



**EDWARD BYRNE MEMORIAL
JUSTICE ASSISTANCE GRANT PROGRAM GRANTS
AWARDED TO THE NEVADA
DEPARTMENT OF PUBLIC SAFETY**

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

Audit Report GR-40-10-003
June 2010

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EXECUTIVE SUMMARY

The Office of the Inspector General, Audit Division, has completed an audit of the Edward Byrne Memorial Justice Assistance Grant Program, Grant Numbers 2007-DJ-BX-0068, 2008-DJ-BX-0031, 2008-DJ-BX-0744, with a combined amount of \$4,061,051, and the Recovery Act Edward Byrne Memorial Justice Assistance Grant Program State Solicitation, Grant Number 2009-SU-B9-0043 in the amount of \$13,801,023, awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), to the Nevada Department of Public Safety (DPS). Between 2006 and 2009, OJP awarded the DPS six grants totaling \$23,095,698. The Office of Criminal Justice Assistance (OCJA) is a component of the DPS and is responsible for administering the grant awards.

The purpose of the Edward Byrne Memorial Justice Assistance Grant Program (JAG) is to allow states, tribes, and local governments to support a broad range of activities to prevent and control crime based on their own local needs and conditions. JAG funds can be used for state and local initiatives, technical assistance, training, personnel, equipment, supplies, contractual support, and information systems for criminal justice for any one or more of the following purpose areas:

- law enforcement programs;
- prosecution and court programs;
- prevention and education programs;
- corrections and community corrections programs;
- drug treatment programs;
- planning, evaluation, and technology improvement programs; and
- crime victim and witness programs (other than compensation).

Recovery Act

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The purposes of the Recovery Act are to: (1) preserve and create jobs and promote economic recovery; (2) assist those most impacted by the recession; (3) provide investments needed to increase economic efficiency by spurring technological advances in science and health; (4) invest in transportation, environmental protection, and other infrastructure that will provide long term economic benefits; and (5) stabilize state and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

Through Recovery Act JAG funding, the Department of Justice (DOJ) focuses support on all components of the criminal justice system, including multi-jurisdictional drug and gang task forces, crime prevention and domestic violence programs, courts, corrections, treatment, and justice information sharing initiatives. Recovery Act JAG funded projects could address crime through providing services directly to individuals and communities and by improving the effectiveness and efficiency of criminal justice systems, processes, and procedures.

Audit Results

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were supported; allowable; in accordance with applicable laws, regulations, guidelines, terms and conditions of the grants; and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) grant requirements; (2) internal control environment; (3) cash management; (4) program income; (5) grant expenditures; (6) property management; (7) supplanting; (8) management of subrecipients and contractors; (9) Financial Status Reports (FSR), Progress Reports, and Recovery Act Reports; and (10) program performance and accomplishments. We determined that indirect costs and contractors were not applicable to these grants. As shown in Exhibit 1, the DPS was awarded a total of \$23,095,698 to implement the grant programs. However, based on grant activity, we limited our audit to \$17,862,074 in funding awarded under Grant Numbers 2007-DJ-BX-0068, 2008-DJ-BX-0031, 2008-DJ-BX-0744, and 2009-SU-B9-0043.

**EXHIBIT 1: EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE
GRANT PROGRAM GRANTS AWARDED TO THE
NEVADA DEPARTMENT OF PUBLIC SAFETY**

GRANT AWARD	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
2006-DJ-BX-0028	10/01/2005	09/30/2010	\$ 1,808,095
2007-DJ-BX-0068	10/01/2006	09/30/2010	2,918,581
2008-DJ-BX-0031	10/01/2007	09/30/2011	1,032,041
2008-DJ-BX-0744	10/01/2007	09/30/2011	110,429
2009-DJ-BX-0330	10/01/2008	09/30/2012	3,425,529
2009-SU-B9-0043	03/01/2009	02/28/2013	13,801,023
Total:			\$23,095,698

Source: OJP Grants Management System (GMS)

We examined the OCJA's accounting records, FSRs, Progress Reports, Recovery Act Reports, and operating policies and procedures and found the following.

- The state of Nevada's financial management system provides for segregation of duties, transaction traceability, system security, and limited access.
- The OCJA accurately accounted for and reported program income.
- Transactions reviewed were properly authorized, classified, supported, and charged to the grant.
- All costs associated with payroll and fringe benefits for the pay periods reviewed were supported and reasonable.
- The FSRs reviewed under the grants were submitted timely and were accurate.

However, we also found that:

- a subrecipient did not comply with a subgrant special condition for the acquisition of equipment,
- a subrecipient did not follow a state regulation regarding the disposition of property,
- the OCJA had no process to independently verify subrecipient program accomplishments, and

- the OCJA submitted a Progress Report that contained inaccurate information.
- the OCJA did not have written internal controls to ensure that quarterly Recovery Act Reports were timely, accurate, and free from omission and errors.

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

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INTRODUCTION

The Office of the Inspector General, Audit Division, has completed an audit of the Edward Byrne Memorial Justice Assistance Grant Program, Grant Numbers 2007-DJ-BX-0068, 2008-DJ-BX-0031, 2008-DJ-BX-0744, with a combined amount of \$4,061,051, and the Recovery Act Edward Byrne Memorial Justice Assistance Grant Program State Solicitation, Grant Number 2009-SU-B9-0043 in the amount of \$13,801,023, awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), to the Nevada, Department of Public Safety (DPS).¹ The Office of Criminal Justice Assistance (OCJA) is a component of the DPS and is responsible for administering the grant awards.

The Edward Byrne Memorial Justice Assistance Grant (JAG) is a formula grant program in which 50 states, the District of Columbia, American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands are eligible to apply.² The purpose of the JAG Program is to allow states, tribes, and local governments to support a broad range of activities to prevent and control crime based on their own local needs and conditions. JAG funds can be used for state and local initiatives, technical assistance, training, personnel, equipment, supplies, contractual support, and information systems for criminal justice for any one or more of the following purpose areas:

- law enforcement programs;
- prosecution and court programs;
- prevention and education programs;
- corrections and community corrections programs;

¹ Since fiscal year (FY) 2006, BJA has awarded \$23,095,698 in Edward Byrne Memorial Justice Assistance Grant funds to the Nevada Department of Public Safety.

