



**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
BUREAU OF JUSTICE ASSISTANCE
STATE AND LOCAL EMERGENCY PREPAREDNESS
PROGRAM GRANT TO THE CITY OF JERSEY CITY
JERSEY CITY, NEW JERSEY**

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

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EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of the State and Local Emergency Preparedness Program (SLEP) grant, number 2003-DD-BX-1014, awarded to the City of Jersey City, New Jersey (Jersey City), by the Office of Justice Program's Bureau of Justice Assistance (BJA). In August 2003, BJA awarded Jersey City a total of \$10,700,000. The purpose of the SLEP grant award was to improve both the capability and reliability of Jersey City's emergency and public service communications systems.

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

We determined that Jersey City did not fully comply with the grant requirements we tested. We reviewed Jersey City's compliance with nine essential grant conditions and found internal control weaknesses in seven of the nine areas we tested: (1) internal control environment, (2) grant expenditures, (3) progress and financial reporting, (4) budget management and control, (5) monitoring contractors, (6) compliance with award special conditions, and (7) program performance and accomplishments. Because of the deficiencies identified, we are questioning \$1,125,000, or 10.5 percent, of the grant funds.¹

In performing our fieldwork, we found Jersey City did not comply with the essential requirements of the grant because the communications center, originally scheduled for completion in March 2004, was not operational at the time of our fieldwork in September 2009. Additionally, grant expenditures were not supported by detailed invoices, financial and progress reports were inaccurate, submitted late, or provided insufficient detail regarding the progress of the project, inaccurate accounting reports were used to manage the program's budget, consultants managed by the city

¹ The Inspector General Act of 1978, as amended, contains our reporting requirements for questioned costs. However, not all findings are dollar-related. See Appendix II for a breakdown of our dollar-related findings and for definitions of questioned costs.

were not adequately monitored, and the program's performance was not adequately monitored.

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

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

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INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of the State and Local Emergency Preparedness Program (SLEP) grant, number 2003-DD-BX-1014, awarded to the City of Jersey City, New Jersey (Jersey City) by the Office of Justice Program's Bureau of Justice Assistance (BJA). In August 2003, BJA awarded Jersey City a total of \$10,700,000. The purpose of the SLEP grant award was to design, acquire, and implement a new communications system.

The objective of our audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grant. We also assessed Jersey City's program performance in meeting grant objectives and overall accomplishments. The table below shows the total funding period for the grant.

BJA – SLEP AWARD TO THE CITY OF JERSEY CITY, NJ

AWARD	PROJECT PERIOD START DATE	AWARD END DATE	AWARD AMOUNT
2003-DD-BX-1014	04/01/2002	12/31/2008	\$10,700,000

Source: Office of Justice Programs

Office of Justice Programs

The Office of Justice Programs (OJP), within the U.S. Department of Justice, provides the primary management and oversight of the grant we audited. Through the programs developed and funded by its bureaus and offices, OJP works to form partnerships among federal, state, and local government officials in an effort to improve criminal justice systems, increase knowledge about crime, assist crime victims, and improve the administration of justice in America.

Bureau of Justice Assistance

The Bureau of Justice Assistance (BJA) is one of five components within the OJP. OJP's other components include the: (1) Bureau of Justice Statistics, (2) National Institute of Justice, (3) Office of Juvenile Justice and Delinquency Programs, and (4) Office for Victims of Crime. The BJA supports law enforcement, the courts, and corrections institutions through programs that emphasize victim services, technology, and prevention initiatives. The BJA's Programs Office coordinates and administers all state

and local grant programs and acts as BJA's direct line of communication to states, territories, and tribal governments by providing assistance and coordinating resources.

State and Local Emergency Preparedness Program

The Edward Byrne Memorial State and Local Law Enforcement Assistance Program (Byrne Formula Grant Program) is a partnership among local, state, and federal governments to create safer communities. BJA is authorized to award grants to states for use by states and units of local government to improve the functioning of the criminal justice system with emphasis on violent crime and serious offenders.

In fiscal year (FY) 2002, as a result of a specific congressional appropriation under the Byrne Formula Grant Program, BJA provided funds to state and local governments affected by the September 11 terrorist attacks through the State and Local Preparedness Program (SLEP). Twenty-six awards totaling \$251.1 million were made to cover each jurisdiction's expenses for emergency preparedness equipment, training, and other public safety purposes.

Program Overview

Jersey City, New Jersey, is located in an urban area adjacent to the New York City metropolitan area. Thousands of commuters travelling to Manhattan pass through the city each day via trains, buses, subways, ferries, and automobiles. The volume of commuters and the considerable number of local residents produce a significant workload for city service providers – first responders, police and fire, and other public employees. City radio frequencies are heavily used and the volume of traffic sometimes interferes with the city's radio communications. The events surrounding the September 11 terrorist attacks demonstrated that communications between public agencies responding to crisis are essential. Prior to receiving the grant award, Jersey City reported that the police department's communication system had reached the end of its useful life and needed to be replaced.

At the time of the award, Jersey City had been designated a fiscally distressed city by the State of New Jersey. Jersey City requested federal funds to replace its outmoded communications system with state-of-the-art equipment and software, and hired a consulting firm to make recommendations for changes to its communications system and manage

the communications upgrade project.² The specific areas funded included: (1) equipment for a new communications center, (2) communications towers, (3) portable radios, and (4) consultant fees to identify communication requirements, assist in the procurement and installation of the technology, and provide staff training. The application included a 24-month project timeline beginning with evaluation of the current system and ending with testing and evaluation of the new system. The application also included a detailed description of the hourly rates charged by consultant employees as well as the number of hours worked in each of the project's four phases.

Our Audit Approach

We tested compliance with what we considered to be the most important conditions of the grant. The criteria we audited against are found in the current version of the OJP Financial Guide, which serves as a reference manual assisting award recipients in their fiduciary responsibility to safeguard grant funds and ensure funds are used appropriately. In addition, we tested against criteria found in applicable Office of Management and Budget (OMB) Circulars, including Circular A-87 (Cost Principals).

