



**EDWARD BYRNE MEMORIAL
JUSTICE ASSISTANCE GRANT PROGRAM GRANTS
AWARDED TO THE FLORIDA
DEPARTMENT OF LAW ENFORCEMENT
TALLAHASSEE, FLORIDA**

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

Audit Report GR-40-10-004
July 2010

**EDWARD BYRNE MEMORIAL
JUSTICE ASSISTANCE GRANT PROGRAM GRANTS
AWARDED TO THE FLORIDA
DEPARTMENT OF LAW ENFORCEMENT**

EXECUTIVE SUMMARY

The Office of the Inspector General, Audit Division, has completed an audit of the Edward Byrne Memorial Justice Assistance Grant (JAG) Program Grant Numbers 2008-DJ-BX-0072 and 2008-DJ-BX-0755 with a combined amount of \$7,369,041 and the Recovery Act Edward Byrne Memorial Justice Assistance Grant Program, Grant Number 2009-SU-B9-0021 in the amount of \$81,537,096 awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), to the Florida Department of Law Enforcement (FDLE). Between October 2005 and March 2009, OJP awarded the FDLE six grants totaling \$140,693,262. The FDLE's Office of Criminal Justice Grants is responsible for administering the grant awards.

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;
- 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; and 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 Results

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were supported; allowable; and 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 property management, and contractors were not applicable to these grants.

As shown in Exhibit 1, the FDLE was awarded a total of \$140,693,262 to implement the grant program. However, based on grant activity, we limited our audit to \$88,906,137 in funding awarded under Grant Numbers 2008-DJ-BX-0072, 2008-DJ-BX-0755, and 2009-SU-B9-0021.

**EXHIBIT 1. EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE
GRANT PROGRAM GRANTS AWARDED TO THE
FLORIDA DEPARTMENT OF LAW ENFORCEMENT**

GRANT AWARD	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
2006-DJ-BX-0036	10/01/2005	09/30/2009	\$ 12,402,693
2007-DJ-BX-0093	10/01/2006	09/30/2010	18,962,940
2008-DJ-BX-0072	10/01/2007	09/30/2011	6,690,822
2008-DJ-BX-0755	10/01/2007	09/30/2011	678,219
2009-DJ-BX-1077	10/01/2008	09/30/2012	20,421,492
2009-SU-B9-0021	03/01/2009	02/28/2013	81,537,096
Total:			\$140,693,262

Source: OJP Grants Management System (GMS)

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

- The financial management system provides for segregation of duties, transaction traceability, system security, and limited access.
- The FDLE accounted for and reported program income accurately.
- Transactions reviewed were properly authorized, classified, supported, and charged to the grants.
- All costs associated with payroll and fringe benefits for the pay periods reviewed were supported and reasonable.
- The FSRs reviewed under the grants were generally accurate and timely except for one report.
- The FDLE's monitoring activities and management of subrecipient files appeared sufficient.
- Progress Reports were generally accurate in reporting grant activity and filed timely.
- The Recovery Act Report covering the period October 1, 2009, through December 31, 2009, was accurate and timely submitted.
- The FDLE addressed the program outcomes for the JAG and Recovery Act JAG awards.

These items are discussed in detail in the Findings section of the

report. Our audit objectives, scope, and methodology are discussed in the Appendix.

TABLE OF CONTENTS

INTRODUCTION	1
Recovery Act	2
Audit Purpose	2
Background	3
OIG Audit Approach	4
FINDINGS	5
Internal Control Environment	5
<i>Single Audit</i>	5
<i>Financial Management System</i>	5
<i>Preparation for Recovery Act Funds</i>	6
Drawdowns	6
Program Income	7
Grant Expenditures	7
<i>Personnel Expenses</i>	8
<i>Other Direct Costs</i>	9
<i>Indirect Costs</i>	9
Supplanting	9
Management of Subrecipients	10
<i>Solicitation Process</i>	10
<i>Awards Process</i>	11
<i>Training and Technical Assistance</i>	12
<i>Management of Funds</i>	13
<i>Monitoring</i>	13
Reports	14
<i>Subrecipient Reports</i>	14
<i>Financial Status Reports</i>	14
<i>Annual Progress Reports</i>	15
<i>Quarterly Recovery Act Reports</i>	15
Program Performance and Accomplishments	17
Conclusion	18
APPENDIX I	
OBJECTIVES, SCOPE, AND METHODOLOGY	20

