excess funds as of November 2001. Since this did not correlate to the Accounting Manager's spreadsheet, we reviewed the OJP Grant Payment History to determine whether the NCMEC's accounting records reflected the same amount of grant drawdowns. The Accounting Manager stated that the drawdown in the amount of \$500,000 dated November 21, 2001 should not be attributed to this particular grant. The Accounting Manager provided a letter dated November 14, 2001, addressed to the OJP requesting a manual draw of funds in the amount of \$500,000 from grant number 2000-MC-CX-K020. A letter was sent to the OJP dated December 6, 2001 requesting that this drawdown be applied instead to grant number 98-MC-CX-K002. This particular drawdown was erroneously applied to grant number 2000-MC-CX-K021 by the OJP. The Accounting Manager sent a letter to the OJP on September 5, 2003, addressing this error in an attempt to have the drawdown applied to grant number 98-MC-CX-K002 versus 2000-MC-CX-K021.

After we reconciled the drawdown amount to the accounting records, we reviewed the support for the cumulative drawdown of \$6,114,000 the NCMEC received from the OJP through July 31, 2003, as shown in the following table.

Comparison of Drawdowns Versus Expenses

Month/ Year	Drawdown			Cumulative Expenses at Month's End	Drawdowns Less Expenses
	Date	Amount	Cumulative		
Jul-00	7/26/2000	\$14,000	\$14,000	\$16,905	-\$2,905
Aug-00			\$14,000	\$203,742	-\$189,742
Sep-00	9/1/2000	\$150,000	\$164,000	\$170,515	-\$6,515
Oct-00			\$164,000	\$182,916	-\$18,916
Nov-00			\$164,000	\$192,054	-\$28,054
Dec-00	12/21/2000	\$70,000	\$234,000	\$440,692	-\$206,692
Jan-01			\$234,000	\$444,308	-\$210,308
Feb-01	2/12/2001	\$150,000	\$384,000	\$477,406	-\$93,406
Mar-01	3/28/2001	\$80,000	\$464,000	\$587,981	-\$123,981
Apr-01			\$464,000	\$674,771	-\$210,771
May-01	5/8/2001	\$100,000	\$564,000		
	5/17/2001	\$100,000	\$664,000	\$699,684	-\$35,684
Jun-01			\$664,000	\$1,030,245	-\$366,245
Jul-01	7/6/2001	\$200,000	\$864,000		
	7/18/2001	\$100,000	\$964,000	\$1,060,062	-\$96,062
Aug-01	8/21/2001	\$100,000	\$1,064,000		
	8/30/2001	\$200,000	\$1,264,000	\$1,136,846	\$127,154
Sep-01			\$1,264,000	\$1,473,411	-\$209,411
Oct-01	10/11/2001	\$200,000	\$1,464,000	\$1,473,411	-\$9,411
Nov-01	11/19/2001	\$400,000	\$1,864,000		
	11/21/2001		\$1,864,000	\$1,928,971	-\$64,971
Dec-01	12/19/2001	\$300,000	\$2,164,000	\$2,421,525	-\$257,525
Jan-02	1/22/2002	\$200,000	\$2,364,000	\$2,446,619	-\$82,619
Feb-02			\$2,364,000	\$2,488,176	-\$124,176
Mar-02	3/14/2002	\$100,000	\$2,464,000	\$2,520,510	-\$56,510
Apr-02	4/19/2002	\$500,000	\$2,964,000	\$2,811,941	\$152,059
May-02			\$2,964,000	\$3,305,759	-\$341,759
Jun-02	6/6/2002	\$300,000	\$3,264,000	\$3,366,670	-\$102,670
Jul-02	7/9/2002	\$500,000	\$3,764,000	\$3,839,758	-\$75,758
Aug-02			\$3,764,000	\$3,905,599	-\$141,599
Sep-02	9/11/2002	\$300,000	\$4,064,000		
	9/24/2002	\$100,000	\$4,164,000	\$4,419,772	-\$255,772
Oct-02	10/16/2002	\$250,000	\$4,414,000	\$4,470,635	-\$56,635
Nov-02			\$4,414,000	\$4,857,497	-\$443,497
Dec-02	12/31/2002		\$4,414,000	\$4,974,353	-\$560,353

