



**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
OFFICE OF JUVENILE JUSTICE AND  
DELINQUENCY PREVENTION AWARDS TO  
ENOUGH IS ENOUGH  
RESTON, VIRGINIA**

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

Audit Report GR-30-11-005  
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**EXECUTIVE SUMMARY**

The Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of award numbers 2007-JL-FX-K006 (\$750,000) and 2009-DD-BX-0093 (\$500,000) to Enough is Enough in Reston, Virginia. Enough is Enough's mission is to make the internet safer for children and families by raising public awareness about the dangers of internet pornography and sexual predators. Enough is Enough's multi-media *Internet Safety 101* program was released nationally in 2010 to provide parents, teachers, and law enforcement with training to protect children from pornography, sexual predators, cyberbullies, and threats related to social networking sites, online gaming, and mobile devices.

We conducted this audit to determine whether costs claimed under the awards were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the award. Unless otherwise stated in the report, we applied the Office of Justice Programs (OJP) Financial Guide (Financial Guide) as our primary criteria.<sup>1</sup>

The audit found that Enough is Enough did not follow standard accounting practices and did not maintain adequate internal controls to ensure compliance with grant requirements. For example, at the end of a uniform reporting period (which may be monthly, quarterly, or annually), a standard accounting practice is to "lock" the accounting period to prevent users from recording or modifying financial transactions for that period of time. Enough is Enough did not always lock its accounting system for past accounting periods prior to submitting required financial reports, which impaired its ability to ensure that it submitted accurate financial status reports, and increased the risk of fraudulent activities going undetected.

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<sup>1</sup> The Financial Guide serves as a reference manual that assists award recipients in their fiduciary responsibility to safeguard award funds and ensure funds are used appropriately. OJP requires grantees to abide by the requirements in the OJP Financial Guide.

Our audit also found that Enough is Enough charged the two awards over \$800,000 in costs that we consider to be unsupported or unallowable. These unsupported and unallowable costs included the following:

- Labor charges for \$378,000 because the payroll documentation did not reconcile to the general ledger.
- Indirect cost expenditures for \$149,000 because Enough is Enough did not have an approved indirect cost rate or an adequately documented method or formula for calculating indirect costs.
- Other direct costs transactions totaling more than \$106,000 were missing written authorizations, vouchers, receipts, invoices, or a consistent methodology for allocating the expense between DOJ awards or other Enough is Enough activities such as other awards and congressional education efforts.
- Drawdowns for \$117,000 in excess of general ledger expenditures.<sup>2</sup>
- Unapproved budget transfers totaling over \$46,000.
- Unapproved lease payments totaling over \$3,300 on 2007-JL-FX-K006. The award budget did not include any approval to lease 5 pieces of computer equipment with grant funds.

Our report contains 18 recommendations. We discussed the results of our audit with Enough is Enough officials and have included their comments in the report as applicable.

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<sup>2</sup> OJP's Minimum Cash On Hand Requirements state that recipients should time their drawdown requests to ensure that federal cash on hand is the minimum needed for disbursements and reimbursements to be made immediately or within 10 days.

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## INTRODUCTION

The Office of the Inspector General, Audit Division, has completed an audit of awards to Enough is Enough located in Reston, VA under the Office of Juvenile Justice and Delinquency Prevention's (OJJDP) National Juvenile Justice Program. The purpose of the National Juvenile Justice Program is to foster innovations and advancements in juvenile justice and child protection related practices, as part of OJJDP's overall effort to support programs that enhance juvenile justice, child protection, and delinquency prevention.

Enough is Enough was awarded over \$1 million to support an enhanced version of its *Internet Safety 101* program between fiscal years (FY) 2007 – 2009. The multi-media *Internet Safety 101* program was released nationally in 2010 to provide parents, teachers and law enforcement with training to protect children from pornography, sexual predators, cyberbullies, and threats related to social networking sites, online gaming and mobile devices through a DVD and workbook training kit. Enough is Enough's mission is to make the internet safer for children and families by raising public awareness about the dangers of internet pornography and sexual predators.

### Exhibit 1: Summary of Awards Audited

Awards	Type of Award	Award Period	Award Amount
2007-JL-FX-K006	Discretionary	10/1/2007-9/30/2010	\$750,000
2009-DD-BX-0093	Earmark	10/1/2009-9/30/2011	\$500,000
Total			\$1,250,000

Source: Grants Management System (GMS) award documentation

## Audit Approach

We conducted this audit to determine whether costs claimed under the awards are allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the awards. To accomplish this objective, we tested compliance with what we considered the most important conditions of the awards. Unless otherwise stated in the report, we used the OJP Financial Guide (Financial Guide) to assess Enough is Enough's performance and compliance with award requirements.<sup>1</sup>

Specifically, we tested what we believed to be critical award requirements necessary to meet the objectives of the audit, including:

1. **Reporting** to determine if the required financial status and progress reports were submitted timely and accurately reflected award activity;
2. **Drawdowns** to determine whether award drawdowns were adequately supported and if the awardee was managing receipts in accordance with federal requirements;
3. **Budget Management and Control** to ensure that the awardee appropriately tracked costs to approved budget categories;
4. **Grant Expenditures** to determine the accuracy and allowability of costs charged to the award;
5. **Contractor Monitoring** to ensure compliance with overall financial management requirements; and
6. **Program Income** to ensure that any program income generated by DOJ-funded award activity was used in accordance with the Financial Guide.

The awards did not require matching funds or the monitoring of subgrantees. Although we reviewed progress reports and interviewed Enough is Enough officials and employees regarding the overall program performance supported by the DOJ awards, we concentrated our audit on Enough is Enough's financial management. We expanded the scope of our testing in light of several identified concerns regarding the Enough is

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<sup>1</sup> The Financial Guide serves as a reference manual that assists award recipients in the fiduciary responsibility to safeguard award funds and ensure funds are used appropriately. OJP requires grantees to abide by the requirements in the OJP Financial Guide.

Enough's financial management. Our concerns include that Enough is Enough: (1) does not require prior authorizations for award expenditures; (2) uses an unapproved, undocumented methodology for charging indirect costs; (3) had not finalized a written financial manual; (4) had turnover in its Director of Operations and Executive Director positions; and (5) had three employees and a bookkeeper overseeing the financial management of the awards with inadequate separation of duties.<sup>2</sup> These cross-cutting issues increase the risk that grant funds could be misused.

Additionally, while Enough is Enough was not required to have a single audit, OJP conducted a site visit on September 17, 2009.<sup>3</sup> The OJP grant manager recommended that Enough is Enough improve its travel authorization documentation procedures, improve its data collection and performance measurement, and send key staff members such as the Director of Operations, Office Manager, and Bookkeeper to New Grantee Orientation.<sup>4</sup> During our audit, we found that Enough is Enough had not improved its travel authorization documentation or sent 2 of the 3 recommended employees to New Grantee Orientation. Appendix I contains additional information on our objective, scope, and methodology.

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<sup>2</sup> Our audit reviewed award expenditures through August 31, 2010. Enough is Enough did not have a complete, written financial manual until September 2010, and hired Cordia Partners during our audit to refine its internal processes and improve their accounting for grants.

<sup>3</sup> A single audit is intended to provide a cost-effective audit for non-Federal entities in that one audit is conducted in lieu of multiple audits of individual programs. The single audit typically is conducted by an organization's external auditors. According to the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, non-federal entities that expend more than \$500,000 in a year in federal awards are required to have a single audit conducted. Enough is Enough did not expend more than \$500,000 in federal funds during any year of the grant.

<sup>4</sup> New Grantee Orientation is designed to give key staff members a better understanding of OJP programmatic and administrative requirements.

## **FINDINGS AND RECOMMENDATIONS**

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

Enough is Enough did not follow standard accounting practices or maintain adequate internal controls to ensure compliance with award requirements. The internal control issues limited our ability to reconcile financial status reports and drawdown requests to Enough is Enough's accounting records. Further, although all award costs must be supported with adequate documentation and allowable under approved budgets, the audit identified more than \$800,000 in either unallowable or unsupported costs. Examples of these costs include: (1) over \$117,000 in overdrawn funds (2) over \$378,000 in unsupported salaries; (3) more than \$106,000 in unallowable or unsupported other direct costs; (4) over \$3,300 in unallowable accountable property expenditures; and (5) over \$149,000 in unsupported indirect costs.

#### **Reporting**

The Financial Guide requires that grantees submit both financial and program progress reports to inform awarding agencies on the status of each award. Financial Status Reports (FSRs) should detail the actual expenditures incurred for each quarterly reporting period, while progress reports should be submitted semiannually and describe the activities, obstacles, and achievements of the project supported by each award.

Because accurate and timely FSRs and progress reports are necessary to ensure that DOJ awarding agencies can effectively monitor grant activities and expenditures, we reviewed Enough is Enough's submitted reports for the two grants under review. As detailed by the following sections, we generally found that Enough is Enough timely submitted FSRs and progress reports. However, we found that FSRs did not accurately report grant expenditures and progress reports over reported program activity.

## *Financial Status Reports*

DOJ awarding agencies monitor the financial performance of each grant via FSRs. According to the Financial Guide, FSRs should be submitted within 45 days after the end of each quarterly reporting period. Even when there have been no outlays of grant funds, a report containing zeroes must be submitted. Awarding agencies may withhold funds or future awards if reports are not submitted or are excessively late.

To verify the timeliness of the FSRs, we tested the last four reports that Enough is Enough submitted for each audited grant. We compared the submission date of each report with the date each report was due, and found that Enough is Enough submitted the tested FSRs on time.

The Financial Guide also states that the grantee's general ledger must support all amounts reported on the FSRs. To verify the accuracy of FSRs, we reviewed all FSRs completed as of August 2010 for the two awards. In total, we tested the accuracy of 11 FSRs under award 2007-JL-FX-K006 and 3 FSRs for award 2009-DD-BX-0093. For award 2007-JL-FX-K006, we could not reconcile the amounts recorded on 8 of the 11 FSRs, and for award 2009-DD-BX-0093 we could not reconcile 2 of the 3 FSRs tested. As shown by Exhibit 2, these FSR discrepancies ranged from potentially under-reporting more than \$42,000 in expenditures per quarter to potentially over-reporting more than \$22,000 in quarterly financial activity for award 2007-JL-FX-K006.

**Exhibit 2: Summary of Review of FSR Accuracy**

<b>Report Period (From - To)</b>	<b>Expenditures Per FSR (\$)</b>	<b>Expenditures Per General Ledger (\$)</b>	<b>Difference (\$)</b>
<b>2007-JL-FX-K006</b>			
10/1/07 - 12/31/07	-	-	-
1/1/08 - 3/31/08	5,350	5,250	(100)
4/1/08 - 6/30/08	61,877	39,644	(22,233)
7/1/08 - 9/30/08	16,879	59,475	42,596
10/1/08 - 12/31/08	103,988	124,513	20,525
1/1/09 - 3/31/09	111,285	95,586	(15,699)
4/1/09 - 6/30/09	103,354	97,354	(6,000)
7/1/09 - 9/30/09	113,180	107,667	(5,513)
10/1/09 - 12/31/09	111,951	93,206	(18,745)
1/1/10 - 3/31/10	36,002	36,002	-
4/1/10 - 6/30/10	23,750	23,750	-
<b>2009-DD-BX-0093</b>			
10/1/09 - 12/31/09	46,910	48,758	1,848
1/1/10 - 3/31/10	84,755	82,880	(1,875)
4/1/10 - 6/30/10	62,262	62,262	-

Source: OIG analysis of Enough is Enough's accounting records and FSRs

During our audit, Enough is Enough stated that the amounts recorded on the FSRs were supported by the quarterly Profit and Loss statements. However, neither the quarterly statements nor the general ledger generally support the amounts listed on the FSRs. From this analysis, we concluded that Enough is Enough made changes to the general ledger after the FSRs were prepared. We found a memorandum that stated adjustments were made to contractor fees and supplies after the FSRs were filed. However, there were no specific amounts, reporting periods, or other details listed in the memorandum to verify the accuracy of those FSRs. Additionally, the bookkeeper stated that there were times when the FSRs were submitted before the accounting period was "locked."<sup>5</sup> The effect of this practice is that the quarterly Profit and Loss statements and the expenditures recorded in the general ledger for the period do not reconcile to the FSRs. In our opinion, the lack of adequate internal accounting controls impaired our ability to reconcile Enough is Enough's general ledger to submitted FSRs,

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<sup>5</sup> At the end of a uniform reporting period (which may be monthly, quarterly, or annually), a standard accounting practice is to "lock" the accounting period to prevent users from recording or modifying financial transactions for that period of time. According to its written policies, Enough is Enough closes or locks their general ledger monthly. However, it appears that Enough is Enough posted expenditures to its general ledger after the quarterly Profit and Loss statements were prepared.

Enough is Enough's ability to ensure that its submitted FSRs were accurate, and increases the risk of fraudulent activities going undetected. Therefore, we recommend that OJP require Enough is Enough to develop and implement written policies and procedures that ensure award expenses are accurately reported on its FSRs.

### *Progress Reports*

While FSRs report grant financial activity, progress reports describe the project status and accomplishments of the DOJ-grant supported program or project. Progress reports should also describe the status of the project and compare actual accomplishments to anticipated grant objectives. According to the OJP Financial Guide, grantees are required to submit progress reports every six months during the performance period of the award. Progress reports are due 30 days after the end of each semi-annual reporting period, June 30 and December 31. DOJ awarding agencies may withhold grant funds if grantees fail to submit accurate progress reports on time.

To assess whether Enough is Enough submitted progress reports on time, we reviewed progress report submission dates for each of the awards and compared these dates to the due date for each progress report. For award 2007-JL-FX-K006, we reviewed six progress reports, and for 2009-DD-BX-0093 we reviewed two progress reports. We found that Enough is Enough generally submitted progress reports in a timely manner.

To determine if Enough is Enough's progress reports contained accurate performance measurement data, we analyzed the two most recent progress reports for awards 2007-JL-FX-K006 and 2009-DD-BX-0093. Enough is Enough's progress reports for awards 2007-JL-FX-K006 and 2009-DD-BX-0093 are addressing each of the award's objectives, and each of the objectives is consistent with the purpose of the OJJDP National Juvenile Justice Program to reduce child victimization. From Enough is Enough's two most recent progress reports for each grant, we selected three program measures to verify to supporting documentation. As summarized in Exhibit 3, we were unable to verify all claimed achievements.

### Exhibit 3: Summary of Progress Report Testing

Reporting Period	Performance Measure	
	Reported	Verified or Funded by Grant
<b>2007-JL-FX-K006</b>		
7/1/2009 – 12/31/2009	1,000 kits distributed	500 kits were paid for with grant funds
1/1/2010 – 6/30/2010	2,000 kits distributed	838 kits verified to documentation
1/1/2010 – 6/30/2010	1,027 people attended in-person training	1,027 attendees verified to grantee summaries
<b>2009-DD-BX-0093</b>		
10/1/2009 – 12/31/2009	In-person training for 50 adults	50 adults attending in-person training were verified to speaker sheets, sign-in sheets, correspondence, and surveys
1/1/2010 – 6/30/2010	1 Staff member completed <i>Internet Safety 101</i> Program training	Verified staff member was employed and trained during reporting period
1/1/2010 – 6/30/2010	In-person training for 175 adults	175 adults trained in-person were verified; however, the same 175 people trained were also claimed under 2007-JL-FX-K006 award

Source: Grantee progress reports and supporting documentation

We noted that Enough is Enough sometimes reported the same training sessions on two different grants. For example, the 2007 award is for nationwide training while the 2009 award is for training in Virginia. Enough is Enough included training conducted in Virginia on both the 2009 performance achievements and the 2007 performance achievements. We spoke with OJP regarding this “double-counting” of training and they stated that grantees should not double count performance measures, or any other data, reported to OJP. Grantees are expected to accurately report all information included in its program and financial reports and maintain appropriate back-up documentation to support the data reported.

We tested the number of kits the grantee reported distributed during two different periods.<sup>6</sup> For the period 7/1/2009 – 12/31/2009 Enough is Enough reported distributing 1,000 kits; however, the documentation indicates that grant funds paid for only 500 kits with the other 500 kits being distributed by the Virginia Attorney General Office.<sup>7</sup> Additionally, we tested the 2,000 kits distributed during period 1/1/2010 – 6/30/2010. Enough is Enough provided a spreadsheet that tracked the number of kits distributed

<sup>6</sup> Kits include a workbook and resource guide, training booklet, and a 2 disc DVD teaching series on Internet safety.

<sup>7</sup> An OJP official stated that they would expect Enough is Enough to disclose that 500 of the 1,000 kits reported as distributed were funded by another grant.

and according to its spreadsheet, only 838 kits were distributed during the period. Therefore, we were unable to verify the reported number of kits distributed.

Furthermore, an OJP September 2009 site visit recommended that Enough is Enough improve the reporting of performance measures by collaborating with OJJDP's Research Coordinator and performance contractor, CSR Incorporated. However, our review did not note any collaborative efforts to improve performance metric reporting.<sup>8</sup> Therefore, we recommend that OJP ensure Enough is Enough improves the reporting of performance measures to accurately report on separate objectives for each grant.

## **Drawdowns**

To obtain DOJ award money, grant recipients must use an automated system to request funds via drawdowns. The Financial Guide states that grant recipients should only request federal award funds when they incur or anticipate project costs. Therefore, recipients should time their requests for grant funds to ensure that they will only have the minimum federal cash on hand required to pay for actual or anticipated costs within 10 days.

Enough is Enough officials stated they request reimbursement of expenditures and base drawdown requests on their monthly "burn rate" of expenditures and the FSRs are the support for the drawdown requests.<sup>9</sup> However, we noted that the grantee generally requested the same amount for each draw down.<sup>10</sup>

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<sup>8</sup> We interviewed Enough is Enough personnel and were told the Director of Communications and President complete the progress reports and the source of information that goes into the creation of the progress reports depends on the deliverable and objective. For example, Enough is Enough indicated they used calendars to identify speaking engagements it conducted and spreadsheets to count the number of DVDs it provided. Neither the President nor the Director of Communications indicated they collaborated with OJJDP's Research Coordinator and performance contractor, CSR Incorporated. In July 2011, following the exit conference and release of the draft report, OJP approved alternative measures to report performance metrics.

<sup>9</sup> However, we found the FSRs to be generally inaccurate. Additionally, FSRs are completed on a quarterly basis, but drawdowns are requested more frequently.

<sup>10</sup> See Appendix II for our analysis of the draw downs for awards 2007-JL-FX-K006 and 2009-DD-BX-0093 from inception through August 2010.

To ensure that Enough is Enough requested funds properly and kept minimum federal cash on hand, we analyzed Enough is Enough's drawdowns for the two awards from the beginning of each award period through August 2010. We analyzed expenses incurred in the general ledger and compared the total with the amount requested, taking into account an additional 10 days of anticipated costs. As shown in Exhibit 4, award 2007-JL-FX-K006 was overdrawn by more than \$22,000, and 2009-DD-BX-0093 was overdrawn by over \$94,000.