APPENDIX II
OFFICE OF JUSTICE PROGRAMS'
RESPONSE TO THE DRAFT REPORT 22

APPENDIX III
OFFICE OF THE INSPECTOR GENERAL
ANALYSIS AND SUMMARY OF ACTIONS
NECESSARY TO CLOSE REPORT 24

**EDWARD BYRNE MEMORIAL
JUSTICE ASSISTANCE GRANT PROGRAM
GRANTS AWARDED TO
THE FLORIDA DEPARTMENT OF LAW ENFORCEMENT
TALLAHASSEE, FLORIDA**

INTRODUCTION

The Office of the Inspector General, Audit Division, has completed an audit of the Edward Byrne Memorial Justice Assistance Grant (JAG) Program State Solicitation, Grant Numbers 2008-DJ-BX-0072 and 2008-DJ-BX-0755 totaling \$7,369,041, and the Recovery Act Edward Byrne Memorial Justice Assistance Grant Program State Solicitation, Grant Number 2009-SU-B9-0021 in the amount of \$81,537,096, awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), to the Florida Department of Law Enforcement (FDLE).¹ Through its Office of Criminal Justice Grants, the FDLE is responsible for administering the grant awards.

The JAG Program is a formula grant program in which the 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 \$140,693,262 in Edward Byrne Memorial Justice Assistance Grant funds to the Florida Department of Law Enforcement.

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 avoid or minimize 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; and 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 costs claimed under these grants were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. 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 property management and contractors were not applicable to these grants.

As shown in Exhibit 1, between October 2005 and March 2009, the FDLE was awarded a total of \$140,693,262 in funding under both the JAG

and Recovery Act JAG Programs. However, based on the most recent grant activity, we limited our audit to funding under Grant Numbers 2008-DJ-BX-0072, 2008-DJ-BX-0755, and 2009-SU-B9-0021.

EXHIBIT 1. EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM GRANTS AWARDED TO THE FLORIDA DEPARTMENT OF LAW ENFORCEMENT

GRANT AWARD	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
2006-DJ-BX-0036	10/01/2005	09/30/2009	\$ 12,402,693
2007-DJ-BX-0093	10/01/2006	09/30/2010	18,962,940
2008-DJ-BX-0072	10/01/2007	09/30/2011	6,690,822
2008-DJ-BX-0755	10/01/2007	09/30/2011	678,219
2009-DJ-BX-1077	10/01/2008	09/30/2012	20,421,492
2009-SU-B9-0021	03/01/2009	02/28/2013	81,537,096
Total:			\$140,693,262

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 and 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 Governor of the state of Florida designated the FDLE as the State Administering Agency for the JAG and the Recovery Act JAG program. FDLE delivers services in five program areas: (1) Executive Direction and Business Support Program, (2) Criminal Investigations and Forensic Science Program, (3) Florida Capitol Police Program, (4) Criminal Justice Information Program, and (5) Criminal Justice Professionalism Program. The Business Support Program coordinates and provides the business activities necessary for the daily operation of the agency. The Business Support Program includes finance and accounting, human resources, budget, general services, and criminal justice grants. The FDLE Office of Criminal Justice Grants within the Business Support Program is responsible for the management of federal grant programs awarded by DOJ to the state of Florida for the state and local criminal justice community.

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 FDLE'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 grants;
- **grant drawdowns** to determine whether grant drawdowns were adequately supported and if the FDLE 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 FDLE 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 FDLE met or is capable of meeting the grants' objectives.

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

FINDINGS

We determined that the FDLE's system of internal controls and the state of Florida's financial management system adequately provided for segregation of duties, transaction traceability, system security, and limited access. We did not note any issues during our analysis of drawdowns. We found that the FDLE accurately accounted for and reported the receipt of program income. Transactions and personnel costs were properly authorized, classified, supported, and charged to the grants. The FDLE's solicitation and awards processes for subrecipients appear to be fair and reasonable. The FDLE's management of funds awarded to subrecipients appears sufficient. The FDLE properly and adequately monitors subrecipients. Financial Status Reports, Progress Reports, and Quarterly Recovery Act Reports were timely and accurate. The FDLE is adequately addressing the program outcomes for the JAG and Recovery Act JAG awards.