² Formula grant programs are noncompetitive awards distributed to states based on a specific funding formula. Byrne formula awards are based on states' or territories' share of violent crime and population.

- drug treatment programs;
- planning, evaluation, and technology improvement programs; and
- crime victim and witness programs (other than compensation).

Recovery Act

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The purposes of the Recovery Act are to: (1) preserve and create jobs and promote economic recovery; (2) assist those most impacted by the recession; (3) provide investments needed to increase economic efficiency by spurring technological advances in science and health; (4) invest in transportation, environmental protection, and other infrastructure that will provide long term economic benefits; and (5) stabilize state and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

Through Recovery Act JAG funding, the Department of Justice (DOJ) focused support on all components of the criminal justice system, including multi-jurisdictional drug and gang task forces, crime prevention and domestic violence programs, courts, corrections, treatment, and justice information sharing initiatives. Recovery Act JAG funded projects could address crime by providing services directly to individuals and communities and by improving the effectiveness and efficiency of criminal justice systems, processes, and procedures.

Audit Purpose

The purpose of this audit was to determine whether reimbursements claimed for costs under these grants were supported; allowable; in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants; and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) grant requirements; (2) internal control environment; (3) cash management; (4) program income; (5) grant expenditures; (6) property management; (7) supplanting; (8) management of subrecipients and contractors; (9) Financial Status Reports (FSR), Progress Reports, and Recovery Act Reports; and (10) program performance and accomplishments. We determined that indirect costs and contractors were not applicable to these grants.

As shown in Exhibit 2, between 2006 and 2009, the Nevada Department of Public Safety was awarded a total of \$23,095,698 in funding under both the JAG and Recovery Act JAG Programs. However, based on grant activity, we limited our audit to funding awarded under Grant Numbers 2007-DJ-BX-0068, 2008-DJ-BX-0031, 2008-DJ-BX-0744, and 2009-SU-B9-0043.

EXHIBIT 2: EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM GRANTS AWARDED TO THE NEVADA DEPARTMENT OF PUBLIC SAFETY

GRANT AWARD	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
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2009-SU-B9-0043	03/01/2009	02/28/2013	13,801,023
Total:			\$23,095,698

Source: OJP Grants Management System (GMS)

Background

OJP’s mission is to increase public safety and improve the fair administration of justice across America through innovative leadership and programs. OJP seeks to accomplish its mission by disseminating state-of-the art knowledge and practices across America by providing grants for the implementation of these crime-fighting strategies. To support this mission, the BJA provides leadership and assistance to local criminal justice programs that improve and reinforce the nation’s criminal justice system, with goals to reduce and prevent crime, violence, and drug abuse and to improve the way in which the criminal justice system functions.

The OCJA, located in Carson City, Nevada, was established in 1987 to administer grant funds to Nevada state and local agencies and Native American tribes. Its mission is to reduce violent crime and substance abuse by extending support to law enforcement agencies throughout the state. The OCJA provides technical assistance to subrecipients in the areas of subgrant applications, reporting, and program compliance with federal and state laws and regulations.

OIG Audit Approach

We tested compliance with what we consider to be the most important conditions of the grant awards. Unless otherwise stated in our report, the criteria we audit against are contained in the *OJP Financial Guide*, award documents, Code of Federal Regulations, and Office of Management and Budget Circulars. We tested the OCJA's:

- **internal control environment** to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grant;
- **grant drawdowns** to determine whether grant drawdowns were adequately supported and if the OCJA was managing grant receipts in accordance with federal requirements;
- **grant expenditures** to determine the accuracy and allowability of costs charged to the grants;
- **management of subrecipients** to determine how the OCJA administered pass-through funds;
- **Financial Status Reports, Progress Reports, and Recovery Act Reports** to determine if the required Financial Status Reports, Progress Reports, and Recovery Act Reports were submitted on time and accurately reflect grant activity; and
- **grant objectives and accomplishments** to determine if the OCJA met or is capable of meeting the grants' objectives.

The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology are discussed in Appendix I.

FINDINGS AND RECOMMENDATIONS

We determined that the OCJA's system of internal controls and the state of Nevada's financial management system adequately provided for segregation of duties, transaction traceability, system security, and limited access. Our analysis of FSRs found that FSRs were submitted in a timely manner and were accurate. We found that the OCJA accurately accounted for and reported the receipt of program income. Transactions and personnel costs were properly authorized, classified, supported, and charged to the grants. However, we found instances where subrecipients did not comply with state regulations regarding the acquisition and disposition of federally-funded property. The OCJA did not have written internal controls to ensure that quarterly Recovery Act Reports were timely, accurate, and free from omission and errors. Also, the OCJA did not independently verify subrecipient reported program accomplishments. Lastly, we noted that the OCJA did not always submit accurate Progress Reports.

Internal Control Environment

The OCJA makes grant funds available to subrecipients on a reimbursement basis by requiring subrecipients to first submit supporting documentation on any disbursements made before grant funds are released. We found that the duties of preparing, reviewing, approving, and generating payment to subrecipients were adequately segregated. Additionally, we found that OCJA recordkeeping procedures provided for a separate accounting of JAG and Recovery Act JAG Program funds.

Single Audit

According to Office of Management and Budget (OMB) Circular A-133, non-federal entities that expend \$500,000 or more in federal awards in a year must have a single audit conducted. The state of Nevada's fiscal year is from July 1 through June 30. For FY 2008, the state conducted a single audit. We reviewed the FY 2008 Single Audit Report for the state of Nevada and found that the state complied with the requirements of each of its major federal programs for the year ended June 30, 2008. At the end of our audit in March 2010, the single audit report for fiscal year ended June 30, 2009, was not yet issued.

Financial Management System

The state of Nevada's financial management system is the Integrated Financial System (IFS). The IFS contains applications for the processing of financial transactions such as cash receipts, payment vouchers, and purchase requisitions. We interviewed OCJA officials about the system and found that it appeared adequate to manage Recovery Act funds.