Month/ Year	Drawdown			Cumulative Expenses at Month's End	Drawdowns Less Expenses
	Date	Amount	Cumulative		
Jan-03	1/30/2003	\$500,000	\$4,914,000	\$5,132,986	-\$218,986
Feb-03			\$4,914,000	\$5,169,809	-\$255,809
Mar-03	3/10/2003	\$200,000	\$5,114,000	\$5,949,130	-\$835,130
Apr-03	4/11/2003	\$300,000	\$5,414,000		
	4/18/2003	\$500,000	\$5,914,000	\$5,962,378	-\$48,378
May-03			\$5,914,000	\$6,113,378	-\$199,378
Jun-03	6/4/2003	\$200,000	\$6,114,000	\$6,133,970	-\$19,970
Jul-03			\$6,114,000	\$6,211,075	-\$97,075
Aug-03			\$6,114,000	\$6,211,075	-\$97,075

Source: NCMEC accounting records and OJP

The only times when the NCMEC showed drawdowns in excess of expenses were in August 2001 and April 2002 as shown by the shadowed numbers in the preceding table. We consider those instances to be immaterial when compared to the total grant drawdown activity. We determined that the drawdowns were adequately supported and that funds were drawn in accordance with federal requirements. Therefore, we consider the drawdown methodology used by the NCMEC to comply with the OJP requirements.

Budget Management and Control

We compared the grant award budget to actual costs to determine if any deviations existed. Our review disclosed no significant deviations between the amount budgeted and the actual costs for each cost category. The following table presents the budget as originally approved by the OJP.

Budget Category	Grant Budget	Total Expenditures	Budget Less Expenditures
Personnel	\$ 436,836	\$ 222,369	\$ 214,467
Fringe Benefits	110,809	54,508	56,301
Travel	1,846,960	891,698	955,262
Equipment	51,900	53,324	-1,424
Supplies and Postage	18,600	7,140	11,460
Consultants/Contracts	8,411,398	4,861,012	3,550,386
Other	116,860	121,025	-4,165
TOTAL	\$10,993,363	\$6,211,075	\$4,782,288

Based on OJP guidance, grantees are permitted to transfer among budget categories no more than 10 percent of the total grant budget, or \$1,099,336, without prior approval from OJP. As demonstrated by the amounts above, the NCMEC expended \$1,424 beyond the budgeted amount for equipment and \$4,165 for the "other" category for a total of \$5,589. The amount is within the budget transfer authority permitted by OJP; therefore, we take no exception to the method of budget transfer used by the NCMEC.

Grant Expenditures

To determine the accuracy and allowability of costs charged to the grant, we reviewed the accounting records for personnel costs, direct costs, and accountable property. Personnel costs are comprised of salaries and fringe benefits. Direct costs are all expenditures charged to the grant less personnel costs. Of the \$6,211,075 total project costs as of July 31, 2003, \$4,856,012 (78 percent) was expended by the FVTC and \$1,355,063 (22 percent) was expended by the NCMEC. Following are the results of our review.

Personnel Costs – We reviewed \$276,877 in personnel costs, representing 20 percent of total project costs expended by the NCMEC. Specifically, we selected and reviewed all personnel transactions charged to the grant for two judgmentally selected non-consecutive pay periods (pay periods ending April 19, 2002 and March 7, 2003) totaling \$10,474 (4 percent).