Internal Control Environment

We reviewed the state of Florida's Single Audit Report, policies and procedures, and financial management system to assess the FDLE's risk of noncompliance with laws, regulations, guidelines, and terms and conditions of the grants. We also interviewed individuals from the FDLE regarding payroll, purchasing, and accounts payable and observed the financial management system to further assess risk.

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 Florida's fiscal year is from July 1 through June 30. For FY 2008, the state of Florida conducted a single audit. We reviewed the FY 2008 Single Audit Report and found the FDLE did not comply with subrecipient monitoring requirements for Homeland Security Cluster grants. However, this finding did not pertain to DOJ funds. We identified no problems with monitoring Byrne JAG subrecipients. The FY 2009 Single Audit Report was published in March 2010 and contained no findings related to the FDLE.

Financial Management System

The FDLE prepares applications to BJA for grant funds and administers grant funds received. The FDLE's administration of grant funds includes

receipt, review, processing, monitoring, progress and financial report review, technical assistance, grant adjustments, accounting, auditing, and fund disbursements. The FDLE uses an online system called the Subgrant Information Management On-line (SIMON) to track subrecipient awards from the application for funds to the closeout of the sub-award. Subrecipients report expenditures in SIMON quarterly or monthly. FDLE staff review expenditure reports from SIMON for compliance with approved subrecipient award budget and federal program requirements.

FDLE finance and accounting staff enter and track drawdowns through a system called the Florida Accounting Information Resource (FLAIR). FLAIR generates standard reports that summarize revenue and expenses for each grant. FDLE finance and accounting staff compare these revenue and expense reports to an OJP report of cash drawn. FDLE finance and accounting staff process payments to subrecipients based on approved expenditure reports and compare information in SIMON to actual drawdowns and expenditures tracked in FLAIR.

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 FDLE's ability to achieve the accountability and transparency objectives of the Recovery Act, we interviewed FDLE officials about their preparation for the receipt of Recovery Act funds. FDLE officials told us that the Recovery Act grant would be administered under its existing policies, procedures, and internal controls. FDLE officials told us that the FDLE added several new requirements and checklists for subrecipients to follow. We believe that the FDLE'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.

We determined the FDLE provides an adequate system of internal controls over the requirements of the JAG and Recovery Act JAG programs. The system of controls also provides for segregation of duties, transaction traceability, system security, and limited access to information technology systems.

Drawdowns

JAG award recipients are permitted to draw down the entire award amount and place the funds in an interest-bearing account. Alternatively, recipients may draw down funds on an as-needed basis. FDLE finance and accounting staff drew down funds as needed to pay subrecipients as voucher

reimbursements or cash advances. FDLE finance and accounting staff told us that grant funds are deposited into a separate bank account. FDLE finance and accounting staff told us and we confirmed that Recovery Act funds, as well as other JAG funds, are separately identified within the accounting records. As of April 6, 2010, FDLE finance and accounting staff drew down: (1) \$6,525,147 from Grant Number 2008-DJ-BX-0072, which left a balance of \$165,675; (2) \$119,146 from Grant Number 2008-DJ-BX-0755, which left a balance of \$559,073; and \$11,326,102 from Grant Number 2009-SU-B9-0021, which left a balance of \$70,210,994. Our analysis identified no concerns with the FDLE's drawdowns of grant funds.

Program Income

According to the *OJP Financial Guide*, all income generated as a direct result of an agency-funded project is 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, and any unexpended program income should be remitted to OJP.

The FDLE does not draw down funds prior to expenditure and therefore does not generate any interest income. FDLE officials told us subrecipients earn program income from seized assets resulting from the activities of local task forces. This program income is reported to the FDLE for inclusion in the FSRs but the funds are kept at the subrecipient level and are used for program-related purposes. We determined that the subrecipients reported program income on Grant Number 2008-DJ-BX-0072. As of December 31, 2009, subrecipients reported a total of \$625,656 in program income to the FDLE. We verified the program income reported in the FSRs to the program income reported by subrecipients in SIMON.

