



OFFICE OF THE INSPECTOR GENERAL

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DOJ OIG Releases Report on the Department of Justice Grant Award Closeout Process

Department of Justice (DOJ) Inspector General Michael E. Horowitz announced today the release of an audit report examining the DOJ grant award closeout process. Closeout is the final point of accountability for a grant recipient, and the process by which the awarding agency determines that all applicable administrative actions and required work of the award has been completed. The Office of the Inspector General (OIG) conducted this audit and reviewed closeout actions for DOJ's primary award-making agencies: the Office of Justice Programs (OJP), the Office of Community Oriented Policing Services (COPS Office), and the Office on Violence Against Women (OVW) (collectively, the awarding agencies). This audit concentrated on, but was not limited to, 43,099 awards totaling over \$26 billion that ended between October 1, 2008, and September 30, 2016.

The DOJ OIG found that the OJP, COPS Office, and OVW have made significant improvements to the grant award closeout process since the OIG's last audit of the process was issued in December 2006. The specific findings in today's report include:

- **Closeout Timeliness.** In today's report, the OIG determined that 13 percent of OJP grants, 19 percent of COPS Office grants, and 42 percent of OVW grants were closed after the timeframe established by the components' policies. The policies required closure within 180 days after expiration of the project period. These closure rates, however, were a significant improvement in closeout timeliness compared to 2006, when the OIG found that 82 percent of OJP grants, 99 percent of COPS Office grants, and 87 percent of OVW grants were closed after 180 days.
- **Agency Fund Management.** The OIG identified 782 total grants across the awarding agencies that were expired, but remained open at the time of our analysis. We also found that the awarding agencies had effectively implemented controls to prevent grant recipients from drawing down grant funds after expiration of the grant liquidation deadline. These were significant improvements compared to 2006, when we identified a backlog of 12,505 expired grants that remained open, and over \$550 million in grant recipient drawdowns that were made after the expiration of the award liquidation deadline.

- **Funding that Remains Obligated Against Grants Eligible for Closeout.** The OIG identified \$28,810,221 in funding that remained obligated against grants that were eligible for closeout at the time of our audit. This included \$1,465,592 in OJP and OVW funding that remained obligated to organizations that have not been operational for as many as 10 years. Additionally, we identified nearly \$4 million in unused OJP, COPS Office, and OVW funding that remained obligated against grants that expired as many as 6 years ago, and over \$1 million in refunds submitted by recipients as many as 5 years ago that the awarding agencies had not deobligated. Keeping these funds obligated against grants that were expired, and thus eligible for closeout, prevented DOJ from putting these funds to better use.
- **Recipient Data Verification.** The OIG reviewed a random sample of 118 final Federal Financial Reports and 57 final progress reports submitted by grant recipients. The OIG identified \$762,183 in unallowable spending not detected by the awarding agencies because reported data did not accurately reflect important expenditure information. Specifically, the OIG identified \$482,860 in expenses that violated agency restrictions regarding spending by budget category, \$84,880 in expenses not included in the recipient's approved budgets, \$81,045 in unallowable indirect cost expenses, \$61,984 in spending that occurred before or after the approved project period, and \$51,415 in drawdowns that exceeded total award expenditures. Specific examples include two recipients who used \$8,623 in grant funds to purchase airline tickets for family members, one recipient who used grant funds to pay itself \$3,000 in rent to utilize a campground it owns, and one recipient who used \$11,340 in grant funds to pay salary and fringe expenses for 9 months after the grant award period ended.

Our draft audit report was issued with 61 recommendations to OJP, the COPS Office, and OVW. In response to the draft audit report, the awarding agencies submitted documentation demonstrating that \$18,068,288 of the costs identified above were remedied. Additionally, the documentation provided was sufficient to close 3 of our 61 recommendations.

Of the remaining 58 recommendations contained in today's report that still require action by OJP, the COPS Office, or OVW, 25 are directed to the awarding agencies to improve the closeout process and remedy the remaining \$10,744,009 in outstanding funding on grants that are expired, and an additional 33 are to remedy the remaining \$760,107 in unallowable recipient spending identified during this audit.

Report: Today's report can be found on the OIG's website under "Recent Reports" at the following link: <https://oig.justice.gov/reports/2018/a1818.pdf>.

Podcast: To accompany today's report, the OIG has released a 6-minute podcast featuring members of the audit team discussing the report's findings. The podcast and a downloadable transcript are available at the following link: <https://oig.justice.gov/multimedia/podcast-03-13-18.htm>.

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