In conducting our audit, we performed testing of Jersey City's:

- **Internal control environment** to determine whether the financial accounting system and related internal controls were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grant.
- **Grant expenditures** to determine whether the costs charged to the grant were allowable and supported.
- **Reporting** to determine if the required periodic Financial Status Reports and Progress Reports were submitted on time and accurately reflect grant activity.³
- **Budget management and control** to determine the overall acceptability of budgeted costs by identifying any budget deviations

² Jersey City initially received approval from OJP to hire the consultant without competition, but after the project was delayed, OJP revoked the city's sole source authority.

³ In October 2009, the financial reporting form was changed from the Financial Status Report to the Federal Financial Report. Because most of the forms we reviewed were Financial Status Reports, that is how we refer to them in this report.

between the amounts authorized in the OJJDP grant budget and the actual costs incurred for each budget category.

- **Drawdowns** (requests for grant funding) to determine whether Jersey City's requests for funding were adequately supported and if the city was managing grant receipts in accordance with federal requirements.
- **Monitoring of contractors** to determine Jersey City's procedures and performance in monitoring contractors.
- **Accountable property** to determine Jersey City's procedures for controlling accountable property.
- **Compliance with award special conditions** to determine if Jersey City complied with special conditions or criteria specified in the award documents.
- **Program performance and accomplishments** to determine whether Jersey City achieved the grant's objectives and to assess performance and grant accomplishments.

When applicable, we also test for compliance in the areas of matching funds and program income. For the grant award to Jersey City, we determined that matching funds were not required and the grant program generated no program income.

FINDINGS AND RECOMMENDATIONS

COMPLIANCE WITH ESSENTIAL GRANT REQUIREMENTS

We determined that Jersey City did not fully comply with the essential grant requirements in the areas we tested. We found: (1) internal control deficiencies; (2) weaknesses in grant expenditures associated with unsupported expenditures; (3) inadequate grant reporting, including inaccurate, incomplete, or missing financial and progress reports; (4) weaknesses in budget management and control; (5) inconsistent contractor monitoring; (6) two award special conditions that were not met, including a requirement to notify the state's information technology point of contact about the project and a restriction on the expenditure or obligation of grant funds; and (7) weaknesses with the program's overall performance. As a result of these deficiencies, we question \$1,125,000 in expenditures, or 10.5 percent of the total grant award. These conditions, including the underlying causes and potential effects on the grant program, are further discussed in the body of this report.

Internal Control Environment

Our audit included a review of Jersey City's accounting and financial management system, specific to the grant audited, and Single Audit Reports to assess the risk of noncompliance with laws, regulations, guidelines, and the terms and conditions of the grant. We also interviewed management staff from the organization, observed accounting activities, and performed transaction testing of expenditures and accountable property to further assess risk.

From our audit, we identified significant internal control deficiencies that collectively contributed to the issues we discuss in more detail later in this report. Specifically, we determined that existing procedures for approving consultant invoices were not always followed, consultant invoices were paid despite lacking detail and supporting documentation, no evidence of any consultant monitoring, quarterly financial status reporting was sometimes late, budgetary controls were inadequate, compliance with award special conditions was not always accomplished, and successful accomplishment of the project objectives remained in doubt. These internal control deficiencies taken collectively not only place grant funds at risk, but also increase the likelihood that the project goals and objectives may be compromised and that the communications system may not be successfully implemented.

Grant Expenditures

We reviewed grant expenditures to determine if costs charged to the award were allowable, supported, and properly allocated in compliance with grant requirements. We obtained detailed accounting records for all expenditures charged to the grant, and reviewed invoices and available supporting documentation. In performing our testing, we assessed grantee compliance with OMB Circular A-87 (Cost Principals).

Jersey City's primary grant expenditures included communications-related equipment and consulting services. We identified 49 invoices totaling over \$10.7 million to support grant expenditures, and we tested each invoice to determine if: (1) Jersey City followed its internal procedures for approving grant funds, (2) expenditures were supported by a detailed invoice describing the purchase or service performed, and (3) each invoice was properly charged to the grant. All of the invoices we tested included evidence of payment authorizations documenting the initial pre-purchase review of the expenditure. However, we found that Jersey City did not always follow its normal procedures for approving consultant expenditures. We also determined that documentation supporting the consultant expenditures was not provided because the invoices submitted for payment had no detailed explanation or accompanying documentation to support the work performed by Jersey City's consultants. For all 33 consultant invoices we tested, invoices we reviewed in support of consultant expenditures indicated "services for work performed", or provided a limited explanation of the work performed. Adequately documented program expenditures are essential to ensure the effective and efficient delivery of the grant program's products and services.

A Jersey City official told us that normally invoices would initially be reviewed by the grant manager, forwarded to another department for technical review, if the expenditure included detailed technical specifications, and then sent to the Jersey City Town Council for each council member's review and vote for approval at the monthly Town Council Meeting. However, for this grant, Jersey City did not follow its normal procedure for approving the consultant invoices. Six consultant invoices were sent directly to Jersey City's Corporation Counsel and the Corporation Counsel reviewed and approved the invoices prior to the Town Council approving the invoice.

Jersey City's grant application included a detailed schedule of the work to be performed by the consultants. That schedule included the hourly rates to be paid to each employee, the anticipated number of hours worked by each employee, and the numbers of hours the employees would bill to each

phase of the project from planning to project completion. In May 2002, prior to receiving the grant award, Jersey City entered into a contract with its primary consultant stipulating that the city would pay it based on the completed phases of the project. However, in all 33 of the consultant invoices we tested, the consultant invoices lacked the required specificity and generically described the billings as "services for work performed", or provided a limited explanation of the work performed. We found no schedule for the project work completed and no evidence that the consultant's payments were ever tied to the completed phases of the project or the number of hours worked by the consultants. Invoices stated that consultant payments should be made for "services rendered", and some invoices included a few bulleted points indicating meetings attended or projects worked on by the consultants. Although all of the invoices that we reviewed lacked an adequate explanation and supporting documentation of the actual work performed by the consultant, from our analysis we determined that these same invoices did have evidence of review and approval by Jersey City's Corporation Counsel as well as other city officials.

