



**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
OFFICE OF JUVENILE JUSTICE AND  
DELINQUENCY PREVENTION  
AWARD TO  
EXPERIENCE IN ACTION**

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

Audit Report GR-30-12-003  
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DELINQUENCY PREVENTION  
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**EXECUTIVE SUMMARY**

The Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of grant number 2009-JU-FX-0063 in the amount of \$2,762,022 awarded to Experience in Action (Experience Corps). Experience Corps operates one-to-one mentoring programs that are designed to bring the experience of adults 55 and over into the classroom. The grant supports three academic years and targets youth in grades kindergarten through third who are in need of reading assistance or deemed “at-risk.” The primary goal of Experience Corps is to engage older adults as tutors and mentors in order to produce improved literacy in children and thereby build stronger communities.

We conducted this audit to determine whether costs claimed under the grant were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the award. Unless otherwise stated in the report, we applied the Office of Justice Programs (OJP) Financial Guide (Financial Guide) as our primary criteria.<sup>1</sup>

Our audit found that the transactions were generally properly authorized, classified, supported, and charged to the grant. However, Experience Corps could improve its internal controls to ensure compliance with DOJ grant requirements in several areas. During the audit, we found that Experience Corps lacks proper procedures to maintain important grant documentation regarding program accomplishments and contract negotiations or cost or price analysis. Additionally, while Experience Corps is working to improve its internal controls over its labor cost calculations, as deemed necessary in its 2010 Single Audit, our audit found instances in payroll costs that were improperly allocated to the grant. However, because the grantee remedied these costs prior to the issuance of the audit report, these costs are not questioned.

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<sup>1</sup> The Financial Guide serves as a reference manual that assists award recipients in their fiduciary responsibility to safeguard award funds and ensure funds are used appropriately. OJP requires award recipients to abide by the requirements in the Financial Guide.

Further, Experience Corps charged the grant more than \$8,500 in subgrantee costs that we consider unsupported or unallowable. These costs include the following:

- Unallowable allocation of materials and supplies costs totaling \$1,172. While the subgrantee's budget allowed for program specific supplies, the reimbursed expenses included a water system lease and glass repair.
- Unallowable mentor stipends of \$5,060 for which the subgrantee was not entitled to a reimbursement.
- Experience Corps subgrantee overcharged the grant \$2,318 in unemployment insurance over two consecutive months.

Our report contains 5 recommendations. We discussed the results of our audit with Experience Corps officials and have included their comments in the report.

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## INTRODUCTION

The Office of the Inspector General, Audit Division, has completed an audit of grant 2009-JU-FX-0063 in the amount of \$2,762,022 awarded to Experience in Action (Experience Corps) from the Office of Juvenile Justice and Delinquency Prevention (OJJDP). Started in 1995, Experience Corps engages adults 55 and over as tutors and mentors to produce improved literacy results among students in kindergarten through third grade. Experience Corps, an independent, non-profit organization headquartered in Washington, D.C., coordinates a network of local affiliates at 19 sites across the country.<sup>2</sup> The affiliates are responsible for day-to-day activities of local projects, while Experience Corps provides support, assistance, and training to the local programs.

The Experience Corps award is to support the implementation of the Academic Mentoring Program through five affiliates: (1) Boston, (2) New York, (3) Cleveland, (4) the Bay Area, and (5) Tucson.<sup>3</sup> The program focuses on one-to-one academic mentoring with goals including: reducing truancy and other incidents of “high-risk behaviors” in school, increasing academic outcomes among participants, and addressing achievement gaps before they widen.

### **Audit Approach**

We conducted this audit to determine whether costs claimed under the grant are allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award. To accomplish this objective, we tested compliance with what we considered the most important conditions of the grant. Unless otherwise stated in the report, we used the Office of Justice Programs (OJP) Financial Guide (Financial Guide) to assess Experience Corps performance and compliance with grant requirements.<sup>4</sup>

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<sup>2</sup> On January 8, 2012, Experience Corps became affiliated with AARP. The terms of this affiliation are set forth in a Memorandum of Understanding entered into by AARP and Experience Corps on September 16, 2011. Today, Experience Corps operates as AARP Experience Corps and receives funding and in-kind support from AARP. AARP Experience Corps continues to exist as a separate non-profit organization and operates its local programs through this non-profit organization.

<sup>3</sup> Philadelphia replaced Tucson as a subgrantee of the award at the start of program year three (2011-2012) of the grant. Experience Corps closed its operations in Tucson due to difficulties with the stability and sustainability of the program.

