

Recovery Act Oversight Plan – Updated



October 30, 2009

Introduction

The American Recovery and Reinvestment Act of 2009 (Recovery Act), which provides \$787 billion in funding intended to provide a stimulus to the economy, includes \$4 billion in Department of Justice (DOJ or Department) grant funding to enhance state, local, and tribal law enforcement, to combat violence against women, and to fight Internet crimes against children. In addition, the DOJ Office of the Inspector General (OIG) received \$2 million to conduct oversight of DOJ's Recovery Act activities.

This document describes the OIG's updated plan for overseeing DOJ's management of Recovery Act funds. In addition, a summary presentation of the OIG's Recovery Act Oversight Plan is available at <http://www.usdoj.gov/oig/recoveryAct.htm>.

The OIG's Recovery Act goals are tied to the Office of Management and Budget's accountability objectives for the Recovery Act. Specifically, the OIG seeks to assess the extent to which:

- funds are awarded and distributed in a prompt, fair, and reasonable manner;
- the recipients and uses of all funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner;
- funds are used for authorized purposes and potential for fraud, waste, error, and abuse are mitigated;
- projects funded under the Recovery Act avoid unnecessary delays and cost overruns; and
- program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

We are conducting this Recovery Act oversight through the coordinated efforts of our auditors, investigators, and inspectors. Our multidisciplinary effort is providing guidance and advice to granting agencies; training grant managers on fraud risks; proactively reaching out to state and local agencies receiving Recovery Act funding from DOJ; performing audits and evaluations of the DOJ's use of Recovery Act funding; assessing which programs and grantees are at higher risk of waste, fraud and abuse; and performing any necessary investigative activity.

The following table summarizes the Department's Recovery Act funding.

RECOVERY ACT-FUNDED PROGRAMS

| Appropriations Title | Departmental Component | Total Funding | Allocation to Component Programs and Purpose |
|------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| State and Local Law Enforcement Assistance, Recovery Act | Office of Justice Programs (OJP) | \$2.765 billion | \$2 billion – Edward Byrne Memorial Justice Assistance Grant (JAG) Program funding for a broad range of activities to prevent and control crime and improve the criminal justice system. |
| | | | \$225 million – Edward Byrne Competitive Grant Program funding to help communities address targeted needs. |
| | | | \$225 million – Grant funding for construction/renovation of correctional facilities on tribal lands. |
| | | | \$125 million – Grant funding for rural law enforcement activities related to preventing and combating drug-related crime. |
| | | | \$40 million – Grant funding for law enforcement activities along the southern border and in high-intensity drug trafficking areas. |
| | | | \$50 million – Grant funding for initiatives related to Internet crimes against children. |
| | | | \$100 million – Grant funding for victim compensation and assistance. |
| Community Oriented Policing Services, Recovery Act | Office of Community Oriented Policing Services (COPS) | \$1 billion | \$1 billion – Grant funding for the COPS Hiring Recovery Program (CHRP) to hire and rehire additional career law enforcement officers. |
| Violence Against Women Prevention and Prosecution, Recovery Act | Office on Violence Against Women (OVW) | \$225 million | \$175 million – Grant funding to support the work of state, local, and tribal governments and domestic violence and sexual assault coalitions. |
| | | | \$50 million – Transitional Housing Assistance Grant Program funding to provide victims of crimes against women with transitional housing services and to move such individuals into permanent housing. |
| Salaries and Expenses, Office of Justice Programs, Recovery Act | OJP | \$10 million | \$10 million – Pass-through funding for ATF. (See next row.) |
| Salaries and Expenses, Recovery Act | Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) | (Funding received through OJP) | \$10 million – Funding to support Project Gunrunner for the Southwest Border Initiative to reduce cross-border drug and weapons trafficking and violence on the border. |
| Office of the Inspector General, Recovery Act | Office of the Inspector General (OIG) | \$2 million | \$2 million – Funding for oversight activities and functions related to Recovery Act funding. |
| Totals | Five Components | \$4.002 billion | (\$3.990 billion or 99.7 percent is for grants) |

Source: U.S. Department of Justice Draft Agency Plan for Management of Recovery Act Funds

OIG Guidance and Advice to Granting Agencies

When the Recovery Act was enacted, the OIG developed and widely distributed, both within the Department and to other agencies, a document titled “Improving the Grants Management Process.” This document provides recommendations and examples of best practices for improving the grant management process that DOJ OIG auditors and investigators have identified from our previous grant oversight work.

Also upon enactment of the Recovery Act, teams of senior OIG managers met with officials from the Office of Justice Programs (OJP), the Office of Community Oriented Policing Services (COPS), and the Office on Violence Against Women (OVW) to discuss our oversight plans and offer our assistance to these granting components in their implementation of the new programs. Each of the granting agencies has requested, and we have provided, advice and assistance in various grant program management areas. We are continuing this process throughout the existence of the Recovery Act programs.