Jersey City's original SLEP grant began in August 2003 and was scheduled to be completed in March 2004. After six BJA-approved extensions, the grant ended in December 2008. At the time of our field work in September 2009, we found that, although handheld radios had been distributed to the city's public employee workforce – an approved grant expenditure of \$2.9 million – the city's communications system was not operational. The remaining \$7.8 million of grant expenditures included equipment, software, hardware, and consultant fees for the city's communications system. Consultant fees were paid to facilitate the planning, design, and implementation of the communications system

We asked Jersey City officials why they approved consultant invoices that included little or no documentation to support the work performed. The officials agreed that in retrospect they should have required comprehensive invoices and supporting documentation detailing the work performed by the consultants, but could offer no explanation as to why that was not done in this instance.

Because the communications system was still not operational at the time of our field work and because the consultant invoices we tested lacked a detailed explanation or supporting documentation of the consultant work performed, we could not assure ourselves that: (1) the consultant expenditures were reasonable; (2) Jersey City paid market prices for the consultant services; (3) the consultant's acted prudently in planning, designing, and implementing the project; and (4) the city effectively

managed the cost of the project. Therefore, we questioned the \$1,125,000 paid in consultant fees.

Reporting

Financial Status Reports

The financial aspects of OJP grants are monitored through Financial Status Reports (FSRs).⁴ According to the OJP Financial Guide, FSRs are designed to describe the status of the program's funds and should be submitted within 45 days of the end of the most recent quarterly reporting period and, even for periods when there have been no program outlays, a report to that effect must be submitted. Funds or future awards may be withheld if reports are not submitted or are excessively late.

Jersey City submitted 21 of the 22 required FSRs, but of those 21, 7 were submitted late. Most of the deficiencies occurred early in the grant period, and the missing FSR should have been submitted by February 15, 2004. Jersey City submitted five of the seven late FSRs during the 2004-2005 timeframe, and submitted the two remaining late FSRs in March 2007 and March 2009.

We also reviewed the total expenditures reported in the 49 invoices supporting Jersey City's FSRs and found that the total invoiced expenditures did not reconcile with the total expenditures reported on the FSRs as follows.

Jersey City's Reported Grant Expenditures

	PER INVOICES	PER FSR	DIFFERENCE
Total Expenditures	\$10,724,978	\$10,700,000	\$24,978

Source: OIG analysis

We asked the Jersey City official responsible for preparing the FSRs why the FSRs were submitted late and why the total expenditures on the FSRs did not equal the total invoiced expenditures. We were told that most of the late FSRs were submitted at the beginning of the grant period before this official began preparing the FSRs. This same official was unsure why the two more recent FSRs were submitted late, or why the actual invoiced expenditures did not reconcile with the total expenditures reported on the

⁴ In October 2009, the financial reporting form was changed from the Financial Status Report to the Federal Financial Report. Because most of the forms we reviewed were Financial Status Reports, that is how we refer to them in this report.

FSR. Moreover, we were told there were no written procedures in place that detailed a process for promptly reporting invoiced expenditures and reconciling the expenditures to the total expenditures reported on FSRs.

Although most of the late FSRs occurred early in the grant period and the difference between the invoiced expenditures and the expenditures reported on the FSRs is small, we concluded that both deficiencies provided indicators of weak internal controls. Strong internal controls provide checks and balances that ensure program expenditures are reported accurately and within the required timeframe. Therefore, we considered this to be an internal control deficiency that warrants the attention of Jersey City officials.

Progress Reports

Progress reports are submitted to provide information relevant to the performance of a grant-funded program and the accomplishment of objectives as set forth in the approved award application. According to the OJP Financial Guide, these reports must be submitted twice yearly, within 30 days after the end of the reporting periods of June 30 and December 31, for the life of the award.

We determined that Jersey City submitted 4 of the 11 required semiannual reports during the 5-year grant period between August 2003 and December 2008. Jersey City submitted four progress reports covering the June 2006 and June 2008 reporting periods, but did not submit a final report covering the semi-annual period ending in December 2008. Jersey City submitted its four reports between 29 and 50 days late. One of the reports provided no new information because the report was merely a copy of the preceding report. None of the reports addressed the original project time schedule, or proposed a new detailed project schedule. Jersey City also reported financial expenditures in its progress reports, however, the financial expenditures did not reconcile with the expenditures reported in the FSRs. Jersey City officials told us they delegated progress reporting to one of its consultants and did not afford these reports any close scrutiny or review the reports before they were submitted. They also noted that OJP accepted the city's progress reports without comment and this created the presumption that the reports were accepted as filed. In our judgment, Jersey City failed to submit all of its required progress reports and the reports submitted were both late and incomplete. The absence of complete and timely periodic progress reports impairs OJP's ability to monitor grant activity and increases the risk the project could be delayed causing grant funds to be wasted or used for unallowable purposes.

Drawdowns

Drawdown is a term used by OJP to describe when a recipient requests grant funding from the total award amount for expenditures associated with the grant program. The OJP Financial Guide establishes the methods by which DOJ makes payments to grantees. The methods and procedures for payment are designed to minimize the time elapsed between the transfer of funds by the government and the disbursement of funds by the grantee. Grantees may be paid in advance, provided they maintain procedures to minimize the time elapsing between the transfer of funds by the government and the disbursement of funds by the grantee. The guide recommends that funds be drawn to handle disbursements to be made immediately or within 10 days.

We interviewed Jersey City officials, reviewed drawdown procedures, and verified the deposits of grant funds into the city grant account at its designated financial institution. We determined that Jersey City officials calculated drawdowns based on the total expenditures reported in the city's latest FSR. Because Jersey City initially paid grant-related expenditures using city funds and then drew down grant funds, we concluded that no advance city payments were made to the city.

Budget Management and Control

The OJP Financial Guide addresses budget controls surrounding grantee financial management systems. According to the Financial Guide, grantees are permitted to make changes to their approved budgets to meet unanticipated program requirements. However, the movement of funds between approved budget categories in excess of 10 percent of the total award must be approved in advance by OJP. In addition, the guide requires that all grantees establish and maintain an adequate system for accounting and internal controls. Inaccurate accounting systems or inadequate internal controls can lead to fraud, waste, or abuse of government funds.