Preparation for Recovery Act Funds

The Recovery Act requires an unprecedented level of transparency and accountability so Americans know where tax dollars are going and how those dollars are being spent. To determine the OCJA's ability to achieve the accountability and transparency objectives of the Recovery Act, we interviewed OCJA officials about their preparation for the receipt of Recovery Act funds. OCJA officials told us that the Recovery Act grant would be administered under the office's existing policies, procedures, and internal controls. They also said that staff members were in the process of learning about the Recovery Act's reporting requirements and that staff members had taken OJP offered webinars and were sent to training sessions on proper Recovery Act reporting procedures. We believe that the OCJA's preparation for the receipt of Recovery Act funds is an adequate first step to ensure transparent and accurate reporting of how Recovery Act dollars are spent.

To determine the quality of the OCJA's financial management controls and to assess the risk of noncompliance with laws, regulations, guidelines, and terms and conditions of the grant, we examined the office's processes for recordkeeping, procurement, property management, payment of invoices, and payroll. We concluded that the OCJA's control environment appeared adequate to ensure compliance with Recovery Act JAG and JAG programs.

Drawdowns

JAG award recipients are permitted to draw down the entire award amount. The OCJA drew down the total award amount for Grant Numbers 2007-DJ-BX-0068, 2008-DJ-BX-0031, 2008-DJ-BX-0744, and 2009-SU-B9-0043. All grant funds were placed in an interest-bearing account. The OCJA reimburses subrecipients for actual expenses incurred under the grant program.

The state of Nevada established a separate trust fund that allows for the separate tracking of all JAG funds. The state's accounting system separates revenue and expenditure accounts to accurately track and account

for all federal funds received and expended by the state. The OCJA performs weekly reconciliations of all accounts from budget status reports provided by the state's financial management system.

Program Income

According to the *OJP Financial Guide*, all income generated as a direct result of an agency-funded project shall be deemed program income. Interest income on block grants, such as the JAG Program must be accounted for and reported as program income. Program income may be used to further program objectives. Any unexpended program income should be remitted to OJP.

OCJA officials said that JAG funds are placed in an interest-bearing account maintained by the Nevada Office of the State Treasurer. Each quarter, the Treasurer's office computes the interest based on the average daily balance of all JAG funds.

As shown in Exhibit 3, the state earned \$146,166 in interest income from Grant Numbers 2006-DJ-BX-0028, 2007-DJ-BX-0068, 2008-DJ-BX-0031, 2008-DJ-BX-0744, and 2009-DJ-BX-0330. From the Recovery Act Grant Number 2009-SU-B9-0043, the state earned \$60,991 in interest income. To determine if interest income was expended on allowable grant purposes, we judgmentally selected four expenditures paid from interest income for testing. We found that all four transactions were allowable for grant purposes. To determine if interest income was properly reported to OJP, we judgmentally selected and reviewed four FSRs the OCJA submitted to OJP.³ We found that the FSRs accurately reported the receipt of interest income. Because none of the grants had expired at the conclusion of our audit, the OCJA was not required to remit any unexpended interest income to OJP.

³ The FSRs reviewed were for quarters ended March 31, 2009, June 30, 2009, September 30, 2009, and December 31, 2009, for Grant Numbers 2007-DJ-BX-0068, 2008-DJ-BX-0031, 2008-DJ-BX-0744, and 2009-SU-B9-0043.

**EXHIBIT 3: PROGRAM INCOME EARNED FROM ALL GRANTS
FROM NOVEMBER 2006 TO OCTOBER 2009**

PROGRAM INCOME PER GRANT	PROGRAM INCOME AMOUNT
2006-DJ-BX-0028	\$ 76,945
2007-DJ-BX-0068	\$ 60,856
2008-DJ-BX-0031	\$ 7,417
2008-DJ-BX-0744	\$ 948
2009-DJ-BX-0330	\$ 0
JAG Total:	\$ 146,166
2009-SU-B9-0043	\$ 60,991
Recovery Act JAG Total:	\$ 60,991
Combined Total:	\$ 207,157

Source: Office of Criminal Justice Assistance

Grant Expenditures

The *OJP Financial Guide* serves as a day-to-day management tool for award recipients and subrecipients in administering grant programs by establishing factors affecting the allowability, reasonableness, and allocability of both direct and indirect costs charged to DOJ grants.

Personnel Expenses

The OCJA reimbursed the Parole and Probation Division \$100,000 from Grant Number 2007-DJ-BX-0068 for overtime charges from September 2007 to June 2008.⁴ From September 2009 through December 2009, the OCJA also reimbursed the Investigation Division \$119,972 for the salaries and fringe benefits of three narcotics control officers. The OCJA did not reimburse personnel costs to the Investigation Division from Grant Numbers 2008-DJ-BX-0031 and 2008-DJ-BX-0744.

We found that the pay rates for employees paid overtime from Grant Number 2007-DJ-BX-0068 and pay rates for employee salaries and fringe benefits paid from Grant Number 2009-SU-B9-0043 were reasonable. We selected a judgmental sample of five employees paid from 2007-DJ-BX-0068 for overtime from October 1, 2007, through December 14, 2007, and five employees for overtime from March 7, 2008, through June 20, 2008. We verified that labor charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the grant.

⁴ We performed a review of personnel expenses for the Parole and Probation and Investigation Divisions to assess the OCJA's management of state-level subrecipients.

The Parole and Probation Division did not request reimbursement for fringe benefits.

We selected two nonconsecutive pay periods and tested the salaries and fringe benefits for three narcotics control officers charged to Grant Number 2009-SU-B9-0043. We tested salaries and fringe benefits paid for work completed from July 13, 2009, through July 26, 2009, and for work completed from August 24, 2009, and September 9, 2009. We verified that labor charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the grant. We determined that fringe benefits charged to the grant for the three officers for the two pay periods were reasonable.

Other Direct Costs

We reviewed the general ledger accounts for Grant Numbers 2007-DJ-BX-0068, 2008-DJ-BX-0031, 2008-DJ-BX-0744, and 2009-SU-B9-0043.⁵ In the following four paragraphs, we discuss how we selected a sample of transactions from each grant to determine if each transaction was properly authorized, classified, supported, and charged to the JAG program and Recovery Act JAG program and the result of our tests.