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 the factors affecting the allowability, reasonableness, and allocability of both direct and indirect costs charged to DOJ grants.

Personnel Expenses

For Grant Numbers 2008-DJ-BX-0072 and 2009-SU-B9-0021, we reviewed the names, positions, and pay rates for all employees paid from grant funds to determine if that information appeared reasonable.³ The FDLE supplied a list of all employees charged to Grant Numbers 2008-DJ-BX-0072 and 2009-SU-B9-0021. From that list, we judgmentally selected 10 employees to test from Grant Number 2008-DJ-BX-0072. Of the 10 employees selected from Grant Number 2008-DJ-BX-0072, 5 of those same employees were chosen for testing under Grant Number 2009-SU-B9-0021 because they also charged time to this grant. For the 15 payroll transactions tested, we verified the employee information provided by the FDLE in employee personnel files. We reviewed the pay rates for the individuals and compared pay rates to other similar positions within the FDLE that were not charged to the grants. The pay rates appeared reasonable.

Of the 15 payroll transactions selected to determine reasonableness of pay rates, we identified no fictitious employees paid from grant funds. All employees tested had current personnel files, pay stubs, and payroll records. In addition, records showed that each employee had been employed for a long period and worked on several different projects. Payroll records indicated the FDLE was withholding taxes and other fringe benefits.

For each of the 15 payroll transactions in our sample, we traced costs to timesheets and official payroll records. We found that the personnel costs charged to the two grants for the 10 individuals were allowable, correctly computed, properly authorized, accurately recorded, and properly allocated to the grants.

Part-time individuals are classified under the category of Other Personal Service and are not paid fringe benefits. Of the 15 payroll transactions in our sample, 13 were full-time and 2 were part-time. For the 13 payroll transactions, we traced the fringe benefit elements to payroll records and determined that the fringe benefits paid were reasonable. The two part-time employees in our sample were not paid fringe benefits, and therefore, we did not include them in our fringe benefits test.

³ FDLE finance and accounting staff had not draw down funds from Grant Number 2008-DJ-BX-0755 at the end of our audit work, and no personnel costs had been charged to this grant.

Other Direct Costs

We reviewed the general ledger accounts for Grant Numbers 2008-DJ-BX-0072 and 2009-SU-B9-0021. We did not review the general ledger account for Grant Number 2008-DJ-BX-0755 because the FDLE had not charged expenses to the grant at the time of our audit work.⁴

At the time of our audit work, the FDLE had reimbursed \$5,669,220 to subrecipients from Grant Number 2008-DJ-BX-0072 and \$2,961,325 to subrecipients from Grant Number 2009-SU-B9-0021. We selected a judgmental sample of 70 transactions totaling \$356,065 from Grant Number 2008-DJ-BX-0072 and a judgmental sample of 29 transactions totaling \$2,286,710 from Grant Number 2009-SU-B9-0021. All 99 transactions that we reviewed were properly authorized, classified, supported, and charged to the two grants.

Indirect Costs

Indirect costs are costs of an organization that are not readily assignable to a particular project, but are necessary for the operation of the organization and the performance of the project. The cost of operating and maintaining facilities, depreciation, and administrative salaries are examples of the types of costs that are usually treated as indirect.

The FDLE applies an approved indirect cost rate to federal contracts and grants. The FDLE uses full-time and part-time salaries as the basis for its calculation of indirect costs.

The FDLE charged indirect costs totaling \$68,670 to Grant Number 2008-DJ-BX-0072 and \$46,063 to Grant Number 2009-SU-B9-0021. We tested a total of 10 indirect cost transactions, 5 from Grant Number 2008-DJ-BX-0072 and 5 from Grant Number 2009-SU-B9-0021 totaling \$93,786 for the period ended December 31, 2009, and determined that the indirect cost rates were properly applied to base costs and accurately calculated.

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

⁴ As of April 6, 2010, the FDLE finance and accounting staff drew down \$119,146 from Grant Number 2008-DJ-BX-0755.

the FDLE used grant funds to supplant existing state and local funds for program activities, we reviewed the state budgets for FYs 2008 and 2009. We found no indication of supplanting of state funds with federal funds.

