OFFICE OF JUSTICE PROGRAMS GRANTS AWARDED TO THE CITY OF JACKSON, MISSISSIPPI

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OFFICE OF JUSTICE PROGRAMS GRANTS AWARDED TO THE CITY OF JACKSON, MISSISSIPPI

EXECUTIVE SUMMARY

The Office of the Inspector General, Audit Division, has completed an audit of Office of Justice Programs (OJP) grants, including a 2009 Recovery and Reinvestment Act (Recovery Act) grant, awarded to the City of Jackson, Mississippi. The purposes of the grants were to: (1) implement programs to prevent juvenile delinquency; (2) equip the City of Jackson with the proper technology, training, and equipment to fight crime; (3) assist local communities in developing and implementing crime prevention programs; and (4) support a broad range of activities to prevent and control crime based on local needs and conditions. As shown in Exhibit 1, since 2006 the City of Jackson was awarded $4,428,798 to implement these activities.

Exhibit 1: Grants Awarded to the City of Jackson, Mississippi

AWARD NUMBER	START DATE	END DATE	AWARD AMOUNT	PROGRAM[1]
2006-JL-FX-0079	09/01/2006	08/31/2010	$424,508	Juvenile Justice and Delinquency Prevention
2006-RG-CX-0017	10/01/2006	12/31/2008	1,428,500	Community Oriented Policing Services (COPS) Technology[2]
2007-DJ-BX-0570	10/01/2006	09/30/2010	591,940	Byrne Justice Assistance Grant (Byrne JAG)
2007-WS-Q7-0063	10/01/2007	12/31/2008	200,000	Weed and Seed
2008-WS-QX-0150	10/01/2008	12/31/2009	150,000	Weed and Seed
2009-SB-B9-3222	03/01/2009	02/28/2013	1,633,850	Byrne JAG (Recovery Act)
		Total	**$4,428,798**	

Source: Office of Justice Programs

[1] These programs are described in more detail in the Introduction section.

[2] The COPS Technology grant was funded under a Fiscal Year 2006 Bureau of Justice Assistance (BJA) program mandated by the Congress and administered by OJP.

The City of Jackson, located in Hinds County, Mississippi, has a population of about 184,000, and a police force of 430 officers. Two of the grants we audited were based on a joint grant application between the City of Jackson and Hinds County.[3] As the primary recipient of these two grants, the City of Jackson is responsible for Hinds County's and any other subrecipients' compliance with the terms and conditions of the grants.

The purpose of this audit was to determine whether the City of Jackson and subrecipients used grant funds for costs that were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants. We also audited whether recipients of grant funds met or were meeting the objectives outlined in the grant programs and applications.

We tested compliance with essential grant conditions pertaining to internal controls, grant drawdowns, budget management and control, grant expenditures, matching costs, property management, financial and progress reports, grant objectives and accomplishments, and monitoring of subrecipients. We also tested compliance with reporting requirements pertaining to the Recovery Act.

We found the City of Jackson generally complied with requirements pertaining to internal controls, grant drawdowns, and budget management and control. However, we found weaknesses in the areas of grant expenditures, matching costs, property management, financial and programmatic reports, grant goals and accomplishments, and monitoring of subrecipients. Specifically, we found the City of Jackson:

- charged unallowable and unsupported costs to grant funds;
- did not provide records showing it met the matching requirements of the grants;
- did not properly manage equipment bought with grant funds;
- did not submit accurate Financial Status Reports;

[3] When one unit of local government bears more than 50 percent of another local unit of government's costs of prosecution and incarceration, those units are required to submit a joint grant application for Byrne JAG funding.

- did not submit complete, accurate, and timely Progress Reports;

- did not meet or could not show that it met grant goals and objectives; and

- did not adequately monitor subrecipients of grant funds.

Because of these weaknesses, we are concerned that the City of Jackson may not be able to properly manage the over $1.6 million awarded under the 2009 Recovery Act grant.

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 1.

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INTRODUCTION

The Office of the Inspector General, Audit Division, has completed an audit of Office of Justice Programs (OJP) grants, including a 2009 American Recovery and Reinvestment Act (Recovery Act) grant, awarded to the City of Jackson, Mississippi. The purposes of the grants were to: (1) implement programs to prevent juvenile delinquency; (2) equip the City of Jackson with the proper technology, training, and equipment to fight crime; (3) assist local communities in developing and implementing crime prevention programs; and (4) support a broad range of activities to control and prevent crime based on local needs and conditions. As shown in Exhibit 2, since 2006 the City of Jackson was awarded $4,428,798 to implement these activities.

Exhibit 2:
Grants Awarded to the City of Jackson, Mississippi

GRANT NUMBER	AWARD START DATE	AWARD END DATE	AWARD AMOUNT	PROGRAM
2006-JL-FX-0079	09/01/2006	08/31/2010	$424,508	Juvenile Justice and Delinquency Prevention
2006-RG-CX-0017	10/01/2006	12/31/2008	1,428,500	Community Oriented Policing Services (COPS) Technology[4]
2007-DJ-BX-0570	10/01/2006	09/30/2010	591,940	Byrne Justice Assistance Grant (Byrne JAG)
2007-WS-Q7-0063	10/01/2007	12/31/2008	200,000	Weed and Seed
2008-WS-QX-0150	10/01/2008	12/31/2009	150,000	Weed and Seed
2009-SB-B9-3222	03/01/2009	02/28/2013	1,633,850	Byrne JAG (Recovery Act)
		Total	**$4,428,798**	

Source: Office of Justice Programs

The City of Jackson received funding through four grant programs. The Office of Juvenile Justice and Delinquency Prevention (OJJPD) grant program helps state-level and community organizations develop and implement effective and coordinated programs to prevent

[4] The COPS Technology grant was funded under a FY 2006 Bureau of Justice Assistance (BJA) grant program mandated by the Congress.

juvenile delinquency, improve the juvenile justice system, enhance public safety, hold offenders accountable, and provide treatment and rehabilitative services to juveniles and their families.

The COPS Technology grant program provided funding to equip law enforcement agencies with the proper technology, training, and equipment to fight crime. The City of Jackson received these funds under a FY 2006 award program mandated by the Congress.

Weed and Seed Programs aim to prevent, control, and reduce violent crime, drug abuse, and gang activity in designated high-crime neighborhoods. The strategy involves a two-pronged approach. Law enforcement agencies "weed out" violent criminals and reduce drug problems. Public and private community-based organizations "seed" the much-needed human services, including prevention, treatment, and neighborhood restoration programs.

The Edward Byrne Memorial Justice Assistance Grant Program (Byrne JAG Program) is the largest source of federal criminal justice funding for state and local jurisdictions. The Byrne JAG Program allows 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. Grant funds may be used for:

- law enforcement programs;
- prosecution and court programs,
- prevention and education;
- corrections and community corrections programs;
- drug treatment programs; and
- technology improvement programs.

Background

The City of Jackson, located in Hinds County, Mississippi, is the largest metropolitan area in the state, with a population of about 184,000 and a police force of 430 officers. Because Hinds County bears more than 50 percent of the City of Jackson's costs of prosecution and incarceration, the city and the county were required to

submit joint grant applications for the 2007 Byrne JAG and 2009 Byrne JAG Recovery Act grants.

As the primary recipient of the grants, the city is responsible for monitoring Hinds County's and any other subrecipients' compliance with applicable laws, regulations, guidelines, grant conditions, spending, and outcomes and benefits attributed to the use of grant funds. The city may use up to 10 percent of the Byrne JAG grant funds to cover its costs of administering those grants.

Recovery Act

In February 2009, Congress passed the American Recovery and Reinvestment Act (Recovery Act) to help create jobs, stimulate the economy and investment in long term growth, and foster accountability and transparency in government spending. The Recovery Act provided $787 billion for tax cuts, education, health care, entitlement programs, contracts, grants, and loans. Recipients of Recovery Act funds are required to report quarterly to FederalReporting.gov on how they spent Recovery Act funds and the numbers of jobs created or saved. The DOJ received $4 billion in Recovery Act funds and made almost $2 billion of that funding available through the Byrne JAG Program.

Audit Approach

The purpose of this audit was to determine whether the City of Jackson and its subrecipients: (1) used grant funds for costs that were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants; and (2) met or were meeting the goals outlined in the grant programs and applications. We also assessed the City of Jackson's management of Recovery Act grants and whether it timely and accurately reported Recovery Act spending and job data to FederalReporting.gov.

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 audited against are contained in the OJP Financial Guide, grant award documents, Code of Federal Regulations, Office of Management and Budget Circulars, and the American Recovery and Reinvestment Act. We tested the City of Jackson's:

- **internal controls** to identify plans, policies, methods, and procedures adopted by the City of Jackson to meet its missions, goals, and objectives;

- **grant drawdowns** to determine whether grant drawdowns were adequately supported and if the City of Jackson was managing grant receipts in accordance with federal requirements;

- **budget management and control** to identify any budget deviations between the budgets approved for each cost category;

- **grant expenditures** to determine whether costs were allowable, supported, reasonable, and properly charged to the grants;

- **matching costs** to determine whether the City of Jackson provided its matching share of grant costs;

- **property management** to determine whether the City of Jackson could account for property bought with grant funds and whether the property was being used for grant purposes;

- **financial and progress reports** to determine whether those reports were submitted timely and accurately reflected grant activity;

- **program performance and accomplishments** to determine if the City of Jackson met or is capable of meeting the grants' objectives; and

- **monitoring of subrecipients** to determine whether the City of Jackson took appropriate steps to ensure that subrecipients complied with grant requirements.

When appropriate, we also tested for compliance in the area of program income. In conducting our audit, we performed sample testing in the areas of grant expenditures; property management; financial, progress, and Recovery Act reports; program performance and accomplishments; and monitoring of subrecipients.

FINDINGS AND RECOMMENDATIONS

We found that the City of Jackson: (1) charged unallowable and unsupported costs to grant funds, (2) could not show that it had provided its matching share of grant costs, (3) did not properly manage equipment bought with grant funds, (4) submitted incorrect and incomplete financial and progress reports, (5) did not meet or could not show that it met grant goals and objectives, and (6) did not adequately monitor subrecipients of grant funds.

Internal Control Environment

We reviewed the City of Jackson's financial management system, policies and procedures, and FY 2008 Single Audit Report to assess the risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants. We also interviewed individuals from payroll, purchasing, and accounts payable and observed accounting activities to further assess risk.

Financial Management System

The City of Jackson's financial management software is the Jackson Information Management System (JIMS), a third party software package that contains applications for budget, revenue, accounts payable, payroll, general ledger, purchasing, and property and equipment. Our review of the JIMS found that it appears to have an adequate system of internal controls to ensure compliance with applicable requirements of the grant programs we audited. The system of controls provides adequate separation of duties, separate accounting for each grant, and traceability to supporting documentation.