Our review of timesheets disclosed that the Associate Director was paid overtime; however, overtime costs were not pre-approved for this grant. OMB Circular A-122, "Cost Principles for Nonprofit Organizations", allows overtime when lower overall cost to the federal government will result. We determined that the Associate Director was paid a total amount of \$18,576 in overtime pay for the period June 20, 2001 through July 31, 2003. Based on the Associate Director's annual salary, the amount paid in overtime is lower than the NCMEC would have paid to employ another individual to perform the tasks thereby resulting in lower overall cost to the Federal government. Additionally, according to the initial and supplemental grant budget, the salary for the position of Program Legal Assistant was approved for the total amount of \$173,399. However, NCMEC management stated that this position was never filled because program activity was lower than expected. This allowed the NCMEC to remain within budget for the salaries cost category even though overtime was incurred. Therefore, we determined that labor charges were computed correctly,

properly authorized, accurately recorded, and properly allocated to the grant.

Our review of fringe benefit costs disclosed that fringe benefits were billed at a rate of 26 percent for the budget period ending May 31, 2002. As of July 31, 2003, fringe benefits were billed at a rate of 25 percent. We determined that the fringe benefit costs were properly charged to the grant in accordance with the grant budget, and the fringe benefit charges were consistent with charges for other employees.

Direct Costs - We reviewed \$1,078,186 in grant expenditures, representing 80 percent of total project costs expended by the NCMEC. Specifically, we judgmentally selected and tested 50 transactions totaling \$551,931 (51 percent) for travel/mileage, office supplies, computer supplies, postage, telephone, and conferences. We determined all costs charged to the grant were authorized, properly classified, accurately recorded, and properly charged to the grant.

Accountable Property - We reviewed the 37 equipment items purchased with grant funds totaling \$53,324. We judgmentally selected six items totaling \$29,333 (55 percent). We determined that all the sampled items were included in the NCMEC's inventory and identified as property purchased with federal funds. Additionally, we physically verified the property included in the sample and determined that the property is being used for the purposes stated in the grant.

Monitoring of Subgrantee

The grantee's award authorized single-source utilization of FVTC as its contractor for curriculum development, administrative support of logistics, and delivery of training for the SRO Training and Technical Assistance Program. Of the \$10,993,363 grant, the FVTC's approved budget was \$8,411,398, or 77 percent. As of July 31, 2003, the FVTC expended \$4,856,012, or 58 percent of its budgeted funds. We did not review the FVTC's expenditures; however, we did review the NCMEC's monitoring procedures for the FVTC. The NCMEC closely monitors the FVTC's progress and the invoices submitted for services provided by the FVTC. In addition, the NCMEC monitors the FVTC's performance by reviewing their current Single Audit reports for findings and corrective action. We concluded that the NCMEC has taken appropriate steps to ensure that the FVTC complies with audit requirements.

Summary

For the items tested, the grantee adhered to all financial and administrative conditions of the grant award. Specifically, we found:

- the required financial status and progress reports were submitted on time, and all reports were accurate;
- the grant drawdowns are adequately supported, and the grantee is managing grant receipts in accordance with federal requirements;
- no significant deviations between the amount budgeted and the actual costs for each cost category;
- the costs charged to the grant were accurate and allowable; and
- the grantee has taken appropriate steps to ensure the subgrantee complies with audit requirements.

OBJECTIVES, SCOPE AND METHODOLOGY

The objective of the audit was to determine whether reimbursement 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 conducted our audit in accordance with Government Auditing Standards and included such tests as were necessary to accomplish our objectives. Our audit concentrated on, but was not limited to, the inception of the grant through July 31, 2003. The grant audited was Missing Children's Assistance, School Resource Officer, Award Number 2000-MC-CX-K021.

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audited against is contained in the OJP Financial Guide. We tested the NCMEC's grant activities in the following areas: financial status and progress reports, drawdowns, budget management and control, program income, local match, grant expenditures, monitoring of subgrantees, and compliance with regulations.