#### **Exhibit 4: OIG Analysis of Drawdowns**

Award	Total Drawn Down Per OJP	Total Expenditures Per General Ledger	Difference
2007-JL-FX-K006	\$730,000	\$707,712	\$ (22,288)
2009-DD-BX-0093	230,000	135,115	(94,885)
Total	\$960,000	\$842,827	\$(117,173)

Source: OIG analysis of OJP records and Enough is Enough general ledger as of August 31, 2010

DOJ awarding agencies rely on grantees to report costs accurately so they are aware of the progress of grant awards. By overdrawing on grant funds, Enough is Enough is not adhering to the minimum cash-on-hand policy. Therefore, we recommend that OJP remedy \$22,288 in overdrawn funds for award 2007-JL-FX-K006, and \$94,885 in overdrawn funds from grant 2009-DD-BX-0093.<sup>11</sup> Further, we recommend that OJP require that Enough is Enough develop and implement procedures for reconciling drawdown requests to its general ledger.

#### **Budget Management and Control**

The Financial Guide states that grantees should expend grant funds according to the budget approved by the awarding agency and included in the final award. Approved grant budgets document how much the grantee is authorized to spend in high-level budget categories, such as personnel, travel, program income, and contractors. The Financial Guide also states grantees may request a modification to approved grant budgets to reallocate amounts between various budget categories within the same grant award. No prior approval is required if the reallocations between budget categories do not exceed 10 percent of the total award amount.

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<sup>11</sup> Questioned costs are expenditures that do not comply with legal, regulatory or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

We compared the actual amounts spent in each budget category to the budgeted amounts in the same categories for both awards. For grant 2009-DD-BX-0093, Enough is Enough adhered to Financial Guide requirements. However, as shown in Exhibit 5, for award 2007-JL-FX-K006, Enough is Enough had shifted more than 10 percent of its budget between two categories - personnel and contractors - without prior approval.

**Exhibit 5: 2007-JL-FX-K006 Budget Analysis**

<b>Cost Category</b>	<b>Award Budget</b>	<b>Actual Expenditures</b>	<b>Over-budget</b>
Personnel	\$ 353,250	\$ 250,056	
Fringe Benefits	34,088	21,556	
Travel	13,688	7,066	
Equipment	20,094	22,973	\$ 2,879
Contractual	194,160	312,291	118,131
Other	134,720	106,054	
<b>Total</b>	<b>\$ 750,000</b>	<b>\$ 719,996</b>	<b>\$ 121,010</b>
<b>Total Over-budget Amount</b>			<b>\$ 121,010</b>
<b>Allowable 10% of Total Costs</b>			<b>\$ 75,000</b>
<b>Unallowable Cost</b>			<b>\$ 46,010</b>

Source: OIG analysis of grantee’s approved budget and accounting records

According to Enough is Enough, the primary reason for the deviation from the approved budget was because the grantee had budgeted for personnel positions, but instead either employed the persons as contractors or paid for positions that were not in the approved budget, as shown in Exhibit 6.

**Exhibit 6: OIG Analysis of Approved Personnel for  
Award 2007-JL-FX-K006**

Position	Personnel Approved in Budget	Position Filled By:	
		Personnel	Contractor
Executive Director / President	Yes	X	
Program Director	Yes		X
Content Developer / Researcher	Yes	X	
Secretarial Support	Yes		X
Administrative Assistant	Yes	X	
Strategic Partnership Manager*	Yes	X	X
Director of Communications**	No	X	
Special Advisor to the President	No		X

Source: Enough is Enough personnel information and OJP's Grant Management System (GMS).

\* The Strategic Partnership Manager position was first filled by an employee who later became a contractor

\*\* The Director of Communications and the Content Developer / Researcher positions were held by the same employee.

Enough is Enough did not receive OJP approval for budget modifications to shift funding from the personnel to the contractual cost category.<sup>12</sup> Therefore, we recommend that OJP remedy \$46,010 in unallowable cost category transfers.

**Grant Expenditures**

According to 2 C.F.R. Part 230, *Cost Principles for Non-Profit Organizations* (formerly known as OMB Circular A-122), costs are allowable if they are reasonable, consistently applied, adequately documented, comply with policies and procedures, and conform to any limitations or exclusions specified in applicable criteria. As of August 31, 2010, the Enough is Enough general ledger reported \$719,996 in project costs associated with award 2007-JL-FX-K006 and \$230,808 in project costs associated with award 2009-DD-BX-0093. We sampled \$185,670 (26 percent) charged to the 2007 award and \$88,948 (39 percent) charged to the 2009 grant to ensure the costs were allowable. Exhibit 7 displays by type of sampled cost, the

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<sup>12</sup> Enough is Enough stated that they would request a grant adjustment from OJP for the 2007 award, but according GMS, Enough is Enough has not formally requested the adjustment as of August 18, 2011. We note that OJP approved a budget modification on April 12, 2011; however, these modifications were to the 2009 grant, which we did not find unallowable cost category transfers.

total value of the expenditures in each category, and the amount of questioned costs our testing identified.

### Exhibit 7: Summary of Expenditures Review

Type of Cost	Total General Ledger Costs	Questioned Costs
<b>2007-JL-FX-K006</b>		
Salary	\$ 250,056	\$250,056
Other Direct Costs	364,557	71,505
Indirect Costs <sup>13</sup>	101,858	101,858
Accountable Property	3,525	3,390
<b>Total 2007-JL-FX-K006</b>	<b>\$719,996</b>	<b>\$426,809</b>
<b>2009-DD-BX-0093</b>		
Salary	\$ 128,679	\$128,679
Other Direct Costs	51,525	35,024
Indirect Costs <sup>13</sup>	47,662	47,662
Accountable Property	2,942	0
<b>Total 2009-DD-BX-0093</b>	<b>\$230,808</b>	<b>\$211,365</b>

Source: OIG analysis of grant expenditures and supporting documentation

The following sections detail our findings by cost category.

#### *Salary*

We reviewed Enough is Enough's timekeeping and payroll policies for charging costs associated with salaries. Enough is Enough's policies specify that all employees are required to complete a weekly timesheet and record all time worked by program and leave taken. According to the timekeeping policy, once the employees complete the timesheet they submit their timesheets to the Office Manager for approval; however, the payroll

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<sup>13</sup> The grantee did not identify indirect costs in their budget request and OJP did not approve any indirect costs in the approved budget; however, during the audit we found that the grantee identified in an internal memorandum certain items as indirect costs. The grantee identified Rent, Office Expenses, Payroll Processing Fee, Payroll Taxes, Print and Reproduction, Program Expenses, Marketing Supplies, Office Supplies, Program Supplies, Telephone, Utilities, Postage, and Shipping and Delivery as indirect expenses. Therefore, we classified all of these expenses as indirect costs. See section of the report which discusses indirect costs.

procedures indicate the Executive Director or Operations Manager is responsible for reviewing and approving time.<sup>14</sup>

Enough is Enough pays personnel on a bi-weekly basis. However, their policies specify all salaries and related taxes are charged first to its general management account and then at the end of the month, salaries and associated taxes are allocated to projects (DOJ grants and other organizational cost objectives) via journal entry based on the monthly percentage of hours worked on each project.

In order to verify labor charges, we requested a list of all employees paid with grant funds including each employee's salary and pay rates for each year the employee was paid with grant funds. We also selected a random sample of timesheets and accompanying pay stubs in order to trace the hours worked to the charges found in the general ledger.<sup>15</sup> We noted that the grantee is not adhering to its timekeeping and payroll policies. Therefore, we could not verify the payroll or associated fringe benefit costs because:

- 24 of 50 timesheets tested were either approved by the employee themselves or not approved by the Office Manager, the Executive Director, or the Operations Manager.<sup>16</sup>
- 16 of 50 timesheets were not completed appropriately. For example, check marks were used to denote vacation or sick time taken but the number of hours was not denoted.

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<sup>14</sup> Our review of Enough is Enough's financial guide determined that most of the policies and procedures are carried out by the Executive Director or Operations Manager. However, the Executive Director position was vacant almost the entire award period and the Operations Manager position was vacant for 8 months of the award period (November 2009 – February 2010 and June 2010-November 2010). The President and Office Manager assumed these additional duties during these times.

<sup>15</sup> The pay periods selected were for the first full pay period in January 2009, December 2009, April 2010, and June 2010. However, Enough is Enough provided us random timesheets that were outside of our original requested timeframe. We included these timesheets in our sample analysis and requested accompanying pay stubs. We tested \$23,401 of payroll charges on 2007-JL-FX-K006 and \$38,309 on 2009-DD-BX-0093.

<sup>16</sup> Specifically, we found instances where the Office Manager and the President approved their own timesheets.

- For 41 of 50 timesheets tested, Enough is Enough did not produce pay stubs necessary to verify the pay rate used.<sup>17</sup>
- The general ledger for both awards generally showed multiple payroll entries in a month for payroll; however, the grantee's payroll accounting procedures state that the labor charges are allocated to the awards on a monthly basis. Additionally, we noted that payroll amounts per month appeared to vary significantly. For example, according to the general ledger, in one month one employee received payroll checks amounting to 35 percent of their annual salary.

We requested clarification from the grantee on these issues and Enough is Enough stated that at the end of FY 2009, they recognized that the payroll charges were incorrect and they performed a reallocation of payroll costs. As a result of this reallocation, the grantee said the timesheets will not correspond to the labor charges in the general ledger.

According to Enough is Enough, in order to compute the reallocation charges, the grantee reviewed 100 percent of each employee's timesheets to calculate the total number of hours the employee worked for the year and the total number of hours the employee worked on each project (DOJ awards, other grants, or management and general activities such as congressional education)<sup>18</sup>. Using this information, they determined the annual percentage of time the employee worked on each project and extended this percentage by their total salary. Enough is Enough then made journal entries to each project to "correct" the labor costs previously charged. We requested documentation and support for the reallocation entries.

We reviewed these reallocation calculations and resulting journal entries, but could not verify that the calculation or entries are correct and thus ascertain if the amounts charged to the DOJ awards for labor are correct. In our analysis, we noted the following issues:

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<sup>17</sup> The bookkeeper stated that Enough is Enough could not provide us with all the pay rates or pay stubs for all of the pay periods we selected for testing.

<sup>18</sup> We use the term congressional education to capture specific activity of Enough is Enough. Enough is Enough's President described this activity as meeting with Congressmen and staffers to educate them on Enough is Enough's program with the hopes that Enough is Enough will receive funding.

- During our audit, we were given two different copies of the FY 2009 reallocation spreadsheet used to compute these corrections.<sup>19</sup> However, these spreadsheets contained different allocations of the President's time.
- The reallocation spreadsheet used a column entitled "other" but the timesheets provided during our review do not have this category. Therefore, it does not appear the "other" category was an available category at the date the timesheets were prepared and we are uncertain how the grantee arrived at an allocation for this category based on the methodology they described.
- In FY 2009, the Executive Assistant position was filled by two employees; however, the first version of the reallocation spreadsheet only took into account one employee's time. Enough is Enough subsequently provided us with a second reallocation spreadsheet to account for both Executive Assistants' time. However, the timesheets do not support either version of the reallocation.
- We noted that in FY 2009, the Director of Communications, whose assigned duties include congressional education, only charged 41 hours to the management and general account. The management and general account was used by the grantee to accumulate all non-grant specific activity including congressional education and other non-federal grants. We asked Enough is Enough about the minimal time charged to the management and general account, and the grantee adjusted the FY 2009 reallocation spreadsheet to include more hours in the management and general account. However, Enough is Enough did not provide any additional details identifying which entries were adjusted or provide timesheets to accompany the adjustments. Therefore, we cannot be certain the grantee was correctly identifying all congressional education costs and excluding those costs from the grant awards

Enough is Enough personnel also indicated that they would perform another reallocation of labor at the end of FY 2010. The grantee provided us with the spreadsheet used to track its FY 2010 labor distribution that will be used to perform its year end FY 2010 labor charge reallocation. We reviewed this documentation, compared it to our sample of timesheets, and identified the following issues:

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<sup>19</sup> We received the first set of records on October 21, 2010. Following our November 17, 2010 meeting with Enough is Enough to discuss identified issues, the grantee provided the second copy of the records on December 17, 2010.

- The grantee did not include the hours from 9 timesheets in the FY 2010 spreadsheet. After we discussed the missing timesheets with the grantee, the grantee revised the FY 2010 spreadsheet not by locating the timesheets, but by calculating the number of hours worked on each cost objective (grant, congressional education, or management and general) based on the original general ledger charges. The grantee’s method does not support the changes to the FY 2010 spreadsheet because without timesheets the general ledger charges are not supported.
- For July 2010, every Enough is Enough employee had the same time distribution for the entire month. Additionally, this is the only month in 2010 that charged time to the “other” category.<sup>20</sup>

Based on the issues identified with Enough is Enough’s reallocation of FY 2009 labor charges and the spreadsheet that Enough is Enough maintained for the FY 2010 reallocation, we question all labor charges under both DOJ awards as unsupported, as summarized in Exhibit 8. Therefore, we recommend OJP remedy the unsupported labor costs of \$250,056 and \$128,679 for DOJ awards, 2007-JL-FX-K006 and 2009-DD-BX-0093, respectively. Furthermore, we recommend that OJP require Enough is Enough to improve its payroll procedures to ensure that timesheets are prepared and approved appropriately.

### Exhibit 8: Summary of Questioned Labor Costs

Position	Award Charges	
	2007-JL-FX-K006	2009-DD-BX-0093
President	\$ 95,889	\$ 45,274
Director of Communications	19,434	30,200
Office Manager/ Executive Assistant	51,585	29,695
Strategic Partnerships/Marketing Manager	26,558	22,887
Executive Director	0	623
Research Assistant	56,590	0
<b>Total Labor Costs</b>	<b>\$250,056</b>	<b>\$128,679</b>

Source: OIG analysis of Enough is Enough’s general ledger

<sup>20</sup> Employee work time was distributed across the same cost objectives with 20 hours charged to the 2007 award, 16 hours charged to the 2009 award, and 4 hours charged to the “other” category for every week in July 2010. In our judgment, it is unusual that all personnel in an organization had the exact allocation of efforts for an entire month.

### *Other Direct Costs*

We selected a judgmental sample of 23 other direct cost transactions from award 2007-JL-FX-K006 totaling \$160,670, and 12 other direct cost transactions from 2009-DD-BX-0093 totaling \$35,024 to determine if the charges are allowable and allocable to the DOJ awards. Additionally, we requested a list of contractors paid with award funds and reviewed the contracts to ensure that these expenditures were in accordance with the award terms. During the project period, Enough is Enough paid 12 contractors with award funds to produce its DVD and *Internet Safety 101* materials; provide accounting, legal, and consulting services; evaluate the success of its program; and staff the Operations Manager and Strategic Partnerships/Marketing Manager positions.

Based on our review, we questioned \$2,330 as unallowable on award 2007-JL-FX-K006. We also question as unsupported \$69,175 and \$35,024 on awards 2007-JL-FX-K006 and 2009-DD-BX-0093, respectively.

#### Unallowable Costs

As shown in Exhibit 9, we questioned as unallowable 6 transactions totaling \$2,330 on award 2007-JL-FX-K006. No transactions reviewed in grant 2009-DD-BX-0093 were determined to be unallowable.

**Exhibit 9: Summary of Unallowable Other Direct Costs on Award  
2007-JL-FX-K006**

<b>Account Description</b>	<b>General Ledger Date</b>	<b>General Ledger Amount</b>	<b>Unallowable Amount</b>	<b>Note</b>
Contract Fee	6-3-08	\$6,667	\$667	Portion of invoice not related to grant
Contract Fee	7-16-08	6,667	667	Portion of invoice not related to grant
Travel & Entertainment Mileage	1-8-09	33	33	Mileage to meeting with the then OJJDP Administrator to discuss grant implementation and his possible future employment at Enough is Enough
Travel & Entertainment Mileage	1-13-09	479	479	Spa and sushi charges
Communication and PR	1-13-09	920	384	Birthday cake for employee, meals in excess of per diem
Employee Reimbursement	10-27-09	262	100	Rebate not recouped on Blackberry device purchase
<b>Total</b>			<b>\$2,330</b>	

Source: OIG analysis of Enough is Enough's general ledger expenses and supporting documentation

On two consultant invoices we reviewed, Enough is Enough indicated a portion of the consultant charges were for services unrelated to grant management. Therefore, the identified portion (\$667) is not allocable to the 2007 award. Additionally, Enough is Enough included the mileage costs to a November 2008 lunch with the Administrator of OJJDP at the time (J. Robert Flores). The lunch concerned a status update of the Enough is Enough program. According to the President of Enough is Enough, the possible

employment of the Administrator after he left office was also discussed. Therefore, we question the mileage cost as an unallowable expense.<sup>21</sup>

During our review of expenses, we noted charges to the 2007 award for spa services, sushi, meals in excess of per diem, and an employee birthday cake. Enough is Enough's President concurred that these expenses should not have been included on the grant charges, and reimbursed the grant for these expenses.<sup>22</sup> Further, we observed the grantee purchased a Blackberry device and was provided a \$100 rebate that was not allocated to the grant. According to 2 C.F.R Part 230, if the rebate relates to an allowable cost, the grantee should credit the award for the rebate.

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<sup>21</sup> Mr. Flores served as the OJJDP Administrator from 2002 through January 2009. As Administrator, Mr. Flores approved Enough is Enough's 2007 award. This award, as well as many other FY 2007 OJJDP awards, was controversial because other award applicants received higher peer review scores, but were bypassed in favor of applicants who received much lower peer review scores. An April 2009 OIG audit found that as OJJDP Administrator, Flores had full discretion to make awards without being bound by peer review scores. However, neither Flores nor OJJDP maintained any documents to show why specific award decisions were made. U.S. Department of Justice Office of the Inspector General, *Procedures used by the Office of Juvenile Justice and Delinquency Prevention to award Discretionary Grants in Fiscal Year 2007*, Audit Report 09-24 (April 2009).

Subsequent to leaving office, Mr. Flores started Hampton Road Strategies, LLC and was retained as a Special Advisor to the Enough is Enough President. Mr. Flores began work with Enough is Enough on February 2, 2009, but his consulting charges were not allocated to the 2007 DOJ award until March 2, 2010 – over 1 year after he left his position as OJJDP Administrator. Mr. Flores also provided consulting services for the 2009 DOJ award.

<sup>22</sup> We provided Enough is Enough with a list of unallowable expenses and discussed these issues with Enough is Enough on November 17, 2010. In December 2010, Enough is Enough's President reimbursed the spa, sushi, and charges related to meals in excess of per diem. Enough is Enough also provided adjusting journal entries showing that the remaining unallowable other direct costs had been reversed from the 2007 award and charged to its management general account.

## Unsupported Costs

We noted that 13 of the 23 other direct costs transactions tested on award 2007-JL-FX-K006 and 12 of the 12 other direct costs transactions tested on 2009-DD-BX-0093 did not have adequate documentation to determine if the expenses were allowable charges. We recommend OJP require that Enough is Enough implement internal controls that ensure the grantee maintains adequate documentation to support allowable charges on DOJ awards including: (1) appropriate approvals on reimbursement requests; (2) maintaining invoices, receipts and receiving reports to support grant expenditures; (3) a revised travel reimbursement process in-line with OJP site visit requirements; (4) an objective method to allocate contractor and consultant expenses to cost objectives that can be independently verified; and (5) sufficient support for reallocation or adjusting entries including the methodology, rationale, approvals, supporting schedules, and supporting documentation such as invoices, timesheets and journal entries.