Single Audit

According to Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profits, the City of Jackson is required to have a Single Audit performed annually with the report due no later than 9 months after the end of the fiscal year. The City of Jackson's fiscal year is from October 1 through September 30. Its single audit is due June 30. However, the city's FY 2008 Single Audit report was not issued until May 2010, which is more than 10 months late. A city official told us the report

was delayed because the audit was started late and there were errors in the City of Jackson's fixed asset balances for land, buildings, and infrastructure.

We reviewed the FY 2008 Single Audit report which identified the following audit findings that could affect DOJ grants and the city's response to those findings.

- **Finding 2008-01 – Financial Statement Preparation**

  The city did not have adequate procedures to ensure accounting records agreed with the supporting records. As a result, the city's financial statement amounts pertaining to assets contained significant errors. City personnel appear to rely on external auditors to identify and bring significant errors to the attention of accounting personnel.

  In response to the audit, the city planned to hire additional staff to assist in the financial reporting process. The additional staff will ensure accounting records are compared to the supporting records and account balances are reported in accordance with generally accepted accounting principles.

- **Finding 2008-02 – Adjustment to the Accounting Records**

  The city did not have procedures for reviewing and approving adjustments to accounts reported in the financial statements. Twelve of 20 accounting records tested were not approved by someone independent of the preparer. In addition, the Controller was able to prepare and post accounting adjustments without review or approval.

  In response to the audit, the city stated that the Office of the Director of Administration will approve all adjusting journal entries.

- **Finding 2008-03 – Asset Records**

  The city did not continuously evaluate the effectiveness of internal control over recording and reporting certain assets, nor has management effectively monitored transactions pertaining to certain assets. About 40 percent of the city's departments did not complete and submit an annual inventory report showing additions and disposals throughout the year. Asset records are

recorded on one of two different tracking systems and some assets were tracked on both systems. There appeared to be confusion about where the assets should be reported. There were many errors in the asset records.

In response to the audit, the City planned to: (1) implement improved procedures for recording and reporting certain assets, (2) ensure department managers verify inventory reports and balances to the city's accounting records, (3) provide written instructions to department directors on maintaining asset records, (4) develop procedures to consolidate and reconcile all asset records, and (5) provide additional training pertaining to the acquisition of assets.

- **2008-06 – Internal Controls Over Cash Reconciliations**

  The city did not evaluate the continuing effectiveness of internal controls over cash reconciliation procedures. One of the city's accounts had a $500,000 discrepancy that had not been reconciled in the 18-month period since October 2007.

  In response to the audit, the city stated that cash reconciliations will be reviewed and approved by the Controller and the Office of the Director of Administration. The preparer and reviewer will provide their initials and the date they performed the reconciliation.

- **2008-07 – Internal Controls Over Cash Receipts**

  The city did not evaluate the continuing effectiveness of internal control over cash receipts. Property taxes received by the city in February were not deposited until April.

  In response to the audit, the city stated that it was city policy to deposit cash receipts on a timely basis. The city will implement procedures to ensure it complies with existing policy.

- **2008-08 – Schedule of Expenditures of Federal Awards**

  The city made errors and omitted other information when it prepared the Schedule of Expenditures of Federal Awards, which is part of the annual Single Audit requirement. For some federal awards, the city reported cash receipts instead of accrued amounts.

In response to the audit, the city hired two grant managers and centralized its management of grants. When preparing the Schedule of Expenditures of Federal Awards, grant accountants will use the Catalog of Federal Domestic Assistance (CFDA) to obtain the appropriate name of the funding agency and CFDA number. Because the grant accountants will prepare the financial reports and drawdowns, they will have the information needed to correctly prepare the Schedule of Expenditures of Federal Awards.

- **2008-10 – Contractor Monitoring**

  The city did not have procedures to ensure consistent monitoring of contractors compliance with certain federal laws. Because responsibilites were not clearly defined, monitoring responsibilities shifted between individuals and departments.

  In its response to the audit, the city stated that it had implemented procedures for monitoring contractors' compliance with federal laws.

- **2008-11 – Monitoring of Subrecipients**

  The city did not have adequate procedures to ensure subrecipients complied with reporting requirements. Auditors found that one subrecipient did not submit the required 2007 and 2008 annual audit reports within 6 months of the fiscal year end as required by the contract between the city and the subrecipient.

  In its response to the audit, the city said it would ensure that adequate personnel resources are devoted to performing the necessary procedures.

- **Finding 2008-13 – Timely Completion of FY 2008 Single Audit**

  The city's audited financial statements and report on compliance for the year ended September 30, 2008, were not completed within the required 9 months after the end of the city's fiscal year.

In its response to the audit report, the city stated that it had contracted with an outside auditor to prepare the FY 2009 audit. The contract requires the auditor to meet the 9-month deadline for completing the audit.

Because the FY 2008 Single Audit report was not issued until May 2010, we did not test whether the city had implemented its planned corrective actions.

Drawdowns

The OJP Financial Guide, Part III, Chapter 1, generally requires that recipients time their drawdown requests to ensure that federal cash-on-hand is the minimum needed for disbursements to be made immediately or within 10 days. For Byrne JAG grants, recipients may draw down any or all grant funds in advance for grant costs. However, they must establish a trust fund in which to deposit the grant funds.

We interviewed City of Jackson officials responsible for requesting drawdowns and reviewed drawdown procedures and the city's accounting records. City officials told us that drawdowns were based on actual expenditures in the accounting records. For the grants we reviewed, we compared each drawdown amount to the city's accounting records and found that drawdowns generally matched grant expenditures.

For the 2007 Weed and Seed grant (Grant Number 2007-WS-Q7-0063), some drawdowns were more and some were less than the actual expenditures because of overstatements and understatements from one period to the next.

Based on our comparison of drawdowns to the accounting records, the city did not have excess federal cash-on-hand. At the time of our audit, the city had not drawn down any of the 2009 Byrne JAG Recovery Act grant funds.

During our testing of drawdowns we also noted that the award period for two grants had expired and not all grant funds had been used. The 2006 COPS Technology grant (Grant Number 2006-RG-CX-0017) ended on December 31, 2008, and $321,226 was not drawn down. The 2008 Weed and Seed grant (Grant Number 2008-WS-QX-0150) ended on December 31, 2009, and $48,480 was not drawn down. We recommend that OJP deobligate the $369,706 ($321,226 plus $48,480) so that those funds can be put to better use

elsewhere. Subsequent to the issuance of our draft report, OJP provided documentation showing it had deobligated $356,754 ($321,226 plus $35,528) of the $369,706 and the city had drawn down the remaining $12,952 to cover grant costs incurred during the grant award period.

Budget Management and Control

According to the OJP Financial Guide, Part III, Chapter 5, grantees may request a modification to their approved budgets to reallocate dollar amounts among approved budget categories. Whenever any of the following changes to approved budgets are anticipated, grantees must obtain advance approval from OJP.

- any budget revision that changes the scope of the project and affects a cost category that was not included in the original budget, and

- cumulative transfers among approved budget categories that exceed or are expected to exceed 10 percent of the total approved budget (10-percent rule)

Failure to adequately control grant budgets could lead to wasteful or inefficient spending of government funds.

We compared actual grant costs to the budgets approved in the financial clearance memoranda for the 2006 Juvenile Justice (Grant Number 2006-JL-FX-0079), the 2006 COPS Technology grant (Grant Number 2006-RG-CX-0017), the 2007 Weed and Seed grant (Grant Number 2007-WS-Q7-0063), and the 2008 Weed and Seed grant (Grant Number 2008-WS-QX-0150). We found no evidence of transfer of costs between approved budget categories that exceeded 10 percent of the award amounts for these grants.

We did not test the city's management of the budgets for the 2007 Byrne JAG grant (Grant Number 2007-DJ-BX-0570) and the 2009 Byrne JAG Recovery Act grant (Grant Number 2009-SB-B9-3222) because the 10-percent rule is not applicable to those grants.

Grant Expenditures

According to the OJP Financial Guide, Part III, Chapter 7, allowable costs are those identified in Office of Management and Budget (OMB) circulars and the grant program's authorizing

legislation. In addition, costs must be reasonable and permissible under the specific guidance of the grants.

We reviewed a sample of personnel costs, other direct costs, and property items charged to grant funds and found the City of Jackson charged unallowable and unsupported costs to grant funds. Details of the questioned costs are discussed in this section of the report. Details of the other direct costs we questioned are presented in Appendix 3.

Personnel Costs

We compared the names, positions, salaries, and fringe benefits in the budgets approved by OJP to those paid with grant funds. We found that the City of Jackson charged unallowable and unsupported costs to grant funds and overestimated other grant costs when it prepared its grant applications. For those grants with personnel costs, we traced a sample of those costs to personnel records, timesheets, payroll records, and other supporting documents. Our testing for each of those grants is explained below.

2006 Juvenile Justice Grant. For the 2006 Juvenile Justice grant (Grant Number 2006-JL-FX-0079), OJP approved the salaries and fringe benefits shown in Exhibit 3.

Exhibit 3:
Approved Personnel Costs for the 2006 Juvenile Justice Grant
Grant Number 2006-JL-FX-0079

Position	Salary	Fringe Benefits
Director	$26,012	$5,072
Data Entry/Office Manager	14,401	2,808
Youth Outreach Supervisor	60,456	12,773
Social Worker	54,946	11,698
Community City Prosecutor	57,220	0
Overtime for two police officers	63,200	4,835
Total	**$276,235**	**$37,186**

Source: Grant application submitted to OJP

We tested these costs by judgmentally selecting two non-consecutive pay periods and comparing the payroll costs for those periods to the accounting records and the positions, salaries, and

fringe benefits in the grant budget approved by OJP. We found that $1,117 in salaries for a Social Worker for the pay period ended July 17, 2007, were charged twice to grant funds. The accounting records showed two $1,117 salary transactions dated July 15, 2007. The city combined both transactions into a single $2,234 payment to the employee for the pay period ended July 15, 2007. We asked a grant accountant about the duplicate payment but she offered no explanation. During our testing we also found that $403 of the Grant Director's health insurance costs was charged to the grant. However, health insurance for the Grant Director was not included in the grant budget approved by OJP. We question the $1,117 and $403 as unallowable. The Grant Accountant told us that charging these costs to the grant was an oversight on her part. Subsequent to the issuance of our draft report, the city provided documentation to support that $1,117 was for an earlier pay period for which the employee had not been paid. The city also provided documentation showing it had reallocated the $403 in unallowable health insurance costs to an employee whose health insurance costs were allowable because that employee's position was included in the grant budget approved by OJP.