As of December 2009, the OCJA had reimbursed \$2,429,790 to subrecipients and charged \$15,003 in administrative costs to Grant Number 2007-DJ-BX-0068. From the universe of grant expenditures (288 transactions), we selected 14 transactions totaling \$319,550 in reimbursements to the Department of Public Safety's Investigation and Parole and Probation Divisions. We found that 14 transactions were properly authorized, classified, supported, and charged to the JAG program. The OCJA transferred 2 of the 14 transactions for \$50,000 and \$6,818 to the Investigation Division for further distribution as confidential funds.⁶ The Investigation Division transferred the funds to various state agencies and its officers. We selected a judgmental sample of five transfers totaling \$22,003 and found the transfers were properly supported with documentation.

⁵ For our transaction testing, we reviewed Grant Numbers 2007-DJ-BX-0068, 2008-DJ-BX-0031, 2008-DJ-BX-0744, and 2009-SU-B9-0043 because of limited activity for Grant Number 2009-DJ-BX-0330. We had an adequate number of transactions to test from these four grants so we did not select any transactions from Grant Number 2006-DJ-BX-0028.

⁶ Confidential funds are monies allocated to purchase services, evidence, or specific information.

As of December 2009, the OCJA had not incurred any administrative costs, but had reimbursed \$797,961 to subrecipients from Grant Number 2008-DJ-BX-0031. As of December 2009, the OCJA also had not incurred any administrative costs, but had reimbursed \$86,539 to subrecipients from Grant Number 2008-DJ-BX-0744. We combined the grant expenditures of Grant Numbers 2008-DJ-BX-0031 and 2008-DJ-BX-0744 and calculated a total universe of 127 transactions. We selected a judgmental sample of 42 transactions totaling \$438,209. We found that the 42 transactions were properly authorized, classified, and supported. One transaction was not properly charged to the grant. The transaction involved a subrecipient who charged the grant for two thermal imaging cameras for \$5,502 each. In September 2009, the subrecipient purchased two thermal imaging cameras from a local hardware store. In January 2010, we found the same camera on the Federal General Services Administration's 1122 purchasing program website for \$3,582 for each camera. The Federal General Services Administration's 1122 procurement program allows state and local governmental agencies to purchase new equipment related to counter-drug activities using federal supply schedule contracts made by the General Services Administration and the Department of the Army. The \$3,582 cost represents a savings of \$1,920 (\$5,502 minus \$3,582) for each camera and total savings of \$3,840.

As a special condition to the award, each subrecipient agreed to contact the OCJA's 1122 Program Coordinator to determine if equipment can be obtained through the 1122 procurement program. We asked a subrecipient official why he purchased the camera from the local hardware store. The official said that the OCJA's 1122 Program Coordinator was out on extended medical leave and program assistance was limited. He also told us that the OCJA told him the grant was a direct allocation for equipment purchases for the task force and narcotics investigations. Therefore, he had no mandatory obligation to coordinate equipment purchases through the OCJA. The OCJA should ensure that it has staff available to assist subrecipients in the 1122 Program Coordinator's absence. We recommend that the OCJA ensure subrecipients adhere to the subgrant special condition for all equipment acquisitions.

As of December 2009, the OCJA did not have any administrative costs, but reimbursed \$208,463 to subrecipients from Grant Number 2009-SU-B9-0043. From the universe of grant expenditures (14 transactions), we reviewed all 14 transactions for reimbursements to the Investigation Division for salaries and expenses. We found that the 14 transactions were properly authorized, classified, supported, and properly charged to the Recovery Act JAG Program.

Property Management

The *OJP Financial Guide* requires that equipment purchased with grant funds be only used for criminal justice purposes. The *OJP Financial Guide* also states that state agencies must ensure that federally-funded equipment is managed in accordance with both federal law and the state's laws and procedures.

In 2008, the OCJA reimbursed the Investigation Division for 273 pieces of equipment purchased from Grant Number 2007-DJ-BX-0068 at a cost of \$159,352.⁷ We selected 10 equipment purchases, 5 high dollar, and a judgmental selection of an additional 5, for physical verification. We verified 9 of the 10 purchases. We could not verify one purchase, a Sony camcorder, because it was missing. An Investigation Division official told us that the missing camcorder was lost during a police operation in July 2008 and could not be found afterwards. The official could not provide documentation to support the disposition of the camcorder.

The *State of Nevada Administrative Manual* discusses the protocol to follow in the event that state property is lost or stolen. The Administrative Manual requires that all lost property be reported by filing a Property Disposition Form. We found that the lost camcorder had not been reported to the state until we notified the OCJA of the loss. After our notification, Investigation Division officials took steps to report the camcorder as lost. A prompt reporting of lost property by the Investigation Division would have allowed the OCJA to make a timely inquiry into the circumstances surrounding the lost camcorder. We recommend that the OCJA ensures that subrecipients are aware of the state's regulations for the disposition of equipment.

Our audit finding is very similar to the findings of a 2007 State of Nevada Legislative Counsel Bureau audit of the Investigation Division's financial and administrative practices, including accounting for equipment and property.⁸ The Legislative Counsel Bureau found that the Investigation Division did not maintain accurate inventory records for property and equipment and did not conduct annual physical inventory counts as required.

⁷ To further assess the OCJA's management of state-level subrecipients, we performed a review of equipment purchased by the Investigation Division.

⁸ State of Nevada Legislative Counsel Bureau, *Department of Public Safety Investigation Division*, Audit Report LA08-05 (October 2007).

Supplanting

According to OJP, federal funds must be used to supplement existing state and local funds for program activities and must not replace those funds that have been appropriated for the same purpose. To determine whether the OCJA used grant funds to supplant existing state and local funds for program activities, we reviewed biennium budgets for FYs 2006-2007, 2008-2009, and 2010-2011. Based on our review of the state's budgets, we found no indication of supplanting of state funds with federal funds.

Management of Subrecipients

State awarding agencies must ensure that all subawards made from the JAG and the Recovery Act JAG Program meet certain legislative, regulatory, and administrative requirements. As part of these requirements, the OCJA must monitor subrecipient activities to assure compliance with federal law. The OCJA made subawards to 43 separate subrecipients from Grant Numbers 2006-DJ-BX-0028, 2007-DJ-BX-0068, 2008-DJ-BX-0031, 2008-DJ-BX-0744, 2009-DJ-BX-0330, and 2009-SU-B9-0043. To determine whether the OCJA adequately managed its subrecipients, we focused our examination on categories we consider most critical to the effective management of subrecipients, such as how the OCJA solicits subrecipients, makes subawards, provides training and technical assistance, issues subawards, manages funds, and monitors and reports subrecipient activities.

