



**OFFICE OF JUSTICE PROGRAMS
OFFICE OF JUVENILE JUSTICE
AND DELINQUENCY PREVENTION
GRANT AWARDED TO THE
IMPROVED SOLUTIONS FOR URBAN SYSTEMS, INC.
DAYTON, OHIO**

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

Audit Report GR-50-10-003
March 2010

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EXECUTIVE SUMMARY

The Office of the Inspector General (OIG), Audit Division, has completed an audit of the Improved Solutions for Urban Systems (ISUS), Inc., grant number 2008-JL-FX-0472, in the amount of \$505,307 awarded by the Office of Justice Programs (OJP), Office of Juvenile Justice and Delinquency Prevention (OJJDP), under the FY 2008 Earmarks Programs.¹ The purpose of this grant was to serve 50 court-involved youth and to provide them with education and career preparation in its charter school operation for future employment in the areas of construction, manufacturing, and healthcare. The grant funded items such as wages, fringe benefits, student stipends, supplies, and travel expenses.

ISUS is located in Dayton, Ohio, which is situated within the Miami Valley, just north of the Cincinnati metropolitan area. ISUS, a not-for-profit organization, was founded in 1992 to transform the lives of out-of-school and court-involved youth by offering them a life-changing perspective including schooling. In 1999, ISUS created its first of three Ohio Department of Education charter high schools for the re-entry of court-involved youth aged 16 through 21. The schools provide instruction in the areas of manufacturing, construction, and healthcare. Each of these three ISUS Institutes offers an 18 to 30-month career-centered course of study and opportunities for high school dropouts to earn a high school diploma (rather than a GED), college credits, industry-recognized certifications, job skills, and real-world work experience.

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

¹ The grant awarded to ISUS was funded under the FY 2008 Earmarks Programs and was the result of a congressional earmark under the authority of the OJJDP Act of 2002, 42 USC 5665-5667. The OJJDP FY 2008 Earmarks Programs provided grants, cooperative agreements, and other assistance to organizations identified in the Joint Explanatory Statement to Accompany Consolidated Appropriations Act [2008], 153 Cong. Rec. 193 (2007).

accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel costs and indirect costs; (4) budget management and control; (5) matching costs; (6) property management; (7) program income; (8) financial status and progress reports; (9) grant requirements; (10) program performance and accomplishments; and (11) monitoring of contractors and subgrantees. However, we determined that property management, program income, and monitoring of contractors and subgrantees were not applicable to this grant. We therefore performed no testing in these areas. As shown in the table below, ISUS was awarded a \$505,307 grant.

TABLE 1. OJJDP GRANT AWARDED TO IMPROVED SOLUTIONS FOR URBAN SYSTEMS, INC.

GRANT AWARD	AWARD START DATE	AWARD END DATE	AWARD TOTAL
2008-JL-FX-0472	07/01/2008	06/30/2009	\$505,307

Source: Office of Justice Programs

We found that the grantee’s drawdowns, non-personnel expenditures charged to the grant, budget management and control, matching costs, and its financial status reports were all satisfactory. However, we determined that unapproved personnel and indirect costs were charged to the grant. As a result, we identified \$241,527 in dollar-related findings. Specifically,

- The grantee charged the grant \$133,468 in wages and \$20,371 in fringe benefits for three Counselors, a Security Officer, and a Crew Leader not shown in the approved grant budget; and
- The grantee charged the grant \$87,688 in indirect costs for the unapproved positions.

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