The grant budget also included $63,200 for overtime for two police officers and $4,835 for Social Security taxes (6.2 percent) and Medicare taxes (1.45 percent) on the overtime costs. However, during discussions with the Finance Director and the interim Personnel Director we learned that City of Jackson police officers do not pay Social Security taxes on their earnings. The interim Personnel Director provided documentation showing police officers who participate in the Mississippi Public Employees' Retirement System are exempt from those taxes. Consequently, when the City of Jackson prepared its grant applications and budgets, it overestimated its personnel costs by $3,918 ($63,200 for overtime times 6.2 percent). The official who we spoke to did not know why Social Security taxes were included in the grant applications and budgets. We recommend that OJP deobligate the $3,918 in excess funds awarded under Grant Number 2006-JL-FX-0079 so that those funds can be put to better use elsewhere. Subsequent to the issuance of our draft report, OJP provided documentation showing it had approved the city's request for a budget modification that would permit the city to use the $3,918 for other allowable grant costs.

2007 Weed and Seed grant. For the 2007 Weed and Seed grant (Grant Number 2007-WS-Q7-0063), the budget detail worksheet included $64,145 for overtime and associated fringe benfit costs for

police officers. Of that amount, $18,092 was to be provided from grant funds and $46,053 was to be provided from local matching funds. The overtime was to be used to conduct drug enforcement operations in targeted areas and assist in community outreach activities conducted outside of normal working hours. As discussed later in the Matching Costs section of this report, the City of Jackson did not provide or could not show that it had provided its matching share of grant costs.

We reviewed the accounting records for overtime costs charged to this grant and found one transaction for $21,283. We reviewed the supporting documentation and found that $18,880 (944 overtime hours times $20 per hour) of $21,283 was supported by overtime slips showing that the police officers performed work on behalf of the 2007 Weed and Seed grant. However, the remaining $2,403 ($21,283 minus $18,880) is unsupported because the overtime slips: (1) did not did not agree with the number of overtime hours charged to grant funds, (2) were for time not associated with 2007 Weed and Seed grant activities, or (3) were for periods of time outside the timeframe of 2007 Weed and Seed operations.

2007 Byrne JAG grant. For the 2007 Byrne JAG grant (Grant Number 2007-DJ-BX-0570) the City of Jackson and Hinds County, Mississippi, submitted a joint application and separate budgets for a total of $591,940 in 2007 Byrne JAG grant funds. The City of Jackson's grant budget did not include personnel costs. Hinds County's grant budget included $99,892 in salaries and fringe benefits for a Court Facilitator ($49,946) and an Assistant Public Defender ($49,946).

We selected two non-consecutive pay periods and traced $22,607 in salaries ($17,200) and fringe benefits ($5,407) to the payroll records, timesheets, and other documentation provided by Hinds County. We found that the $17,200 in salaries were properly authorized, accurately recorded in the accounting records and properly charged to the grant. However, the City of Jackson provided no supporting documentation for $5,407 charged to the grant for fringe benefits. We question the $5,407 as unsupported. These unsupported costs were charged to grant funds because the City of Jackson did not adequately monitor subrecipients' compliance with the fiscal and programmatic requirements of the grants. Management of subrecipients is discussed later in this report.

For the 2006 COPS Technology grant (Grant Number 2006-RG-CX-0017) and the 2008 Weed and Seed grant (Grant Number 2008-WS-QX-0150), no personnel costs were charged to grant funds. At the time of our audit no grant funds had been drawn down for the 2009 Byrne JAG Recovery Act grant (Grant Number 2009-SB-B9-3222).

Other Direct Costs

We tested other direct costs charged to the grants to determine if those costs were properly authorized, appropriately classified in the accounting records, supported by documentation, and properly charged to the grants.

2006 Juvenile Justice Grant. For the 2006 Juvenile Justice grant (Grant Number 2006-JL-FX-0079), we tested $19,974 (25 transactions), which is 80 percent of the other direct costs charged to this grant. We found that all the expenditures we tested were properly authorized, appropriately classified in the accounting records, supported by documentation, and properly charged to the grant.

2006 COPS Technology Grant. For the 2006 COPS Technology grant (Grant Number 2006-RG-CX-0017), we tested $1,107,274 (14 transactions), which is 100 percent of the costs charged to this grant. We found all of the expenditures we tested were properly authorized and classified in the accounting records, supported by appropriate documentation, and properly charged to the grant.

2007 Byrne JAG Grant. For the 2007 Byrne JAG grant (Grant Number 2007-DJ-BX-0570), we tested $153,714 (9 transactions), which is 100 percent of the other direct costs charged to grant funds. Of the amount tested, $67,445 (4 transactions) was for payments to Hinds County. One of those payments for $48,697 was for three patrol cars. We found that all the expenditures we tested were properly authorized and classified in the accounting records, supported by appropriate documentation, and properly charged to the grant.

2007 Weed and Seed Grant. For the 2007 Weed and Seed grant (Grant Number 2007-WS-Q7-0063), we tested $88,935 (25 transactions), which is 49.8 percent of the other direct costs charged to this grant ($88,935 divided by $178,717). Our sample consisted of $5,003 (3 transactions) expended by the City of Jackson for its grant costs and $83,933 (22 transactions) the City of Jackson paid to seven subrecipients for their grant costs. Payments to

subrecipients were a combination of advance payments and reimbursements.

We found that all of the expenditures we tested were properly authorized and classified in the accounting records. However, $26,235 (29.5 percent of the amount we tested) was not supported by adequate documentation ($23,758) or was for unallowable costs ($2,477). Details of these questioned costs are presented in Appendix 3. Subsequent to the issuance of our draft report, the city provided documentation to support $10,476 of $23,758 in unsupported costs.

2008 Weed and Seed Grant. For the 2008 Weed and Seed grant (Grant Number 2008-WS-QX-0150), we tested $69,261 (18 transactions), which is 100 percent of the other direct costs charged to grant funds. All of these transactions were either advance payments or reimbursements to subrecipients for their grant costs.

We found that all of the expenditures we tested were properly authorized and classified in the accounting records and properly charged to the grants. However, $8,547 (12.3 percent of the amount we tested) was not supported by adequate documentation ($8,117) or was for unallowable costs ($430). Details of these questioned costs are presented in Appendix 3. Subsequent to the issuance of our draft report, the city provided documentation to support $7,272 of $8,117 in unsupported costs.

2009 Byrne JAG Recovery Act Grant. At the time of our audit, no grant funds had been drawn down for the 2009 Byrne JAG Recovery Act grant.

In summary, we tested $1,439,158 (91 transactions) in other direct costs, which is 93.8 percent of other direct costs charged to the grants. Of this amount, we question $34,782 (2.4 percent of the other direct costs we tested) as unsupported ($31,875) or unallowable ($2,907). All of the other direct costs we questioned were for the 2007 and 2008 Weed and Seed grants. We recommend OJP remedy these questioned costs. Subsequent to the issuance of our draft report, the city provided documentation to support $17,748 of $31,875 in unsupported costs.

Matching Costs

According to the OJP Financial Guide, Part III, Chapter 3, matching funds for a grant project must be in addition to funds that would otherwise be available. Grant recipients must maintain accounting records that show the source, amount, and timing of all matching contributions. The full matching share of costs provided must be reported to OJP at the end of the grant period. Any matching funds not provided by the grantee must be paid to the DOJ.

2007 Weed and Seed Grant. The 2007 Weed and Seed grant (Grant number 2007-WS-Q7-0063) required the City of Jackson to provide $66,667 (25 percent of the $266,667 award amount) of the program costs from local sources. In the grant application, the city said it would pay $46,053 for the salary and fringe benefits of the Weed and Seed Coordinator and $2,013 for a computer for the satellite office in the Weed and Seed area. Community organizations were to provide $6,209 in supplies and $12,392 in program related training and services.

At the conclusion of the grant, OJP notified the City of Jackson that it had not provided its share of the grant costs. In response, the city recategorized $66,667 in police officer salaries as its matching share of 2007 Weed and Seed grant costs and submitted a revised final financial report to OJP. We asked the city to provide supporting documentation showing these officers' salaries were for time spent on behalf of the 2007 Weed and Seed grant, but as of June 2010 we had not received a response. Consequently, we question the $66,667 as unsupported grant costs. Subsequent to the issuance of our draft report, the city provided documentation that it believed was adequate to support that the city met the matching requirement for the grant. However, that documentation was not sufficient because it did not show the dates, officer names, and work those officers performed on behalf of the 2007 Weed and Seed grant.

2008 Weed and Seed Grant. The 2008 Weed and Seed grant (Grant Number 2008-WS-QX-0150) required the City of Jackson to provide $50,000 (25 percent of the $200,000 award amount) of the program costs from local sources. In the grant application, the City of Jackson said it would pay $34,539 in overtime costs for police officers working in the Weed and Seed area, and community organizations would provide $15,461 in program related training and services.

To determine whether the city met the 25 percent matching requirement for the grant, we interviewed city staff and reviewed the accounting records and financial reports submitted to OJP. Exhibit 4 shows the last three financial reports for the 2008 Weed and Seed grant.

Exhibit 4:
Matching Share of Costs Reported by the City of Jackson
Grant Number 2008-WS-QX-0150

Quarter Ended	Federal Share	Matching Share	Cumulative Matching Share
06/30/2009	$27,085	$50,000	$50,000
09/30/2009	14,052	-50,000	0
12/31/2009	36,159	38,157	$38,157
Total	**$114,472**	**$38,157**	

Source: Financial Status Reports submitted to OJP

We asked the city Finance Manager to provide the supporting documentation for the matching costs, but those records were never provided. When the grant ended on December 31, 2009, the City of Jackson had drawn down $101,520. The remaining $48,480 of the $150,000 award was not used. Based on the $101,520 federal share of costs (75 percent), the city should have provided $33,840 (25 percent) from local funds.[5] Because the city did not provide documentation to support its matching share, we questioned $33,840 as unsupported, which is the city's 25 percent required match [($101,520 divided by 75%) times 25%].

We asked city officials about the matching share of costs for the Weed and Seed grants. The Finance Manager told us that the city did not have adequate procedures for documenting the contributions made by the city or by community based organizations involved in the Weed and Seed programs. To correct this problem, one city official proposed to the city Finance Manager a methodology for accounting for in-kind matching services. We recommend that OJP remedy $66,667 and $33,840 in unsupported matching costs for the 2007 and 2008 Weed and Seed grants, respectively, and ensure the City of Jackson implements procedures for documenting its matching share of costs. Subsequent to the issuance of the draft report, the city provided documentation showing it met the matching requirement for the 2008 Weed and Seed grant. However, the $66,667 matching requirement

[5] In the Financial Status Report for the quarter ended December 31, 2009, the City reported a match of $38,157, but provided no documentation to support this.

for the 2007 Weed and Seed grant remains unsupported because the city has not provided the detailed accounting records showing the dates, officer names, and work those officers performed on behalf of the grant.

Property Management

According to the OJP Financial Guide, Part III, Chapter 6, grant recipients must be prudent in the acquisition and management of property bought with federal funds. Property acquired with federal funds should be used for the purposes stated in the grant programs and applications, adequately protected from loss, and the property records should indicate that the property was purchased with federal funds.