Exhibits 10-11 and the following sections of the report summarize the basis for our questioning the 25 transactions. The 13 unsupported transactions on award 2007-JL-FX-K006 total \$69,175 and 12 unsupported transactions on 2009-DD-BX-0093 total \$35,024.

### Exhibit 10: Summary of Unsupported Other Direct Costs for Award 2007-JL-FX-K006

Transaction			Unsupported Costs		Notes
General Ledger Date	General Ledger Amount	Account Description	Unsupported Allocation	Missing Documentation	
6-3-08	\$6,667	Contract Fee	\$6,000		No support for the allocation of 100 percent of the costs to this grant.
7-16-08	6,667	Retainer Fee	6,000		No support for the allocation of 100 percent of the costs to this grant.
1-8-09	7,678	Better Impressions	7,678		Unclear allocation. Reimbursement request has multiple cross outs, the check register description conflicts with costs charge to the DOJ award.
1-8-09	1,271	Travel and Entertainment		\$846	Some mileage costs are missing dates or the purpose of the trip, and how it relates to the grant.
1-13-09	920	Communications and PR		268	The approved budget did not list local meals and some of these local meals are missing the purpose of the meal, how it directly relates to the grant.
7-29-09	400	Erie Insurance	400		Insurance costs were not authorized as a direct expense and no support for the allocation of the costs to this grant.
10-15-09	7,947	Bonnemaison		7,947	The payee in general ledger does not match the payee on the check; the reimbursement request splits the charge differently than how the general ledger lists the payment.
10-27-09	262	Employee reimbursement	162		The approved budget did not list Blackberry devices as approved equipment; no support for the allocation of 100 percent of the costs to this grant.
12-22-09	23,250	Adfero Group	23,250		No support for the allocation of 100 percent of the costs to this grant when similar invoice split between the 2007 award and management and general.
3-9-10	13,750	Adfero Group	13,750		Similar invoice charged 100 percent to the 2007 award; this one is split with no documentation for the basis for the allocation.
3-31-10	2,473	Product Giveaway		2,473	No documentation supporting this expense.
7-27-10	358	Repair to Mac Computer	358		The Apple computer was not authorized as a direct expense and no support for the allocation of 100 percent of the repair costs to this grant.
7-1-10	43	Internet charges		43	No invoice provided and no support for the allocation.
<b>Totals</b>			<b>\$57,598</b>	<b>\$11,577</b>	

Source: OIG analysis of Enough is Enough's general ledger expenses and supporting documentation

**Exhibit 11: Summary of Unsupported Other Direct Costs for Award 2009-DD-BX-0093**

Transaction			Unsupported Costs		Notes
General Ledger Date	General Ledger Amount	Account Description	Unsupported Allocation	Missing Documentation	
12-10-09	\$2,500	Fulfillment	\$2,500		Fulfillment costs were not included on the 2009 award budget; no support for the allocation.
3-31-10	4,235	Byron Bartlett Consulting	4,235		No documentation supporting the allocation.
3-2-10	3,960	Hampton Roads, LLC	3,960		No documentation supporting the allocation.
3-31-10	3,960	Hampton Roads, LLC	3,960		No documentation supporting the allocation.
3-10-10	3,450	Julie Koh Consulting	3,450		No documentation supporting the allocation.
3-9-10	1,053	CPA Services	1,053		No documentation supporting the allocation.
4-30-10	5,220	Byron Bartlett Consulting	5,220		No documentation supporting the allocation.
4-16-10	3,450	Julie Koh Consulting	3,450		No documentation supporting the allocation.
5-14-10	3,450	Julie Koh Consulting	3,450		No documentation supporting the allocation.
6-17-10	3,537	Julie Koh Consulting	3,537		No documentation supporting the allocation.
7-6-10	180	Cleaning Services	180		Cleaning costs split only between the 2 DOJ awards; the allocation is unsupported.
7-2-10	29	Service Charge		\$29	No documentation on what the charge is for; no documentation on what basis the cost is allocated.
<b>Totals</b>			<b>\$34,995</b>	<b>\$29</b>	

Source: OIG analysis of Enough is Enough's general ledger expenses and supporting documentation

Unsupported Costs on Award 2007-JL-FX-K006.

As summarized in Exhibit 10, we identified 13 in our sample of 23 other direct costs transactions that were questioned because either the method used to allocate the costs to the 2007 award was not supported or the transactions were missing supporting documentation. For example, the contract fee and retainer fee transactions are expenses attributable to the contractor (IYS Corporation) hired as the Enough is Enough Operations Manager. While we were provided an invoice for the monthly service fee, we were not provided a listing of tasks the individual performed that were directly related to the 2007 award or any breakout of the time spent on each task. Further, the contractor agreement we were provided specifically states that IYS will provide consultation and services as required to direct the operational, financial and administrative management of a 2005 OJJDP awarded (award number 2005-JL-FX-K198). The 2007 award is not listed and the agreement was dated March 2008, after the 2007 award was granted. Therefore, the two \$6,000 charges to the 2007 award are unsupported.

For the \$7,678 (Better Impressions) transaction, Enough is Enough provided documentation that had numerous unexplained cross outs on the reimbursement request and the description from the "Write Check" printout did not correspond with the amounts charged to the DOJ award; therefore, the amount allocated to the DOJ award is not supported.<sup>25</sup> Additionally, we noted inconsistent treatment of like and similar charges. One Adfero invoice was charged entirely to the 2007 award (\$23,250) and another (\$13,750) was split between the 2007 award and non-DOJ activities. No documentation was provided supporting either the 100 percent allocation to the 2007 award or the split allocation. According to 2 C.F.R. Part 230, a cost is allocable to a federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances. Because the grantee is treating like and similar cost inconsistently, we question the unsupported allocations.

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<sup>25</sup> Enough is Enough uses the "Write Check" feature within Intuit QuickBooks software to fill out checks. This feature allows you to fill out an onscreen form that looks like a real business check. The user types in the numbers and QuickBooks does the math and automatically adds the check to your register. The description Enough is Enough used to itemize the charges to the 2007 award on the "Write Check" for the Better Impressions transaction in question does not match the description of what was charged to the 2007 award on the notations made on the Better Impressions invoice.

We noted 5 transactions that were missing supporting documentation.

- The \$1,271 travel and entertainment transaction, dated 1/8/09, is for mileage reimbursement, but several trips totaling \$846 are missing the complete date and purpose of the meeting so we cannot ascertain if they directly tie to the 2007 award.
- The \$920 Communications and PR transaction, dated 1/13/09, is comprised of numerous meal cost reimbursements. Several of the meals appear to be local meals and the 2007 award did not contain an allotment for local meals; regardless, several of the meals totaling \$268 are missing the purpose of the meals and how the purpose directly relates to the 2007 award.
- The \$7,947 in the general ledger is listed as a payment to Bonnemaison, but we were provided a credit card charge to a different contractor. Further, we cannot reconcile the credit card charge to the provided invoice, and the "Write Check" print out specifies a different split of the costs than reflected in the general ledger.
- The \$2,473 transaction was listed in the general ledger as Product Giveaway and the \$43 transaction was listed as internet charges. We were provided no invoice or other documentation for either of these expenses.

For three transactions the grantee did not provide sufficient documentation to support the allocation of costs to the 2007 award. For example, \$400 of a \$703 insurance expense was allocated to the 2007 award. The grantee had not requested insurance as a direct or indirect cost in their approved budget and no support was provided on how the grantee determined the amount charged to the 2007 award. Additionally, the grantee charged the entire cost of a Blackberry device and a repair of an Apple computer to the 2007 award even though no Blackberry device or Apple computer was included in the approved budget and they did not provide any documentation justifying the allocation of 100 percent of the cost to the 2007 award.

*Unsupported Costs on Award 2009-DD-BX-0093.*

As summarized in Exhibit 11, we identified 12 in our sample of 12 other direct costs transactions totaling \$35,024 that were questioned because the method used to allocate the costs to the 2009 award was not

supported or the grantee was missing documentation.<sup>26</sup> For example, 9 of the 12 transactions tested were for various consulting charges. We reviewed the provided documentation and were not able to validate the charge to the 2009 award because the grantee did not require the contractor to itemize tasks by award and the number of hours the consultant worked to accomplish the task. Without a means to verify what the consultant did specifically for the 2009 award and how much of the total consulting charge is applicable to those identified tasks, we cannot ensure that the 2009 award was correctly charged. Therefore, all 9 consulting charges tested are considered unsupported.

In addition to the consulting charges, we question 2 transactions because of unsupported allocations. The \$2,500 fulfillment and the \$180 cleaning transactions were charged to the 2009 award even though the 2009 approved budget did not list any of these types of costs.<sup>27</sup> Further, the grantee did not provide any documentation supporting the allocation of these costs to the 2009 award. In the case of the fulfillment, 100 percent of these expenses were charged to the 2009 award, while 50 percent of the cleaning costs were charged. Since the 2007 and not the 2009 award contained direct fulfillment costs, and cleaning costs easily benefit more than just DOJ awards, additional documentation is needed to support the grantee's allocations.

### *Indirect Costs*

The grantee requested in their approved 2007 and 2009 budgets direct costs; they did not request any indirect costs and did not provide an approved cost allocation plan.<sup>28</sup> However, we determined that Enough is Enough was distributing some costs to several cost objectives (awards or general management activities) by using an unsupported allocation base. Further, a grantee memorandum, dated May 27, 2010, identified Rent, Office Expenses, Payroll Processing Fee, Payroll Taxes, Print and Reproduction, Program Expenses, Marketing Supplies, Office Supplies,

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<sup>26</sup> Only one 2009 transaction tested was missing supporting documentation. The \$29 charge for service charges had no supporting invoice or detail specifying what the charge was for or validating the amount.

<sup>27</sup> Fulfillment is the price that the grantee pays for a third party company to send out Enough is Enough's products from a warehouse.

<sup>28</sup> According to 2 C.F.R. Part 230, direct costs are those that can be identified specifically with a particular final cost objective, i.e., a particular award, project, service, or other direct activity of an organization. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

Program Supplies, Telephone, Utilities, Postage, and Shipping and Delivery as indirect expenses.

We reviewed 13 transactions that met the grantee’s definition of indirect costs. We noted some of the transactions tested did not have invoices or other documentation to support the expense. In Exhibit 12, we summarize the transactions missing supporting information.

**Exhibit 12: Summary of Review of Indirect Cost Transactions**

Transaction			Unsupported Costs	Notes
Date	Amount	Account Description		
<b>Award 2007-JL-FX-K006</b>				
8-4-08	\$ 399	Office Supplies	\$399	No invoice
11-17-08	283	Space Storage	283	No invoice
<b>Total</b>	<b>\$682</b>		<b>\$682</b>	
<b>Award 2009-DD-BX-0093</b>				
11-17-09	81	Brochure Printing	25	No support of \$25 charge
3-31-10	2,158	Telephone & Telecommunication	443	Missing various invoices
3-31-10	1,292	Office Supplies	985	Missing invoices
3-31-10	580	Program Supplies	310	Missing invoices
3-31-10	1,160	Office Expense	107	Missing invoices
<b>Total</b>	<b>\$5,271</b>		<b>\$1,870</b>	

Source: OIG analysis of Enough is Enough’s general ledger expenses and supporting documentation

Furthermore, during our review of these indirect costs, we noted that the grantee was either using an unsupported allocation base to charge costs to DOJ awards or not treating like and similar costs consistently. According to the OJP Financial Guide, if a recipient does not have an approved federal indirect cost rate, funds budgeted for indirect costs will not be recoverable until a rate is approved. When we discussed the indirect costs with the grantee, they stated that since items such as rent, utilities, and phone were listed in their budgets as direct costs, that there was no need for Enough is Enough to apply for and receive approval for an indirect cost rate.<sup>29</sup>

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<sup>29</sup> Additionally, Enough is Enough’s President told us that the organization was small and did not need an indirect cost rate, and they view DOJ awards as “fixed price contracts,” where Enough is Enough is required to deliver specific services and products for a fixed amount of money. Enough is Enough officials also stated that the organization did not need an indirect cost rate because there is a threshold of \$1 million, and the organization does not have an individual award that exceeds that amount.

We spoke with OJP concerning the grantee's position and OJP stated that in order for Enough is Enough to charge indirect costs to the awards, they must have a federally approved indirect cost rate. Assuming the grantee had an approved budget for the award that included costs for rent, utilities, and phone, they would have to explain the methodology used and provide supporting documentation that shows how the costs were charged as direct costs. While OJP cannot mandate that grantees apply for an indirect cost rate, the grantee may not avoid applying for and obtaining an approved indirect cost rate by simply listing the items as direct costs. Exhibit 13 summarizes our findings relative to the allocation of these indirect expenses.

### Exhibit 13: Summary of Review of Inconsistent or Unsupported Allocations

Transaction			Allocation Base Percentage	Notes
Date	Amount	Account Description		
<b>Award 2007-JL-FX-K006</b>				
8-4-08	\$399	Office Supplies	100 percent	Inconsistent treatment of like and similar expenses; other supply costs split using unsupported allocation rate.
11-17-08	\$283	Space Storage	100 percent	Inconsistent treatment of like and similar expenses; other rental costs split using various unsupported allocation rates.
<b>Award 2009-DD-BX-0093</b>				
11-17-09	\$81	Brochure Printing	100 Percent	Inconsistent treatment of like and similar expenses.
12-29-09	\$2,440	Rent	40 percent	Inconsistent treatment of like and similar expenses; other rental costs split using various unsupported allocation rates.
2-2-10	\$3,050	Rent	100 percent	Inconsistent treatment of like and similar expenses; other rental costs split using various unsupported allocation rates.
3-31-10	\$2,158	Telephone & Telecommunication	48 percent	The grantee's allocation base was not supported.
3-31-10	\$169	Program Expense	48 percent	The grantee's allocation base was not supported.
3-31-10	\$531	Supplies: Marketing	48 percent	The grantee's allocation base was not supported.
3-31-10	\$1,292	Supplies: Office	48 percent	The grantee's allocation base was not supported.
3-31-10	\$580	Program Supplies	48 percent	The grantee's allocation base was not supported.
3-31-10	\$1,160	Office Expense	48 percent	The grantee's allocation base was not supported.
4-30-10	\$1,210	Telephone & Telecommunication	48 percent	The grantee's allocation base was not supported.
7-30-10	\$80	Telly Award	50 percent	The grantee's allocation base was not supported.

Source: OIG analysis of Enough is Enough's general ledger expenses and supporting documentation

Based on our analysis of the supporting documentation, review of cited criteria, and discussions with OJP, we question all indirect cost transactions because the grantee: (1) allocates these costs to multiple cost objectives rather than to one particular final cost objective; (2) identifies these expenditures as indirect costs, but does not have an approved indirect cost plan; and (3) allocates indirect costs with an unverifiable methodology. We recommend OJP remedy the \$149,520 of unsupported indirect expense by ensuring the grantee is allocating like and similar indirect costs using a consistent, verifiable and approved method. As part of this recommendation, OJP should ensure that the grantee provide adequate documentation supporting the 7 transactions totaling \$2,552 identified in Exhibit 12. Exhibit 14 summarizes our questioned indirect costs.

**Exhibit 14: Summary of Questioned Indirect Costs**

<b>Cost Category</b>	<b>Award 2007-JL-FX-K006</b>	<b>Award 2009-DD-BX-0093</b>	<b>Total</b>
Rent	\$ 21,696	\$ 14,426	\$ 36,122
Office Expenses	1,698	2,454	4,152
Payroll Processing Fee	1,215	475	1,690
Payroll Taxes	21,073	11,397	32,470
Print and Reproduction	17,282	2,368	19,650
Program Expenses	106	169	275
Marketing Supplies	5,715	531	6,246
Office Supplies	7,474	1,302	8,776
Program Supplies	673	803	1,476
Telephone	18,507	7,912	26,419
Utilities	751	1,036	1,787
Postage	153	16	169
Shipping and Delivery	5,515	4,773	10,288
<b>Total</b>	<b>\$ 101,858</b>	<b>\$ 47,662</b>	<b>\$149,520</b>

Source: OIG analysis of Enough is Enough accounting records

*Accountable Property*

The Financial Guide requires that property purchased with federal funds be adequately protected from loss, maintained via serial number or other identifying number, inventoried at least once every two years, labeled with the source of the funding, and recorded as to indicate the use and condition of the property. Additionally, the Financial Guide specifies that allowable costs must be reasonable, allocable, necessary to the project, and

comply with the funding statute requirements. These requirements help ensure that accountable property purchased with federal funds are being used for grant purposes, and not for private or personal use.

While we found that Enough is Enough maintains an Excel spreadsheet to track its accountable property, the document does not include all information required by OJP, such as listing acquisition dates, whether property titles rest with the federal government, and the use of the items. Additionally, we found that Enough is Enough: (1) does not conduct an inventory of its property every two years, as required by the Financial Guide; (2) does not differentiate between accountable property purchased with federal funds and property purchased with other funding sources; (3) did not have policies that ensured its employees used accountable property purchased with federal funds properly for grant-related purposes. Without these controls, the likelihood that Enough is Enough employees may misuse federally funded accountable property increases. Additionally, only two out of the five computers tested were being used at the time of our audit.<sup>30</sup> Therefore, we recommend that OJP ensure that Enough is Enough implements and follows accountable property procedures that adequately track and safeguard items purchased with DOJ grant funds.

The Financial Guide states that grantees can use awards to purchase computers, but that computer purchases require prior approval from the granting agency. We reviewed the approved budget and general ledger for awards 2007-JL-FX-K006 and 2009-DD-BX-0093 to determine if the grantee adhered to the award requirements. We determined that the grantee adhered to the terms of the 2009-DD-BX-0093 award and we take no exception to the purchased computer or network printer. However, we determined that the grantee did not comply with the terms of the 2007-JL-FX-K006 award.

The approved budget allowed one computer and one printer under the terms of the 2007-JL-FX-K006 award. However, after reviewing Enough is Enough's general ledger and property records, we found that instead of purchasing one computer and printer, Enough is Enough had paid off leases on four computers and a monitor using funds from the 2007-JL-FX-K006 award.<sup>31</sup> Furthermore, we were unable to reconcile the lease payment

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<sup>30</sup> Furthermore, during our testing, we noted that Enough is Enough was authorized to purchase 7 computers, but instead chose to lease 4 computers and purchase 1 computer with grant funds and staff were only using two of these computers.

<sup>31</sup> Enough is Enough was approved to purchase 3 computers, 1 monitor, and 1 printer under a previous DOJ award number 2005-JL-FX-K198. However, instead of purchasing this equipment the grantee leased 4 computers and 1 monitor.

amounts charged to the grant with supporting documentation from Enough is Enough's property records and payment invoices. Therefore, we question \$3,390 of computer lease charges on the 2007-JL-FX-K006 award because the grantee was not authorized to charge lease payments for four computers and a monitor to the award, and we were not able to reconcile the charges to the general ledger with Enough is Enough accountable property records and Dell lease payment history.