Solicitation Process

The OCJA solicited applications for each of the grants by placing advertisements in local Nevada newspapers and distributing e-mails. We tested these solicitations for accuracy by comparing them to the OJP state solicitations used to announce the JAG and Recovery Act JAG Programs. We found that OCJA's subaward solicitations accurately described both grant programs. Based on our review of the OCJA solicitation process, we found that the subaward solicitations accurately and fully described grant program requirements.

Awards Process

The OCJA makes subawards on a competitive basis. Applications submitted to the OCJA undergo individual review and evaluation by officials from Nevada's law enforcement community. The OCJA rates each application according to the state of Nevada law enforcement strategy, which includes disrupting drug trafficking operations, reducing the impact of gangs, and funding drug prosecution courts and drug treatment centers.

We judgmentally selected and reviewed five applications from law enforcement agencies receiving subawards, and five applications from law enforcement agencies denied subawards. We found evidence that the state's law enforcement strategy was used to make awarding decisions and that the overall process appeared fair and reasonable.

Training and Technical Assistance

We found a significant portion of the training and technical assistance to subrecipients was provided from annual monitoring visits and the office's distribution of its JAG administrative manual, called the *General Guidelines for Project Directors & Fiscal Managers*.⁹ OCJA officials told us that during monitoring visits to subrecipients they provide instructions on complying with the office's reporting requirements and completing application forms. The Guidelines provide additional guidance on a variety of topics related to JAG subaward administration, such as accounting and reporting requirements, reimbursement requests, training and travel expenses, and unallowable costs. Based on our review, we concluded that the OCJA provided an adequate form of training and technical assistance to subrecipients.

Management of Funds

The OCJA makes grant funds available to subrecipients on a reimbursement basis. We reviewed the process in which grant payments were requested and disbursed. Each month, subrecipients submit monthly financial reports, along with supporting documents, for reimbursement of expenditures. We also tested subrecipients' payments as part of our testing of grant expenditures (discussed in the Grant Expenditures section of this report) to determine if the OCJA properly authorized, classified, supported, and charged the grant payments. Based on our testing, we determined that the OCJA's management of funds appeared sufficient.

Monitoring

Grant monitoring is an essential tool to ensure that grant programs are implemented, objectives are achieved, and grant funds are properly expended. Because the JAG and the Recovery Act JAG grants awarded to the states can be passed through to local units of government, success of the grant program largely depends on an active state monitoring system that ensures subrecipients' activity complies with federal laws and

⁹ The OCJA was revising the Guidelines during our audit work. Our audit work and findings are based on the 2005 version of the Guidelines.

regulations. OCJA officials told us that it was their goal to perform an annual on-site monitoring visit on each subrecipient. During these on-site monitoring visits the OCJA evaluates subrecipient recordkeeping, financial management and internal controls related to confidential funds, equipment and property, contracts, travel, and program operations. We judgmentally selected and reviewed five monitoring reports completed by the OCJA that documented the results of the monitoring visits and found that all monitoring procedures had been properly executed.

Reporting

According to the *OJP Financial Guide*, award recipients must submit both financial and program reports. These reports describe the status of the funds and the project, compare actual accomplishments to the objectives, and report other pertinent information. We reviewed the FSRs, the Annual Progress Reports, the Recovery Act Reports submitted by the OCJA, and reports the OCJA requires from subrecipients to determine whether each report was timely and accurate.

Subrecipient Reporting

The OCJA requires its subrecipients to submit monthly financial claims that show financial activity and quarterly Progress Reports that show program accomplishments. We reviewed the process in which grant payments were requested and disbursed and the OCJA's written policies for the reporting of monthly financial activity. We concluded that the OCJA had adequate controls in place to ensure the timely and accurate reporting of subrecipient financial activity. We also found that the OCJA's written policies were sufficient to ensure that Progress Reports were submitted timely.

However, we found that no controls existed for the OCJA to ensure that the Progress Reports submitted by subrecipients were accurate. OMB Circular A-133 recommends that state agencies implement internal controls over the reporting of federal grant activity so that program accomplishments are fairly reported. The Circular encourages the supervisory review of Progress Reports to assure the accuracy and completeness of data and information included in the reports. An OCJA official told us that the OCJA did not verify the accuracy of subrecipient reported program data, which ultimately was compiled by the OCJA and reported to OJP. The official told us that verifying the data would be time consuming and unnecessary because subrecipients would not intentionally report inaccurate data. While we found no evidence to suggest that subrecipients intentionally reported inaccurate data, a process of verification would lessen the risk that program accomplishments are misreported. Accurate reporting strengthens OJP's

ability to evaluate the JAG and Recovery Act JAG Program awards to the Nevada Department of Public Safety. Therefore, we recommend that the OCJA implement control procedures to verify the accuracy of subrecipient quarterly progress reports.

Financial Status Reports

According to the *OJP Financial Guide*, quarterly FSRs are due no later than 45 days after the end of the quarter, with the final FSR due within 90 days after the end date of the award. We reviewed the timeliness of submission of four FSRs for the quarters ended March 31, 2009, June 30, 2009, September 30, 2009, and December 31, 2009, for Grant Numbers 2007-DJ-BX-0068, 2008-DJ-BX-0031, 2008-DJ-BX-0744, and 2009-SU-B9-0043. We found that the OCJA submitted each report in a timely manner.

We also reviewed each FSR to determine if it contained accurate information for actual expenditures incurred during the reporting period and cumulative interest income earned and expended. We found that FSRs submitted under Grant Numbers 2007-DJ-BX-0068, 2008-DJ-BX-0031, 2008-DJ-BX-0744, and 2009-SU-B9-0043 were accurate when compared to the OCJA's accounting records.