We obtained the accountable property records for each grant and selected a judgmental sample for testing. We tested whether the City of Jackson could account for those items and whether the items were being used for the purposes stated in the grant applications. We found that the city was able to account for all the items we tested. However, in our judgment, the city has not been prudent in acquiring and managing all property bought with federal funds. Details of our testing are explained below.

2006 Juvenile Justice Grant. For the 2006 Juvenile Justice grant (Grant Number 2006-JL-FX-0079), the City of Jackson bought a $405 digital camera with grant funds. We physically verified that the camera was being used for grant purposes and was properly recorded in the property records.

2007 Byrne JAG Grant. For the 2007 Byrne JAG Grant (Grant Number 2007-DJ-BX-0570), the City of Jackson bought four property items valued at $6,740 – a laptop computer and three desktop computers with monitors. All property items were accounted for, properly recorded in the accountable property records, and being used for grant purposes. Hinds County bought three patrol cars using its share of the award, but we did not test those property items.

2006 COPS Technology Grant. For the 2006 COPS Tecnology grant (Grant Number 2006-RG-CX-0017), the city spent $1,094,271 in grant funds on various property items. We obtained the property records from the City of Jackson and from the Jackson Police Department because they had different thresholds for recording items in the property records. We consolidated both lists and selected a

sample of 31 property items valued at $143,733 for testing, which is 13 percent of the grant funds spent on equipment. All the property items we tested were accounted for and recorded in the property records as being purchased with federal funds. We did not attempt to verify the serial numbers of 14 video cameras we tested because those items were installed on poles or in locations that were not easily accessible. However, our testing found other problems pertaining to the city's acquisition and management of accountable property.

In December 2008, the City of Jackson spent $79,546 in grant funds for a "line of fire" targeting package for the Police Department's firing range. At the time of our audit, the $79,546 targeting package had still not been installed. We observed various components of the package lying next to a building at the firing range. Several pieces were in cardboard shipping boxes that appeared to be deteriorating from exposure to the weather. A Police Department official told us the equipment had not been installed because the city needed to spend an additional $15,000 to prepare the site and lay a concrete foundation for the equipment. The city approved the additional $15,000; however, the supplier and the city's Public Works Department reviewed the site plan and determined that the cost to prepare the site would be closer to $50,000.

A Police Department official told us the city had purchased a second firing range targeting package with funds from another grant. We did not review that grant during this audit, but that firing range targeting package was still in shipping boxes. An official told us the City of Jackson is still seeking funding to install the two targeting packages. In our judgment, the purchase of the training equipment demonstrates poor planning and coordination on the part of the city and the Police Department.

The City of Jackson also spent grant funds for property that was not issued and is now obsolete. In September and October 2007, the City of Jackson spent $49,776 for 262 global positioning system (GPS) units to assist police officers in responding to calls. At the time of our audit, 161 of those GPS units valued at $31,418 were still in the Jackson Police Department warehouse. A Jackson Police Department official told us that the GPS units were not issued because the units provided only geographic coordinates. That official told us the GPS units are now obsolete because the Jackson Police Department is in the process of installing laptop computers with GPS software that can provide street names and addresses to assist officers in responding to calls. In our judgment, the city wasted $31,418 in grant funds

because the GPS units were never issued and are now obsolete. A Police Department official told us that the purpose of the September 2007 purchase of GPS units was to use grant funds before the grant expired. When we briefed city officials on the results of our audit, one official told us the city may be able to use the GPS units for vehicle tracking.

In September 2007, the City of Jackson also spent $204,600 in grant funds for 50 laptop computers to be installed in patrol cars. At the time of our audit, 47 of those laptops valued at $192,324 were still in the Jackson Police Department warehouse. A Police Department official told us the laptops had not been installed because of a delay in upgrading the city's network infrastructure, and because the Police Department wanted the laptops installed in newer vehicles and needed to purchase additional equipment to complete the installation. Subsequent to our audit, the city installed 19 of the laptop computers in patrol cars. The purchase and installation of the laptop computers is another example of poor planning and management of property bought with federal funds.

We recommend the OJP ensure the City of Jackson implements procedures to coordinate with the Jackson Police Department on the purchase, implementation, and management of property bought with grant funds.

Reporting

Grantees are required to submit timely and accurate financial reports and grant progress reports to OJP. The city was required to submit quarterly Financial Status Reports (FSR) to OJP within 45 days after the end of each quarterly reporting period. Beginning October 1, 2009, the Federal Financial Report (FFR) replaced the FSR. FFRs are due 30 days after the end of each calendar quarter. A final financial report is due 90 days after the end of the grant period.

Grant progress reports are due semiannually on January 30 and July 30 of each year. The final grant progress report is due 90 days after the end of the grant award period.

For Recovery Act grants, grant recipients are required to report quarterly to FederalReporting.gov, their grant expenditures and numbers of jobs created and saved.

Financial Status Reports

We reviewed the most recent FSRs due for each grant to determine whether the reports were submitted timely.[6] We found that all FSRs were submitted by their due dates except one report. As shown in Exhibit 5, for the 2007 Byrne JAG grant (Grant Number 2007-DJ-BX-0570), the FSR for the quarter ended December 31, 2008, was submitted 39 days late. The report was due February 14, 2009, but was submitted on March 25, 2009. An accountant told us the report was late because the city was in the process of reorganizing its accounting department. We consider the late report a minor exception.

Exhibit 5:
Financial Status Reports Submitted to OJP
Grant Number 2007-DJ-BX-0570

REPORTING PERIOD	Report Due Date	DATE REPORT SUBMITTED	DAYS LATE
07/01/08-09/30/08	11/14/2008	10/14/2008	0
10/01/08-12/31/08	02/14/2009	03/25/2009	39
01/01/09-03/31/09	05/15/2009	05/14/2009	0
04/01/09-06/30/09	08/14/2009	07/09/2009	0

Source: Office of Justice Programs

We also tested the accuracy of the FSRs by comparing the expenditures reported on those FSRs to the City of Jackson's accounting records.

2006 COPS Technology grant. For the 2006 COPS Technology grant (Grant Number 2006-RG-CX-0017), the FSR for the quarter ended December 31, 2008, was understated by $30,724. The report was incorrect because it did not include the cost of a $30,724 microscope purchased for the crime laboratory on December 30, 2008.

2008 Weed and Seed grant. For the 2008 Weed and Seed grant (Grant Number 2008-WS-Q7-0150), the FSR for the quarter ended June 30, 2009, was incorrect because the city overstated its matching share of costs by $50,000. We asked the city to provide supporting documentation for the $50,000 but those records were never provided. The city corrected the mistake when it submitted the FSR for the quarter ended September 30, 2009. That report stated that the city's matching share of costs was $0. In March 2010, the city submitted

[6] At the time of our audit, only three FSRs were due for the 2008 Weed and Seed grant and no FSRs were due for the 2008 Byrne JAG Recovery Act grant. We reviewed the four most recent FSRs for the other grants.

the final FSR for the grant, which showed that the city's share of costs was $38,157. However, according to OJP's record of grant drawdowns dated March 11, 2010, the city's matching share of costs should be $33,840.

For the other grants we audited, some FSRs were over and some FSRs were under but were corrected in subsequent FSRs. For the 2009 Byrne JAG Recovery Act grant (Grant Number 2009-SB-B9-3222) the City of Jackon accepted the award in October 2009. At the time of our audit, no FRSs were due for that grant.

In summary, we found that 14 of 19 FSRs we tested were accurate when compared to the accounting records. However, as discussed in other sections of this report, FSRs included unsupported and unallowable costs. We recommend that OJP ensure the City of Jackson submits accurate FSRs.

Categorical Assistance Progress Reports

According to the OJP Financial Guide, Categorical Assistance Progress Reports (Progress Reports) are due semiannually on January 30 and July 30, or within 90 days after the end date of the award. Progress Reports should contain information on program objectives, accomplishments, and if applicable, reasons for not meeting grant objectives and a corrective action plan.

We tested the timeliness, completeness, and accuracy of Progress Reports submitted for the prior two years. The results of our testing are explained below.

2006 Juvenile Justice Grant. For the 2006 Juvenile Justice grant (Grant Number 2006-JL-FX-0079), the last four Progress Reports were submitted timely. According to the grant program guide, the key measure of performance for this grant is the number of youth and families served. However, the Progress Reports we reviewed did not contain this information. The reports listed other grant activities, such as seminars and training events that were completed. We judgmentally selected eight of those activities and found that all of the reported activities could be traced to supporting documentation provided by the Program Director.

We asked the Program Director why the Progress Reports did not include information on the number of youth and families served. He told us that he was not aware of this reporting requirement, but he

would include such information in future Progress Reports. Unless grantees provide the required performace data in their Progress Reports, grant program managers and the granting agency cannot know whether grant programs are achieving their intended objectives.

2006 COPS Technology grant. As shown in Exhibit 6, for the 2006 COPS Technology grant (Grant Number 2006-RG-CX-0017), 3 of 4 Progress Reports were submitted from 15 to 61 days late.

Exhibit 6:
Progress Reports for
Grant Number 2006-RG-CX-0017

Report Period From - To Dates	Report Due Date	Date Report Submitted	Days Late
01/01/07 – 06/30/07	07/30/2007	08/20/2007	21
07/01/07 – 12/31/07	01/30/2008	03/31/2008	61
01/01/08 – 06/30/08	07/30/2008	08/14/2008	15
07/01/08 – 12/31/08	04/30/2009	02/20/2009	0

Source: Office of Justice Programs

A Jackson Police Department official could not explain why the Progress Reports were submitted late.

We also tested the accuracy of the Progress Reports by comparing information in those reports to supporting documentation. The Progress Reports we reviewed stated that the city had purchased various items of equipment for the Police Department. Because we physically verified those property items during our audit testing, we considered that the Progress Reports had accurately reported grant activities. However, the fact that grant funds are being expended does not ensure that grant goals and objectives are being achieved. For example, as discussed the Accountable Property section of this report, some property items the City of Jackson bought with grant funds were still in a warehouse 2 years after the items were purchased.

2007 Byrne JAG grant. For the 2007 Byrne JAG grant (Grant Number 2007-DJ-BX-0570), the two Progress Reports we reviewed were submitted timely and accurately reflected grant related activities.

2007 Weed and Seed grant. For the 2007 Weed and Seed grant (Grant Number 2007-WS-Q7-0063), the two reports we reviewed were

both submitted 6 days late. We consider the late reports a minor exception.

2008 Weed and Seed grant. For the 2008 Weed and Seed grant (Grant Number 2008-WS-QX-0150), 1 of 2 reports we reviewed was submitted 4 days late. We consider the late report a minor exception.

The Progress Reports for both Weed and Seed grants stated that the City of Jackson had 200 students enrolled in afterschool activities and that an average of 140 persons participated in neighborhood restoration programs. However, we could not verify the reports were accurate because the City of Jackson did not retain supporting documentation. A City of Jackson official told us she was not aware that she needed to keep such records. Unless grantees submit timely and accurate Progress Reports, OJP cannot know whether grant programs are achieving their intended objectives. At the time of our audit, no Progress Reports were due for the 2009 Byrne JAG Recovery Act grant (Grant Number 2009-SB-B9-3222).