## **Program Income**

Enough is Enough used DOJ grants to develop, produce, and distribute copies of its *Internet Safety 101* DVD, toolkits, and other program materials. As a part of the program, the grantee requested funds under the 2007 award to distribute 5,000 copies of the booklet and 10,000 copies of the DVD. The 2009 grant budget requests funding for 1,100 copies of the booklet and 1,100 copies of the DVD. These materials are labeled with the OJJDP logo and acknowledge that the materials were funded by the OJJDP grants. We determined that Enough is Enough distributes its materials by providing copies of these materials for free and selling the materials through online merchants. According to the bookkeeper, Enough is Enough deposits the income generated through these sales in its general management fund.

We reviewed the grant general ledgers and did not identify any program income in these accounts, so we requested that Enough is Enough provide us with the total amount of revenue generated from the sale of these materials, the total number of copies sold, and the date of sale. The President did not provide us with this information stating they do not believe that the information requested regarding program sales with grant funds is covered under this audit. The grantee has stated that because OJJDP granted Enough is Enough the right to license and copyright the *Internet Safety 101* program, it does not need to report the program income. Enough is Enough also told us that as long as it gives away the copies requested in its grant budget that it is free to sell any excess materials. However, the grantee could not provide us with supporting correspondence from OJJDP regarding the matter and Enough is Enough does not maintain adequate documentation that tracks the number of free copies distributed in comparison to the number of copies sold.

We also contacted OJP for its opinion on the matter. OJP stated that it did not have enough information to determine whether program income was earned on awards 2007-JL-FX-K006 and 2009-DD-BX-0093 because the grantee has not provided sufficient accounting records or other documentation to enable the determination of how much program income, if any, would be allocable to each grant. However, normally, the amount of

revenue generated from the sale of the toolkits would have been allocated to the grant(s) in proportion to the amount of federal funds contributed to their production. If program income were earned on OJP grant(s), it would need to be reported on the applicable Federal Financial Reports (SF-425s) and according to OMB Circular A-133, program income should be considered as a factor in determining whether a Single Audit is required.

Therefore, we recommend that OJP determine how much program income, if any, has been generated, ensure that Enough is Enough accurately allocate these funds to the grants in proportion to the amount of Federal funds contributed to their production, report this income on Federal Financial Reports (SF-425s), and consider these funds as a factor in determining whether a Single Audit is required.

## **Recommendations**

We recommend that OJP:

1. Require Enough is Enough to develop and implement written policies and procedures that ensure award expenses are accurately reported on its FFRs.
2. Ensure Enough is Enough improves the reporting of performance measures to accurately report on separate objectives for each grant.
3. Remedy the unsupported \$22,288 in overdrawn funds for award 2007-JL-FX-K006.
4. Remedy the unsupported \$94,885 in overdrawn funds from grant 2009-DD-BX-0093.
5. Require that Enough is Enough to develop and implement procedures for reconciling drawdown requests to its general ledger.
6. Remedy \$46,010 in unallowable cost category transfers.
7. Remedy the \$250,056 in labor charges charged to award 2007-JL-FX-K006.
8. Remedy the \$128,679 in labor charges charged to grant 2009-DD-BX-0093.
9. Require Enough is Enough improve its payroll procedures to ensure that timesheets are prepared and approved appropriately.

10. Remedy \$2,330 in unallowable other direct costs charged to the 2007-JL-FX-K006 award.
11. Require that Enough is Enough implements internal controls that ensure the grantee maintains adequate documentation to support allowable charges on DOJ awards including: (1) appropriate approvals on reimbursement requests; (2) maintaining invoices, receipts and receiving reports to support grant expenditures; (3) a revised travel reimbursement process in-line with OJP site visit requirements; (4) an objective method to allocate contractor and consultant expenses to cost objectives that can be independently verified; and (5) sufficient support for reallocation or adjusting entries including the methodology, rationale, approvals, supporting schedules, and supporting documentation such as invoices, timesheets and journal entries.
12. Remedy \$69,175 in unsupported other direct costs charged to award 2007-JL-FX-K006.
13. Remedy \$35,024 in unsupported other direct costs charged to grant 2009-DD-BX-0093.
14. Remedy \$101,858 in unsupported indirect costs allocated to the 2007-JL-FX-K006 award by ensuring that the grantee is allocating like and similar indirect costs using a consistent, verifiable and approved method and require that Enough is Enough provides adequate documentation to support the \$682 in unsupported indirect cost transactions.

15. Remedy \$47,662 in unsupported indirect costs charged to the 2009-DD-BX-0093 grant by ensuring that the grantee is allocating like and similar indirect costs using a consistent, verifiable and approved method, and require that Enough is Enough provides adequate documentation to support the \$1,870 in unsupported indirect cost transactions.
16. Ensure that Enough is Enough implements and follows accountable property procedures that adequately track and safeguard items purchased with DOJ grant funds.
17. Remedy the \$3,390 cost of unallowable computer leases.
18. Determine how much program income, if any, has been generated, ensure that Enough is Enough accurately allocates these funds to the grants in proportion to the amount of federal funds contributed to their production, report this income on Federal Financial Reports (SF-425s), and consider these funds as a factor in determining whether a Single Audit is required.

## SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS: <sup>32</sup>	AMOUNT	PAGE
<u>Unsupported Costs</u>		
Drawdowns	\$117,173	10
Budget Reallocations	46,010	11
Salary Costs	378,735	17
Other Direct Costs	104,199	21
Indirect Costs	149,520	29
<b>Total Unsupported Costs</b>	<b>\$795,637</b>	
<u>Unallowable Costs</u>		
Other Direct Costs	\$2,330	18
Accountable Property	3,390	31
<b>Total Unallowable Costs</b>	<b>\$5,720</b>	
<b>Total Questioned Costs</b>	<b>\$801,357</b>	

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<sup>32</sup> **QUESTIONED COSTS** are expenditures that do not comply with legal, regulatory or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

## APPENDIX I

### OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants reviewed were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants. The objective of our audit was to review performance in the following areas: (1) financial status and progress reports, (2) drawdowns, (3) budget management and control, (4) expenditures, (5) contractor monitoring, and (6) program income.

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.

Our audit concentrated on award nos. 2007-JL-FX-K006 and 2009-DD-BX-0093 to Enough is Enough by OJP. The purpose of these awards is to support an enhanced version of its *Internet Safety 101* program. The *Internet Safety 101* program is designed to raise the national public awareness of the threat of illegal pornography and sexual predation on the Internet and the need for preventative safety measures by providing training to parents, teachers, and law enforcement through a DVD and workbook training kit. Our scope included all grant activity from inception through August 2010.

We tested compliance with what we considered to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the Office of Justice Programs Financial Guide and the award documents.

In conducting our audit, we performed sample testing in the following areas:

- **Drawdowns.** We analyzed Enough is Enough's drawdowns for the DOJ awards from inception through August 2010. Enough is Enough determined drawdown requests by assessing their monthly "burn rate" of expenditures and stated the support for its drawdown requests were the FSRs; however, we determined the FSRs were inaccurate. Therefore, we compared the overall drawdown requests to the overall expenditures in the general ledger.
- **Payroll.** We reviewed Enough is Enough's policies and spoke with officials regarding timekeeping and charging personnel costs. To determine whether Enough is Enough's personnel costs were supported and allowed, we judgmentally selected a random sample of timesheets to verify labor charges. Due to inadequate recordkeeping and weak internal controls, we could not tie the timesheets to the charges in the general ledger or verify fringe benefit charges.

Enough is Enough stated that at the end of FY 2009 they recognized that the payroll charges were incorrect and they performed a reallocation of payroll costs. As a result of this reallocation, the grantee said the timesheets will not correspond to the labor charges in the general ledger. We attempted to verify the reallocation entries but the documentation provided was not accurate or complete. Therefore, we could not verify that the reallocation calculations and corresponding journal entries were appropriate and as such that the amount grant labor costs were supported and allowable.

- **Other Direct Costs.** To test Enough is Enough's transactions for authorizations, vouchers, and supporting documentation of the expense, we judgmentally selected 23 transactions from award 2007-JL-FX-K006 and 12 transactions from grant 2009-DD-BX-0093. We analyzed the transactions to determine if the transactions were properly authorized, classified, recorded, supported, and charged to the grant.

- **Indirect Costs.** In the grantee's requested and approved budget they requested only direct costs. However, an internal memorandum identified certain costs as indirect costs.<sup>33</sup> Specifically, the grantee uses an allocation base to allocate these costs to several cost objectives (awards or general management activities). We confirmed that OJP did not approve indirect costs in the awards audited, and the grantee did not have an approved federal indirect cost rate.

The grantee indicated that these indirect costs were allocated to the DOJ awards and other cost objectives based on the percentage of labor allocated each month to the various cost objectives. We were unable to quantify the amount of indirect costs charged to the DOJ awards was appropriate because 1) they had no approved indirect costs, 2) they had no approved indirect cost plan, and 3) we could not verify the allocation basis (total labor costs).

- **Accountable Property.** We tested accountable property charged to the DOJ awards. Our tests included physical verification of computers and a determination of whether the computers were used for grant purposes.
- **Program Income.** We reviewed the final approved budget for each of the grants and noted no program income was included; however we observed the grantee was selling the DVD and workbooks. We requested sales information for the grantee's DVD and workbook that DOJ funds help produce and the grantee indicated that they would not provide this information as OJP granted Enough is Enough with the right to license and copyright the *Internet Safety 101* program, and as such it does not need to report the program income. We were therefore unable to test whether or not the grantee had program income.

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<sup>33</sup> A grantee memorandum dated May 27, 2010 identified Rent, Office Expenses, Payroll Processing Fee, Payroll Taxes, Print and Reproduction, Program Expenses, Marketing Supplies, Office Supplies, Program Supplies, Telephone, Utilities, Postage, and Shipping and Delivery as indirect expenses. Further discussions with Enough is Enough personnel confirmed that the although they were calling the expenses direct costs, they were treating them as indirect costs.

- **Contractor Monitoring.** We reviewed Enough is Enough's policies and procedures and met with the grantee to discuss its monitoring and evaluation procedures. Enough is Enough stated that it does not have a formalized performance review process, but relies on constant contact with its contractors to monitor their work.

In addition, we reviewed the timeliness and accuracy of Financial Status and Progress Reports and reviewed the internal controls of the financial management system.

## APPENDIX II

### SUMMARY OF TESTING DRAWDOWN REQUESTS TO REPORTED GENERAL LEDGER EXPENDITURES

Date of Request	Amount of Request	Expenditures per General Ledger	Difference under/(over) drawn
<b>2007-JL-FX-K006</b>			
2/21/2008	\$ 40,000	\$ 0	\$ (40,000)
7/1/2008	40,000	44,894	4,894
8/21/2008	40,000	46,557	6,557
10/1/2008	40,000	34,830	(5,170)
12/15/2008	40,000	102,601	62,601
2/3/2009	40,000	58,801	18,801
3/24/2009	40,000	45,885	5,885
5/11/2009	40,000	33,397	(6,603)
6/2/2009	40,000	36,450	(3,550)
7/13/2009	40,000	45,583	5,583
8/4/2009	40,000	44,356	4,356
9/4/2009	40,000	40,749	749
10/9/2009	40,000	19,073	(20,927)
11/4/2009	50,000	31,306	(18,694)
12/16/2009	40,000	35,494	(4,506)
1/20/2010	40,000	9,614	(30,386)
3/1/2010	40,000	27,054	(12,946)
7/27/2010	40,000	51,068	11,068
<b>Totals</b>	<b>\$ 730,000</b>	<b>\$ 707,712</b>	<b>\$ (22,288)</b>
<b>2009-DD-BX-0093</b>			
12/11/2009	\$ 30,000	\$ 34,877	\$ 4,877
1/20/2010	30,000	34,519	4,519
3/1/2010	30,000	31,253	1,253
3/17/2010	70,000	11,579	(58,421)
4/9/2010	70,000	22,887	(47,113)
<b>Totals</b>	<b>\$ 230,000</b>	<b>\$ 135,115</b>	<b>\$ (94,885)</b>

Source: OJP drawdown information and Enough is Enough's general ledger

## APPENDIX III

### AUDITEE RESPONSE TO THE DRAFT REPORT



July 13, 2011

Troy M. Meyer  
Regional Audit Manager  
Washington Regional Audit Office  
Office of the Inspector General  
U.S. Department of Justice  
1300 North 17th Street, Suite 3400  
Arlington, VA 22209

Dear Mr. Meyer,

Enclosed is the requested hard copy your review of EIE's official written response to the OIG's draft audit report recommendations.

Contained within are the following:

- EIE's Response to the Draft Report--- 19 pages
- Contents in zip file
  - EIE 's Financial Manual and Appendix A ---58 pages
  - 24 Attachments with appropriate headers

A PDF of the above documents has been sent to your email address as well as EIE's Response to the Draft Report in a Word version.

Please contact me with any questions.

Sincerely,

Donna Rice Hughes  
CEO and President  
Enough Is Enough  
703-476-7894



July 13, 2011

**Response to the Draft Report:**

EIE has recently undergone two audits on 2009-DD-BX-0093 and 2007-JL-FX-K006. Although EIE provided substantial information to the OJP audit team during the process, we are providing additional information, explanations and clarifications attached hereto in response to the remaining open items. During this ongoing audit process, EIE's small, five person team, key board members, and professionals offering in-kind time have already invested at least 2,000 hours totaling approximately \$135,000. Additionally, EIE conservatively sent 800 pages of data and documentation to the auditors. Prior to the audit, EIE had a series of established policies, procedures and processes to track costs and report progress on government-funded programs. In fact, we had been commended by OJP for the quality and specificity of our semi-annual OJP progress reports. However, it should be noted that prior to FY 2010, EIE did not have more than a single active government grant at any one time. Additionally, all of EIE's OJP grants were the result of Congressional bi-partisan earmarks and all OJP grants supported EIE's mission of protecting children online including our Internet Safety 101<sup>SM</sup> Program initiatives. EIE only applied for and was awarded one competitive grant in 2007 for \$750,000 as the result of that year's Congressional Continuing Resolution, in which EIE was earmarked for 1.2 million dollars to support its Internet Safety 101<sup>SM</sup> initiatives.

At the point where we received multiple grants, EIE proactively upgraded its infrastructure to accurately support them, although a number of the new policies and procedures were not fully documented until September 2010. The resulting Financial Manual, prepared by staff and members of the Board, was then sent to the audit team prior to the audit entrance meeting. As a result of audit findings and recommendations, EIE has since amended its Financial Manual. (Attachment 1)

In addition, we want to note that other than a few immaterial costs, all other costs charged to the grants under audit were reasonable, accurate, allowable and allocable to these grants. In light of the substantial additional value that EIE provided to OJP for the moneys we received, we firmly believe that government's money has been well spent and the taxpayers well served. With respect to the programs and products provided under these grants, our opinion as well as the expressed opinions of numerous OJP staff and officials is that EIE has more

than met OJP expectations on each of its grants. A letter from Ron Lainey, Associate Administrator of the Child Protection Division at OJJDP, in the introduction to our 101 Program workbook/resource guide states:

“The Internet Safety 101<sup>SM</sup> curriculum completes a multi-year effort by Enough Is Enough in partnership with the Office of Juvenile Justice and Delinquency prevention (OJJDP) to create an educational program for parents, educators, and law enforcement to protect children from the threats they face across all Internet-enabled devices [...] The 101 curriculum, which includes a DVD teaching series, accompanying workbook, and website, enhances OJJDP’s current efforts to protect children from online victimization by offering parents, educators, and law enforcement valuable information and resources about the dangers associated with Internet use, as well as steps they can take to reduce them. The four-part DVD is a comprehensive, “plug and play” program with on-screen instructors that harnesses the power of a live safety teaching without the need for trained facilitators.” (Attachment 23)

Also, EIE has received numerous awards and endorsements for the Internet Safety 101 program including the following:

- The 2010 Silver Telly Award for our four-part 101 DVD Teaching Series
- The 2009 Silver Davey Award in the Educational Film category

“Through the foresight and leadership of EIE, Internet Safety 101<sup>SM</sup> has established itself as the benchmark for all other Internet safety programs.”

– *Steve F. Clementi, Director, Verizon External Affairs*

“The Internet Safety 101<sup>SM</sup> Program is a tailor-made response to the Internet child safety crisis facing our nation.”

– *President, Virginia PTA.*

EIE has consistently over-delivered during the life of its grants. The initial EIE grant request for its discretionary grant (2007-JL-FX-K006) was for \$ 1.2 million; although EIE only received \$750,000. EIE still met and surpassed every deliverable mentioned in the grant application. For instance, EIE originally promised only a 90-minute DVD, a simple workbook, and an enhancement of its current [www.enough.org](http://www.enough.org) website. Instead, EIE delivered a comprehensive 4 part DVD teaching series (total length 2 hours, 17 minutes), shot in high-definition film, that incorporates documentary style video vignettes woven into a live teaching series, a second “Special Features” DVD, a 250 page Workbook/Resource Guide, a new comprehensive website (<http://www.InternetSafety101.org>), a Facilitator Guide, a Rules ‘N Tools<sup>SM</sup> Booklet, and more.

EIE has also leveraged DOJ resources many times over during the period under audit, raising over \$500,000 in funding and in-kind support from television networks, industry partners like AOL, AT&T, MySpace and Google, and foundations like the Verizon Foundation. EIE has a small, talented core team, which has enabled EIE to do much of its work in-house, without contracting out. The final 2.0 version of the Internet Safety 101<sup>SM</sup> multi-media Program that EIE delivered in conjunction with its national program launch in 2010 has provided extra value for every dollar spent by DOJ, creating an innovative, one-of-a-kind educational resource that was above and beyond what was promised, at less cost. EIE's "best of breed" Internet Safety 101<sup>SM</sup> Program is the only evidenced-based multi-media adult education program in the nation, perhaps the world. **The Government effectively received a Rolls Royce for the price of a Volkswagon!**

Finally, EIE has leveraged its positive reputation with the media to bring significant, national earned media coverage to the Internet Safety 101<sup>SM</sup> Program and DOJ's efforts to prevent Internet-initiated crime reaching approximately 30 million households per year. This all-inclusive, one-stop-shop resource for parents, educators and law enforcement, serves diverse adult communities, whether used as an individual learning tool, or broadcast as an educational film night at a community theater or on national TV.

In the Draft audit report dated June 16, 2011, the audit team listed 18 items that required an OJP remedy. We have specifically addressed each of the 18 items below:

1. Require Enough Is Enough to develop and implement written policies and procedures that ensure award expenses are accurately reported on its FSRs.

**Concur.** EIE has developed and implemented a written policy and procedure to ensure award expenses are accurately reported on its FSRs. (Attachment 1, Policy # 9 C.)