Annual Progress Reports

OJP requires all JAG recipients to submit annual progress reports. For FY 2008 and prior, the permanent annual reporting period for all state and local JAG awards was January 1 through December 31, with reports due March 31. For FY 2009 and forward, including Recovery Act JAG grants, state recipients must submit annual progress reports and quarterly Performance Metric Tool reports. The annual progress reporting period is the award start date through September 30, with reports due November 29. The quarterly Performance Metric Tool reports are due on the 30th of the month following the close of a quarter. State recipients may use the four PMT reports to satisfy the annual reporting requirement by uploading the reports into the OJP Grant Management System. We reviewed the Progress Report submitted for October 1, 2007, through December 31, 2008, for Grant Number 2008-DJ-BX-0744. We found that the OCJA submitted the report timely. An OCJA official told us Progress Reports are based on the information reported in quarterly reports that are required to be submitted by subrecipients.

The quarterly reports are due within 10 days after the end of each quarter. The OCJA combines the information from the quarterly reports and uses the combined information for the Progress Report. We selected a judgmental sample of eight performance measures from the Progress Report for Grant Number 2008-DJ-BX-0031 for October 1, 2007, through December 31, 2008. We compared the eight performance measures to the quarterly reports submitted by the subrecipients to verify the accuracy of the performance measures reported in the Progress Report. As shown in Exhibit 4, seven performance measures were understated and one performance measure was overstated.

**EXHIBIT 4: ACCURACY OF PROGRESS REPORT
GRANT NUMBER 2008-DJ-BX-0031**

PERFORMANCE MEASURES	REPORTED ON PROGRESS REPORT	SUPPORTED BY QUARTERLY SUBRECIPIENT REPORTS	DIFFERENCE
Number of methamphetamine related investigations	57	142	(85)
Number of methamphetamine related arrests	29	84	(55)
Amount of methamphetamine seized in grams	831.46	8,531.33	(7,699.87)
Street value of methamphetamine seized	\$63,970	\$952,849	(\$888,879)
Amount of methamphetamine purchased in grams	202.74	529.81	(327.07)
Street value of methamphetamine purchased	\$8,410	\$35,252	(\$26,842)
Number of drug court participants	171	309	(138)
Number of specialized gang units or officers who received intensive training on gangs	23	0	23

Source: Office of Criminal Justice Assistance

An OCJA official told us that the Progress Report was understated because subrecipients did not submit their reports on time for inclusion in the Progress Report submitted by the OCJA to OJP. The official said this exception will not occur for subrecipient Progress Reports because subrecipients enter performance measure directly into OJP's Grants Management System. We confirmed with OJP that for FY 2008 JAG grants and prior, grantees should have reported performance measures in OJP's Grants Management System. For FY 2009 JAG and Recovery Act JAG awards, grantees should have reported quarterly in the Performance Measurement Tool. The Performance Management Tool allows state administering agencies to either report for subrecipients or delegate reporting to subrecipients that may report directly into the Performance

Measurement Tool. State administering agencies may upload reports from the Performance Measurement Tool into OJP's Grants Management System to meet the annual reporting requirement.

Quarterly Recovery Act Reports

In addition to standard reporting requirements, grantees receiving Recovery Act funding must also submit quarterly reports, which require both financial and programmatic data specific to Recovery Act activities. According to BJA and OMB guidance, Recovery Act Reports are due 10 days after the close of each quarter.¹⁰

We reviewed the last two Recovery Act Reports for timeliness and found that the OCJA submitted each report timely. According to OMB guidance, the reports aim to provide transparency into the use of these funds. The Recovery Act Reports are required to include the following information:

- total amount of funds received and the amount of funds spent on projects and activities;
- list of those projects and activities funded by name, including a description, completion status, and estimates on jobs created or retained; and
- details on sub-awards and other payments.

In the Recovery Act Reports, the data pertaining to jobs created and retained is reported as Full Time Equivalents (FTE). According to OMB Memorandum 10-08, dated December 18, 2009, the formula for calculating FTEs is represented as follows:

TOTAL NUMBER OF HOURS WORKED AND FUNDED BY RECOVERY ACT WITHIN REPORTING QUARTER	÷	QUARTERLY HOURS IN A FULL-TIME SCHEDULE¹¹	=	FTEs
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¹⁰ According to Federal Reporting.gov guidance, the recipient reporting due date of January 10, 2010, was extended to January 22, 2010.

¹¹ OMB Memorandum 10-08 describes the calculation for quarterly hours in a full-time schedule as 520 hours (2,080 hours annually divided by 4 quarters).

We reviewed the Recovery Act Report required for the quarter ended December 31, 2009, for accuracy. The OCJA reported .79 FTEs created by the OCJA and 3.2 narcotics detectives retained by the Investigation Division for a total of 3.99 FTEs in its Recovery Act Report submission for October 1, 2009, through December 31, 2009. To verify the 3.99 FTEs reported, we requested supporting documentation for the job creation and retention data. The supporting documentation provided by the OCJA supported the 3.99 FTEs created and retained as reported on the Recovery Act Report.

We compared the OCJA's description of quarterly activities to supporting documentation and the description was accurate except for the number of weapons purchased by a Nevada sheriff's office. The report indicated that a sheriff's office purchased three weapons. However, supporting documentation showed that the sheriff's office purchased 10 weapons. We did not take exception to this minor error. The OCJA reported \$216,207 in reimbursements to seven subrecipients. We traced each reimbursement to supporting documentation and found the OCJA accurately reported the \$216,207 in reimbursements. Based on our review, we determined that the Recovery Act Report covering the period October 1, 2009, through December 31, 2009, was accurate.

We asked OCJA and DPS officials if they had written internal controls to ensure that quarterly Recovery Act Reports are timely, accurate, and free from omission and errors. We also asked officials for procedures to avoid double counting in quarterly Recovery Act Reports. An OCJA official told us that they rely on the general written internal control procedures for the OCJA. We requested and received a copy of these procedures from a DPS official. We found that these procedures were not specific to the quarterly Recovery Act Reports. The procedures covered the areas of administrative controls, security and safeguards, data processing, grants management and others. We reviewed the grants management section and other sections of the procedures. We found no evidence of controls for ensuring the accuracy and timeliness of grant reports. An internal auditor for the DPS told us he intended to modify the grant management section of the procedures for quarterly Recovery Act reporting in the near future. We recommend that the DPS update its internal control procedures to provide guidance for the timely and accurate review of quarterly Recovery Act Reports.