<sup>4</sup> The Financial Guide serves as a reference manual that assists award recipients in the fiduciary responsibility to safeguard award funds and ensure funds are used appropriately. OJP requires award recipients to abide by the requirements in the Financial Guide.

Specifically, we tested what we believed to be critical award requirements necessary to meet the objectives of the audit, including:

- **Reporting** to determine if the required federal financial reports and progress reports were submitted timely and accurately reflected grant activity;
- **Drawdowns** to determine whether grant drawdowns were adequately supported and if the grantee was managing receipts in accordance with federal requirements;
- **Budget Management and Control** to ensure that Experience Corps appropriately tracked costs to approved budget categories;
- **Grant Expenditures** to determine the accuracy and allowability of costs charged to the grant; and
- **Contract Management** to ensure compliance with overall financial management requirements for contracts.

The award did not include program income, matching funds, or indirect costs. The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix I contains additional information on our objective, scope, and methodology.

## FINDINGS AND RECOMMENDATIONS

### COMPLIANCE WITH ESSENTIAL AWARD REQUIREMENTS

Our audit found that the transactions were generally properly authorized, classified, supported, and charged to the grant. However, Experience Corps could improve its internal controls to ensure compliance with DOJ grant requirements to maintain grant documentation regarding program accomplishments and procurement decisions. Additionally, we identified \$8,550 in unallowable and unsupported subgrantee expenses.

#### Reporting

The special conditions of the grant require that Experience Corps comply with administrative and financial requirements outlined in the Financial Guide and the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* (OMB Circular A-133).<sup>5</sup> The Financial Guide requires that grantees submit both financial and program progress reports to inform awarding agencies on the status of each award. Federal Financial Reports (FFRs) should detail the actual expenditures incurred for each quarterly reporting period, while progress reports should be submitted semiannually and describe the activities, obstacles, and achievements of the project supported by each award.

Because accurate and timely FFRs and progress reports are necessary to ensure that DOJ awarding agencies can effectively monitor award activities and expenditures, we reviewed Experience Corps' reports for grant number 2009-JU-FX-0063. As detailed in the following sections, Experience Corps submitted required FFRs and progress reports in a timely manner. However, while the FFRs accurately reported grant expenditure activity, we were unable to verify if the progress reports accurately reflected actual program accomplishments.

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<sup>5</sup> OMB Circular A-133 requires non-federal entities that expend at least \$500,000 a year in federal awards to have an audit conducted of its financial statements. The purpose of the audit, also known as a Single Audit, is to determine whether the financial statements and schedule of expenditures of federal awards are presented fairly in all material respects in conformity with generally accepted accounting principles. As discussed in this report, we reviewed Experience Corps' Single Audit for Fiscal Year 2010.



## *Federal Financial Reports*

DOJ awarding agencies monitor the financial performance of each grant via FFRs. According to the Financial Guide, FFRs should be submitted within 30 days of the end of each quarterly reporting period. Even when there have been no outlays of grant funds, a report containing zeroes must be submitted. Awarding agencies may withhold funds or future awards if reports are submitted late, or not at all.

To verify the timeliness of the FFRs, we tested the last four reports submitted for the audited grant. We compared the submission date of each report to the date each report was due, and found that Experience Corps submitted all four FFRs in a timely manner.

The Financial Guide also states that the grantee's general ledger must support all amounts reported on the FFRs. To verify the accuracy of the FFRs, we discussed the FFR processes with Experience Corps' financial department and accounting consultants, compared the amounts reported on the last four FFRs to expenditures recorded in Experience Corps' accounting records, and reviewed adjusting entries. Based on our testing, we have concluded that the FFRs reconciled to the financial records.

## *Progress Reports*

While FFRs report grant financial activity, progress reports describe the project status and accomplishments of the DOJ-grant supported program or project. Progress reports should also describe the status of the project and compare actual accomplishments to anticipated grant objectives. According to the Financial Guide, grantees are required to submit progress reports every six months during the performance period of the award. Progress reports are due 30 days after the end of each semi-annual reporting period, June 30 and December 31. DOJ awarding agencies may withhold grant funds if grantees fail to submit accurate progress reports on time.

To assess whether Experience Corps submitted progress reports on time, we reviewed the last four progress reports and compared the submission dates to the due date for each progress report. We found that all four progress reports tested were submitted in a timely manner.

To determine if Experience Corps progress reports contained achievements related to its program goals and objectives, we analyzed and compared the progress report for the period January 2011 through June 2011 to the program objectives. Based on our review, Experience Corps was reporting achievements related to its program goals and objectives to OJJDP.