We did not test internal controls for the NCMEC as a whole or specifically for the grant, which was included in the audit of the NCMEC conducted by an independent Certified Public Accountant. The results of this audit were reported in the Single Audit Reports that accompanied the Consolidated Financial Statements and Independent Auditor's Report for the year ended December 31, 2002. Additionally, the subcontracted funds to the FVTC were included in the audit of FVTC conducted by an independent Certified Public Accountant. The results of this audit were reported in the Single Audit Reports that accompanied the Comprehensive Annual Financial Report for the year ended June 30, 2002. The Single Audit Reports were prepared under the provisions of OMB Circular A-133. We reviewed the independent auditor's assessments to identify control weaknesses and significant noncompliance issues related to the grantee or Federal programs. The independent auditor's assessments disclosed no control weaknesses or significant noncompliance issues related to the NCMEC grant. In addition, 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.

OJP'S RESPONSE TO THE DRAFT REPORT



U.S. Department of Justice

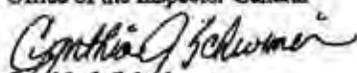
Office of Justice Program

Office of the Comptroller

JAN 16 2004

Washington, D.C. 20531

MEMORANDUM TO: Domenic A. Zazzaro
Regional Audit Manager
Washington Regional Audit Office
Office of the Inspector General

FROM: 
Cynthia J. Schwimer
Comptroller

SUBJECT: Draft Report for the Audit of
Grant Number 2000-MC-CX-K021

This memorandum is in reference to your correspondence dated December 4, 2003, transmitting the above-referenced draft audit report for the National Center for Missing and Exploited Children. The draft audit report did not include any findings or recommendations. We do not have any comments on the draft report.

We appreciate the opportunity to review and comment on the draft report. If you have any questions or require additional information, please contact Alisha M. Holman of my staff on (202) 616-2926.

cc: Vickie L. Sloan
DOJ Audit Liaison

LeToya A. Johnson
OJP Audit Liaison

Ron Laney
Program Manager
Office of Juvenile Justice and Delinquency Prevention

OJP Executive Secretariat
Control Number 20032383

Official File
Grant Number 2000-MC-CX-K021

APPENDIX III

NCMEC'S RESPONSE TO THE DRAFT REPORT



Charles B. Wang International
Children's Building
699 Prince Street
Alexandria, VA 22314-3175
U.S.A.

Telephone 703.274.3900

Facsimile 703.274.2200

www.missingkids.com

www.cyberfpline.com

December 16, 2003

Mr. Domenic A. Zazzaro
Regional Audit Manager
Washington Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
1425 New York Avenue, N.W. Suite 6100
Washington, D.C. 20530

Dear Mr. Zazzaro:

In connection with your audit of the Office of Justice Programs grant number 2000-MC-CX-K021 and supplements thereto to the National Center for Missing & Exploited Children, I have received your letter of December 4, 2003, and the copy attached of the draft audit report. I do appreciate being provided with this draft copy and wish to compliment you and your staff for the very thorough and diligent job performed and the professional and friendly manner of all OIG staff involved. If one can actually "appreciate an audit," then truly this was the bright line for such.

Our Accounting Manager, Dexter Curry, (703.837.6211) has carefully reviewed the auditing detail in the draft report and advises that there are two discrepancies.

1. On page 10, the report indicates \$78,856 in non-food related expenses in "Travel" that NCMEC has recorded in "Other;" and
2. On page 10, the report indicates \$5,000 in accounting fees in "Travel" that NCMEC has recorded in "Consultants/Contracts."

Otherwise, all the accounting detail in the draft report is correct as stated.

Thus, with the above two exceptions noted, the draft report has our full approval and support. Please extend our appreciation to your staff for their excellent, timely work.

Sincerely,

John B. Rabun, Jr.
Vice President &
Chief Operating Officer
(Project Director)

Branches
California
Florida
Kansas City
New York
South Carolina

c.c.: Ron Laney, DJJDP
Mike Lynch, VP & CFO, NCMEC
Dexter Curry, Accounting Manger, NCMEC