Program Performance and Accomplishments

The Nevada Department of Public Safety was awarded funds under the JAG and Recovery Act JAG grants to achieve the following:

- disrupt drug-trafficking organizations and seize the assets of drug traffickers;
- provide various law enforcement and crime prevention programs;
- provide alternative sentencing programs;
- fund state gang task forces;
- add employees to state narcotic task forces;
- provide drug treatment programs; and
- improve law enforcement information systems and technology.

To evaluate the DPS's program performance, we interviewed OCJA officials about program goals and objectives, reviewed its application and award of the JAG and Recovery Act JAG Program, and reviewed a Progress Report submitted by the OCJA. We compared the OCJA grant applications to program activity reported in Progress Reports. We found evidence that law enforcement activities reported to OJP such as number of cases, arrests, and confidential informants; quantity and type of confiscated narcotics; seizures and forfeitures; and training attended and presented had a relationship to program goals and objectives. However, as we discussed earlier in this report, OCJA's Progress Reports submitted to OJP are based on information reported to the OCJA in quarterly reports submitted by subrecipients. Because the OCJA did not independently verify the accuracy of subrecipient program accomplishments used by the OCJA in its reporting to OJP, we could not determine whether the OCJA is making progress toward program goals and objectives.

Conclusion

We examined the OCJA's accounting records, FSRs, Progress Reports, Recovery Act Reports, and operating policies and procedures and found the following.

- The state of Nevada's financial management system provides for segregation of duties, transaction traceability, system security, and limited access.
- The OCJA accurately accounted for and reported program income.

- Transactions reviewed were properly authorized, classified, supported, and charged to the grant.
- All costs associated with payroll and fringe benefits for the pay periods reviewed were supported and reasonable.
- The FSRs reviewed under the grants were submitted timely and were accurate.

However, we also found that:

- a subrecipient did not comply with a subgrant special condition regarding the acquisition of equipment,
- a subrecipient did not follow a state regulation for the disposition of property,
- the OCJA had no process to independently verify subrecipient program accomplishments, and
- the OCJA submitted a Progress Report that contained inaccurate information.
- the OCJA did not have written internal controls to ensure that quarterly Recovery Act Reports were timely, accurate, and free from omission and errors.

Overall, we believe that OCJA's policies and procedures if followed will allow it to adequately manage Recovery Act funds.

Recommendations

We recommend that the BJA ensures that the OCJA:

1. Ensures that subrecipients adhere to the special condition for the purchase of equipment.
2. Ensures that subrecipients are aware of state regulations regarding the disposition of property and equipment.
3. Implements control procedures to verify the accuracy of subrecipients' quarterly Progress Reports.

4. Ensures that program accomplishments are accurately reported to OJP.
5. Updates its internal control procedures, including policies that provide guidance for the timely and accurate review of quarterly Recovery Act Reports.

OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were supported; allowable; in accordance with applicable laws, regulations, guidelines, terms and conditions of the grants; and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) grant requirements; (2) internal control environment; (3) cash management; (4) program income; (5) grant expenditures; (6) property management; (7) supplanting; (8) management of subrecipients and contractors; (9) Financial Status Reports (FSR), Progress Reports, and Recovery Act Reports; and (10) program performance and accomplishments. We determined that indirect costs and contractors were not applicable to these grants.

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

Our audit scope covered JAG Grant Numbers 2006-DJ-BX-0028, 2007-DJ-BX-0068, 2008-DJ-BX-0031, 2008-DJ-BX-0744, 2009-DJ-BX-0330, and the Recovery Act JAG Grant Number 2009-SU-B9-0043. For our transaction testing, we reviewed Grant Numbers 2007-DJ-BX-0068, 2008-DJ-BX-0031, 2008-DJ-BX-0744 and 2009-SU-B9-0043 because of limited activity for Grant Number 2009-DJ-BX-0330. We had an adequate number of transactions to test from the other four grants so we did not select any transactions from Grant Number 2006-DJ-BX-0028. We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in our report, the criteria we audit against are contained in the *OJP Financial Guide* and the award documents.

In conducting our audit, we performed sample testing in four areas, which were grant expenditures, including personnel; FSRs; Progress Reports; and management of subrecipients. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed, such as dollar amounts or expenditure category. This non-statistical sample design does not allow for projection of the test results to the universes from which the samples were selected.

In addition, we reviewed the timeliness and accuracy of FSRs, Progress Reports, and Recovery Act Reports; evaluated performance to grant goals and objectives; and assessed the grantee's management of subrecipients. However, we did not test the reliability of the financial management system as a whole and reliance on computer-based data was not significant to our objectives.

**NEVADA OFFICE OF CRIMINAL JUSTICE ASSISTANCE'S
RESPONSE TO THE DRAFT REPORT**

May 31, 2010

Mr. Ferris B. Polk
Regional Audit Manager
Office of the Inspector General
U.S. Department of Justice
75 Spring St., Ste. 1130
Atlanta, GA 30303

Dear Mr. Polk:

The following comments address the recommendation presented in the March audit report on the Edward Byrne Memorial Justice Assistance Grant Program awarded to the Nevada Department of Public Safety, Office of Criminal Justice Assistance.

Recommendation #1

Ensures that subrecipients adhere to the special condition for the purchase of equipment.

OCJA Response:

The Office of Criminal Justice Assistance will provide additional training to its subrecipients and we will ensure that staff is properly trained and backed up in the event the primary person is unavailable.

Recommendation #2

Ensures that subrecipients are aware of state regulations regarding the disposition of property and equipment.

OCJA Response:

The Office of Criminal Justice Assistance will provide additional training to its subrecipients on the disposition of assets.

Recommendation #3

Implement control procedures to verify the accuracy of subrecipient's quarterly Progress Reports.

OCJA Response:

The Office of Criminal Justice Assistance will modify its procedures for completing quarterly progress reports to ensure accuracy.

Recommendation #4

Ensures that program accomplishments are accurately reported to OJP.

OCJA Response:

The Office of Criminal Justice Assistance will endeavor to provide accurate timely reporting to the OJP, but reporting time frames may differ between when subrecipients report to the OCJA and when OCJA reports to OJP. This appears to be the case during this review.

Recommendation #5

Updates its internal control procedures, including policies that provide guidance for the timely and accurate review of quarterly Recovery Act Reports.