Quarterly Recovery Act Reports

The Recovery Act, Section 1512, requires recipients of Recovery Act funds to report quarterly to FederalReporting.gov on how they spent the funds and the numbers of jobs created or saved. The initial report was due October 10, 2009, with quarterly reports due 10 days after the close of each calendar quarter thereafter.

For the quarters ended September 30, 2009, and December 31, 2009, the City of Jackson submitted its Recovery Act reports by the due dates. Both reports stated that there were no grant expenditures and no jobs created or saved. We confirmed that both reports were accurate.

Program Performance and Accomplishments

For each of the grants, we selected a judgmental sample of grant goals and compared them to the Progress Reports and other documentation to determine whether the City of Jackson had met or was meeting program objectives.

The goals of the 2007 and 2008 Weed and Seed grants were to collaborate with law enforcement organizations to reduce crime, promote community policing, provide intervention and treatment programs, and restore targeted neighborhoods. As shown in Exhibit 7,

the City of Jackson developed performance measures for these goals, but it did not establish a baseline and capture the data needed to measure progress.

Exhibit 7:
Goals and Accomplishments for the 2007 and 2008 Weed and Seed Grants

Goal	Performance Measure	Was Goal Met?
1. Collaborate with law enforcement organizations to reduce criminal activity.	Reduce by 10 percent, the number of incidents and victims of domestic violence.	**Could not determine**. The City of Jackson did not establish a baseline or capture data needed to measure changes in the number of incidents and victims.
2. Promote the positive aspects of community policing throughout the City of Jackson Police Department.	Increase by 10 percent, the number of police officers serving as mentors and volunteers for community activities.	**Could not determine.** The city did not establish a baseline or capture data needed to measure changes in the number of officers.
	Increase by 5 percent, the number of officers assigned to the Safe Neighborhood Initiative, a community policing initiative for the Weed and Seed site.	**Could not determine.** The city did not establish a baseline or capture data needed to measure changes in the number of officers.
3. Develop a variety of alternative programs for youth who are first-time offenders or those who commit misdemeanor offenses.	Decrease by 10 percent, the number of youth truant from school, dropping out of school, committing crimes, and becoming victims of crime.	**Could not determine.** The city did not establish a baseline or capture data needed to measure changes in the number of youth.
4. Reduce the number of dilapidated structures, unkempt and unsafe vacant lots.	Decrease by 5 percent each quarter, the number of derelict properties.	**Could not determine.** The city did not establish a baseline or capture data needed to measure changes in numbers of derelict properties.

Source: City of Jackson's grant applications and grant Progress Reports.

As an example of the problem with baseline data, Goal Number 3 was to prevent crime by developing alternative programs for youth who are first-time offenders or those who commit misdemeanor offenses. The City said this would result in a 10 percent decrease in the number of youth truant from school, dropping out of school,

committing crimes, and becoming victims of crime. The grant Progress Reports stated that services had been provided to more than 200 persons, but those reports did not discuss the progress the city had made at achieving the 10 percent decrease. A City of Jackson official told us that she had not established a methodology for collecting data and measuring progress. We could not verify whether the 200 persons reported in the Progress Reports was accurate because we were told it was "an average." For the other grant goals, the city also had not established a baseline or collected data needed to measure progress.

For the 2006 Juvenile Justice grant, the City of Jackson also had quantifiable measures of performance, but had not established a baseline or captured data to measure progress at achieving grant goals.

For the 2006 COPS Technology grant, the only objectives were to purchase technology equipment to train police officers and improve the Jackson Police Department's operational capabilities. The City of Jackson spent the grant funds on a targeting system for the Police Department firing range, a camera to take photos of crime scenes, a microscope for the crime laboratory, GPS units, laptop computers for police cars, surveillance cameras, and software. Although the City of Jackson purchased the equipment outlined in the grant application, a large portion of that equipment had not been installed more than 2 years after it was purchased. According to a Police Department official, some of those property items had become obsolete. Consequently, the equipment bought with grant funds was not being used to fight crime as outlined in the COPS Technology grant program.

The goals of the 2007 Byrne JAG grant were to equip the City of Jackson and Hinds County with equipment and training to streamline their booking processes, purchase bullet proof vests for officers and three patrol cars for Hinds County, pay the salaries of two court facilitators, and train officers in community policing concepts. We reviewed the City of Jackson's accounting records and Progress Reports submitted to OJP and concluded that the Progress Reports were accurate. However, we could not determine whether the City of Jackson met or was meeting the goals and objectives of the grant because it had not identified appropriate measures of performance or a method for measuring progress.

We did not test program performance and accomplishments for the Recovery Act grant because at the time of our audit the City of Jackson had not drawn down any of the Recovery Act grant funds.

In summary, the City of Jackson needs to improve its process for measuring progress towards achieveing grant goals and objectives. The City of Jackson should implement a process for identifying measurable grant goals and objectives, establishing a baseline from which to measure progress, and tracking performance through the completion of the grants.

Monitoring of Subrecipients

According to the OJP Financial Guide, Part III, Chapter 9, primary recipients of grant funds are responsible for monitoring subrecipients to ensure they fulfill the fiscal and programmatic requirements of the grants. The primary recipient is responsible for all aspects of the program including proper accounting and financial recordkeeping by the subrecipient including the receipt and expenditure of funds and cash management.

The City of Jackson and Hinds County submitted joint grant applications for the 2007 Byrne JAG grant (Grant Number 2007-DJ-BX-0570) and the 2009 Byrne JAG Recovery Act grant (Grant Number 2009-SB-B9-3222). As the primary recipient and fiscal agent for these grants, the City of Jackson was responsible for monitoring Hinds County's compliance with fiscal and programmatic requirements. However, a City of Jackson official told us there were no policies or procedures for monitoring Hinds County because the city was not aware of the monitoring requirements. The only monitoring the City of Jackson did was to review the invoices that Hinds County submitted for reimbursement of its grant costs. However, those reviews were not adequate because some payments to Hinds County were for unsupported costs. Subsequent to our audit, we were told that the city had implemented a checklist for reviewing subrecipients' program performance and plans to use the checklist for the Recovery Act grant.

The City of Jackson was also responsible for monitoring subrecipients of 2007 and 2008 Weed and Seed grant funds (Grant Numbers 2007-WS-Q7-0063 and 2008-WS-QX-0150). For these grants, the City of Jackson had written agreements with six community organizations to implement Weed and Seed grant activities. To oversee these subrecipients the City of Jackson:

- evaluated their financial management systems, processes, and procedures;

- identifed key internal controls and assessed their effectiveness;

- participated in monthly community organization meetings to discuss grant goals and accomplishments;

- conducted site visits and phone interviews; and

- reviewed documentation the subrecipients submitted for reimbursement of their grant costs.

Although these monitoring activities appear adequate, some payments the City of Jackson made to subrecipients included unallowable and unsupported costs. There were no subrecipients for the 2006 Juvenile Justice Grant or the 2006 COPS Technology grant.

In summary, the City of Jackson needs to improve its monitoring of subrecipients. It reviewed and reimbursed subrecipients' for their grant costs, but some of those reimbursements were for unallowable and unsupported costs. To ensure that subrecipients were meeting grant goals and objectives, the City of Jackson had written agreements with subrecipients of Weed and Seed grant funds and assigned a Site Coordinator to monitor their grant activities. The City of Jackson had no such process for the Byrne JAG grants, including the Recovery Act grant. Subsequent to our audit, the city has implemented a checklist for reviewing subrecipients' performance and plans to use the checklist for the Recovery Act grant.

Conclusion

The City of Jackson generally complied with the requirements pertaining to internal controls, grant drawdowns, and budget management and control. However, we found weaknesses in the areas of grant expenditures, matching costs, property management, financial and programmatic reports, grant goals and accomplishments, and monitoring subrecipients. Specifically, we found the following.

- The city spent $44,113 in grant funds for costs that were unallowable or unsupported.

- The city did not provide, or could not show until after our draft audit report was issued, that it had provided its matching share of costs for the 2007 and 2008 Weed and Seed grants.

- The city spent $225,540 for laptop computers, GPS units, and training equipment for the Police Department, but 2 years later those property items were still in a warehouse or had not been installed. Some of those property items had become obsolete.

- Five of 19 Financial Status Reports submitted to OJP were incorrect when compared to the accounting records.

- For the 2006 COPS Technology grant, 3 of 4 Progress Reports were submitted from 15 to 61 days late.

- For the 2007 and 2008 Weed and Seed grants, we could not determine whether the Progress Reports were accurate because the city did not keep supporting documentation.

- The city did not meet, or could not show that it met, the goals and objectives of the grants. For some grants, the city had not established appropriate performance measures. For other grants, the city had appropriate performance measures but did not establish a baseline or collect the data needed to measure progress.

- The city did not monitor or did not adequately monitor subrecipients of grant funds. For some grants, the city was not aware that it needed to monitor the subrecipient. For other grants, the city's monitoring process was not adequate because it reimbursed subrecipients for unsupported and unallowable costs.

Because of these weaknesses, we are concerned that the City of Jackson may not be able to properly manage the $1.6 million in Recovery Act grant funds.

Recommendations

We recommend that OJP:

1. Deobligate $321,226 awarded under Grant Number 2006-RG-CX-0017 because the award period has ended and those funds were not drawn down.

2. Deobligate $48,480 awarded under Grant Number 2008-WS-QX-0150 because the award period has ended and those funds were not drawn down.

3. Deobligate $3,918 awarded under Grant Number 2006-JL-FX-0079 for Social Security taxes, which the city is not required to pay for its Police Officers.

4. Remedy $1,117 in unallowable salaries charged to Grant Number 2006-JL-FX-0079.

5. Remedy $2,403 in unsupported officer overtime costs charged to Grant Number 2007-WS-Q7-0063.

6. Remedy $403 in unallowable health insurance costs charged to Grant Number 2006-JL-FX-0079.

7. Remedy $5,407 in unsupported fringe benefit costs charged to Grant Number 2007-DJ-BX-0570.

8. Remedy $2,477 in unallowable other direct costs charged to Grant Number 2007-WS-Q7-0063.

9. Remedy $23,758 in unsupported other direct costs charged to Grant Number 2007-WS-Q7-0063.

10. Remedy $8,117 in unsupported other direct costs charged to Grant Number 2008-WS-QX-0150.

11. Remedy $430 in unallowable other direct costs charged to Grant Number 2008-WS-QX-0150.

12. Remedy $66,667 in unsupported matching costs for Grant Number 2007-WS-Q7-0063.

13. Remedy $33,840 in unsupported matching costs for Grant Number 2008-WS-QX-0150.

14. Ensure the City of Jackson implements procedures to coordinate with the Jackson Police Department on the purchase, implementation, and management of property bought with grant funds.