Furthermore, for the entire grant period under both grants, the overall variance, over and under, for each month between the FSR and the general ledger was \$5,196, or .59% of total expenditures, clearly a de minimus variance. (Attachment 2)

2. Ensure EIE improves the reporting of performance measures to accurately report on separate objectives for each grant.

**Concur.** Metrics and performance measures are invaluable. In fact, EIE has been commended many times by our OJP grant manager for the detail and specificity of our performance metrics as well as the thoroughness of EIE's semi-annual progress reports. In fact, at the 9/17/2009 site visit, our OJP grant manager requested a copy of EIE's internal "DOJ Grant Deliverable Tracking Form" to take back to the Department as a recommendation for OJP to use in its training form online because it would be helpful to OJP for other grantees performance measures. However, there is always room for improvement.

EIE's current Financial Manual specifically addresses the timely and accurate reporting of performance measures for objectives for each grant. (Attachment 1, Policy #9 D)

In addition, there are several issues which require further clarification:

There has been confusion regarding the issue of EIE's semi-annual progress reports and performance metrics (note EIE's developed its own performance chart, which is included in its progress reports) with the separate issue regarding the DCTAT system which was brought up during the 9/17/2009 site visit. Also, please note that EIE's office manager did in fact attend the recommended new grantee orientation training and discussed with the trainer the issue that DCTAT measurements did not apply to EIE. OJP grant manager, research coordinator and CSR contractor did conclude that the existing metrics in the DCTAT system did not apply to EIE.

EIE consistently and proactively followed up via emails and phone calls to OJP contacts requesting the development of accurate performance measurements in the DCTAT system that would apply to EIE grant performance measures. That said, in the attached email (Attachment 3) from OJP grant manager on 9/7/2010, the matter was considered to be addressed stating:

"With regard to award 2007-JL-FX-K006, there is currently one issue open under the site visit. The issue is related to performance measures for the EIE program, and specifically it states that the Program Manager and EIE would work together to develop more accurate performance measurement information in collaboration

with OJJDP's Research Coordinator and the performance measurement contractor for OJJDP, CSR Incorporated. This issue has been addressed by OJJDP through our work with CSR, Inc. to improve the options available to grantees when selecting their performance measures at the time they prepare their applications. However, you will still need to go into GMS and follow the instructions in order to comply with the site visit resolution requirements. You or your designated point of contact at the time of the site visit should have received an e-mail asking you to log into GMS and acknowledge the relevant issue for this award and submit a response. Your response can be the one I stated previously that (This issue has been addressed by OJJDP through our work with CSR, Inc. to improve the options available to grantees when selecting their performance measures at the time they prepare their applications). You can enhance your response by including a statement that should EIE be eligible to receive additional OJJDP funding in the future, it will select the appropriate performance measures as described in the solicitation and provided by OJJDP. Once you submit your response, the issue will be closed and you will be able to proceed with the closeout.”

Additionally, on July 5, 2011, in response to additional follow up by EIE regarding an outstanding DCTAT issue, a representative of CSR Incorporated stated that:

“The project for which OJJDP funds are used does not provide activities such that data can be gathered to answer the questions asked in the DCTAT, in particular the core measures questions.”

Alternative measures for EIE to accurately report performance measures via DCTAT were provided and approved by our OJP grant manager on July 6, 2011 (See Attachment # 4). EIE will be using the amended DCTAT performance metrics in future semi-annual progress reports.

**Do not concur** with the following auditor's findings in Exhibit 3 of the audit report:

Objective 3.3 in the 'Grant 2007-JL-FX-K006 states “Participating organizations will multiply the number of Internet Safety 101<sup>SM</sup> kits developed and distributed 10 times using non-project funds“.

Therefore, EIE reported in our progress reports the total program units distributed using both grant and non-grant funds.

Progress report #5 Grant 2007-JL-FX-K006 (7/1/2009-12/31/2009) stated EIE “distributed an additional 1,000 kits to adults, 500 funded through this grant, and another 500 funded through the Virginia Attorney General’s office”. EIE believes that this information evidences compliance with the grant and Objective 3.3.

Progress report #6 Grant 2007-JL-FX-K006 (1/1/10 - 6/30/10) stated “2,000 program products distributed”. EIE inadvertently did not specify as in previous reports the amount of program units distributed with grant vs. non-grant funds. On 10/28/2010, EIE provided auditors a spreadsheet (Attachment 5) documenting that 838 kits were paid for with grant funds, the remaining balance with non-grant funds. EIE believes that this documentation evidences compliance with grant.

Additionally, beginning in FY2011, EIE implemented a Product Giveaway Form to ensure proper tracking and accounting for product giveaways paid for under grant funds (Attachment 6).

Progress report #2, Grant 2009-DD-BX-0093 (1/1/2010-6/30/2010) 175 adults trained were claimed in 2 places because time was divided between both grants. EIE believed it was appropriate to report performance metrics across both grants since each grant funded in part the delivery and performance of such events. An alternative solution would be to report 175 adults in the 2009 grant.

The above information was shared with the auditors along with additional supporting documentation.

3. Remedy the unsupported \$22,288 in overdrawn funds for grant 2007-JL-FX-K006.

**Concur.** It was EIE’s practice to draw down the exact amount of funds each month based on its estimated monthly burn rate. This practice was initiated at the start of the grant and followed through until the end of the grant term without comment by OJP. There were no communications from OJP that there were issues with this practice. Even though \$22,288 was overdrawn in the course of

grant performance, the funds were ultimately used in future months to cover legitimate expenses. Attached is a copy of future drawdowns, which confirm that overdrawn funds were applied to actual expenditures later in the grant performance period. Any interest associated with overdrawn amounts would have been de minimus. (Attachment 7)

4. Remedy the unsupported \$94,885 in overdrawn funds from grant 2009-DD-BX-0093.

**Concur.** It was EIE's practice to draw down the exact amount of funds each month based on the estimated monthly burn rate. This practice was initiated at the start of the grant and followed through until the end of the grant term without comment by OJP. There were no communications from OJP that there were issues with this practice. Even though \$94,885 was overdrawn in the course of grant performance, the funds were ultimately used in future months to cover legitimate expenses. Attached is a copy of future drawdowns which confirms that overdrawn funds were applied to actual expenditures later in the grant performance period. Any interest associated with overdrawn amounts would have been de minimus. (Attachment 8)

5. Require Enough Is Enough<sup>SM</sup> to develop and implement procedures for reconciling drawdown requests to its general ledger.

**Concur.** As noted in items 3 and 4 above, EIE created written policies and procedures and implemented such procedures to draw down funds in accordance with OJP's Minimum Cash On Hand requirements, and reconcile them to its general ledger. (Attachment 1, Policy # 9, B)

6. Remedy \$46,010 in unallowable cost category transfers.

**Concur.** There was a total of \$121,010 in actual expenditures that exceeded the Award budget. 10% of the total award budget was \$75,000, resulting in \$46,010 in unallowable costs. This amount was attributed to certain independent contractors that were performing roles that were originally planned for in the Personnel cost line item in the OJP approved grant budget.

EIE will process and submit a final GAN requesting movement from the Personnel budget category to the Contractual budget category.

In addition, EIE will follow GAN guidelines to alert OJP of any such future grant adjustment requests in a timely manner.

7. Remedy the \$250,056 in labor charges charged to grant 2007-JL-FX-K006.

**Do not concur.** Annual salaries were accurate, reasonable, allowable and provided for by position in the approved grant budgets. The salary dollars recorded in the general ledger reconciled to the Federal Forms 941, W-2s and the W-3 with immaterial differences (Attachments 9 – 11). Compensation was approved by EIE's Board of Directors during the budget process.

During the time period in question for this audit, EIE maintained timesheets for all employees charging time to federal grants and all other classes of funding in QuickBooks. Upon further review at FYE 2009, EIE leadership determined that the cumulative spread of labor costs across the various classes needed to be adjusted, and proactively reviewed the timesheets and recorded the necessary journal entries adjusting the previous labor distribution. This spreadsheet was provided to audit team. A second updated spreadsheet was subsequently provided to the audit team finalizing the labor distribution, because the hours for 9 time cards were not included on the first spreadsheet.

An overall analysis was performed (Attachments 12, 13), which shows an immaterial variance between original time sheets and the second reallocation spreadsheet that was provided to the audit team.

The largest variance under this grant was related to Dona Jones, whose position as the Executive Assistant was budgeted for under the approved grant agreement. She inadvertently charged her time on her timesheets to EIE's non-grant funds when it should have been charged to this grant.

The Executive Assistant's time was also validated and provided in the second reallocation spreadsheet. The final labor distribution will

reflect the correct labor cost for each grant in EIE's income statement.

**Do not concur** that pay stubs for the requested periods were not provided. EIE provided all such information as noted in the attached emails. (Attachment 14)

**Do not concur** that EIE had "lobbying" costs. "Lobbying" consists of a communication addressed to specific legislation and an attempt to influence a legislator or legislative employee on that legislation (26 CFR 56.4911-2(b)(1)(ii)). It does not include communicating with government officials or employees, or members or employees of a legislative body, in any other manner not intended to influence legislation (26 CFR 56.411-2(c)(2); see *also*, Lobbying Disclosure Act of 1995, 2 USC 1602(7) ("lobbying contact" only a communication to a covered executive or legislative branch official "with regard to the formulation, modification, or adoption of Federal legislation (including legislative proposals)"). No EIE employee or representative, including its Director of Communications, engaged in any "lobbying," and accordingly no management and general account charges in FY 2009 included any "lobbying costs."

It should also be noted that EIE charges time spent on fundraising and development activities to non-grant funds.

8. Remedy the \$128,679 in labor charges charged to grant 2009-DD-BX-0093.

**Do not concur.** Annual salaries were accurate, reasonable, allowable and provided for by position in the approved grant budgets. The salary dollars recorded in the general ledger reconciled to the Federal Forms 941, W-2s and the W-3 with immaterial differences (Attachments 9 – 11). Compensation was approved by EIE's Board of Directors during the budget process.

See detailed analysis. (Attachment 13)

9. Require Enough Is Enough<sup>SM</sup> improve its payroll procedures to ensure that timesheets are prepared and approved appropriately.

**Concur.** EIE amended our written policies and procedures to ensure that timesheets are prepared properly, timely, and independently reviewed and approved. (Attachment 1, Policy #20).

10. Remedy \$2,330 in unallowable other direct costs charged to the 2007-JL-FX-K006 grant.

**Concur.** However, with respect to the \$33 charge for mileage to OJP meeting with Mr. Flores, then current Administrator of OJJDP, no discussions of future employment with EIE took place. The purpose of the meeting was to show Mr. Flores the Internet Safety 101<sup>SM</sup> Program and to discuss the possibility of OJP funded television PSAs. After the scheduled meeting, EIE staff had lunch with Mr. Flores at which time he shared the multiple options he was considering regarding his future plans. During this conversation, the President of EIE expressed an interest in working with Mr. Flores if he decided to start a consulting practice which he mentioned as one of the future options he was considering. This information was previously shared with the Audit Team. That being said, even though the mileage charge was for OJP business, EIE will agree to charge the expense to non-grant funds if required.

The remainder of the unallowable other direct costs of \$2,297 as represented in Exhibit 9, have been or will be reimbursed or adjusted to non-grant funds. (Attachment 1, Policy #9 A5 – Appendix A)

11. Require that Enough Is Enough<sup>SM</sup> implements internal controls that ensure the grantee maintains adequate documentation to support allowable charges on DOJ awards including: (1) appropriate approvals on reimbursement requests; (2) maintaining invoices, receipts and receiving reports to support grant expenditures; (3) a revised travel reimbursement process in-line with OJP site visit requirements; (4) an objective method to allocate contractor and consultant expenses to cost objectives that can be independently verified; and (5) sufficient support for reallocation or adjusting entries including the methodology, rationale, approvals, supporting schedules, and supporting documentation such as invoices, timesheets and journal entries.

**Concur.** Prior to the time of the audit, and in certain cases, subsequent to the audit, EIE implemented the appropriate written procedures and internal controls to maintain adequate documentation to support allowable charges on DOJ awards, specifically:

- 1) Appropriate approval on reimbursement requests (Attachment 1, Policy # 7 & 9)
  - 2) Maintaining invoices, receipts and receiving reports to support grant expenditures. (Attachment 1, Policy #9)
  - 3) EIE's approved Travel Voucher in response to the OJP site visit was sent to auditors on October 21, 2010 as seen in Attachment 24. The policy addressing the matter is in Attachment 1, Policy # 21.
  - 4) An objective method to allocate contractor and consultant expenses to cost objectives that can be independently verified. (Attachment 1, Policy # 7)
  - 5) Sufficient support for reallocation or adjusting entries including methodology, rationale, approvals, supporting schedules and supporting documentation such as invoices, timesheets and journal entries. Specifically, EIE now has procedures to ensure that the appropriate allocation is correct at the initial transaction level, but in the rare case where an adjustment is necessary, proper initiation, authorization and supporting documentation will be required prior to such entry. This entry will be recorded during the current open monthly close cycle. (Attachment 1 Policy # 7, 9, 13 and 20)
12. Remedy \$69,175 in unsupported other direct costs charged to grant 2007-JL-FX-K006.

**Do not concur** with auditors finding in Exhibit 10.

The Program Director/Operations Manager position, specifically Diane Brown, was originally included in the approved grant budget, by name, title and job description in the personnel cost line item. As previously communicated to

the audit team, Ms. Brown performed her responsibilities as an independent contractor vs. employee. This reclassification will be handled by a GAN.

An analysis was subsequently performed to address the allocation to the grant. After looking at the amount of time budgeted for the Program Director/Operations Manager functions (including Ms. Brown, Ms. Koh and Mr. Flores), EIE could have charged more time to the grant budget but elected to allocate a portion of their time to non-grant fund (Attachment 15).

Additionally, Ms Brown, Ms. Koh and Mr. Flores will be providing a signed representation that all of the costs assigned to this grant were accurate and complete. These representations will be provided by August 1, 2011. Thus it is EIE's position that the charges to this grant are reasonable and allowable. (Regarding Ms. Koh and Mr. Flores, see response in Recommendation #13).

Better Impressions (unclear allocation)- The 2007 approved grant budget had direct expenses totaling \$90,550 for the printing, production, design and other associated costs of the workbook, kit and DVD packaging. The \$7,678 expense, as noted in Exhibit 10, was charged against this grant. Additionally, another \$6,799 was charged to non-grant funds providing a cost benefit to DOJ since entire amount could have been charged against the grant. EIE proposes to charge \$6,799 to the grant and therefore avoid the allocation question altogether.

Bonnemaison (\$7,947)- On October 5, 2010; The audit team was advised that item # 8 on their transaction list which was described as a Bonnemaison charge in the amount of \$7,946.50 was actually booked incorrectly in EIE's QuickBooks system. The charge of \$7,946.50 was in fact for work performed by Better Impressions. During the audit process, EIE provided the audit team with appropriate

documentation that confirmed that the \$7,946.50 was for Better Impressions.

Additionally, on October 28, 2010, an email to the audit team included the following explanation:

The charge in the amount of \$7,946.50 represented an initial deposit that was sent to Better Impressions for the printing of 1,000 kits for the Virginia AG, 500 of which were paid for by the AG. As a result, only \$4,123.76 should have been charged to the Discretionary Grant. Therefore, a correction of \$3,822.74 will be made to reduce the expenses charged to the Discretionary Grant.

Ad Fero-(allocation issue)-Approved grant budget direct expensed \$56,160 for Communications Consultant which was to cover Communications and PR expenses. The total Ad Fero contract was for \$46,450. EIE only charged \$35,950 (\$13,700 +\$23,250) to the grant and \$9,500 to non-grant funds since EIE had other Internet Safety 101<sup>SM</sup> sponsors, thus saving the government \$9,500. In order to avoid the allocation issue addressed by auditors, EIE proposes to charge the \$9,500 allowable expense to the grant for the total of \$46,450, which is still \$9,710 under budget. Ad Fero's contract, including detailed scope of work, is attached and provides supporting information. (Attachment 16)

Product Giveaway- EIE initially purchased product using non-grant funds. In this case, specifically, EIE paid \$38,000 to WMG for kits. As product giveaway occurred, \$2,473 was charged to this grant. (Attachment 17)

For remainder of items presented in Exhibit 10, the \$846 amount for travel and entertainment has been charged to non-grant funds and/or reimbursed.

The remaining items including an Erie Insurance charge of \$400, \$268 for local meals, \$162 for Blackberry, \$358 for

computer repair and \$43 for Internet charges will be adjusted to non-grant funds even though all but local meal charges are allowable and could be remedied with GANs.

With respect to independent contractors, EIE now has policies and procedures in place that require such contractors to provide EIE with time sheets and progress reports that specifically support allocations to grants. (Attachment 1, Policy #7).

13. Remedy \$35,024 in unsupported other direct costs charged to grant 2009-DD-BX-0093.

**Do not concur** with certain findings in Exhibit 11.

The Program Director/Operations Manager position was originally included in the approved grant budget in the personnel cost line item.

An analysis was subsequently performed to address the allocation to the grant. After looking at the amount of time budgeted for the Program Director/Operations Manager functions (including Ms. Koh and Mr. Flores), EIE could have charged more time to the grant budget but elected to allocate a portion of their time to non-grant funds. (Attachment 15)

Additionally, Ms. Koh and Mr. Flores (Hampton Roads LLC) will be providing signed representations that all of the costs assigned to this grant were accurate and complete. These representations will be provided by August 1, 2011. Thus it is EIE's position that the charges to this grant are reasonable and allowable.

Byron Bartlett was named in the grant as an employee. He served as an employee from June 2009 through March 1, 2010. He was subsequently converted to a contractor during his final 2 months. There was a specific consulting contract executed and a detailed description of his work rendered

under the grant. Supporting documentation including Mr. Bartlett's signed representation is included in Attachment 18.

Therefore, a GAN will be requested to move such funds from the personnel category to the contractor category.

With respect to the \$2,500 of fulfillment and shipping costs that were questioned, EIE subsequently requested and received a GAN to remedy this charge.

CPA services that were questioned in the amount of \$1,053 were originally in the grant budget under accounting services. EIE attempted to allocate such costs rather than charge the grant the full amount. EIE proposes to remedy the allocation issue by charging the grant the full amount.

With respect to independent contractors, EIE now has policies and procedures in place that require such contractors to provide EIE with time sheets and progress reports that specifically support allocations to grants. (Attachment 1, Policy 7).

14. Remedy \$101,858 in unsupported indirect costs allocated to the 2007-JL-FX-K006 grant by ensuring that the grantee is allocating like and similar indirect costs using a consistent, verifiable and approved method and require that Enough Is Enough provides adequate documentation to support the \$682 in unsupported indirect cost transactions.

**Do not concur.** EIE disagrees with this finding and supplied the audit team our rationale as well as emails between EIE and grant manager regarding the issue of an indirect cost rate. In summary, all of EIE's grant/earmark proposals were submitted with no indirect cost rate pool; All costs except rent were proposed to be charged directly to the appropriate grant or earmark. Our proposals were accepted by OJP and the grant/earmarks were issued without indirect cost pools. After further analysis of EIE's methodology for charging the expenses in question, if an indirect cost pool method had been used for each grant/earmark, there would be an increase in such costs charged to each grant/earmark as currently presented

in EIE's financial books and records. The government actually received a benefit from EIE's approach to charging such costs and allocating a portion of them to non-grant funds. (Attachment 19)

The rent expense of \$ 21,696 in the 2007 grant was inadvertently omitted since, at the time, EIE was initially operating virtually and later rented office space. This will be addressed in a final GAN.