Upon grant award approval, OJP provided a Final Clearance Memorandum to Jersey City that contained the approved itemized budget for the grant. To ensure the city remained within its approved budget, officials told us they relied on a commercial accounting program that produced the city's Budget Detail Report. The Budget Detail Report included the total grant expenditures summarized by each budget cost category. The final approved budget for the grant and the expenditures reported in the city's Budget Detail Report are shown below.

Jersey City Budget versus Actual Expenditure Cost Comparison

Cost Category	Award Budget	Budget Detail Expenditures	Over (Under) Budget
Travel	\$ 52,400	\$ 0	(\$52,400)
Equipment	9,664,600	9,585,824	(78,776)
Contractual	983,000	1,040,120	57,120
Maintenance	0	10,306	10,306
Furnishings	0	11,690	11,690
Office Equipment	0	18,959	18,959
TOTAL	\$ 10,700,000	\$10,666,899	(\$33,101)

Sources: Office of Justice Programs and Jersey City financial records.

OJP’s criteria of 10 percent of the total award applied to Jersey City’s \$10.7 million results in an allowable budget transfer of \$1.07 million. The chart above demonstrates that, according to the city’s Budget Detail Report, movement of grant expenditures by cost category remained well within OJP’s established guideline. However, the Budget Detail Report also indicates grant expenditures were \$33,101 under the city’s approved budget. Moreover, as we reported earlier in this report, based on our calculation of the actual grant expenditures using the invoices provided to support the FSRs, the city’s grant expenditures exceeded the \$10.7 million grant award by \$24,978. A summary of the total grant expenditures from the three different financial sources we reviewed follows.

Jersey City Total Expenditure Comparison

	Budget Detail Report	Financial Status Report	Supporting Invoices
Total Expenditures	\$10,666,899	\$10,700,000	\$10,724,978

Source: Jersey City financial records.

In our judgment, because Jersey City officials told us they spent the entire grant award, the total grant expenditures shown on the Budget Detail Report, the Financial Status Report, and the invoices supporting the FSR’s

should have been equal. City officials told us that they believe the three sources did not reconcile because of missing or double counted invoices. Because we could not reconcile the accounting records supporting the Budget Detail Report, we concluded the Budget Detail Report was inaccurate and, as a result, the internal controls the city used to manage its grant budget were less than adequate and improvements were warranted.

Monitoring of Contractors

According to the OJP Financial Guide, grantees should ensure that they monitor organizations under contract to them in a manner that ensures compliance with their own overall financial management requirements. We found no evidence to indicate that Jersey City conducted any formal monitoring of its contractors outside of the review of invoice documentation. At the time of our audit, a Jersey City official told us that it was considering an ordinance to address its contractor monitoring procedures. The official also told us that the city delegated some of its monitoring responsibilities to one of its consultants, and the official believed that the police department conducted site visits of some of its contractors but could not document the results of those visits. We were also told that there were no written policies or procedures in place to provide a framework for effective contractor monitoring.

More aggressive monitoring of Jersey City's contractors could have resulted in the consultants providing more detailed invoices and supporting documentation for the work accomplished. From our audit, we concluded that the city should have addressed this internal control shortcoming and considered implementation of an aggressive contractor monitoring program that included written policies and procedures. In our view, the absence of a functional contractor monitoring program needlessly placed grant funds at increased risk for possible misspending.

Accountable Property

The OJP Financial Guide states that grantees are required to be prudent in the acquisition and management of property acquired with federal funds. The guide also requires that grantees establish an effective system for property management.

Jersey City officials told us that technical purchases were reviewed by the office of Police Information Services. This office also received and inventoried all equipment purchased. We reviewed documentation supporting the handheld radios used by police officers and equipment found in the city's main communication center and verified that a sample of

equipment purchased using grant funds was properly accounted for and maintained. In performing our review, the police officers equipped with grant-funded handheld radios told us that they had been trained to use the radios, the radios were fully functional, and the radios increased their law enforcement capabilities. We reviewed equipment purchased for the communications system that was not operational and found that the equipment was properly inventoried and marked as purchased with federal funds. Based on our testing, we found no instances where Jersey City did not meet OJP's standards for accountable property.

Compliance with Award Special Conditions

Special conditions include the terms and conditions for the award. The special conditions may also include special provisions unique to the award. We reviewed the special conditions found in Jersey City's award and found the city did not comply with two special conditions: (1) officials could not document that they met the requirement to notify the State Information Technology Point of Contact (State IT Contact) of the information technology grant award, and (2) officials did not provide OJP with a task plan summarizing the tasks required to complete the project prior to obligating grant funds.

State Information Technology Point of Contact Notification

This special condition required Jersey City to provide written notification to its State IT Contact for any information technology projects funded by the grant. The purpose of the notification was to facilitate communication between the state and local governments that are developing information technology projects. We found no evidence to indicate the city notified its State IT Contact.

Jersey City officials told us that they believed they provided the required notification to the State IT Contact but they could not locate any documentation to support their claim.

Obligation and Expenditure of Grant Funds Prior to Providing Task Plan

Another special condition, acknowledged by a Jersey City official in August 2003, directed the city to submit a detailed task plan to OJP within 30 days after accepting the award. According to the award letter, the task plan should have included a description of all significant tasks associated with the project, goals to be accomplished during the project period, and any deliverables associated with the project. However, city officials did not provide the task plan to OJP within the required 30 days. As a result, OJP's

program manager followed up with a letter in September 2004 reminding the officials that no grant funds could be obligated or expended prior to the submission of the task plan. In the same letter, OJP rescinded the sole-source contracting authority it had previously granted to the city.

We found that Jersey City officials submitted the task plan in October 2005, about 24 months after its due date in September 2003. Moreover, we found that the city entered into contracts with two of its consultants prior to the submission of the required task plan. This caused grant funds to be obligated prior to submitting the task plan to OJP. In addition, the city also paid one of the contractors over \$600,000 in grant funds prior to the submission of the task plan. Officials also paid over \$200,000 to the second consultant for work performed prior to the approval of the required task plan.

Officials told us that because the city needed to expend funds to develop the required task plan, they believed the expenditures represented an allowable expense. In our judgment, Jersey City officials should have honored the special condition and not paid either consultant prior to OJP's approval of the task plan. Therefore, we question the full \$1,125,000 that officials paid to consultants as unallowable.