Training Federal, State, and Local Staff on Fraud Risks

Working in cooperation with the Department’s grant-making agencies, the OIG Investigations Division established an aggressive schedule for providing training to grant officials. This training is focused on raising awareness of the specific fraud, waste, and abuse risks related to Recovery Act and other grant funding. The training emphasizes the prevention and early detection of misuse of grant funds. Between April 1, 2009, and September 30, 2009, the OIG provided training to 2,846 federal and state grant administrators, local grantees, and state oversight officials in 114 separate sessions. We are also making similar training available to state and local grant officials. Our training efforts will continue throughout the Recovery Act programs.

Outreach to State and Local Agencies

OIG field offices have conducted outreach meetings in 34 states and territories with representatives of state Recovery Act administering and oversight agencies. States not receiving an in-person meeting are being contacted via telephone. During each meeting, OIG representatives from our Investigations and Audit Divisions explained our role in all DOJ programs, including those funded by the Recovery Act. The OIG representatives provided an overview of the state’s DOJ Recovery Act funding, and discussed our intentions to audit or investigate allegations of mismanagement, fraud, waste, and abuse in programs funded by DOJ grants. In addition, OIG staff members continue to offer fraud awareness training for state and local grant officials. The OIG is implementing similar outreach meetings with select local recipients

of Recovery Act funds. Follow-up meetings with various state and local grant recipients will be conducted throughout the Recovery Act programs.

Audits and Evaluations

The OIG is auditing the management of Recovery Act funding for the:

- Edward Byrne Memorial Justice Assistance Formula and Discretionary Grant Programs,
- Grants for Victims Compensation and Assistance,
- COPS Hiring Recovery Program,
- Violence Against Women Prevention and Prosecution Programs, and
- Grants for Correctional Facilities on Tribal Lands.

In addition, among Recovery Act grantees, the OIG has completed three limited scope audits of state agencies, begun five audits of local grantees, and planned for the start of seven additional state agency audits in the first quarter of Fiscal Year 2010.

Our audits are designed to determine if the Department granting agency or individual grantee is properly managing Recovery Act funds in accordance with the Recovery Act, OMB guidelines, and sound management practices.

The OIG is also evaluating the Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) Project Gunrunner, which seeks to reduce cross-border drug and weapons trafficking and violence on the Southwest border. The objective of the evaluation is to determine whether the Project is planned and implemented effectively to reduce firearms trafficking into Mexico and related violence. As part of this evaluation, the OIG examined ATF's use of the \$10 million it received in Recovery Act funds to expand Project Gunrunner. In our initial report, we concluded that while aspects of Project Gunrunner's expansion plans will enhance ATF's ability to combat firearms trafficking, some planned activities do not appear to represent the best use of resources to reduce firearms trafficking. In the remainder of this review, the OIG is examining the impact of ATF's Project Gunrunner on firearms trafficking along the Southwest border.

Assessing Risk

The OIG's Recovery Act risk assessment process is evolving as the funded programs are implemented. Our risk assessment began with a survey of experienced OIG staff and our review of prior OIG reports to identify known grants management issues. Our audits and evaluations of Recovery Act programs at the Departmental level are also assessing the risk associated with grants management. As Recovery Act data becomes increasingly available, we will assess that data for indicators of risk. We also are assessing Single Audit Act audit reports for indicators of risk to DOJ grant funds. In addition, our Audit and Investigations Divisions are meeting regularly with DOJ grant administrators to obtain information relevant to our risk assessments of individual DOJ grantees. We also are developing methods to assess third-party data sources for indicators of risk to DOJ grantees.

Preparing for Investigating Grant Fraud under the Recovery Act

The OIG's Investigations Division identified 10 special agents from our field offices across the country, in addition to our Washington, D.C.-based Fraud Detection Office, who received special training on grant fraud issues specifically related to Recovery Act funding. This training included topics such as specific fraud risks in DOJ Recovery Act funding, assessing allegations, investigative planning, and coordinating appropriate remedies such as administrative actions, civil, and criminal penalties.

In the prior two years, the OIG Investigations Division has investigated grant fraud cases ranging from misappropriation of grant funds to criminal false claims violations. Additional and similar matters are expected to arise as the Department's Recovery Act grant recipients begin spending grant funds. To assist in our response to anticipated complaints, the OIG Investigations Division has developed liaisons with the federal and state agencies directly involved with disbursement and oversight of Recovery Act funds. In addition, the Investigations Division has revised its system for online complaints to allow simplified and timely reporting of fraud allegations. Based on these efforts, the OIG intends to respond promptly to allegations regarding Recovery Act funds.