The Telly Award expense for \$80 in Grant 2009-DD-BX-0093 was inadvertently charged to the grant, and has since been charged to non-grant funds.

15. Remedy \$47,662 in unsupported indirect costs charged to the 2009-DD-BX-0093 grant by ensuring that the grantee is allocating like and similar indirect costs using a consistent, verifiable and approved method, and require that Enough Is Enough provides adequate documentation to support the \$1,870 in unsupported indirect cost transactions.

**Do not concur.** EIE disagrees with this finding and supplied the audit team our rationale as well as emails between EIE and grant manager regarding the issue of an indirect cost rate. In summary, all of EIE's grant/earmark proposals were submitted with no indirect cost rate pool; All costs were proposed to be charged directly to the appropriate grant or earmark. Our proposals were accepted by OJP and the grant/earmarks were issued without indirect cost pools. After further analysis of EIE's methodology for charging the expenses in question, if an indirect cost pool method had been used for each grant/earmark, there would be an increase in such costs charged to each grant/earmark as currently presented in EIE's financial books and records. The government actually received a benefit from the EIE approach to charging such costs and allocating a portion of them to non-grant funds. (Attachment 20)

16. Ensure that Enough Is Enough<sup>SM</sup> implements and follows accountable property procedures that adequately track and safeguard items purchased with DOJ grant funds.

**Concur.** Written policies and procedures have been implemented to ensure appropriate tracking and safeguarding of items purchased with grant funds. (Attachment 1, Policy # 8 & 19).

17. Remedy the \$3,390 cost of unallowable computer leases.

**Concur.** The computers were leased to save costs under the grant, as was explained to the auditors. EIE leased the computers under a previous OJP grant and the lease payments were carried over to the 2007 grant. However, the appropriate preapproval process was inadvertently not requested prior to extending the leases to the 2007 grant. Since computer expenses are allowable, EIE will remedy this with a final GAN.

18. Determine how much program income, if any, has been generated, ensure that Enough Is Enough<sup>SM</sup> accurately allocates these funds to the grants in proportion to the amount of federal funds contributed to their production, report this income on Federal Financial Reports (SF-425s), and consider these funds as a factor in determining whether a Single Audit is required.

**Do not concur.** OJP's *Financial Guide* (Oct. 2009), provides that "Recipient shall retain all royalties received from copyrights or other works developed under projects," (Part III, Chapter 4 (pg. 50)), and "unless otherwise specified in the award, the recipient/subrecipient may copyright any books, publications, films, or other copyrightable material developed or purchased as a result of award activities" Part III, Chapter 7 (pg. 79). On October 29, 2008, in a meeting with its Grant Manager and supervisory personnel at OJP, EIE provided copies of its 101 Program kit and confirmed it had permission to sell the kit and process, account, and control all such revenue. Additionally, email communications between EIE and OJP evidence EIE's pursuit to seek OJP guidance on the issues regarding copyright, commercial rights and program income. The following information was provided to auditors. (Attachments 21 & 22) Additionally, communications were provided to OJP on November 4, 2010 and June 10, 2011 respectively in response to OJP grant manager's request

surrounding program income issues. Such responses include that EIE received significant funds to partially pay for the development of the Internet Safety 101<sup>SM</sup> Program and that all net income, if any, received from Program sales are put back into EIE and used to support EIE's Internet Safety 101<sup>SM</sup> initiatives. Finally, the reproduction, distribution, and fulfillment costs for products sold by EIE are paid using non-grant funds. Only the reproduction, distribution and fulfillment cost of product giveaways are charged to corresponding OJP grants.

**CONCLUSION:**

EIE and its small staff of five deeply appreciate the opportunity it has been afforded under its grants to partner with OJP. As demonstrated throughout the audit process, and as noted herein, it has been privileged to work in good faith with the OIG audit team. EIE has been both challenged and educated throughout the process, and has thus implemented many valuable improvements in its operations, procedures, and financial controls.

It is the sincere hope of EIE and its Board of Directors that these final responses, and those given throughout the audit, will provide the proper information for OJP to finalize this process and remedy all open issues. As its record of work and coordination with OJP establish, EIE has been (and will remain) proactive in seeking guidance from OJP and will continue to provide any requested information to assist OJP in finalizing this audit. Other than a few immaterial costs, all other costs charged to the grants under audit were reasonable, accurate, allowable and properly allocable. EIE hopes (believes) that OJP will concur that based on the substantial value (over the grant deliverable requirements) EIE has provided to OJP under both grants, all grant monies have been well spent and accounted for, and true (more than full) value has been provided.

EIE continues to remain a national pioneer and leader focused on protecting children online and is the only organization that has developed a comprehensive multi-media adult education curriculum. Our Internet Safety 101<sup>SM</sup> program educates, equips and empowers parents, educators and other caring adults with the knowledge and resources needed to protect children from the

online dangers of pornography, sexual predators, cyberbullies and risks related to social networking, online gaming and mobile devices.

EIE is grateful to Congress for believing in us and providing critical support over the years. We are also grateful to our team at OJP for working with us over the years to develop, introduce, implement, and roll out our award winning Internet Safety 101<sup>SM</sup> Program. EIE's goal is simple: NO CHILD WILL BE LEFT UNPROTECTED. Together, we are making a difference for the sake of the children.

## APPENDIX IV



### OJP 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

July 20, 2011

MEMORANDUM TO: Troy M. Meyer  
Regional Audit Manager  
Office of the Inspector General  
Washington Regional Audit Office

FROM: */s/*  
Maureen A. Henneberg  
Director

SUBJECT: Response to the Draft Audit Report, *Office of Justice Programs, Office of Juvenile Justice and Delinquency Prevention Grants Awarded to Enough is Enough, Great Falls, VA*

This memorandum is in response to your correspondence, dated June 16, 2011, transmitting the subject draft audit report for Enough is Enough. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains **18** recommendations and **\$801,357** 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 our response.

- 1. We recommend that OJP require Enough is Enough to develop and implement written policies and procedures that ensure award expenses are accurately reported on its Federal Financial Reports.**

We agree with the recommendation. We will coordinate with Enough is Enough to obtain a copy of written procedures, developed and implemented, to ensure that Federal expenditures are accurately reported on future Federal Financial Reports (FFRs).

- 2. We recommend that OJP ensure that Enough is Enough improves the reporting of performance measures to accurately report on separate objectives for each grant.**

We agree with the recommendation. We will coordinate with Enough is Enough to obtain a copy of written procedures, developed and implemented, to ensure that performance measures data is accurately reported for each grant objective.

- 3. We recommend that OJP remedy the \$22,288 in unsupported overdrawn funds for cooperative agreement number 2007-JL-FX-K006.**

We agree with the recommendation. We will coordinate with Enough is Enough to obtain documentation to support that the \$22,288 in excess funds from cooperative agreement number 2007-JL-FX-K006 were expended within 10 days of receipt from the U.S. Department of Justice (DOJ). If adequate documentation cannot be provided, we will request that Enough is Enough return any unexpended funds, including any interest income in excess of \$250 annually, to the DOJ; and submit a revised final FFR for the agreement.

- 4. We recommend that OJP remedy the \$94,885 in unsupported overdrawn funds from grant number 2009-DD-BX-0093.**

We agree with the recommendation. We will coordinate with Enough is Enough to obtain documentation to support that the \$94,885 in excess funds from grant number 2009-DD-BX-0093 were expended within 10 days of receipt from the DOJ. If adequate documentation cannot be provided, we will request that Enough is Enough return any unexpended funds, including any interest income in excess of \$250 annually, to the DOJ; and submit a revised final FFR for the grant.

- 5. We recommend that OJP require that Enough is Enough develop and implement procedures for reconciling drawdown requests to its general ledger.**

We agree with the recommendation. We will coordinate with Enough is Enough to obtain a copy of written procedures, developed and implemented, to ensure that amounts requested for reimbursement are supported by adequate documentation and reconciled to the accounting records for each grant.

- 6. We recommend that OJP remedy the \$46,010 in unallowable cost category transfers.**

We agree with the recommendation. We will coordinate with Enough is Enough to remedy the \$46,010 in questioned costs related to unauthorized transfers between account categories associated with cooperative agreement number 2007-JL-FX-K006. If the costs are determined to be unallowable, we will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the agreement.

- 7. We recommend that OJP remedy the \$250,056 in labor charges charged to cooperative agreement number 2007-JL-FX-K006.**

We agree with the recommendation. We will coordinate with Enough is Enough to remedy the \$250,056 in questioned labor costs charged to cooperative agreement number 2007-JL-FX-K006. If adequate documentation cannot be provided, we will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the agreement.

- 8. We recommend that OJP remedy the \$128,679 in labor charges charged to grant number 2009-DD-BX-0093.**

We agree with the recommendation. We will coordinate with Enough is Enough to remedy the \$128,679 in questioned labor costs charged to grant number 2009-DD-BX-0093. If adequate documentation cannot be provided, we will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the grant.

- 9. We recommend that OJP require Enough is Enough to improve its payroll procedures to ensure that timesheets are prepared and approved appropriately.**

We agree with the recommendation. We will coordinate with Enough is Enough to obtain a copy of written procedures, developed and implemented, to ensure that employees' timesheets are complete, accurate, and promptly approved by management.

- 10. We recommend that OJP remedy the \$2,330 in unallowable other direct costs charged to the 2007-JL-FX-K006 cooperative agreement.**

We agree with the recommendation. We will coordinate with Enough is Enough to remedy the \$2,330 in questioned costs related to unallowable direct costs charged to cooperative agreement number 2007-JL-FX-K006. If the costs are determined to be unallowable or adequate documentation cannot be provided, we will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the agreement.

- 11. We recommend that OJP require Enough is Enough to implement internal controls that ensure the grantee maintains adequate documentation to support allowable charges on DOJ awards including: (1) appropriate approvals on reimbursement requests; (2) maintaining invoices, receipts and receiving reports to support grant expenditures; (3) a revised travel reimbursement process in-line with OJP site visit requirements; (4) an objective method to allocate contractor and consultant expenses to cost objectives that can be independently verified; and (5) sufficient support for reallocation or adjusting entries including the methodology, rationale, approvals, supporting schedules, and supporting documentation such as invoices, timesheets and journal entries.**

We agree with the recommendation. We will coordinate with Enough is Enough to obtain a copy of written procedures, developed and implemented, to ensure that adequate documentation is maintained to support allowable charges on DOJ awards, including the following: 1) appropriate approvals on reimbursement requests; 2) maintaining invoices, receipts, and receiving reports to support grant expenditures; 3) a revised travel reimbursement process in-line with OJP site visit requirements; 4) an objective method to allocate contractor and consultant expenses to cost objectives that can be independently verified; and 5) sufficient support for reallocation or adjusting entries including the methodology, rationale, approvals, supporting schedules, and supporting documentation such as invoices, timesheets and journal entries.

- 12. We recommend that OJP remedy the \$69,175 in unsupported other direct costs charged to cooperative agreement number 2007-JL-FX-K006.**

We agree with the recommendation. We will coordinate with Enough is Enough to remedy the \$69,175 in unsupported other direct costs charged to cooperative agreement number 2007-JL-FX-K006. If adequate documentation cannot be provided, we will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the agreement.

- 13. We recommend that OJP remedy the \$35,024 in unsupported other direct costs charged to grant number 2009-DD-BX-0093.**

We agree with the recommendation. We will coordinate with Enough is Enough to remedy the \$35,024 in unsupported other direct costs charged to grant number 2009-DD-BX-0093. If adequate documentation cannot be provided, we will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the grant.

- 14. We recommend that OJP remedy the \$101,858 in unsupported indirect costs allocated to the 2007-JL-FX-K006 cooperative agreement by ensuring that the grantee is allocating like and similar indirect costs using a consistent, verifiable and approved method and require that Enough is Enough provide adequate documentation to support the \$682 in unsupported indirect cost transactions.**

We agree with the recommendation. We will coordinate with Enough is Enough to remedy the \$101,858 in unsupported indirect costs, including the \$682 in unsupported indirect cost transactions, allocated to cooperative agreement number 2007-JL-FX-K006. If adequate documentation cannot be provided, we will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the agreement.

We will also coordinate with Enough is Enough to obtain a copy of written procedures, developed and implemented, to ensure that the method for allocating like and similar indirect costs is consistent, verifiable, and approved by management, and the supporting documentation is maintained for future auditing purposes.

- 15. We recommend that OJP remedy the \$47,662 in unsupported indirect costs charged to the 2009-DD-BX-0093 grant, by ensuring that the grantee is allocating like and similar indirect costs using a consistent, verifiable and approved method, and require that Enough is Enough provides adequate documentation to support the \$1,870 in unsupported indirect cost transactions.**

We agree with the recommendation. We will coordinate with Enough is Enough to obtain documentation to support the \$47,662 in unsupported indirect costs, including the \$1,870 in unsupported indirect cost transactions, allocated to grant number 2009-DD-BX-0093. If adequate documentation cannot be provided, we will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the grant.

- 16. We recommend that OJP ensure that Enough is Enough implements and follows accountable property procedures that adequately track and safeguard items purchased with DOJ grant funds.**

We agree with the recommendation. We will coordinate with Enough is Enough to obtain a copy of written procedures, developed and implemented, to ensure that all fixed assets purchased with Federal funds are properly accounted for and safeguarded.

- 17. We recommend that OJP remedy the \$3,390 cost of unallowable computer leases.**

We agree with the recommendation. We will coordinate with Enough is Enough to remedy the \$3,390 in unallowable computer lease costs charged to cooperative agreement number 2007-JL-FX-K006. If the costs are determined to be unallowable, we will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the agreement.

- 18. We recommend that OJP determine how much program income, if any, has been generated, ensure that Enough is Enough accurately allocates these funds to the grants in proportion to the amount of Federal funds contributed to their production, report this income on Federal Financial Reports, and consider these funds as a factor in determining whether a Single Audit is required.**

We agree with the recommendation. We will coordinate with Enough is Enough to obtain documentation to determine how much program income, if any, has been generated on Federal funds awarded under cooperative agreement number 2007-JL-FX-K006 and grant number 2009-DD-BX-0093. Additionally, we will require that Enough is Enough report the cumulative program amounts earned and expended on the final FFR for each award.

We will also coordinate with Enough is Enough to obtain a copy of written procedures, developed and implemented, to ensure that any program income earned on future grant funds is properly allocated, recorded, and reported to the Federal awarding agency; and any amounts expended are included as a factor in determining whether a Single Audit is required.

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

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

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Richard Theis  
Assistant Director  
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OJP Executive Secretariat  
Control Number 20111015

## APPENDIX V

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

The OIG provided a draft of this audit report to Enough is Enough and OJP. Enough is Enough's response is incorporated in Appendix III and OJP's response is incorporated in Appendix IV of this final report. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

#### **Analysis of Enough is Enough Response**

In response to our audit report, OJP concurred with our recommendations and discussed the actions it will implement in response to our findings. However, Enough is Enough disagreed with our conclusions and recommendations and provided a 19 page response and over 100 pages of attachments in response to our draft report. While we address Enough is Enough's comments as they pertain to each recommendation in the Summary of Actions Necessary to Close the Report section of this Appendix, we note that many of the attachments had been previously provided during the audit.

In its response, Enough is Enough states that other than a few immaterial costs, all costs charged to the grants under audit were reasonable, accurate, allowable, and allocable to the grants. However, we do not believe that the sum of these questioned costs totaling over \$800,000 is a de minimus value. Enough is Enough also stated that it over delivered on its grants and that the Government effectively received a Rolls Royce for the price of a Volkswagen. Our audit report does not note any issues with the quality of the products that Enough is Enough has developed with grant monies and we are aware that the grantee received a "Telly Award" since a portion of the award cost was charged to the grant. However, as stated in this report, our audit concentrated on Enough is Enough's grant financial management.

In response to many of our recommendations regarding unsupported cost allocations, Enough is Enough proposes to rectify these unsupported allocations by charging the full amount of the transaction to the grants rather than the allocated amount. It explains that since the costs were included in the budget they are approved as a direct charge to the award(s). We cannot accept this remedy for supporting these charges because Enough

is Enough did not provide sufficient documentation demonstrating the basis for the allocation – whether a partial allocation or the full amount. The grantee's proposed resolution brings into question why other non-federal grants or funds were not charged the full amount; especially given that the grantee originally allocated portions of the transaction cost between DOJ grants and other costs objectives included in the management and general account. Prior to resolving these questioned costs, OJP should validate that any additional charges clearly benefit only the cost objectives tied to each grant and that the expenses are allowable, supported, and allocable to the grant. Also, OJP should ensure that the total cumulative sum of any proposed changes does not exceed the amount awarded to the grantee.

## **Summary of Actions Necessary to Close the Report**

- 1. Resolved.** OJP concurred with our recommendation that Enough is Enough develop and implement written policies and procedures that ensure award expenses are accurately reported on its FFRs (SF-425). OJP stated in its response that it will coordinate with Enough is Enough to obtain a copy of written procedures, developed and implemented, to ensure that Federal expenditures are accurately reported on future Federal Financial Reports (FFRs).

Enough is Enough concurred with our recommendation and has developed a written policy and procedure to ensure that award expenses are accurately reported on its SF-425s. We reviewed the grantee's written policy and noted that the policy does not adequately describe how corrections will be communicated to OJP for prior periods after the SF-425 has been submitted. Additionally, Enough is Enough's financial manual specifies that the SF-425 will be submitted to the granting agency within 45 days. According to OJP's current requirements, the SF-425 is to be submitted within 30 days. These two areas need correction and clarification.

Enough is Enough states that for the entire grant period under both awards, the overall variance, over and under, for each month between the FSR and the general ledger was \$5,196, or .59 percent of total expenditures, a de minimus variance. We disagree that \$5,196 is de minimus and how the grantee arrived at this variance. Enough is Enough calculated this variance by totaling the overall difference in expenditures for both awards. However, Enough is Enough is required to report expenditures by reporting period and in our audit of this area we noted that the grantee over reported expenditures by as much as \$22,000 for the 2007 DOJ grant. As shown in the chart below, the difference between reported and actual expenditures is considerably

larger than .59 percent in the majority of the reporting periods. Accurate quarterly financial reporting is important, because it allows the grant manager to assess the progress of the project.