Program Performance and Accomplishments

In the aftermath of the September 11 terrorist attacks in New York City, Jersey City, an urban community directly across the Hudson River from New York, requested federal funding under the SLEP program to replace its out-dated public communications system. The replacement system was designed to provide its public employees with new handheld radios that would provide enhanced communications between city employees and a state-of-the-art communications system through a series of towers strategically placed around the city.

At the time of our fieldwork, we determined that the August 2003 award for a communications systems project that initially was expected to be completed in 24 months, had been extended six times. Although over 800 handheld radios had been delivered to city employees, the communications towers were undergoing testing and the communications system was not yet operational. Specific causes for the delays were difficult to determine because Jersey City officials could not provide documentation regarding the development and delays associated with the project.

Jersey City officials delegated a significant amount of its grant administration and management responsibilities to a consultant. For

example, consultants were used to prepare the city's progress reports and city officials used the same consultant to oversee other contractors working on the project. Even though the phases of the project and the work to be performed by its consultant were well documented in the consultant's contract and the city's grant application, the city and its consultant took over 2 years to submit the project plan that OJP expected within 30 days of the award date. By the time the city submitted its project plan to OJP, the project had fallen significantly behind schedule. However, we could find little evidence documenting the reasons for the project's delay or the proposed solutions to what appears to have been a significant number of unforeseen problems.

Most troubling to us was the lack of support for the work performed by Jersey City's consultants. The principal consultant's contract identified three major phases of the project (design, implementation, and initial operation of the system), identified the number of hours and the hourly rates to be paid during each phase of the project, and stipulated that payments were to be made based on the percentage of the project completed. However, none of the invoices we reviewed for payment to the consultant included references to the phase of the project, number of hours worked, hourly wages paid, or the percentage of the project completed.

Conclusion

We found that Jersey City did not fully comply with grant requirements and applicable OMB guidance in several of the areas we tested. These areas included: (1) internal controls, (2) grant expenditures, (3) financial and programmatic reporting, (4) budget management and control, (5) monitoring of contractors, (6) compliance with award special conditions, and (7) program performance and accomplishments. As a result, we are questioning \$1,125,000, or about 10.5 percent of the entire grant award.

Recommendations

We recommend that OJP:

1. Remedy \$1,125,000 in unsupported consultant expenditures that were not supported by detailed accounting records.
2. Ensure that Jersey City implements and adheres to internal control procedures that require consultant invoice billings include an explanation of the work performed and be sufficiently supported by detailed consultant documentation

3. Ensure that Jersey City implements and adheres to internal control procedures that will result in the timely and accurate submission of Federal Financial Reports (formerly known as Financial Status Reports).
4. Ensure that Jersey City implements and adheres to internal control procedures that will result in the timely and accurate submission of complete, informative, and verifiable progress reports.
5. Ensure that Jersey City implements and adheres to internal control procedures to track verifiable expenditures by budget categories, to monitor budget versus actual spending on a consistent and ongoing basis, and to investigate any significant variances.
6. Ensure that Jersey City implements and adheres to written policies and procedures that adequately monitor contractors.
7. Ensure that Jersey City implements and adheres to internal control procedures that assure full and complete compliance with all of the award special conditions.
8. Remedy \$1,125,000 in unallowable expenditures for obligation of funds prior to OJP's approval of a detailed task plan.
9. Ensure that Jersey City holds its outside contractors fully accountable for meeting project deliverables and objectives, completes the grant-funded communications systems project without further delay, and fully explains the underlying reasons for any project delays and the steps taken to resolve the issues.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

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

Our audit concentrated on, but was not limited to, the award of the grant on August 18, 2003, through its administrative closeout on April 14, 2009. We audited BJA's State and Local Emergency Preparedness Program. Through the end of the grant award period - December 31, 2009 – Jersey City drew down \$10,700,000.

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 audited against are contained in the Office of Justice Programs Financial Guide, applicable OMB Circulars, and the award documents.

In conducting our audit, we tested Jersey City's grant activities in the following areas: grant expenditures, progress and financial reporting, drawdowns, accountable property, monitoring contractors, budget management and control, compliance with award special conditions, and program performance and accomplishments. In addition, we reviewed the internal controls of Jersey City's financial management system specific to the management of DOJ grant funds during the grant period under review. However, we did not test the reliability of the financial management system as a whole. We also performed limited tests of source documents to assess

the accuracy and completeness of reimbursement requests and financial status reports. These tests were expanded when conditions warranted. We judgmentally selected a sample of 5 of the 838 radios purchased with grant funds. We also judgmentally selected a sample of 5 items from the 228 pieces of equipment located at the communications center that was still under construction.

SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS:	AMOUNT	PAGE
Unsupported Consultant Expenditures	\$ 1,125,000	8
Unallowable Consultant Expenditures for Noncompliance with Award Special Conditions	\$1,125,000	14
Total questioned costs:	2,250,000	
<i>Less Duplication⁵</i>	(1,125,000)	
TOTAL DOLLAR-RELATED FINDINGS:	\$1,125,000	

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.

⁵ We questioned costs related to consultant payments. The questioned costs relate to identical expenditures – though questioned for different reasons – and, as a result, that portion of questioned costs is duplicated. We reduced the amount of costs questioned by the amount of this duplication.

**JERSEY CITY, NEW JERSEY
RESPONSE TO THE DRAFT AUDIT REPORT**



HON. JERRAMIAH HEALY
MAYOR

**JERSEY CITY POLICE DEPARTMENT
OFFICE OF THE CHIEF**
8 Erie Street
Jersey City, New Jersey 07302
201-547-5301 Fax 201-547-4913



THOMAS COMEY
CHIEF OF POLICE

February 17, 2011

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

Dear Mr. Puerzer:

After consultation with the Mayor and Business Administrator of the City of Jersey City, it was determined that as the Chief of Police, it would be appropriate for me to respond to the draft audit that you forwarded to the City on January 21, 2011. We agree with many of the findings of the draft audit report and we have already begun to take remedial measures to address them. However, we would like to explain some of the unique circumstances that surrounded the implementation of this project. And importantly, the City is pleased to inform you that thanks to the assistance of the federal government, the Jersey City Police Department has been able to successfully field one of the most technologically advanced voice radio communications systems in the nation. Although delayed, we are proud to say that this project was completed on budget, and the system's capabilities have exceeded all expectations.