Management of Subrecipients

State awarding agencies must ensure that all sub-awards made from the JAG and Recovery Act JAG Programs meet certain legislative, regulatory, and administrative requirements. As part of these requirements, the FDLE must monitor subrecipient activities to assure compliance with federal law. The FDLE made sub-awards to 369 subrecipients from Grant Numbers 2008-DJ-BX-0072 and 2009-SU-B9-0021. To determine whether the FDLE adequately managed its subrecipients, we focused our review on categories that we consider most critical to the effective management of subrecipients, such as how the FDLE solicits subrecipients, makes sub-awards, provides training and technical assistance, manages funds, and monitors and reports subrecipient activities.

Solicitation Process

The FDLE uses population and crime statistics to allocate JAG and Recovery Act JAG funds on a formula basis to all 67 counties in the state of Florida. The FDLE sends the program announcement to each chairperson of the board of commissioners of the county, local mayors, local chiefs of police, and sheriffs. The program announcement identifies each county's allocation of JAG funds.

The FDLE's Office of Criminal Justice Grants employs seven grant managers on its staff. The FDLE assigns each grant manager multiple counties for which the grant manager oversees program operations from initial review of the grant application to award to closeout. FDLE policy requires grant managers to complete an application review document that consists of questions regarding the areas of general administration, project overview, performance, finance, certifications, standard conditions, signature pages, and other. An FDLE Planning Manager reviews the application before the FDLE awards the applicant.

We reviewed examples of the FDLE's solicitations to Florida's subrecipients, and found the solicitations accurately and fully described the grant program and the requirements of the program. The FDLE awards funds to all subrecipients that apply for funding. However, the FDLE may deny a subrecipient's initial application if the application is not in agreement with JAG and Recovery Act JAG guidelines. In such cases, the subrecipient

would resubmit or amend the application until the application agreed with JAG and Recovery Act JAG guidelines.

Awards Process

The JAG formula program provides a state allocation consisting of a minimum base allocation, and an additional amount determined by state population and violent crime statistics. Once the state allocation is calculated, 60 percent of the allocation is retained by the state and 40 percent is set aside for direct award to eligible local governments within the state. Units of local government are eligible for direct award from BJA if their share of violent crime results in an award of \$10,000 or more. If a unit of local government is not eligible for an award of at least \$10,000, the funds are added to the state's award. The state is then required to pass through a percentage of its funding to eligible units of local government. This variable-pass-through-percentage is calculated by the Bureau of Justice Statistics based on the state's crime expenditures.

The BJA awarded the FDLE \$6,690,822 from Grant Number 2008-DJ-BX-0072 and \$81,537,096 from Grant Number 2009-SU-B9-0021. From the two awards, the FDLE deducted \$214,180 from Grant Number 2008-DJ-BX-0072 and \$896,898 from Grant Number 2009-SU-B9-0021 for administrative costs.⁵ The FDLE passed-through \$658,125 from Grant Number 2008-DJ-BX-0072 and \$460,333 from Grant Number 2009-SU-B9-0021 to units of local government eligible for \$10,000 or less.

After deductions for administrative costs and funds are passed-through to units of local government eligible for \$10,000 or less, the BJA requires the FDLE to subaward the remaining funds. The FDLE subawarded \$3,912,205 to 67 counties from Grant Number 2008-DJ-BX-0072 and \$51,996,643 to 67 counties from Grant Number 2009-SU-B9-0021.⁶ The FDLE subawarded the remaining \$1,906,312 and \$28,183,222 to state agencies from Grant Numbers 2008-DJ-BX-0072 and 2009-SU-B9-0021, respectively. The state of Florida Legislature determines which state agencies receive awards and the amounts awarded.

The FDLE uses a complex computer algorithm to calculate the share of available grant funding for each of the 67 counties. The computer algorithm calculates this share as a percentage for each county, which the FDLE

⁵ JAG and Recovery Act JAG awards allow grantees to deduct up to 10 percent for administration costs.

⁶ Liberty and Calhoun Counties, Florida, combined applications, and the FDLE subawarded a total of \$49,180 to the two counties under Grant Number 2008-DJ-BX-0072.

applies to available grant funding. To run the program, the FDLE annually enters recent crime data, recent population data, and funds available for allocation. The FDLE uses five main factors to determine how to distribute funds among the counties. The five main factors are magnitude of the crime, the crime trend, the seriousness of the crimes, the crime rate, and the population. The program creates a score for each crime type in each county, a score for each crime group in each county represented by the crime types, a matrix score based on the crime group scores, and a county and population score. The program uses these scores to calculate a percentage allocation to each county. We obtained a description of this computer program. We did not test the reliability of the computer program.

