

Recovery Act Oversight Plan – Updated



October 29, 2010

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.

SUMMARY OF RECOVERY ACT-FUNDED PROGRAMS BY APPROPRIATIONS TITLE

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 (includes \$10 million of pass-through funding for ATF).
			\$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 – Administrative funding to OJP, further allocated as follows: OJP \$7.0 million COPS \$2.5 million OVW \$.5 million
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 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.” In January 2010, the OIG issued a companion document titled “Improving the Grants Management Process for Department of Justice Tribal Grant Programs.” These documents provide 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, 2010, the OIG provided training to 5,280 federal and state grant administrators, local grantees, and state oversight officials in 169 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 104 outreach meetings with representatives of state and local Recovery Act administering and oversight agencies.¹ States not receiving an in-person meeting are being contacted via telephone. During each meeting, OIG representatives from our Investigations and Audit Divisions explain our role in all DOJ programs, including those funded by the Recovery Act. The OIG representatives provide an overview of the state’s DOJ Recovery Act funding, and discuss our intentions to audit or

¹ Because these outreach sessions include a training component, each session is also included in the training sessions discussed in the preceding paragraph.

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 has completed initial audit work and issued reports on the Department's 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.

The OIG has completed 17 audits of grantee agencies, and has begun 8 other audits of such grantees.

Our reviews found that the DOJ has obligated more than 99 percent of its \$4 billion in Recovery Act funds. As of mid-September 2010, the DOJ had expended about 53 percent of its Recovery Act funds. DOJ handled this increased workload without any significant increase in staff.

In general, our audits have found that DOJ's grant management staff issued the Recovery grant funds in a timely, fair, and objective manner. However, we identified several areas in which the Department could improve its grant management practices.

For example, our audit of the Byrne Justice Assistance Grants found that the Department's Office of Justice Programs appropriately managed \$2 billion in Recovery Act funds and promptly awarded Recovery Act funds while still maintaining routine program operations. However, we found the Department treated competitive grant applicants inconsistently, allowing some grant applications to continue through the competitive process even though they did not meet one or more of the solicitation requirements, while denying other applicants further consideration for the same deficiencies. In addition, we identified some deficiencies in the peer review processes for evaluating grant

applications and in documenting the basis for award recommendations. Separate audits of 12 program grantees found that the grantees had significant deficiencies in the areas of internal control environment, grant expenditures, property management, monitoring of subrecipients, reporting, and program performance. As a result, the Department is revising its procedures to address the deficiencies we identified in the solicitation and award process and to strengthen its oversight of grantees.

We also audited the \$1 billion COPS Hiring Recovery Program, which provides grant funding to state, local, and tribal law enforcement agencies to hire and rehire law enforcement officers, and found that COPS program managers developed the program and selected grantees in a timely and transparent manner, consistent with Recovery Act requirements. However, COPS had used some inaccurate scoring formulas to select grantees, which affected the allocation of approximately \$16 million in Recovery Act funds. These scoring inaccuracies resulted in grant awards to 45 agencies that should not have received grants, while another 34 agencies that should have received grants did not. The inaccuracies also resulted in six entities receiving too many funded positions, and six entities that received too few funded positions. In response to the audit, COPS corrected the scoring formulas and said it would modify its grant allocation process in Fiscal Year 2010 to remedy those agencies negatively affected by the scoring inaccuracies in the Recovery Act funding. COPS plans to work with OJP to improve joint oversight of DOJ grantees.

The OIG also audited the OVW solicitation, assessment, and award of \$225 million in Recovery Act grants. Our audit found that OVW expeditiously announced the grants, and the grant selection process was generally transparent and objective. However, program managers often incorrectly added into the scores the points awarded by peer reviewers. For two tribal grant programs, the auditors found incorrectly calculated peer review scores for 43 of 77 grant applications, with some applications consequently being incorrectly ranked above other applications. Also, peer reviewers were not always thoroughly screened for potential conflicts of interest. In response to the audit, OVW agreed to implement stronger internal controls to avoid future miscalculations in the award selection process and agreed to strengthen the process it uses to screen peer reviewers for conflicts of interest.

As part of our ongoing oversight of the Recovery Act and grant management within the Department, the OIG will continue to focus on the concerns identified in our recent audits and will focus further on state and local Recovery Act grantees.

Copies of completed oversight reports are available at www.justice.gov/oig/recovery/oversightDocs.htm, and summaries of the OIG's

completed and ongoing Recovery Act work are available in our semiannual reports available at www.justice.gov/oig/semiannual/index.htm.

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 assessed 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 utilizing data from the Recovery Operations Center of the Recovery Accountability and Transparency Board for assessing third-party data for indicators of risk to DOJ grantees.

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 recent 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, as of September 30, 2010, the OIG had eight active investigations in response to allegations regarding Recovery Act funds.