There were many difficulties on the road to completion of this project. The untimely death of Mayor Glen D. Cunningham in the spring of 2004 triggered several changes of administration as well as consequential changes in the staffing of our Grant's office. Before the current Administration, there was a six month interim mayoral administration before a special election could be held. Because of these personnel changes, it was difficult to ensure the proper transfer of knowledge among personnel regarding the administration of the grant.

In November of 2004, Jerramiah T. Healy was elected Mayor. At that time, I was a Lieutenant, working in the capacity of Chief of Staff to the new Chief of Police. The Police Department was facing many challenges, one of which was the implementation of our new communications system. The City's building, both structurally and operationally, at Police Headquarters (8 Erie Street) was deteriorating rapidly. Mayor Healy emphasized the need for a new communications center.

In conjunction with the acceptance of the radio system project grant, the City deemed it necessary to simultaneously construct a facility capable of meeting the needs of the new radio system project due to the age and dilapidated conditions of the facility at 8 Erie Street. The City made a conscious decision to accept a small amount of additional delay to bring both projects to completion simultaneously. This provided the City with the ability to achieve cost savings in the

overall purchase of the radio system, safeguarded the equipment against possible damage when moved from 8 Erie Street to the new facility, and avoided any disruption to provision of public safety services to the citizens of Jersey City. Each of the steps outlined above was communicated to and approved by both our point of contact at the State and to the COPS office at USDOJ.

Early in this process there was a question regarding the appropriate method of procurement and award for the purchase of the radio system. The delay in reaching this decision brought the City close to the initial expiration period for the grant. The proper method of award was being deliberated by the Department of Justice and the New Jersey Department of Community Affairs, Division of Local Government Services. I requested the Corporation Counsel to provide assistance and guidance in navigating this increasingly complex issue so that the grant would not be lost. I attach a copy of a letter from the Corporation Counsel to the Department of Justice dated November 30, 2004 as Exhibit A. After several discussions with the State Division of Local Government Services and the U.S. Bureau of Justice Assistance, the Office of the Corporation Counsel was able to secure an agreement from these two organizations that the procurement would proceed as an open and competitive bid. A copy of a letter dated December 23, 2004 from the Division of Local Government Services confirming the communications and ultimate agreement among the City, the State, and the Bureau of Justice Assistance is attached hereto as Exhibit B.

In addition to receiving guidance from the State Division of Local Government Services regarding the appropriate method to acquire the radio system, the City also received guidance from the then Chief of Public Safety Communications for the State. This individual had also been appointed as the City's State Information Technology point of contact. I am attaching several examples of correspondence between the City Corporation Counsel and the State's Chief of Public Safety Communication as Exhibit C. Additionally, the City's internal advisor for technological issues, Police Officer and Senior Systems Administrator John Tkaczyk, had numerous in person meetings with the State IT contact. However, this individual left the service of the State, was replaced briefly, and then the State eliminated the position. Absent the appropriate State representative, it was difficult for my staff to continue contact with the State as per the special conditions of the grant.

The City agrees that, in many instances, there was insufficient support for the invoices being submitted by its consultant for the project (however, our review of the audit seems to indicate that some of the contested invoices were for software and hardware, not consulting services, please see Exhibit D). Steps were taken as early as 2004 to correct this situation. In fact, the Office of the Corporation Counsel pointed out in July 2004 that the consultant's invoices lacked sufficient support. Attached as Exhibit E is a memorandum from the Office of the Corporation Counsel to that effect. The City is currently in the process of drafting revised written procedures that will enable the City to manage contractor performance and payment more proficiently in the future.

After it was confirmed by the State and federal government in December 2004 that a bidding process would be utilized to procure the radio system, the City directed its consultant to prepare bid specifications. At the time, the consultant had been paid \$745,000 and had \$130,000

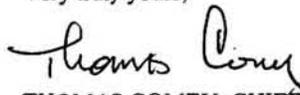
in bills outstanding on its \$900,000 lump sum contract. One of the steps taken by the City was to suspend additional payment to the consultant. The consultant demanded payment of the outstanding invoices and a change order in the early spring of 2005. Corporation Counsel was able to secure an agreement from the consultant that it would finish its contract obligations for the lump sum amount of \$900,000 and that a change order would only be considered after all of its contractual obligations were satisfied. The City agreed to this course of action in light of the impending grant deadline, and its need for the consultant's expertise in the preparation of the bid specifications. A copy of a letter dated May 24, 2005 from Corporation Counsel confirming the consultant's agreement is attached hereto as Exhibit F. From that point, the consultant successfully assisted the City with the procurement of the radio system and its implementation. Ultimately, the consultant requested \$373,015 in additional payments which were rejected. After review by the Police Department's IT staff and Office of the Corporation Counsel, a reduced change order in the amount of \$128,160 was later agreed upon, submitted to the City Council, and approved. Attached as Exhibit G is a request for change order submitted by the consultant dated June 6, 2008.

One of the key concerns noted in the draft report is that the City obligated grant funds prior to OJP's approval of a detailed task plan. It should be noted that the submission of a detailed task plan was a necessary component of the initial grant application and its approval. There are several samples of task plans that were provided to OJP attached as Exhibit H.

Although a significant amount of the funds in question were appropriated and spent eight years and several administrations ago, the City acknowledges that it is important that the City promulgate and enforce written procedures to ensure that the work of its contractors and consultants is sufficiently monitored. In that regard, the Office of the Business Administrator, the Purchasing Agent, and Corporation Counsel are working on revised procedures.

I would like to reiterate that the City was ultimately successful in procuring a state of the art radio system on budget and that the radio system far exceeded the City's expectations. It would have been impossible to obtain this radio system without the federal funds provided to the City through this grant. Thanks to these grant funds, not only Jersey City, the entire New York metropolitan area is a safer place today.