We selected a sample of five subrecipients allocated funds from Grant Number 2008-DJ-BX-0072 and five subrecipients allocated funds from Grant Number 2009-SU-B9-0021. We selected the sample of 10 subrecipients to determine if the FDLE accurately applied the percentages supplied by the computer program. We recalculated the allocation amount for each of the 10 subrecipients based on the percentages supplied by the computer program. We compared our calculations to the amounts that the FDLE allocated to each of the 10 counties. We found the allocations to be substantially the same.

Based on the FDLE's solicitation and awards process, the FDLE's methodology for granting funds appears to be fair and reasonable.

Training and Technical Assistance

As the FDLE becomes aware of new federal requirements, it identifies requirements and additional information is incorporated into grant workshops. An FDLE official told us the last training event for subrecipients held by the FDLE was in 2007. Officials told us that the FDLE could not offer training in 2008 and 2009 because they were dealing with the unusually large volume of Recovery Act awards. The official said that even though the FDLE did not provide training to subrecipients in 2008 and 2009, FDLE staff was readily available to handle questions and issues from subrecipients. The information that the FDLE provides during training events is also included or referenced in program announcements, the instructions and applications provided to applicants, and during the FDLE's on-site monitoring activities. If needed, the FDLE makes procedural or other changes in the SIMON user manuals or video tutorials. In addition, FDLE grant managers forward e-mails and make telephone contact with subrecipients to provide additional information.

Management of Funds

The FDLE approves a plan for subrecipient expenditure of grant funds and it makes grant funds available to subrecipients on a reimbursement basis. The FDLE requires subrecipients to submit support for reimbursements requested. Advance funding is available for subrecipients, but the FDLE must approve subrecipients' request for advance funding. We tested subrecipients' payments as part of our testing of grant expenditures (discussed in the Grant Expenditures section of this report) to determine if the FDLE properly authorized, classified, supported, and charged the grant payments. Based on our testing, we determined that the FDLE'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. To this end, OJP requires that sub-awards be monitored throughout the life of the grant to ensure that: (1) the subrecipient complies with the programmatic, administrative, and fiscal requirements of the relevant statutes, regulations, policies, and guidelines; (2) programs initiated by the subrecipient are carried out in a manner consistent with the relevant statutes, regulations, policies, and guidelines of the program; (3) the subrecipient is provided guidance on policies and procedures, grant program requirements, general federal regulations, and basic programmatic, administrative, and financial reporting requirements; and (4) any problems that may impede the effective implementation of grant programs are identified and resolved.

According to the state of Florida's Byrne Unit Monitoring Policies and Procedures Manual, all open grants will be monitored no less than yearly for compliance with administrative, financial, and programmatic requirements. Monitoring may take the form of a desk review or an on-site review.⁷ The policies provide that each subrecipient should be monitored on-site no less than every third year. High-risk subrecipients and subrecipients with known compliance issues may be monitored more frequently. When an on-site visit is made, the review covers all open grants and any closed JAG project from

⁷ A desk review consists of the FDLE reviewing subrecipients' files to ensure reports are current and complete, ensuring subrecipients received the reviews and addressed issues, ensuring there are no outstanding issues from previous years, and requesting backup documentation to support one expenditure report. An on-site review includes a meeting with subrecipient staff, observing project activities, viewing purchased equipment, reviewing backup documentation for reports submitted to the FDLE, and reviewing documentation in support of one project expenditure report.

the immediate prior year. On-site monitoring is to be completed by May 30 of each year. Desk monitoring is to be completed by June 30 of each year. Monitoring reports are to be completed no more than 20 days after the date of monitoring.

We reviewed five desk review reports and five on-site review reports. The reports demonstrated that the FDLE properly and adequately executed its monitoring procedures.

Reports

According to the *OJP Financial Guide*, award recipients are required to 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, and the Recovery Act Reports submitted by the FDLE to determine whether each report was timely and accurate.