15. Ensure the City of Jackson submits accurate FFRs.

16. Ensure the City of Jackson submits complete, accurate, and timely Progress Reports.

17. Ensure the City of Jackson implements a process for measuring progress at meeting grant goals and objectives.

18. Ensure the City of Jackson implements procedures for monitoring subrecipients to ensure the subrecipients meet all fiscal and programmatic requirements of the grants.

APPENDIX 1

OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) budget management and control; (4) grant expenditures, including personnel, other direct costs, and indirect costs; (5) matching costs; (6) property management; (7) program income; (8) reporting, including financial status reports, categorical assistance progress reports, and quarterly Recovery Act reports; (9) program performance and accomplishments; and (10) management of subrecipients. We determined that tests pertaining to program income were not applicable to the grants we audited.

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 the Byrne JAG Recovery Act grant and five earlier grants with sufficient activity to test the city's management of grants and subrecipients. 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 Office of Justice Programs Financial Guide, Office of Management and Budget (OMB) Circulars, and grant award documents.

In conducting our audit, we performed sample testing in drawdowns; grant expenditures, including personnel, direct, and indirect costs; FSRs; Progress Reports; property management; program performance and accomplishments; and monitoring 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. We selected judgmental sample sizes for the testing of each grant. This non-statistical sample design does not allow projection of the test results to the universe from which the samples were selected.

In addition, we reviewed the timeliness and accuracy of FSRs and Progress Reports, and Recovery Act reports; evaluated performance to grant objectives, and evaluated the city's monitoring of subrecipients. However, we did not assess the reliability of the financial management system as a whole.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

Description	Amount	Page
Unallowable Costs:		
2006-JL-FX-0079 (Personnel Costs)	$1,520	11
2007-WS-Q7-0063 (Other Direct Costs)	2,478	15
2008-WS-QX-0150 (Other Direct Costs)	430	15
Total Unallowable Costs	**$4,428**	
Unsupported Costs:		
2007-WS-Q7-0063 (Personnel Costs)	$ 2,403	13
2007-DJ-BX-0570 (Personnel Costs)	5,407	13
2007-WS-Q7-0063 (Other Direct Costs)	23,758	15
2008-WS-QX-0150 (Other Direct Costs)	8,117	15
2007-WS-Q7-0063 (Matching Costs)	66,667	16
2008-WS-QX-0150 (Matching Costs)	33,840	17
Total Unsupported Costs	**$140,192**	
Funds to Better Use:		
2006-RG-CX-0017 (Drawdowns)	$ 321,226	9
2008-WS-QX-0150 (Matching Costs)	48,480	9
2006-JL-FX-0079 (Personnel Costs)	3,918	12
Total Funds to Better Use	**$373,624**	
Total Dollar-Related Findings	**$518,244**	

APPENDIX 3

UNALLOWABLE AND UNSUPPORTED OTHER DIRECT COSTS[7]

Transaction Date	Check Number	Transaction Amount	Amount Unallowable	Amount Unsupported	Notes
Grant Number 2007-WS-Q7-0063					
11/28/2007	644034	$ 2,665.63	$ 67.57		(1)
12/19/2008	661566	4,398.77	2,365.00		(2)
02/13/2008	647242	654.03	45.00		(3)
11/28/2007	644034	2,665.63		$ 800.76	(4)
2/4/2008	647012	2,547.09		2,547.09	(4)
4/1/2008	649444	2,010.04		67.50	(4)
3/10/2008	648527	1,073.09		74.99	(4)
2/29/2008	648235	3,561.88		3,561.88	(4)
9/2/2008	656804	3,557.23		3,557.23	(4)
12/19/2008	661698	3,092.35		3,092.35	(4)
5/19/2008	651984	340.00		340.00	(4)
12/11/2007	644912	15,000.00		7,812.08	(4)
2/13/2008	647588	10,000.00		1,087.84	(4)
11/6/2008	659761	5,510.00		543.92	(4)
12/19/2008	661768	2,136.73		271.96	(4)
Subtotal			**$2,477**	**$23,758**	
Grant Number 2008-WS-QX-0150					
6/15/2009	670112	1,581.66	$ 10.00		(6)
6/26/2009	671440	6,500.00	419.92		(7)
1/12/2009	662363	1,351.12		15.06	(4)
2/12/2009	663834	1,005.51		761.00	(4)
2/2/2009	663443	15,000.00		1,359.80	(4)
3/17/2009	665422	15,000.00		2,693.90	(4)
5/8/2009	668102	15,000.00		543.92	(4)
6/26/2009	671440	6,500.00		2,143.45	(4)
7/22/2009	672446	5,000.00		600.00	(4)
Subtotal			**$430**	**$8,117**	
Total Questioned Costs			**$2,907**	**$31,875**	

Source: OIG analysis of City of Jackson records

Notes:

(1) The subrecipient calculated utilities at a rate of 3 percent instead of the allowable 1 percent, which resulted in a $67.57 overcharge.

(2) Construction costs are not allowable for the 2007 Weed and Seed grant.

[7] The transactions presented here are Other Direct Costs charged to the 2007 and 2008 Weed and Seed grants.

(3) The city made a $45 error when it reimbursed the subrecipient for its grant costs.

(4) The city did not provide supporting documentation for the full amount of the payment. Supporting documentation for payroll should include timesheets and details of fringe benefit costs.

(5) The city did not provide documentation showing that it met the matching requirement of the grant. Matching costs are discussed on page 15.

(6) The subrecipient made a $10 mistake when it calculated its reimbursement request.

(7) According to Federal Travel Regulation 301-11.101, travels may be reimbursed 75 percent of the applicable rate of per diem for the day of departure and day of return from official travel. Weed and Seed representatives were reimbursed 100 percent of the applicable rate for all days the representatives were in travel status.

APPENDIX 4

THE CITY OF JACKSON'S RESPONSE TO THE DRAFT AUDIT REPORT

Office of the Mayor
Harvey Johnson, Jr., Mayor

219 South President Stree
Post Office Box 1
Jackson, Mississippi 39205-001
Telephone: 601-960-108
Facsimile: 601-960-219

July 20, 2010

Mr. Ferris B. Polk
Regional Audit Manager
Office of Inspector General
Atlanta Regional Audit Office
75 Spring Street S.W., Suite 1130
Atlanta, GA 30303

Subject: Office of Justice Programs Draft Audit Report
Grant Numbers: 2006-JL-FX-0079; 2006-RG-CX-0017;
2007-DJ-BX-0507; 2007-WS-Q7-0063; 2008-WS-QX-0150
and 2009-SB-B9-3222

Dear Mr. Polk:

This letter is in response to your correspondence dated June 25, 2010, transmitting the above draft audit report for the City of Jackson, Mississippi ("COJ"). The report contains eighteen (18) recommendations, with $148,597 in questioned costs and $369,706.00 scheduled to be deobligated. For ease of review, the draft report recommendations are restated in bold and are followed by the City of Jackson's response.

City of Jackson (COJ) responses to OJP recommendations:

1. **Deobligate $321,226 awarded under Grant Number 2006-RG-CX-0017 because the award period has ended and those funds were not drawn down.**

   The COJ can now demonstrate under the current City's leadership, additional staff, accounting system and drawdown procedures as to how the JPD can maximize utilization of these technology funds in Jackson, Mississippi, with a six month no cost extension period approved by OJP. Technology is critical in law enforcement in the COJ, the Capital City of the State of Mississippi.

2. **Deobligate $48,480 awarded under Grant Number 2008-WS-QX-0150 because the award period has ended and those funds were not drawn down.**
   The COJ has included documentation to support that $12,952.28, including federal and matching requirements, had been obligated and drawn down within the ninety (90) day timeframe prior to March 31, 2010. The final FSR had $35,527.72 funds available for program activities submitted to OJP. Also, the COJ Weed and Seed designation is scheduled to end in September 2010. The COJ is requesting that OJP do not deobligate the remaining $35,527.72 awarded to the COJ. Approval of this request from OJP will allow the COJ the opportunity to invest an estimated $6,000 in five organizations working in the Weed and Seed locations to: (1) work on one of the four program objectives; and (2) develop neighborhood strategies to continue the mission of Weed and Seed beyond the status as a graduated sited that will end in September 2010.

3. **Deobligate $3,918 awarded under Grant Number 2006-JL-FX-0079 for Social Security taxes, which the city is not required to pay for its Police Officers.**
   The COJ has included documentation to support that there were no OJP funds drawn down and/or charged to said grant for social security taxes for the two police officers. Also, the COJ has documentation that a budget modification was approved to move the social security taxes in the budget for the two police officers to an approved line item in the revised budget.

4. **Remedy $1,117 in unallowable salaries charged to Grant Number 2006-JL-FX-0079.**
   The COJ has included documentation to support the expenditure of $1,117 as an allowable salary charge to Grant #2006-JL-FX-0079. The social worker salary of $1,117 was not drawn down twice for the July 15, 2007, pay period. The employee's hire date was June 18, 2007. The employee did not receive a pay check for the period ending June 30, 2007. Therefore, the employee received pay for the work period ending June 30, 2007, and the period ending July 15, 2007.

5. **Remedy $2,403 in unsupported officer overtime costs charged to Grant Number 2007-WS-Q7-0063.**
   The COJ has included documentation from the JPD for overtime costs that were to be reimbursed by the Weed and Seed Grant that included 1,067 hours of overtime at a rate of $20 per hour. This calculation does include the $2,403.

6. **Remedy $403 in unallowable health insurance costs charged to Grant Number 2006-JL-FX-0079.**
   The COJ has included documentation to support that the $403 in health insurance costs that were allocated to the Grant Director's insurance cost has been reclassified and allocated to the Youth Outreach Supervisor. With this adjustment, this cost is now eligible under the grant.

7. **Remedy $5,407 in unsupported fringe benefit costs charged to Grant Number 2007-DJ-BX-0570.**
   The COJ has included documentation to support a request pending with the DOJ to approve a grant adjustment to allow the subrecipient, Hinds County, to pay fringes associated with salaries supported by Grant # 2007-DJ-BX-0507.

8. **Remedy $2,477 in unallowable other direct costs charged to Grant Number 2007-WS-Q7-0063.**
   The COJ has included documentation to support the $2,477 as allowable expenditures in Grant # 2007-WS-Q7-0063. This documentation includes an error in calculation by the City due to the transposing of an amount of $405 to $450. The $67.57 was allowable as an "other cost", which was within the budgeted amount. The $2,365.00 was an allowable cost for consultant services that were used to conduct mentoring and skills development activity for at-risk youth (Prevention, Intervention, & Treatment) and economic development (Neighborhood Restoration); not as a construction cost. This calculation does include the $2,477.

9. **Remedy $23,758 in unsupported other direct costs charged to Grant Number 2007-WS-Q7-0063.**
   The COJ has included documentation to support $9,715.80 of the $23,758, and will continue to attempt to locate documentation for the balance.