### Summary of Review of FSR Accuracy

Report Period	Expenditures		Differences	
	Per FSR	Per General Ledger	Dollar	Percentage
<b>2007-JL-FX-K006</b>				
10/1/07 - 12/31/07	-	-	-	
1/1/08 - 3/31/08	\$5,350	\$ 5,250	\$ (100)	1.9%
4/1/08 - 6/30/08	61,877	39,644	(22,233)	56.1%
7/1/08 - 9/30/08	16,879	59,475	42,596	71.6%
10/1/08 - 12/31/08	103,988	124,513	20,525	16.5%
1/1/09 - 3/31/09	111,285	95,586	(15,699)	16.4%
4/1/09 - 6/30/09	103,354	97,354	(6,000)	6.2%
7/1/09 - 9/30/09	113,180	107,667	(5,513)	5.1%
10/1/09 - 12/31/09	111,951	93,206	(18,745)	20.1%
1/1/10 - 3/31/10	36,002	36,002	0	0.0%
4/1/10 - 6/30/10	23,750	23,750	0	0.0%
<b>2009-DD-BX-0093</b>				
10/1/09 - 12/31/09	46,910	48,758	1,848	3.8%
1/1/10 - 3/31/10	84,755	82,880	(1,875)	2.3%
4/1/10 - 6/30/10	62,262	62,262	0	0.0%

Source: OIG analysis of Enough is Enough's accounting records and FSRs

This recommendation can be closed when we receive a revised financial manual that clarifies how corrections will be communicated to OJP for prior periods after the SF-425 has been submitted and the correction of the due date of the SF-425s.

- 2. Resolved:** OJP concurred with our recommendation to ensure that Enough is Enough improve the reporting of performance measures to accurately report on separate objectives for each award. OJP states that it will coordinate with Enough is Enough to obtain a copy of written procedures, developed and implemented, to ensure that performance measures data is accurately reported for each award objective.

Enough is Enough concurs with the recommendation for improving performance measures and provided procedures that will track the deliverables for each award using an internal tracking document and a database. All data submitted as a deliverable will be kept on file as backup information for the numbers provided.

According to Enough is Enough, we were provided with all the information in its response; however, we did not receive a copy of the Product Giveaway Form, the e-mails from OJP, or a revised policy until after the draft report was released.

Enough is Enough indicates that OJP's open recommendation regarding performance measures is resolved. According to the grantee, the correspondence between Enough is Enough and OJP identifying the alternative measures to accurately report performance measures via the Data Collection and Technical Assistance Tool (DCTAT) was provided and approved by OJP on July 6, 2011; which, is a month after our exit conference and draft report were provided to the Enough is Enough. Therefore, while Enough is Enough indicates that we did not appropriately consider this information, we respectfully state the issue was not resolved at the time of the exit conference and draft report. We adjusted the final report to reflect that OJP approved alternative measures to report performance metrics.

Enough is Enough did not concur with the audit findings presented in Exhibit 3 of the audit report. Enough is Enough states that grant objective 3.3 requires non-grant funds to be used to distribute kits. However, when listing the number of kits distributed under Government Performance Results Act measure no. 2, the grantee did specify that half the kits distributed were distributed under a different non-DOJ grant. Additionally, we could not verify the total number of kits distributed during this period to supporting documentation. Further, the spreadsheet provided supporting the distribution of the 2,000 kits, likewise did not disclose that a significant portion of the kits were sold and not given away. The fact that Enough is Enough inadvertently did not disclose that a significant portion of kits were

distributed using non-grant funds or were sold makes the measurement statistics in the particular progress reports misleading. The average person would assume that the progress report for a specific grant would reflect what the specific grant monies paid for and not what other funding sources paid for.

Additionally, the OJP Financial Guide requires that funding recipients ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. The grantee has developed a Product Giveaway Form to ensure proper tracking and accounting for product giveaways paid for with grant funds. We reviewed this form and note that the form will track the number of products given away; however, this information would still have to be verified to invoices or receipts for shipping or fulfillment. Further, if the grantee is including the kits as a deliverable, we believe it is appropriate to report any program income on the sale of the kits on the SF-425. Program income should be accurately allocated to the awards in proportion to the amount of federal funds contributed to their production, reported as income on SF-425s, and considered as a factor in determining whether a Single Audit is required.

Finally, in reference to the training deliverables outlined in Exhibit 3 under grant 2009-DD-BX-0093, Enough is Enough states that it was appropriate that the 175 adults trained were claimed on both the 2007 and 2009 DOJ awards because time was divided between both awards. We discussed this issue with OJP during the audit. OJP stated that grantees should not double count performance measures, or any other data. We believe that the purpose of this performance measure is to maximize the number of people trained. Double counting the attendees provides inaccurate performance measurements and misleads the reviewers on the total number of individuals trained.

This recommendation can be closed when we receive evidence that Enough is Enough is accurately reporting on the separate objectives of each award by ensuring that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation.

- 3. Resolved:** OJP concurred with our recommendation to remedy the \$22,288 in unsupported overdrawn funds for award number 2007-JL-FX-K006. OJP states that it will coordinate with Enough is Enough to obtain documentation to support that the \$22,288 in excess funds from award number 2007-JL-FX-K006 were expended within 10 days of receipt from the U.S. Department of Justice (DOJ). If adequate documentation cannot be provided, OJP will request that Enough is Enough return any unexpended funds, including any interest income in excess of \$250 annually, to the DOJ; and submit a revised final FFR for the agreement.

Enough is Enough agreed with our finding and provided a spreadsheet outlining future drawdowns to confirm that overdrawn funds were applied to actual expenditures later in the grant performance period. We could not verify this spreadsheet because the grantee did not provide documentation, such as profit and loss statements, the general ledger, and the drawdown requests.

This recommendation can be closed when we receive evidence that OJP has remedied the \$22,288 in overdrawn funds for award number 2007-JL-FX-K006.

- 4. Resolved:** OJP concurs with our recommendation to remedy the unsupported \$94,885 in overdrawn funds from grant 2009-DD-BX-0093. OJP states it will coordinate with Enough is Enough to obtain documentation to support that the \$94,885 in excess funds from grant number 2009-DD-BX-0093 were expended within 10 days of receipt from the DOJ. If adequate documentation cannot be provided, OJP will request that Enough is Enough return any unexpended funds, including any interest income in excess of \$250 annually, to the DOJ; and submit a revised final FFR for the grant.

The grantee agrees with our finding and provided a spreadsheet outlining future drawdowns to confirm that overdrawn funds were applied to actual expenditures later in the grant performance period. We could not verify this spreadsheet because the grantee did not provide documentation, such as profit and loss statements, the general ledger, and the drawdown requests.

This recommendation can be closed when we receive evidence that OJP has remedied the \$94,885 in overdrawn funds from grant number 2009-DD-BX-0093.

5. **Closed:** This recommendation is closed. Enough is Enough provided written policies and procedures to draw down funds in accordance with OJP's Minimum Cash On Hand requirements and provided written procedures for reconciling the drawdowns to the general ledger.
6. **Resolved:** OJP concurs with our recommendation to remedy \$46,010 in unallowable cost category transfers. OJP states it will coordinate with Enough is Enough to remedy the \$46,010 in questioned costs related to unauthorized transfers between account categories associated with award number 2007-JL-FX-K006. If the costs are determined to be unallowable, OJP will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the agreement.

Enough is Enough agrees with our recommendation and will submit a final GAN requesting funds to be moved from the personnel budget category to the contractual budget category. In addition, the grantee will follow GAN guidelines to alert OJP of any such future grant adjustment requests in a timely manner.

This recommendation can be closed when we receive evidence that OJP has remedied the \$46,010 in unallowable cost category transfers.

7. **Resolved:** OJP concurs with our recommendation to remedy the \$250,056 in labor costs charged to award 2007-JL-FX-K006. OJP states it will coordinate with Enough is Enough to remedy the \$250,056 in questioned labor costs charged to award number 2007-JL-FX-K006. If adequate documentation cannot be provided, OJP will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the agreement.

Enough is Enough disagrees with our recommendation. According to Enough is Enough, the annual salaries were in line with the approved budget and the general ledger reconciles with the Federal Forms 941, W-2s, and the W-3 with immaterial differences. Further, compensation was approved by the grantee's Board of Directors during the budget process. Enough is Enough also states that it maintained timesheets for all employees charging time to federal grants and all other classes of funding. However, Enough is Enough has not provided the Federal Forms 941, W-2s, or W-3, documentation showing that compensation was approved by the Board of Directors, or the missing timesheets described in this report. Because Enough is Enough did not provide the documentation, we cannot verify the salaries reconcile to the Federal forms 941, W-2 or W-3, or the Board of Directors' approval

of the salaries. Regardless, our issues with the grantee's payroll costs were with the specific charges to the DOJ awards and these overall reconciliations do not address those concerns.

Enough is Enough stated that they determined that the cumulative spread of labor costs across the various cost objectives needed to be adjusted. However, Enough is Enough has never provided an explanation of what caused the need for the reallocation. Enough is Enough specified that they reviewed the timesheets for FY 2009 and adjusted the labor distribution; however, the grantee completed a revision to the FY 2009 reallocation of labor costs because they stated the initial reallocation was missing 9 timesheets.

The OIG was provided with both versions of the 2009 reallocation and the spreadsheet used to track the labor distribution for the FY 2010 reallocation. We noted numerous issues with the payroll process that formed the basis for our questioned cost.

- We attempted to test 2 non-consecutive pay periods to supporting documentation (timesheets, pay stubs, and general ledger). However, we noted problems with the internal controls over payroll. For instance, contrary to the grantee's response, we were not provided pay stubs for 41 of the 50 timesheets we tested and we were not able to reconcile the timesheets provided to the general ledger entries we were trying to verify. We noted inappropriate approvals or employees approving their own timesheet; timesheets that were not completed appropriately (check marks instead of hours); and the payroll process described in procedures did not correspond to the entries in the general ledger.
- The grantee stated that the reallocation was based on time recorded on timesheets of the employees. However, we noted differences when we compared the initial reallocation to the subsequent reallocation. If both reallocations were based on timesheets, we do not see how labor hours charged to cost objectives change. The only rationale provided for the difference between the first and second reallocation is nine missing timesheets; however, we noted differences in more than nine timesheets. Enough is Enough stated that the employee timesheets for employee DJ (see chart below) were all completed incorrectly and since their time was in the approved award budget they included all this person's direct time to the DOJ award. Simply because an Executive Assistant was an approved position in the budget, does not mean that all time charges automatically are

assigned to the DOJ award. This employee had charged their time to EIE category not the DOJ award. Given that all other employees charged at least a portion of their time to other cost objectives – besides the 2007 DOJ award – it is unreasonable and unsupported to reclassify all the employees time to the DOJ award.

<b>Hourly Differences Between the Versions of FY 2009 Salary Reallocations</b>							
<b>Employee</b>	<b>Pay period</b>	<b>EIE</b>	<b>2007 DOJ</b>	<b>Other</b>	<b>Vacation</b>	<b>Holiday</b>	<b>Sick</b>
DRH	10/3/2008	-4	-22	40	0	0	0
DRH	10/10/2008	-13	-27	40	0	0	0
DRH	11/7/2008	-5	-21	32	0	0	0
DRH	11/14/2008	-8	-25	31	0	0	0
CC	1/16/2009	12	-57	40	0	0	0
CC	1/23/2009	8	-48	40	0	0	0
CC	1/30/2009	12	-12	0	0	0	0
CC	2/6/2009	7	-7	0	0	8	0
CC	2/13/2009	17	-17	0	0	0	0
CC	2/20/2009	23	-23	0	0	0	0
CC	2/27/2009	44	-44	0	0	0	0
CC	3/6/2009	25	-25	0	0	0	0
CC	3/13/2009	8	-8	0	0	0	0
CC	9/25/2009	22	45	0	0	0	0
LS	7/3/2009	0	0	0	32	0	0
DJ**	10/3/2008	0	40	0	0	0	0
DJ**	10/10/2008	0	40	0	0	0	0
DJ**	10/17/2008	0	40	0	0	0	0
DJ**	10/24/2008	0	40	0	0	0	0
DJ**	10/31/2008	0	32	0	8	0	0
DJ**	11/7/2008	0	32	0	8	0	0
DJ**	11/14/2008	0	40	0	0	0	0
DJ**	11/21/2008	0	40	0	0	0	0
DJ**	11/28/2008	0	24	0	0	8	8
DJ**	12/5/2008	0	40	0	0	0	0
DJ**	12/12/2008	0	40	0	0	0	0
DJ**	12/19/2008	0	36	0	4	0	0
DJ**	12/26/2008	0	0	0	24	8	8
DJ**	1/2/2009	0	10	12	8	8	0
DJ**	1/9/2009	0	0	40	0	0	0
DJ**	1/16/2009	0	36	0	0	0	4
DJ**	1/23/2009	0	16	0	16	0	8
DJ**	1/30/2009	0	40	0	0	0	0

- The timesheets used do not have a category entitled "Other" but the reallocation spreadsheet does have this cost objective. No rationale or evidence was provided to support how the hours were identified as "Other".
- When we reviewed the FY 2010 reallocation spreadsheet, we noted 23 instances where no labor charges were listed indicating the spreadsheet is incomplete. We also noted an employee who allocated their time using set percentages (10 percent to EIE; 30 percent to 2007 DOJ award; and 60 percent to the 2009 DOJ award).

Enough is Enough also stated that none of its employees or representatives, including its Director of Communications, engaged in any "lobbying," and no management and general account charges in FY 2009 included any "lobbying costs." However, the documentation provided to us in regards to the FY 2009 reallocation states "All of [Director of Communication] time for lobbying activities has been corrected." This statement along with answers to questions during interviews led us to believe that an Enough is Enough employee was engaged in lobbying. Nevertheless, we revised the report language to reflect Enough is Enough's ongoing congressional education efforts.

This recommendation can be closed when we receive evidence that OJP has remedied the \$250,056 in labor costs charged to award 2007-JL-FX-K006.

- 8. Resolved:** OJP concurs with our recommendation to remedy the \$128,679 in labor costs charged to grant 2009-DD-BX-0093. OJP states it will coordinate with Enough is Enough to remedy the \$128,679 in questioned labor costs charged to grant number 2009-DD-BX-0093. If adequate documentation cannot be provided, OJP will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the grant.

Enough is Enough disagrees with our recommendation, and provided the same response to recommendation no. 8 as recommendation no 7. Please see recommendation no. 7 for both the grantee response and our rebuttal.

This recommendation can be closed when we receive evidence that OJP had remedied the \$128,679 in labor costs charged to grant number 2009-DD-BX-0093.

- 9. Resolved:** OJP concurs with the recommendation requiring Enough is Enough to improve its payroll procedures to ensure that timesheets are prepared and approved appropriately. OJP states it will coordinate with Enough is Enough to obtain a copy of written procedures, developed and implemented, to ensure that employees' timesheets are complete, accurate, and promptly approved by management.

Enough is Enough provided amended written policies and procedures to improve its payroll procedures to ensure that timesheets are prepared and approved appropriately. However, we noted an inconsistency in the policies. Policy #14 implies that all timesheets are reviewed by the Executive Director, while Policy #20 states the Executive Director reviews all timesheets but their own – the President reviews the Executive Director's timesheet.

This recommendation can be closed when receive evidence that timesheet review inconsistency is resolved.

- 10. Closed:** This recommendation is closed. We provided Enough is Enough with a list of unallowable expenses on November 17, 2010. In December 2010, Enough is Enough's President reimbursed the spa, sushi, and charges related to meals in excess of per diem. Enough is Enough also provided adjusting journal entries showing that the remaining unallowable other direct costs had been reversed from the 2007 award and charged to its management general account.

- 11. Resolved:** OJP concurs with our recommendation to require Enough is Enough to implement internal controls that ensure the grantee maintains adequate documentation to support allowable charges on DOJ awards. OJP states it will coordinate with Enough is Enough to obtain a copy of written procedures, developed and implemented, to ensure that adequate documentation is maintained to support allowable charges on DOJ awards, including the following: (1) appropriate approvals on reimbursement requests; (2) maintaining invoices, receipts, and receiving reports to support grant expenditures; (3) a revised travel reimbursement process in-line with OJP site visit requirements; (4) an objective method to allocate contractor and consultant expenses to cost objectives that can be independently verified; and (5) sufficient support for reallocation or adjusting entries including the methodology, rationale, approvals, supporting schedules, and supporting documentation such as invoices, timesheets and journal entries.

Enough is Enough concurs with the recommendation, stating that prior to the audit, and in certain cases, subsequent to the audit, it implemented the appropriate written procedures and internal controls to maintain adequate documentation to support allowable charges on DOJ awards.

As noted in our report, the grantee did not have a complete written financial manual until September 2010. The grantee provided us with updated policies. We reviewed the policies and noted the following items that need clarification or amendment:

- Policy No. 9 only specifies invoices and packing lists should be maintained to support grant expenditures. We believe documentation such as credit card statements, receipts corresponding to the credit card charges, and the reconciliation of the credit card charges to the receipts should also be maintained to support charges.
- We reviewed the updated travel voucher form and corresponding procedures and believe the procedures need clarification. The procedures are not clear as to whether Enough is Enough requires the employee to complete the form twice (one form for authorization and one form for reimbursement) or if a single form is being used for both authorization and reimbursement. Additionally, if a single form is to be used for both authorization and reimbursement the form does not reflect: (1) that two approvals are needed - one for estimated expenses (i.e. a travel authorization) and one for incurred expenses (i.e. travel reimbursement); (2) a field to denote which amounts were estimated and which are actual charges incurred; and (3) the basis used for breaking out the costs to specific cost objectives. Enough is Enough's policies also do not specify that travel documentation for both local and non-local travel, bills, receipts, employee reimbursements, etc. should be maintained to support grant expenditures.
- The grantee's policy to allocate contractor and consultant expenses to cost objectives does not specifically state that the hours must be itemized by each task or accomplishment, only that the contractor should document the month's activities and hours worked for each funding class. The contractor policy should be clarified to ensure that contractors and consultants identify the hours worked on each task or accomplishment as well as by each cost objective.

Although Policies 7 and 20 address reallocation or adjusting entries, they do not mention either reallocation or adjusting entries. Policy No. 9 merely states that if a correction is required (in relation to a SF-425 report), it will be reflected in the current accounting period, but does not specify the required support (schedules, approvals, invoices, timesheets or journal entries) required for reallocation or adjusting entries or specify that employees need to document the methodology and rationale for the reallocation or adjusting entries. Further, Policy No. 9 specifies that at the end of each quarter, the general ledger will be locked, which conflicts with Policy No. 13, which states that the grantee will lock the general ledger each month.

- Policy No. 13 states that “purchases or monthly recurring charges such as rent, supplies, utilities and other consumables for the entire organization are booked to the National class and allocated based on the percentage of employee labor costs for each funding class (grant, earmark, M&G, etc) as compared to the total employee labor costs. Additionally, Enough is Enough tests the quarterly cumulative totals against the cumulative labor hours to identify any deviations.”

The methodology described is an indirect cost allocation. According to 2 CFR Part 215, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-profit Organizations* (formerly OMB Circular A-110), indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective such as a grant or contract. Enough is Enough indicates that their indirect costs include purchases, and monthly recurring charges such as rent, supplies, utilities, and other consumables. Because these indirect costs cannot be easily allocated to specific projects or activities, organizations need to establish and seek approval for an indirect cost rate with their cognizant federal agency to receive payment for indirect expenses. Additionally, the Financial Guide states that if a recipient does not have an approved indirect cost rate, funds budgeted for indirect costs cannot be recoverable until a rate is approved.

In order to close this recommendation, Enough is Enough needs to clarify or revise the specific policies noted above. Additionally, if the grantee is intending to allocate costs to DOJ awards using the indirect cost method described in the procedures, we believe they need to

request approval of the indirect cost rate by the cognizant federal agency.