Subrecipient Reports

Subrecipients input data into the FDLE's SIMON system. The FDLE uses this information from the SIMON system when completing its FSRs, annual progress reports, and quarterly Recovery Act Reports for submission to OJP.

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. Effective for the quarter ended December 31, 2009, grantees must report expenditures online using the Federal Financial Report Form (FFR-425) no later than 30 days after the end of each calendar quarter. The final report must be submitted no later than 90 days following the end of the grant period.

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 2008-DJ-BX-0072, 2008-DJ-BX-0755, and 2009-SU-B9-0021. We found that the FDLE finance and accounting staff submitted the FSR for the quarter ended March 31, 2009, for Grant Number 2009-SU-B9-0021, 13 days after the due date. The report was due on May 15, 2009, and the FDLE finance and accounting staff submitted the report on May 28, 2009. We did not take

exception to this late report because only 1 out of 12 reports that we tested was submitted late.

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 the FSRs submitted under Grant Numbers 2008-DJ-BX-0072, 2008-DJ-BX-0755, and 2009-SU-B9-0021 were accurate when compared to the FDLE's official accounting records.

Annual Progress Reports

OJP requires all JAG recipients to submit annual progress reports. For FY 2008 and prior, the annual reporting period for all state and local JAG awards is 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 Measurement Tool (PMT) reports. The annual progress reporting period is the award start date through September 30, with reports due November 29. The quarterly PMT reports are due on the 30th of the month following the close of a quarter. State recipients may use the four quarterly PMT reports to satisfy the annual reporting requirement by uploading the reports into the OJP Grant Management System.

We reviewed the most recent Progress Report submitted for Grant Number 2008-DJ-BX-0755 and the first PMT Report submitted for Grant Number 2009-SU-B9-0021. We found that the FDLE submitted the reports in a timely manner.

We evaluated the accuracy of Progress Reports for the last full year of coverage for Grant Numbers 2008-DJ-BX-0072, 2008-DJ-BX-0755, and 2009-SU-B9-0021. We verified the reports to source documentation maintained by the FDLE in SIMON. We determined that the reports accurately reflected information contained in the SIMON system.

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.⁸

We reviewed the Recovery Act Reports for the quarters ended September 30, 2009, and December 31, 2009, for timeliness and found that the FDLE 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 SCHEDULE⁹	=	FTEs
---	----------	--	----------	-------------

We reviewed the Recovery Act Report required for the quarter ended December 31, 2009, for accuracy. The FDLE reported 84.08 FTEs retained and created. To verify the total number of FTEs reported as retained and created, we requested the supporting documentation the FDLE received from all subrecipients for the job retention and creation data. We used this data to verify the number of hours reported and to recalculate the number of FTEs retained and created. The data supplied by the FDLE supported the positions reported as retained and created. The Recovery Act Report covering the period October 1, 2009, through December 31, 2009, was accurate.

⁸ According to FederalReporting.gov guidance, the recipient reporting due date of January 10, 2010, was extended to January 22, 2010.

⁹ 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).

Program Performance and Accomplishments

The FDLE seeks to ensure funds are used in accordance with JAG requirements by first awarding subgrants within the allowable JAG purpose areas described in the BJA solicitation. The purpose areas are described in the FDLE's JAG solicitations. The FDLE also monitors subrecipients in an effort to ensure grant funds are used in accordance with the sub-award. Monitoring is through on-site reviews of grant project compliance, desk reviews of grant project compliance, and reviews of subrecipient progress and financial reports.

To evaluate program performance under Grant Numbers 2008-DJ-BX-0072, 2008-DJ-BX-0755, and 2009-SU-B9-0021, we interviewed FDLE officials regarding the expected program outcomes. According to the purpose statements provided by the FDLE, the FDLE used the three grants to:

- target anti-terrorism issues, eradicate marijuana and shut down meth labs, as well as address white collar, domestic violence, and child abuse;
- enhance the prosecution of white-collar, organized, and gang related crimes;
- start or enhance anti-drug and anti-gang education programs;
- support programs designed to provide additional public correctional resources and improve the corrections system, including treatment in prisons and jails, and intensive supervision programs for probationers and parolees;
- identify and meet the treatment needs of adult and juvenile drug-dependent and alcohol-dependent offenders;
- provide support for all components of the criminal justice information system; and
- provide assistance to victims and witnesses.