10. **Remedy $8,117 in unsupported other direct costs charged to Grant Number 2008-WS-QX-0150.**
    The COJ has included support documentation for $6,757.33 with $1,359.67 being unsupported.

11. **Remedy $430 in unallowable other direct costs to Grant Number 2008-WS-QX-0150.**
    The COJ has included documentation to support travel costs as allowable expenses by employees who are in travel status on official business. These costs must be in accordance with Federal and/or an organization's approved travel policy(ies) (sees OJPP Financial Guide 2009, page 76). Based upon the above, the COJ travel policy was used, which allows for 100 percent reimbursement of M&IE (per diem) for the departure and return travel days. Therefore, we request that the finding be considered resolved.

12. **Remedy $66,667 in unsupported matching costs for Grant Number 2007-WS-Q7-0063.**
    The COJ has included documentation of Transaction Detail Reports for the JPD officers who were paid from the City's general fund to support the match requirement of $66,667.

13. **Remedy $33,840 in unsupported matching costs for Grant Number 2008-WS-QX-0150.**

The COJ has included documentation of timesheets and overtime slips for the JPD Officers who were paid from the City's general fund to support the match requirement of $33,840.

14. **Ensure the City of Jackson implements procedures to coordinate with the Jackson Police Department on the purchase, implementation, and management of property bought with grant funds.**

The COJ has implemented improved systems, policies and procedures to support full coordination with the Jackson Police Department (JPD) on purchasing, implementation and management of property obtained by the utilization of grant funds.

15. **Ensure the City of Jackson submits accurate FFRs.**

The COJ has implemented improved policies and procedures, as well as added staff to ensure timely and accurate FFR's are submitted to OJP.

16. **Ensure the City of Jackson submits complete, accurate, and timely Progress Reports.**

The COJ has implemented improved policies, procedures and added staff to ensure that complete, accurate, and timely Progress Reports are submitted to the Administration for review and approval to be forwarded to OJP.

17. **Ensure the City of Jackson implements a process for measuring progress at meeting grant goals and objectives.**

The COJ has implemented policies, procedures and assigned staff to ensure that a process is in place for measuring progress at JPD to meet grant goals and objectives.

18. **Ensure the City of Jackson implements procedures for monitoring subrecipients to ensure the subrecipients meet all fiscal and programmatic requirements of the grants.**

The COJ has revised the monitoring procedures to increase program implementation oversight of subrecipients on all external funded grants.

Currently in the COJ, numerous changes have been made to improve policies, procedures, monitoring, leadership in departments, staff and the overall management of external funding. Therefore, we are confident that the COJ will properly manage the funds awarded under the 2009 Recovery Act grant.

We respectfully request that the Office of Justice Programs consider the subject report resolved, and provide the City of Jackson with written acceptance of the above actions. The City of Jackson appreciates the opportunity afforded by the Office of Inspector General to review and respond to the draft audit report. If you have questions, or need additional information to process this response, please contact Lee A. Unger, Director of Administration at 601-960-1005 or via email: lunger@city.jackson.ms.us.

Sincerely,

Harvey Johnson, Jr.

Enclosure

cc: Lee A. Unger, Director of Administration
Sean Perkins, Chief of Staff/Assistant Chief Administrative Officer
Thelman Boyd, Assistant Chief Administrative Officer
Pieter Teeuwissen, City Attorney
Rebecca Coleman, Chief, Jackson Police Department
Ivory L. Williams, Deputy Chief Administrative Officer
Corinne Fox, Director, Planning & Development
Michael Raff, Director, Human and Cultural Affairs

OJP'S RESPONSE TO THE DRAFT AUDIT REPORT

U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

JUL 2 2 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, Grants Awarded to the City of Jackson, Mississippi*

This memorandum is in response to your correspondence, dated June 25, 2010, transmitting the subject draft audit report for the City of Jackson (City), Mississippi. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains 18 recommendations and $518,244 in questioned costs. For ease of review, the draft audit report recommendations are restated in bold and are followed by the Office of Justice Programs (OJP) response.

1. **We recommend that OJP deobligate $321,226 awarded under grant number 2006-RG-CX-0017 because the award period has ended and those funds were not drawn down.**

   On July 14, 2010, the Office of the Chief Financial Officer (OCFO) deobligated the remaining $321,226 balance on grant number 2006-RG-CX-0017 (see Attachment 1). The Office of Justice Programs requests closure of this recommendation.

2. **We recommend that OJP deobligate $48,480 awarded under grant number 2008-WS-QX-0150 because the award period has ended and those funds were not drawn down.**

   On April 8, 2010, grant number 2008-WS-QX-0150 was programmatically and fiscally closed, and the remaining $35,528 in grant funds were deobligated by the OCFO (see Attachment 2). The Office of Justice Programs requests closure of this recommendation.

3. **We recommend that OJP deobligate $3,918 awarded under grant number 2006-JL-FX-0079 for Social Security taxes, which the City is not required to pay for its Police Officers.**

On March 10, 2010, a Grant Adjustment Notice (GAN) was approved for grant number 2006-JL-FX-0079 by the Office of Juvenile Justice and Delinquency Prevention (see Attachment 3). The GAN approved the City's request for a budget modification to reprogram the $3,918 in Social Security taxes, which the City is not required to pay for its Police Officers, and also covered other budget revisions in the personnel, fringe benefits, travel, supplies, and other costs categories. The Office of Justice Programs requests closure of this recommendation.

4. **We recommend that OJP remedy the $1,117 in unallowable salaries charged to grant number 2006-JL-FX-0079.**

We agree with the recommendation. We will coordinate with the City to remedy the $1,117 in unallowable salaries charged to grant number 2006-JL-FX-0079.

5. **We recommend that OJP remedy the $2,403 in unsupported officer overtime costs charged to grant number 2007-WS-Q7-0063.**

We agree with the recommendation. We will coordinate with the City to remedy the $2,403 in unsupported officer overtime costs charged to grant number 2007-WS-Q7-0063.

6. **We recommend that OJP remedy the $403 in unallowable health insurance costs charged to grant number 2006-JL-FX-0079.**

We agree with the recommendation. We will coordinate with the City to remedy the $403 in unallowable health insurance costs charged to grant number 2006-JL-FX-0079.

7. **We recommend that OJP remedy the $5,407 in unsupported fringe benefit costs charged to grant number 2007-DJ-BX-0570.**

We agree with the recommendation. We will coordinate with the City to remedy the $5,407 in unsupported fringe benefit costs charged to grant number 2007-DJ-BX-0570.

8. **We recommend that OJP remedy the $2,477 in unallowable other direct costs charged to grant number 2007-WS-Q7-0063.**

We agree with the recommendation. We will coordinate with the City to remedy the $2,477 in unallowable other direct costs charged to grant number 2007-WS-Q7-0063.

9. **We recommend that OJP remedy the $23,758 in unsupported other direct costs charged to grant number 2007-WS-Q7-0063.**

We agree with the recommendation. We will coordinate with the City to remedy the $23,758 in unsupported other direct costs charged to grant number 2007-WS-Q7-0063.

10. **We recommend that OJP remedy the $8,117 in unsupported other direct costs charged to grant number 2008-WS-QX-0150.**

We agree with the recommendation. We will coordinate with the City to remedy the $8,117 in unsupported other direct costs charged to grant number 2008-WS-QX-0150.

11. **We recommend that OJP remedy the $430 in unallowable other direct costs charged to grant number 2008-WS-QX-0150.**

We agree with the recommendation. We will coordinate with the City to remedy the $430 in unallowable other direct costs charged to grant number 2008-WS-QX-0150.

12. **We recommend that OJP remedy the $66,667 in unsupported matching costs for grant number 2007-WS-Q7-0063.**

We agree with the recommendation. We will coordinate with the City to remedy the $66,667 in unsupported matching costs charged to grant number 2007-WS-Q7-0063.

13. **We recommend that OJP remedy the $33,840 in unsupported matching costs for grant number 2008-WS-QX-0150.**

We agree with the recommendation. We will coordinate with the City to remedy the $33,840 in unsupported matching costs charged to grant number 2008-WS-QX-0150.

14. **We recommend that OJP ensures that the City of Jackson implements procedures to coordinate with the Jackson Police Department on the purchase, implementation, and management of property bought with grant funds.**

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented to ensure that the City coordinates with the Jackson Police Department on the purchase, implementation, and management of property purchased with Federal grant funds.

15. We recommend that OJP ensures that the City of Jackson submits accurate FFRs.

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented to ensure that future Federal Financial Reports are accurately prepared and submitted to the OJP.

16. We recommend that OJP ensures that the City of Jackson submits complete, accurate, and timely Progress Reports.

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented to ensure that future progress reports are complete, accurate, and timely submitted.

17. We recommend that OJP ensures that the City of Jackson implements a process for measuring progress at meeting grant goals and objectives.

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented which ensure that an adequate process for measuring grant goals and objectives is in effect.

18. We recommend that OJP ensures that the City of Jackson implements procedures for monitoring subrecipients to ensure the subrecipients meet all fiscal and programmatic requirements of the grants.

We agree with the recommendation. We will coordinate with the City to obtain a copy of procedures implemented to ensure that subrecipients meet all fiscal and programmatic requirements of the grants.

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.

Attachments

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

James H. Burch, II
Acting Director
Bureau of Justice Assistance

Amanda LoCicero
Budget Analyst
Bureau of Justice Assistance

cc: Jeffrey W. Slowikowski
Acting Administrator
Office of Juvenile Justice and Delinquency Prevention

Marilyn Roberts
Deputy Administrator
Office of Juvenile Justice and Delinquency Prevention

Dennis Greenhouse
Director
Community Capacity Development Office

Faith Baker
Associate Director
Community Capacity Development Office

Cory Randolph
Grant Program Specialist
Community Capacity Development Office

Marcia K. Paull
Chief Financial Officer
Office of the Chief Financial Officer

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

OJP Executive Secretariat
Control number 20101259

APPENDIX 6

ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT

The OIG provided a draft report of this audit to the City of Jackson and OJP. The city's comments are incorporated in Appendix 4 and the OJP's comments are incorporated in Appendix 5. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Analysis of the City of Jackson's Response to the Draft Audit Report

In its response to the draft report, the city did not state whether it agreed or disagreed with the findings and recommendations in the draft report. The city's response provided an update on the status of corrective actions planned or taken on each of the recommendations. The city also provided separately, extensive supporting documentation that it believed was sufficient to close a substantial portion of the unsupported and unallowable costs. During our audit we repeatedly asked for documentation such as that provided after the issuance of our draft report. It is not clear to us why this documentation was not available at the time of our audit as required by the grant agreements. Our analysis of the city's response and supporting documentation is described below in Summary of Actions Necessary to Close the Report.