Very truly yours,


THOMAS COMEY, CHIEF

c: Mayor Jerramiah T. Healy
Jack Kelly, Business Administrator
Sam Jefferson, Police Director
William Matsikoudis, Corporation Counsel
Elyse Gibbs, JCPD-Grants
Linda Taylor, OJP

OFFICE OF JUSTICE PROGRAMS
RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

February 18, 2011

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

FROM: Maureen A. Henneberg
Director

SUBJECT: Response to the Draft Audit Report, *Office of Justice Programs, Bureau of Justice Assistance, State and Local Emergency Preparedness Program Grant to the City of Jersey City, Jersey City, New Jersey*

This memorandum is in response to your correspondence, dated January 21, 2011, transmitting the subject draft audit report for the City of Jersey City (Jersey City). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains nine recommendations and \$1,125,000 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 remedy the \$1,125,000 in unsupported consultant expenditures that were not supported by detailed accounting records.**

We agree with the recommendation. We will coordinate with Jersey City to remedy the \$1,125,000 in questioned consultant expenditures, which were not supported by detailed accounting records, charged to grant number 2003-DD-BX-1014.

- 2. We recommend that OJP ensure that Jersey City implements and adheres to internal control procedures that require consultant invoice billings include an explanation of the work performed and be sufficiently supported by detailed consultant documentation.**

We agree with the recommendation. We will coordinate with Jersey City to obtain a copy of procedures implemented to ensure that consultant invoice billings include an explanation of the work performed, and be sufficiently supported by detailed consultant documentation.

- 3. We recommend that OJP ensure that Jersey City implements and adheres to internal control procedures that will result in the timely and accurate submission of Federal Financial Reports (formerly known as Financial Status Reports).**

We agree with the recommendation. We will coordinate with Jersey City to obtain a copy of procedures implemented to ensure that future Federal Financial Reports (FFRs) are accurately prepared, reviewed and approved by management, and timely submitted to the U.S. Department of Justice (DOJ).

- 4. We recommend that OJP ensure that Jersey City implements and adheres to internal control procedures that will result in the timely and accurate submission of complete, informative, and verifiable progress reports.**

We agree with the recommendation. We will coordinate with Jersey City to obtain a copy of procedures implemented to ensure that future progress reports are timely and accurately prepared, approved by management prior to submission to the DOJ, and supporting documentation is maintained for future auditing purposes.

- 5. We recommend that OJP ensure that Jersey City implements and adheres to internal control procedures to track verifiable expenditures by budget categories, to monitor budget versus actual spending on a consistent and ongoing basis, and to investigate any significant variances.**

We agree with the recommendation. We will coordinate with Jersey City to obtain a copy of procedures implemented to ensure that: expenditures are tracked by budget categories; consistent monitoring of budgeted costs versus actual costs is conducted for each grant; and any significant variances are investigated and timely addressed.

- 6. We recommend that OJP ensure Jersey City implements and adheres to written policies and procedures that adequately monitor contractors.**

We agree with the recommendation. We will coordinate with Jersey City to obtain a copy of procedures implemented to ensure that Jersey City adequately monitors its contractors.

7. **We recommend that OJP ensure that Jersey City implements and adheres to internal control procedures that assure full and complete compliance with all of the award special conditions.**

We agree with the recommendation. We will coordinate with Jersey City to obtain a copy of procedures implemented to ensure that Jersey City complies with all Federal award special conditions.

8. **We recommend that OJP remedy the \$1,125,000 in unallowable expenditures for obligation of funds prior to OJP's approval of a detailed task plan.**

We agree with the recommendation. We will coordinate with Jersey City to obtain documentation regarding the questioned unallowable expenditures charged to grant number 2003-DD-BX-1014, and will request a final determination from the Bureau of Justice Assistance (BJA) regarding the allowability of fees paid to a consultant prior to BJA's approval of a detailed task plan for the grant. If the expenditures are determined to be unallowable, we will request that Jersey City return the funds to the DOJ, and submit a revised final FFR for the grant.

9. **We recommend that OJP ensure that Jersey City holds its outside contractors fully accountable for meeting project deliverables and objectives, completes the grant-funded communications systems project without further delay, and fully explains the underlying reasons for any project delays and the steps taken to resolve the issues.**

We agree with the recommendation. We will coordinate with Jersey City to obtain a copy of procedures developed and implemented to ensure that outside contractors: are held accountable for meeting project deliverables and objectives; complete the grant-funded communications systems project; and fully explain the reason for any project delays, and the steps taken to resolve the issues. In addition, we will request that Jersey City provide documentation to support that the communication system has been completed and implemented.

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

Eileen Garry
Deputy Director
Bureau of Justice Assistance

Amanda LoCicero
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Audit Liaison Group
Justice Management Division

OJP Executive Secretariat
Control Number 20110080

**OIG, AUDIT DIVISION, ANALYSIS AND SUMMARY OF ACTIONS
NECESSARY TO CLOSE THE REPORT**

The OIG provided a draft of this audit report to the City of Jersey City, New Jersey (Jersey City) and the Office of Justice Programs (OJP). Jersey City'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.

Because Jersey City's response addressed issues raised in our report in general terms and responded to information in our report that did not specifically pertain to our recommendations, we provide the following reply to these statements before discussing the Jersey City and OJP specific responses to each of our recommendations.

Analysis of Jersey City and OJP Responses

In response to our audit report, Jersey City neither agreed nor disagreed with most of our nine recommendations. Jersey City officials provided a general overview of the problems they encountered administering the grant. The problems noted by city officials included: (1) changes in city government officials during the grant period, (2) the requirement to construct a new facility to accommodate the grant-funded communications system, and (3) inadequate written procedures to monitor consultant performance and payment.

Jersey City officials generally discussed the benefits of the grant-funded advanced voice radio communications system, while also acknowledging that problems were encountered in administering the grant and getting the system operational within the grant prescribed timelines. In their response, Jersey City officials said they were working on strengthening internal controls and revising procedures specific to improving their oversight of contractor performance and the payment process. These same officials confirmed that, in some instances, invoices submitted by consultants were not properly supported. However, they reviewed our audit and commented that some of the questioned costs were inaccurate because we included billings related to computer hardware and associated software. Jersey City officials also acknowledged that, although they did not submit the detailed task plan – as required by the award's special conditions – a task plan had been submitted as part of the application process.