Additional purposes of the Recovery Act are to preserve and create jobs in the following seven JAG purpose areas:

- law enforcement programs;

- prosecution and court programs;
- prevention and education programs;
- corrections and community corrections programs;
- drug treatment and enforcement programs; and
- crime victim and witness programs.

To evaluate the FDLE's program performance, we interviewed FDLE officials about program goals and objectives, reviewed its application and award of the JAG and Recovery Act JAG Program, and reviewed a Progress Report for Grant Number 2008-DJ-BX-0072. At the time of our audit work, the FDLE had not reported accomplishments for Grant Numbers 2008-DJ-BX-0755 and 2009-SU-B9-0021. We asked the FDLE to provide supporting documentation for six performance accomplishments identified in the progress report for Grant Number 2008-DJ-BX-0072. The FDLE provided supporting documentation for the six performance measures. Based on our interview with FDLE officials, review of applications and awards, and review of the Progress Report, the FDLE is adequately addressing the program outcomes for the JAG and Recovery Act JAG awards.

Conclusion

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

- The financial management system provides for segregation of duties, transaction traceability, system security, and limited access.
- The FDLE accounted for and reported program income accurately.
- The other direct cost transactions that we reviewed were properly authorized, classified, supported, and charged to the grants.
- 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 in a timely manner and were accurate.

- The FDLE's methodology for granting funds to subrecipients appears to be fair and reasonable.
- The FDLE's monitoring activities and management of subrecipient files appeared sufficient.
- The FDLE is adequately addressing the program outcomes for the JAG and Recovery Act JAG awards.

Overall, we believe that the FDLE's policies and procedures, if followed, will allow adequate management of Recovery Act funds.

OBJECTIVES, SCOPE, AND METHODOLOGY

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, management of contractors, and property management 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-0036, 2007-DJ-BX-0093, 2008-DJ-BX-0072, 2008-DJ-BX-0755, 2009-DJ-BX-1077, and the Recovery Act JAG Grant Number 2009-SU-B9-0021. For our transaction testing, we limited our audit to funding under Grant Numbers 2008-DJ-BX-0072 and 2009-SU-B9-0021. Because of limited grant activity, we did not test transactions charged to Grant Numbers 2008-DJ-BX-0755 and 2009-DJ-BX-1077. We had an adequate number of transactions to test from the other two grants so we did not select any transactions from Grant Numbers 2006-DJ-BX-0036 and 2007-DJ-BX-0093. 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 five areas, which were: grant expenditures, including personnel; management of subrecipients; FSRs; Progress Reports; and Recovery Act Reports. 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

projection of the test results to the universe from which the samples were selected.

In addition, we assessed the FDLE's monitoring of subrecipients; reviewed the timeliness and accuracy of FSRs, Progress Reports, and Recovery Act Reports; and evaluated performance to grant goals and objectives. 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.

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



U.S. Department of Justice



Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

JUL 15 2010

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

FROM:  Maureen A. Henneberg
Director 

SUBJECT: Response to the Draft Audit Report, *Office of Justice Programs, Bureau of Justice Assistance, Edward Byrne Memorial Justice Assistance Grant Program Grants Awarded to the Florida Department of Law Enforcement, Tallahassee, Florida*

This memorandum is in response to your correspondence dated June 21, 2010, transmitting the above-referenced draft audit report for the Florida Department of Law Enforcement. The draft report does not contain any recommendations. The Office of Justice Programs has reviewed the draft audit report and does not have any comments.

We appreciate the opportunity to review and comment on the draft 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

Amanda LoCicero
Budget Analyst
Bureau of Justice Assistance

Naydine Fulton-Jones
State Policy Advisor
Bureau of Justice Assistance

Tracy Lee-Williams
Grant Program Specialist
Bureau of Justice Assistance

cc: Richard P. Theis
Assistant Director
Audit Liaison Group
Justice Management Division

OJP Executive Secretariat
Control Number 20101217

**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 FDLE and OJP. The FDLE declined to provide comments and OJP's comments are incorporated in Appendix II of this final report. This report contains no recommendations and is issued closed.