Analysis of OJP's Response to the Draft Audit Report

In its response to the draft audit report, OJP stated that it agreed with 15 of the 18 recommendations. OJP said it would coordinate with the city to obtain documentation to remedy the questioned costs and copies of policies and procedures showing the city had implemented our management improvement recommendations. OJP requested that the three remaining recommendations be closed based on supporting documentation for actions taken subsequent to our audit work. Our analysis of OJP's response and supporting documentation is discussed below.

Summary of Actions Necessary to Close the Report

1. **Closed**. We recommended that OJP deobligate $321,226 awarded under Grant Number 2006-RG-CX-0017 because the grant period had expired and those funds had not been drawn down. In its response to the draft report, the city said it could maximize the use of those funds with a 6-month extension period granted by OJP. However, along with

OJP's response to the draft report, it provided documentation showing those grant funds have been deobligated. Consequently, this recommendation is closed.

2. **Closed.** We recommended that OJP deobligate $48,480 awarded under Grant Number 2008-WS-QX-0150 because the grant period had expired and those funds had not been drawn down. In its response to the draft report, the city requested that OJP not deobligate the unspent funds so that it could continue the grant-funded program. However, along with its response to the draft report, OJP provided documentation showing that subsequent to our audit the city drew down an additional $12,952 and the remaining $35,528 was deobligated. Consequently, this recommendation is closed.

3. **Closed.** We recommended that OJP deobligate $3,918 awarded under Grant Number 2006-JL-FX-0079 for Social Security taxes, which the city is not required to pay for police officers. In its response to the draft report, the city stated that it had requested and received OJP approval to reprogram those funds for other allowable grant costs. Along with its response to the draft report, OJP provided documentation showing it approved the city's request. Consequently, this recommendation is closed.

4. **Closed.** We recommended that OJP remedy $1,117 in unallowable salaries charged to Grant Number 2006-JL-FX-0079 for salaries charged twice to grant funds. The accounting records showed two $1,117 salary transactions that were both dated July 15, 2007, for the same employee. The city combined both transactions into a single $2,234 payment to the employee, which was recorded in the payroll records as salary for the pay period ended July 15, 2007. We asked a grant accountant about the duplicate payment but she offered no explanation. However, along with its response to the draft report the city provided documentation showing that the $1,117 was for an earlier pay period for which the employee had not been paid. OJP agreed with our recommendation and said it would coordinate with the city to remedy the questioned costs. This recommendation is closed based on documentation the city provided along with its response to the draft report.

5. **Resolved.** We recommended that OJP remedy $2,403 in unsupported overtime costs charged to Grant Number 2007-WS-Q7-0063. Details of the unsupported costs are explained on page 12 of this report. Along with its response to the draft report the city provided documentation that it said was sufficient to remedy these questioned costs. The

documentation consisted of a list of police officers with dates and amounts paid to those officers for overtime. However, the city did not provide the supporting overtime slips needed to verify that the overtime work was grant-related. OJP agreed with our recommendation and said it would coordinate with the city to remedy the questioned costs. This recommendation can be closed when the $2,403 has been remedied. To remedy these costs the city may provide overtime slips showing the officers' overtime was for grant-related activities performed during the award period.

6. **Closed.** We recommended that OJP remedy $403 in unallowable health insurance costs charged to grant number 2006-JL-FX-0079. Along with its response to the draft report, the city provided documentation showing it had made an accounting adjustment that allocated the $403 to an employee whose health insurance costs were included in the grant budget approved by OJP. OJP agreed with our recommendation and said it would coordinate with the city to remedy the questioned costs. This recommendation is closed based on documentation the city provided with its response to the draft report.

7. **Resolved.** We recommended that OJP remedy $5,407 in unsupported costs charged to Grant Number 2007-DJ-BX-0570. Along with its response to the draft report, the city provided a copy of its request for a grant adjustment that, if approved, would be sufficient to remedy these questioned costs. OJP agreed with our recommendation and said it would coordinate with the city to remedy the unsupported costs. This recommendation can be closed when we receive documentation showing OJP approved a budget modification that permits the city to charge $5,407 in fringe benefit costs to the grant.

8. **Resolved.** We recommended that OJP remedy $2,477 in unallowable costs charged to Grant Number 2007-WS-Q7-0063. Of the unallowable amount, $112 was for overpayments to subrecipients ($67 and $45) and $2,365 was for costs related to a construction project, which is an unallowable cost item. In its response to the draft report, the city explained that it had mistakenly overpaid a subrecipient $67 for a utility bill, but the overpayment should be allowed because it was within the approved budget amount. The city's response also stated that the $2,365 we determined was used for construction should be allowed because it was for consultant services used to conduct mentoring and skill development activities for at-risk youth and neighborhood restoration. However, during the audit we obtained a cost estimate and a cancelled check showing the $2,365 was for repairs. In addition, a monthly progress report from the subrecipient

stated that the subrecipient had recruited an individual and a youth group to do much needed repairs to the building. The city's response did not explain why the remaining $45 in questioned costs should be allowable. In its response to the draft report, OJP agreed with our recommendation and said it would coordinate with the city to remedy the unallowable costs. This recommendation can be closed when the $2,477 has been remedied.

9. **Resolved.** We recommended that OJP remedy $23,758 in unsupported costs charged to Grant Number 2007-WS-Q7-0063. Along with its response to the draft report, the city provided documentation to support $10,476 of the amount we questioned. The city stated that it will attempt to locate additional supporting documentation. OJP agreed with our recommendation and said it would coordinate with the city to remedy the unsupported costs. The city has remedied $10,476 by providing supporting documentation. This recommendation can be closed when the remaining $13,282 has been remedied.

10. **Resolved.** We recommended that OJP remedy $8,117 in unsupported costs charged to Grant Number 2008-WS-QX-0150. Along with its response to the draft report, the city provided documentation to support $7,272 of the amount we questioned. OJP agreed with our recommendation and said it would coordinate with the city to remedy the unsupported costs. This recommendation can be closed when OJP remedies the remaining $845 in unsupported costs.

11. **Resolved.** We recommended that OJP remedy $430 in unallowable costs charged to grant number 2008-WS-QX-0150. The unallowable costs consisted of a $10 mistake that resulted in an overpayment to a subrecipient and $420 in unallowable subrecipient travel costs. The unallowable travel costs consist of hotel expenses that exceed the allowable federal rate and 100 percent of the daily rate of per diem for the day of departure and day of return from official travel. During our audit we were told that subrecipients follow the city's travel policy, which mirrors state and federal travel policies. In its response to the draft report, the city stated that its travel policy allows for 100 percent reimbursement of per diem for the day of departure and day of return from travel. The city also provided a copy of its travel policies, but the policies do not discuss whether travelers should follow state or federal travel regulations. The policies also do not discuss the allowable amounts for hotels and per diem. OJP agreed with our recommendation and said it would coordinate with the city to remedy the questioned costs. This recommendation can be closed when the questioned costs have been remedied.

12. **Resolved.** We recommended that OJP remedy $66,667 in unsupported matching costs for Grant Number 2007-WS-Q7-0063. In its response to the draft report the city stated that its response included a transaction detail report for officers who were paid from the city's general fund to support the match requirement. The 2-page report the city provided is reproduced below.

PRECINCT 2 – OVERTIME MATCH REQUIREMENT

TIMEFRAME	TIMEFRAME TOTAL
OCTOBER 2007-SEPTEMBER 2008	$69,654.78
OCTOBER 2008- DECEMBER 2008	$16,521.97
TOTAL FOR OVERTIME	$86,176.75

Officer names and ID numbers redacted			$293.37
			$47.98
			$12.00
			$47.98
			$47.98
			$48.90
			$12.00
Total			$16,521.97

Source: Provided by the city in response to the draft audit report

It is unclear how this documentation demonstrates that the city met the matching requirement for the grant. To show that it met the matching requirement, the city needs to provide documentation that includes the officer names, dates, and work they performed on behalf of the grant. OJP agreed with our recommendation and said it would coordinate with the city to remedy the unsupported matching costs. This recommendation can be closed when the $66,667 has been remedied.

13. **Closed.** We recommended that OJP remedy $33,840 in unsupported matching costs for Grant Number 2008-WS-QX-0150. Along with its response to the draft report, the city provided supporting documentation that is adequate to close this recommendation. That documentation included officers' overtime slips showing they worked in the target area for the grant project during the grant award period. In its response to the draft report, OJP agreed with our recommendation and said it would coordinate with the city to remedy the unsupported costs. This recommendation is closed because, along with its response to the draft report, the city provided supporting documentation showing it met the matching requirements for the grant.

14. **Resolved.** We recommended that OJP ensure the city implements procedures to coordinate with the police department on the purchase, implementation, and management of property bought with grant funds. In its response to the draft report, the city stated that it had implemented improved systems, policies, and procedures to support full coordination with the police department on purchasing, implementation, and management of property obtained with grant funds. OJP agreed with our recommendation and said it would coordinate with the city to obtain a copy of those policies and procedures. This recommendation can be closed when we review procedures that ensure the city coordinates with the police department on matters related to the purchase, implementation, and management of property bought with grant funds.

15. **Resolved.** We recommended that OJP ensure the city submits accurate FFRs. In its response to the draft report, the city stated that it had implemented improved policies and procedures and added staff to ensure FFRs are accurate and submitted by the dates they are due. OJP agreed with our recommendation and said it would coordinate with the city to obtain a copy of the policies and procedures the city has implemented. This recommendation can be closed when we review procedures that ensure the city submits accurate FFRs.

16. **Resolved.** We recommended that OJP ensure the city submits complete, accurate, and timely progress reports. In its response to the draft report, the city stated that it had implemented improved policies and procedures and added staff to ensure that complete, accurate, and timely progress report are submitted for review and approval to be forwarded to OJP. OJP agreed with our recommendation and said it would coordinate with the city to obtain a copy of the policies and procedures the city has implemented. This recommendation can be closed when we review procedures that ensure the city submits complete, accurate, and timely progress reports.

17. **Resolved.** We recommended that OJP ensure the city implements a process for measuring progress at meeting grant goals and objectives. In its response to the draft report, the city stated that it had implemented policies and procedures and assigned staff to ensure that a process is in place for measuring progress toward the goals and objectives of the grant. OJP agreed with our recommendation and said it would coordinate with the city to obtain a copy of the policies and procedures the city has implemented. This recommendation can be closed when we review procedures that ensure the city has

implemented a process for measuring progress at meeting grant goals and objectives.

18. **Resolved.** We recommended that OJP ensure the city implements procedures for monitoring subrecipients to ensure they meet the fiscal and programmatic requirements of the grants. In its response to the draft report, the city stated that it had revised its monitoring procedures to increase program implementation oversight of subrecipients on all external funded grants. OJP agreed with our recommendation and said it would coordinate with the city to obtain a copy of its revised subrecipient monitoring procedures. This recommendation can be closed when we review procedures that ensure the city monitors subrecipients' compliance with the fiscal and programmatic requirements of the grants.