After our review of the Jersey City response to our audit, we concluded that Jersey City still failed to comply with the terms and conditions of the

grant as we detail in our report and this placed grant funds at risk for possible waste and abuse because of the conditions we identified, including the lack of effective functioning internal controls. Jersey City officials also questioned our consultant billing costs stating that we incorrectly included equipment charges. We reviewed our audit documentation and confirmed our questioned costs were accurate because the total questioned costs of \$1,125,000 included a reduction of \$476,976 for equipment invoices charged to consultant contracts.

In its response to our audit report, OJP concurred with our recommendations and discussed the actions it will implement to address our findings. As a result of OJP's agreement to work with Jersey City, we consider each of the recommendations resolved. The status and actions necessary to close each recommendation, along with a discussion of the responses from Jersey City and OJP, are provided below.

Summary of Actions Necessary to Close Report

1. **Resolved.** In its response, Jersey City officials did not address this recommendation directly but did acknowledge that consultant monitoring procedures were inadequate and said they are in the process of drafting revised written procedures.

The OJP response concurred with our recommendation to remedy \$1,125,000 in unsupported consultant expenditures. OJP said that it will coordinate with Jersey City to remedy the unsupported consultant expenditures. This recommendation can be closed when we receive documentation demonstrating that OJP has remedied the \$1,125,000 in unsupported expenditures.

2. **Resolved.** In its response, Jersey City officials did not address this recommendation directly but commented that they are drafting revised written procedures to address inadequate internal control procedures related to consultant invoice billing.

The OJP response concurred with our recommendation to ensure that Jersey City implements and adheres to internal control procedures that require consultant invoice billings to include an explanation of the work performed, and be sufficiently supported by detailed consultant documentation. OJP plans to work with Jersey City to ensure it establishes appropriate internal management controls over its consultant billing process. This recommendation can be closed when we receive documentation demonstrating that Jersey City has established controls

that include the design and implementation of procedures that enable separate identification and accounting for each budget category described in the award. The revised budget controls should allow for ongoing budget versus cost comparisons.

3. **Resolved.** In its response, Jersey City officials did not address this recommendation directly but noted that changes in the city government and to the grant management staff contributed to the city's problems with administering the grant.

The OJP response concurred with our recommendation to ensure that Jersey City implements and adheres to internal control procedures that will result in the timely and accurate submission of Federal Financial Reports (formerly known as Financial Status Reports). OJP plans to work with Jersey City to ensure it establishes procedures that result in the timely and accurate submission of Federal Financial Reports. This recommendation can be closed when we receive documentation demonstrating that Jersey City developed and implemented effective financial reporting management controls.

4. **Resolved.** In its response, Jersey City officials did not address this recommendation directly but noted that changes in the city government and to the grant management staff contributed to the city's problems with administering the grant.

The OJP response concurred with our recommendation to ensure that Jersey City implements and adheres to internal control procedures that will result in the timely and accurate submission of complete, informative, and verifiable progress reports. OJP said that it will work with Jersey City to ensure it establishes procedures that result in the timely and accurate submission of Progress Reports. This recommendation can be closed when we receive documentation demonstrating that Jersey City developed and implemented effective progress reporting management controls.

5. **Resolved.** In its response, Jersey City officials did not address this recommendation directly but noted that changes in the city government and to the grant management staff contributed to the city's problems with administering the grant.

The OJP response concurred with our recommendation to ensure that Jersey City implements and adheres to internal control procedures to track verifiable expenditures by budget categories, to monitor budget

versus actual spending on a consistent and ongoing basis, and to investigate any significant variances. OJP said that it will work with Jersey City to develop procedures that ensure: (1) expenditures are tracked by budget category, (2) consistent monitoring of budgeted costs versus actual costs is conducted for each grant, and (3) any significant variances are investigated and addressed in a timely manner. This recommendation can be closed when we receive documentation demonstrating that Jersey City developed and implemented effective budget management controls.

6. **Resolved.** The Jersey City response did not address this recommendation directly.

The OJP response concurred with our recommendation to ensure that Jersey City implements and adheres to written policies and procedures that adequately monitor contractors. OJP plans to work with Jersey City to ensure it establishes procedures to adequately monitor contractors. This recommendation can be closed when we receive documentation demonstrating that Jersey City developed and implemented effective contractor monitoring management controls.

7. **Resolved.** The Jersey City response did not address this recommendation directly.

The OJP response concurred with our recommendation to ensure that Jersey City implements and adheres to internal control procedures that assure full and complete compliance with all grant award special conditions. OJP plans to work with Jersey City to establish procedures that ensure full and complete compliance with the grant award's special conditions. This recommendation can be closed when we receive documentation demonstrating that Jersey City developed and implemented internal management controls that address the grant award's special conditions.

8. **Resolved.** In its response, Jersey City officials did not address this recommendation directly but noted that although they did not submit the detailed task plan – as required by the award's special conditions - a task plan had been submitted as part of the application process.

The OJP response concurred with our recommendation to remedy \$1,125,000 in unallowable expenditures for obligation of funds prior to OJP's approval of a detailed task plan. OJP said that it will coordinate with Jersey City to remedy the unallowable expenditures. This

recommendation can be closed when we receive documentation demonstrating that OJP has remedied the \$1,125,000 in unallowable expenditures.

9. **Resolved.** In its response, Jersey City officials did not address this recommendation directly but said the requirement to construct a new facility to accommodate the grant-funded communications system significantly impacted their ability to complete the project in a timely manner.

The OJP response concurred with our recommendation to ensure that Jersey City holds its outside contractors fully accountable for meeting project deliverables and objectives, completing the grant-funded communications systems project without further delay, and fully explaining the underlying reasons for any project delays and the steps taken to resolve the issues. OJP plans to coordinate with Jersey City to obtain a copy of procedures developed and implemented to ensure that outside contractors: (1) are held accountable for meeting project deliverables and objectives, (2) complete the grant-funded communications systems project, and (3) fully explain the reason for any project delays and the steps taken to resolve the issues. In addition, OJP will request that Jersey City provide documentation to support that the communication system has been completed and implemented. This recommendation can be closed when we receive documentation demonstrating that OJP determined the reasons for the delays in completing the communication project, addressed the steps taken by Jersey City to resolve the project delays, and confirmed the grant-funded work to implement the communication system is complete.