OCJA Response:

The Department of Public Safety and the Office of Criminal Justice Assistance is currently reviewing its Divisional Internal Controls. As part of that review, and in light of the importance of ARRA reporting, the Grant Monitoring sections of the Internal Controls will be modified to include increased monitoring efforts for grants such as ARRA.

If you have any questions or comments regarding this audit response, please contact me at (775) 684-4166 or mhamilton@dps.state.nv.us.

Sincerely,

Michelle Hamilton, Chief
Dept. of Public Safety, Office of Criminal Justice Assistance

Cc: Jearld Hafen, Director Dept. of Public Safety
Jay Giovacchini, Auditor, Dept. of Public Safety Director's Office
Kim Whallin, Controller, Controller's Office
William Chisel, Division Administrator, Division of Internal Audit
Paul Townsend, Legislative Auditor, Legislative Council Bureau

**OFFICE OF JUSTICE PROGRAMS'
RESPONSE TO THE DRAFT REPORT**

MEMORANDUM TO: Ferris B. Polk
Regional Audit Manager
Atlanta Regional Audit Office
Office of the Inspector General

FROM: Maureen A. Henneberg
Director

SUBJECT: Response to the Draft Audit Report, *Office of Justice Programs, Edward Byrne Memorial Justice Assistance Grant Program, Grants Awarded to the Nevada Department of Public Safety, Carson City, Nevada, Grant Numbers 2006-DJ-BX-0028, 2007-DJ-BX-0068, 2008-DJ-BX-0031, 2008-DJ-BX-0744, 2009-DJ-BX-0330, and 2009-SU-B9-0043*

This memorandum is in response to your correspondence, dated May 5, 2010, transmitting the subject draft audit report to the Office of Justice Programs (OJP). The Office of Criminal Justice Assistance (OCJA) is a component of the Nevada Department of Public Safety (DPS) and is responsible for administering the grant awards. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains five recommendations and no questioned costs. For ease of review, the draft audit report recommendations are restated in bold and are followed by the OJP's response.

- 1. We recommend that the Bureau of Justice Assistance (BJA) ensures that OCJA subrecipients adhere to the special condition for the purchase of equipment.**

We agree with the recommendation. We will coordinate with OCJA to obtain a copy of implemented procedures ensuring that OCJA subrecipients adhere to the special condition for the purchase of equipment.

- 2. We recommend that the BJA ensures that OCJA subrecipients are aware of state regulations regarding the disposition of property and equipment.**

We agree with the recommendation. We will coordinate with OCJA to obtain a copy of implemented procedures to ensure that subrecipients are aware of state regulations regarding the disposition of property and equipment.

- 3. We recommend that the BJA ensures that OCJA implements control procedures to verify the accuracy of subrecipient's quarterly Progress Reports.**

We agree with the recommendation. We will coordinate with OCJA to obtain a copy of implemented control procedures verifying the accuracy of subrecipient's quarterly Progress Reports.

- 4. We recommend that the BJA ensures that OCJA accurately reports program accomplishments to OJP.**

We agree with the recommendation. We will coordinate with OCJA to obtain a copy of implemented procedures to ensure that program accomplishments are accurately reported to OJP.

- 5. We recommend that the BJA ensures that OCJA update their internal control procedures, including policies that provide guidance for the timely and accurate review of quarterly Recovery Act Reports.**

We agree with the recommendation. We will coordinate with OCJA to obtain a copy of revised internal control procedures, which include policies providing guidance for the timely and accurate review of quarterly Recovery Act Reports.

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

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

Summary of Actions Necessary to Close Report

1. **Resolved.** The OCJA concurred with our recommendation to ensure that subrecipients adhere to the special condition for the purchase of equipment. The OCJA stated that it would provide additional training to its subrecipients and would ensure that its staff is properly trained and backed up in the event the primary person is unavailable. OJP concurred with our recommendation and stated that it would coordinate with the OCJA to obtain a copy of implemented procedures ensuring that the OCJA subrecipients adhere to the special condition for the purchase of equipment. This recommendation can be closed when we receive and review documentation to support that the OCJA has ensured subrecipients adhere to the special condition for the purchase of equipment.
2. **Resolved.** The OCJA concurred with our recommendation to ensure that subrecipients are aware of state regulations regarding the disposition of property and equipment. The OCJA stated it would provide additional training to subrecipients on the disposition of assets. OJP concurred with our recommendation and stated that it would coordinate with the OCJA to obtain a copy of implemented procedures to ensure that subrecipients are aware of state regulations regarding the disposition of property and equipment. This recommendation can be closed when we receive and review documentation to support that the OCJA has made subrecipients aware of state regulations regarding the disposition of property and equipment.
3. **Resolved.** The OCJA concurred with our recommendation to implement control procedures to verify the accuracy of subrecipients' quarterly Progress Reports. The OCJA stated it

would modify its procedures for completing quarterly progress reports to ensure accuracy. OJP concurred with our recommendation and stated that it would coordinate with the OCJA to obtain a copy of implemented control procedures verifying the accuracy of subrecipients' quarterly Progress Reports. This recommendation can be closed when we receive and review documentation to support that the OCJA has implemented control procedures to verify the accuracy of subrecipients' quarterly Progress Reports.

4. **Resolved.** The OCJA concurred with our recommendation to ensure that program accomplishments are accurately reported to OJP. The OCJA stated that it would provide accurate and timely reporting to OJP. OJP concurred with our recommendation and stated that it would coordinate with the OCJA to obtain a copy of implemented procedures to ensure that program accomplishments are accurately reported to OJP. This recommendation can be closed when we receive and review documentation to support that the OCJA has implemented control procedures to ensure program accomplishments are accurately reported to OJP.
5. **Resolved.** The OCJA concurred with our recommendation to update its internal control procedures, including policies that provide guidance for the timely and accurate review of quarterly Recovery Act Reports. The OCJA stated that it and the Department of Public Safety were reviewing internal controls and, as part of the review, the internal controls would be modified to increase the monitoring efforts of the Recovery Act award. OJP concurred with our recommendation and stated that it would coordinate with the OCJA to obtain a copy of revised internal control procedures, which include policies providing guidance for the timely and accurate review of quarterly Recovery Act Reports. This recommendation can be closed when we receive and review documentation that the OCJA has updated its internal control procedures to include guidance for the timely and accurate review of quarterly Recovery Act Reports.