- 12. Resolved:** OJP concurs with our recommendation to remedy \$69,175 in unsupported other direct costs charged to award 2007-JL-FX-K006. OJP states it will coordinate with Enough is Enough to remedy the \$69,175 in unsupported other direct costs charged to award number 2007-JL-FX-K006. If adequate documentation cannot be provided, OJP will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the agreement.

Enough is Enough does not concur to the recommendation and addressed the items individually:

Allocation of Program Director/Operations Manager (\$6,000 and \$6,000)

Enough is Enough stated that the Program Director/Operations Manager position was originally included in the approved award budget and was listed by name, title and job description in the personnel cost line item, but performed her responsibilities as an independent contractor. Enough is Enough stated that it will use a GAN to handle this reclassification.

While the 2009 grant lists the Program Director/Operations Manager position line item by name, the 2007 award budget does not, and both awards incurred charges for this position.

Enough is Enough also stated that it analyzed the allocations charged to the award for the Program Director/Operations Manager functions, and could have charged more time to the award, but elected to allocate a portion of their time to non-grant funds. We find this explanation problematic because the job functions of this position easily benefit other organizational cost objectives. Additionally, the work statements from these contractors do not itemize a list of tasks performed nor the work hours spent on each of these tasks, which would impair the grantee's ability to quantify the hours charged to the grants or otherwise support the idea that more time could have been charged. Therefore, we believe it is unreasonable and unsupported that the grantee could have charged more time to the award, simply because the award had an approved budget that was higher than the actual costs charged.

In addition, Enough is Enough provided a signed representation from the 3 contractors that all of the costs assigned to the award were accurate and complete. We reviewed the representation letters and noted that these letters were blanket statements that outlined the job functions for the periods of the contracts. The letters did not include an itemized list of tasks and hours spent on each task; therefore, we could not independently verify that the charges were reasonable in relation to the services rendered. Enough is Enough has not provided any documentation that itemizes a listing of tasks the individuals performed that were directly related to the 2007 award or any breakout of the time spent on each task. Therefore, these representation letters do not support the charges to the award.

#### Better Impressions (\$7,678)

Enough is Enough's proposed resolution is to charge the entire invoice to the DOJ award rather than a partial allocation. As noted in the report, the reimbursement request contained numerous unexplained cross outs, the description from the "Write Check" printout did not correspond with the amounts charged to the DOJ award, and like and similar charges were allocated inconsistently. Additionally, Enough is Enough is selling the DVD and toolkit or using the deliverable on other awards (Verizon, Virginia and Maryland District Attorney grants). If Enough is Enough is selling the DVD and tool kits outside of the DOJ awards, those outside projects should incur a proportional allocation of the expenses for developing the DVDs and tool kits. Therefore, it does not appear reasonable to allocate 100 percent of the costs to the DOJ awards when other awards are benefiting from the development costs as well. Therefore, Enough is Enough's response indicating they will allocate 100 percent of the invoice to the DOJ award is still unsupported.

#### Bonnemaison (\$7,947)

Enough is Enough stated that it incorrectly booked this charge to a different vendor and they will credit half of the invoice cost to the DOJ award since half of the invoice is directly related to a different award. While we acknowledge that Enough is Enough tried to explain this accounting error, it still could not support this transaction. Enough is Enough states that the charge was an initial deposit that was sent to the vendor for the printing of 1,000 kits for the Virginia Attorney General, 500 of which were paid for by the Attorney General; the other 500 paid for by the DOJ award. We were provided a credit card statement that showed that \$7,947 was paid to the vendor on

09/01/09, but the invoice provided does not show that this amount was credited as a deposit for printing 1,000 kits and the amount of the deposit is different from the amount charged to the credit card. Further, the reimbursement request does not match any of the amounts on the invoice or the general ledger; the invoices from the vendor do not match the charges to the general ledger; and the "Write Check" does not match the general ledger charges. Therefore, we cannot be certain that the \$7,947 was used to purchase kits and this entire amount is still unsupported.

#### Ad Fero (\$37,000)

Enough is Enough's proposed resolution is to charge an additional \$9,500 to the DOJ award in addition to the \$37,000 already allocated. Enough is Enough states that it only charged \$35,950 (this amount should be \$37,000 according to the general ledger information provided during the audit) to the grant and charged \$9,500 to non-grant funds since Enough is Enough had other *Internet Safety 101* sponsors. The grantee proposes charging the remaining \$9,500 to the grant for the total of \$46,450 (this should be \$46,500 according to the terms of the contract). According to 2 CFR Part 230, direct costs are those that can be identified specifically with a particular final cost objective. Based on Enough is Enough's response, the Ad Fero contract cannot be solely identified to the DOJ award as Enough is Enough had other sponsors; therefore, the grantee's proposed resolution is not reasonable or in accordance with 2 CFR Part 230. Furthermore, the services described in the scope of work for the Ad Fero contract benefit more than just the 2007 award cost objectives.

#### Product Giveaway (\$2,473)

Enough is Enough states that it charged the grant \$2,473 for product giveaway as it occurred and it provided a spreadsheet it used to track these giveaways. The spreadsheet provides an inventory listing and the calculated costs of these giveaways. However, Enough is Enough did not provide verifiable documentation as to the cost value of each of these products or otherwise demonstrate that these kits were actually given away. The grantee also did not provide a reimbursement request form that would demonstrate that this charge was properly authorized according to the Enough is Enough policies and procedures. Therefore, \$2,473 remains unsupported.

## Travel and Entertainment

Enough is Enough stated that the \$846 travel and entertainment has been charged to non-grant funds and/or reimbursed. However, the grantee has not provided any evidence, such as a general ledger or cashed check, that these charges have been remedied. This item can be closed when we receive documentation that the grantee credited the 2007 DOJ award for these expenses.

Blackberry (\$162), Erie Insurance (\$400), Local meals (\$268), Computer repair (\$358), and Internet charges (\$43)

Enough is Enough states the charges for the insurance, local meals, Blackberry purchase, computer repair, and internet charges will be adjusted to non-grant funds. Enough is Enough stated that all but local meal charges are allowable and could be remedied with GANs. While Enough is Enough implies that the audit questioned the insurance, Blackberry, computer repair, and internet costs as unallowable, we questioned the costs because Enough is Enough either could not provide documentation to support the allocation of the costs to the DOJ award or did not provide documentation supporting the costs. These items can be closed when we receive documentation supporting Enough is Enough removed the costs from the DOJ award.

Enough is Enough states that they now have policies and procedures in place that require independent contractors to provide timesheets and progress reports that specifically support allocations to grants. We reviewed these policies and Enough is Enough now requires that monthly progress reports outlining the activities and accomplishments and the hours worked for each funding class be submitted with the monthly invoice. However, the grantee's policy to allocate contractor and consultant expenses to cost objectives does not specifically state that the hours must be itemized by each task or accomplishment, only that the contractor should document the month's activities and hours worked for each funding class.

This recommendation can be closed when we receive evidence that OJP has remedied \$69,175 in unsupported other direct costs charged to award 2007-JL-FX-K006, and Enough is Enough has clarified its policies to ensure that contractors and consultants identify the hours worked on each task or accomplishment as well as by each cost objective.

**13. Resolved:** OJP concurs with our recommendation to remedy \$35,024 in unsupported other direct costs charged to grant 2009-DD-BX-0093. OJP states it will coordinate with Enough is Enough to remedy the \$35,024 in unsupported other direct costs charged to grant number 2009-DD-BX-0093. If adequate documentation cannot be provided, OJP will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the grant.

Enough is Enough does not concur with the recommendation and addressed the items individually:

Hampton Roads, LLC and Julie Koh Consulting (\$3,960, \$3,960, \$3,450, \$3,450, \$3,450 and \$3,537)

Enough is Enough stated that it analyzed the allocations charged to the grant for the Program Director/Operations Manager functions (three contractors filled this role during the 2007 and 2009 award periods) and could have charged more time to the grant budget, but elected to allocate a portion of their time to non-grant funds. We find this explanation problematic because the job functions of this position easily benefit other organizational cost objectives. Additionally, the work statements from these contractors do not itemize a list of tasks performed or the work hours spent on each of these tasks, which would impair the grantee's ability to quantify the hours charged to the awards or otherwise support the idea that more time could have been charged. Therefore, we believe it is unreasonable and unsupported that Enough is Enough could have charged more time to the grant simply because the grant had an approved budget that was higher than the actual costs charged.

In addition, Enough is Enough provided signed representation letters from the 3 contractors that all of the costs assigned to this grant were accurate and complete. We reviewed the representation letters Enough is Enough received from the three contractors and note that these letters were blanket statements that outlined the job functions for the periods of the contracts. The letters did not include an itemized list of tasks and hours spent on each task; therefore, we could not independently verify the charges were reasonable in relation to the services rendered. Enough is Enough has not provided any documentation that itemizes a listing of tasks the individual performed that were directly related to the 2009 award or any breakout of the time spent on each task. Therefore, the representation letters do not support the charges to the award.

### Byron Bartlett Consulting (\$4,235 and \$5,220)

Enough is Enough stated that it will request a GAN to move charges for consulting services related to the Byron Bartlett Consulting from the personnel category to the contractor category. In its response, Enough is Enough provided a signed statement from this consultant stating that the charges are accurate and complete. However, neither the consultant nor Enough is Enough provided any additional support for the allocation of consulting fees to the 2009 DOJ award. Therefore, these charges are still considered unsupported.

### Fulfillment (\$2,500)

Enough is Enough stated that it had requested and received a GAN to remedy the \$2,500 fulfillment and shipping costs that were questioned as unsupported. However, Enough is Enough did not provide the GAN. Additionally, we need verifiable support for the allocation of funds to show that these charges are direct costs that can be tied to the 2009 DOJ grant cost objectives. Therefore, these fulfillment and shipping costs remain unsupported.

### CPA Services (\$1,053)

Enough is Enough stated that the \$1,053 in CPA services that were questioned were originally budgeted under accounting services and now proposes to remedy the unsupported allocation by charging the full amount of the invoice rather than a partial allocation of the invoice cost. The CPA services provided include payroll services, vendor payments, financial reporting, and tax preparation. Given Enough is Enough has specified that they have other funding sources (Virginia PTA, Verizon, Maryland PTA) besides DOJ awards, it is unreasonable to allocate all the costs of CPA services to only the DOJ award. Therefore, Enough is Enough has not provided any documentation to remedy this questioned cost.

Enough is Enough states that they now have policies and procedures in place that require independent contractors to provide timesheets and progress reports that specifically support award allocations. We reviewed these policies and Enough is Enough now requires that monthly progress reports outlining the activities and accomplishments and the hours worked for each funding class be submitted with the monthly invoice. However, the policy to allocate contractor and consultant expenses to cost objectives does not specifically state that the hours must be itemized by each task or accomplishment, only that

the contractor should document the month's activities and hours worked for each funding class.

Enough is Enough did not provide any response concerning the \$29 in questioned Service Charges or the \$180 in Cleaning Services.

This recommendation can be closed when we receive evidence that OJP has remedied \$35,024 in unsupported other direct costs charged to grant 2009-DD-BX-0093, and that the contractor policy was clarified to ensure that contractors and consultants identify the hours worked on each task or accomplishment as well as by each cost objective.

**14. Resolved:** OJP agrees with our recommendation to remedy \$101,858 in unsupported indirect costs allocated to the 2007-JL-FX-K006 award by ensuring that the grantee is allocating like and similar indirect costs using a consistent, verifiable and approved method and require that Enough is Enough provide adequate documentation to support the \$682 in unsupported indirect cost transactions. OJP states it will coordinate with Enough is Enough to remedy the \$101,858 in unsupported indirect costs, including the \$682 in unsupported indirect cost transactions, allocated to award number 2007-JL-FX-K006. If adequate documentation cannot be provided, OJP will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the agreement.

OJP will also coordinate with Enough is Enough to obtain a copy of written procedures, developed and implemented, to ensure that the method for allocating like and similar indirect costs is consistent, verifiable, and approved by management, and the supporting documentation is maintained for future auditing purposes.

Enough is Enough does not concur with the recommendation and provided us correspondence between Enough is Enough and OJP. Enough is Enough also provided an analysis of its indirect costs in an attempt to show cost savings to the federal government. Additionally, the grantee states that the rent expense of \$21,696 was inadvertently omitted because Enough is Enough was initially operating virtually and later rented office space. Enough is Enough proposes correcting this issue by filing a GAN.

Enough is Enough does not address the fact that according to the OJP Financial Guide, in order to receive indirect costs, they need an approved indirect cost plan. In addition, the analysis Enough is Enough provided regarding indirect costs is flawed because it relies on

the labor allocation that we deemed unsupported and included items in the indirect cost pool that were not specified in the approved budget such as Rent, Office Expenses, Payroll Processing Fee, Program Expenses, Marketing Supplies, Program Supplies, and Shipping and Delivery.

While we agree that Enough is Enough provided us an excerpt of an e-mail sent to OJP, we were not provided the full e-mail or any OJP response to the e-mail that demonstrated approval of Enough is Enough's methodology for indirect costs. Further, Enough is Enough did not specifically state how it will resolve the inconsistent or unsupported allocations for the \$399 for office supplies or the \$283 for space storage.

This recommendation can be closed when we receive evidence that OJP has remedied the \$101,858 in indirect costs charged to award 2007-JL-FX-K006 and when we have received adequate documentation that supports the \$682 in questioned indirect costs.

**15. Resolved:** OJP concurs with our recommendation to remedy \$47,662 in unsupported indirect costs charged to the 2009-DD-BX-0093 grant by ensuring that the grantee is allocating like and similar indirect costs using a consistent, verifiable and approved method, and require that Enough is Enough provides adequate documentation to support the \$1,870 in unsupported indirect cost transactions. OJP states it will coordinate with Enough is Enough to obtain documentation to support the \$47,662 in unsupported indirect costs, including the \$1,870 in unsupported indirect cost transactions, allocated to grant number 2009-DD-BX-0093. If adequate documentation cannot be provided, OJP will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the grant.

Enough is Enough disagrees with our recommendation. The grantee response to recommendation no. 15 is the same as recommendation no 14. Please see recommendation no. 14 for both the grantee response and our rebuttal. Also, Enough is Enough has not stated how it will remedy the \$1,870 in unsupported indirect costs.

This recommendation can be closed when we receive evidence that OJP has remedied the \$47,662 in indirect costs charged to grant 2009-DD-BX-0093 and when we have received adequate documentation that supports the \$1,870 in questioned indirect costs.

**16. Closed:** This recommendation is closed. Enough is Enough provided written policies and procedures to ensure appropriate tracking and safeguarding of items purchased with grant funds. Our review of these procedures found that the grantee will conduct a property inventory every two years and that equipment purchased with Federal Funds will be labeled with an identifying number cross referenced to the property inventory listing, grant number, and funding source. The policies specify that the Executive Director is primarily responsible for ensuring that proper financial management procedures are maintained and that the policies of the Board are carried out.

**17. Resolved:** OJP concurs with our recommendation to remedy \$3,390 cost of unallowable computer leases. OJP states it will coordinate with Enough is Enough to remedy the \$3,390 in unallowable computer lease costs charged to award number 2007-JL-FX-K006. If the costs are determined to be unallowable, OJP will request that Enough is Enough return the funds to the DOJ, and submit a revised final FFR for the agreement.

Enough is Enough agrees with our recommendation and will file a GAN to remedy these computer expenses. Enough is Enough stated that the computers were leased to save costs under the grants, but has provided no evidence that the cost of leasing the computers would have been less expensive than purchasing the computers as approved in the grant budget. In fact, our audit analysis of lease costs showed that Enough is Enough paid more for the leased equipment than the approved purchase price of the computers.

This recommendation can be closed when we receive evidence that OJP has remedied the \$3,390 in unallowable computer leases.

**18. Resolved:** OJP concurs with our recommendation to determine how much program income, if any, has been generated, ensure that Enough is Enough accurately allocates these funds to their grants in proportion to the amount of federal funds contributed to their production, report this income on Federal Financial Reports (SF-425s), and consider these funds as a factor in determining whether a Single Audit is required. OJP states it will coordinate with Enough is Enough to obtain documentation to determine how much program income, if any, has been generated on Federal funds awarded under award numbers 2007-JL-FX-K006 and 2009-DD-BX-0093. Additionally, OJP states it will require that Enough is Enough report the cumulative program amounts earned and expended on the final FFR for each award. OJP will also coordinate with Enough is Enough to obtain a

copy of written procedures, developed and implemented, to ensure that any program income earned on future grant funds is properly allocated, recorded, and reported to the Federal awarding agency; and any amounts expended are included as a factor in determining whether a Single Audit is required.

Enough is Enough disagrees with our recommendation stating that it confirmed permission with OJP to sell the kit and process, account, and control all such revenue. Enough is Enough stated that it provided us with its e-mail communications with OJP as evidence that it sought OJP guidance on the issues regarding copyright, commercial rights, and program income. We agree that Enough is Enough provided the referenced e-mails. However, these e-mails only show that the Enough is Enough intended to ask about OJJDP's protocol or requirement for reporting any revenues generated by Enough is Enough at an upcoming meeting with OJP. Enough is Enough did not provide any documentation showing that OJP concurred that program income did not have to be recognized on the DOJ awards or that OJP approved a deviation from the OJP Financial Guide for reporting program income.

Enough is Enough stated that the reproduction, distribution, and fulfillment costs for products it sold are paid using non-grant funds and that only the reproduction, distribution, and fulfillment cost of product giveaways are charged to corresponding OJP grants. However, DOJ funds were used in the development of the kits – non-federal sources did not fund 100 percent of the development of the kits. As such, it appears reasonable and in accordance with OJP policy for DOJ to receive a proportional share of the revenues earned in the sale of the kits. That is why we recommended OJP determine how much program income, if any, the grantee has generated and ensure it was appropriately accounted for.

The Financial Guide states that all income generated as a direct result of an agency-funded project shall be deemed program income. The Federal portion of program income must be accounted for up to the same ratio of Federal participation as funded in the project or program. For example:

1. A discretionary project funded with 100 percent Federal funds must account for and report on 100 percent of the total program income earned. If the total program income earned was \$20,000, the recipient must account for and report the \$20,000 as program income on the Financial Status Report.

2. If a recipient was funded by block/formula funds at 75 percent Federal funds and 25 percent non-Federal funds and the total program income earned by the grant was \$100,000, \$75,000 must be accounted for and reported, by the recipient, as program income on the Financial Status Report.

Enough is Enough stated that all net income received from program sales are put back into Enough is Enough and used to support its *Internet Safety 101* initiatives and communicated this information to OJP on November 4, 2010 and June 10, 2011; however, Enough is Enough refused to provide information regarding program sales, which makes it impossible to assess the level of program income, demonstrate that this income was used in proportion to the Federal funds expended on the project, determine if this income was expended prior to additional OJP drawdowns, or verify that this income benefited DOJ initiatives.

This recommendation can be closed when OJP determines how much program income, if any, has been generated and has ensured that Enough is Enough accurately allocates these funds to the grants in proportion to the amount of Federal funds contributed to their production, reported this income on Federal Financial Reports, and considered these funds as a factor in determining whether a Single Audit is required.