To assess the accuracy of the progress reports, we selected a sample of five reported achievements for the period January 2011 through June 2011 and compared them to source documentation. As detailed in Exhibit 1, we identified discrepancies surrounding the source documentation used to support the sampled items. Discrepancies include: limited or no documentation, incomplete information, and reporting errors based on documentation provided. Therefore, based on the sample, we could not determine whether Experience Corps accurately reports program achievements to OJJDP or is meeting its agreed upon goals and objectives.

### Exhibit 1: Summary of Sampled Program Accomplishments

Sample	Issues		
	Limited or No Source Documentation	Incomplete Source Documentation	Reporting Errors
283 Students completed the program in Boston	X		
116 Students completed the program in New York City		X	X
45 Mentors were trained in the Bay Area	X		X
Cleveland surveys documenting student advancement		X	X
New York City surveys documenting student advancement	X		

Source: OIG analysis of program data reported for the period January 1, 2011 through June 30, 2011.

Subgrantees report summary performance statistics to Experience Corps semi-annually. This information serves as the basis of the performance data Experience Corps reports to OJJDP. However, during our testing, it was revealed that in many cases, subgrantees maintained limited or no supporting documentation for the performance information reported. In fact, three of the four subgrantees tested were unable to provide such supporting documentation. When asked why the documentation was not maintained as required by federal grant regulations, one subgrantee explained that, in its case, the information had been discarded due to space constraints.<sup>6</sup>

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<sup>6</sup> According to 28 C.F.R. § 70, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organization*, requires that all award related documentation be retained for three years from the submission date of the final expenditure report.

Our sample testing also revealed weaknesses in the consistency and completeness of information reported to Experience Corps. During the audit, we found that because Experience Corps does not provide uniform reporting forms to each subgrantee, some subgrantee session and training logs lacked important information needed to verify the data reported on the progress reports. For example, Experience Corps requires that students complete 35 sessions with a mentor throughout the year to complete the program. Each of these sessions must last over thirty minutes. While the New York City subgrantee could provide the session logs for students who had reportedly completed the program, the session logs did not indicate the duration of each session. Therefore, we could not determine whether these students had spent over 30 minutes in 35 or more sessions as required and reported.

In addition to the issues identified throughout our sample, during the audit we found inconsistencies in data reported within the progress reports. Experience Corps explained that these errors were due to a misunderstanding of the OJJDP program questions. For example, the progress report asks for the total number of mentors trained, and while four of the five subgrantees limited this to the number of mentors trained who work on the DOJ one-to-one program, one subgrantee included all mentors participating in the Experience Corps programs, even those not funded under the DOJ grant. Overall, program data was captured and reported differently by each subgrantee, allowing for discrepancies in the consistency of the data reported and consequently jeopardizing the accuracy of the progress report as a whole.

Experience Corps is currently working on building its National Program Database which they believe will create uniformity in program reporting across all subgrantees.<sup>7</sup> While we agree that the database may assist in reporting more consistent information, it will not ensure the accuracy of the data reported and will not address document retention issues identified in the audit. Because Experience Corps relies solely on the subgrantees for the program data, and OJJDP relies on the program reports to assess the overall status of the grant, it is imperative that the information included in the required progress reports be accurate and verifiable. As our testing revealed, OJJDP may currently be relying on inaccurate information to assess the program accomplishments. Therefore, we recommend that OJP require Experience Corps to: (1) Implement procedures to verify the accuracy of the data reported by its subgrantees, (2) Require subgrantees to maintain supporting documentation for all federal grant related activities for at least 3 years from the date of Experience Corps' submission of its final expenditure report, and (3) Implement consistent reporting tools to ensure that the

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<sup>7</sup> At the time of the audit, Experience Corps reported that the database is being piloted and is expected to be rolled-out and in use by all subgrantees by the start of the 2012-2013 academic year.

necessary information is captured among subgrantees to validate required program accomplishments.

## **Drawdowns**

To obtain DOJ award money, award recipients must electronically request grant funds via draw downs. The Financial Guide states that award recipients should only request federal award funds when they incur or anticipate project costs. Therefore, recipients should time its requests for award funds to ensure they will have only the minimum federal cash on hand required to pay actual or anticipated costs within 10 days.

According to Experience Corps financial management policies, they base drawdown requests on reimbursements of expenses for salaries, fringe benefits, subgrantee costs, contractor costs, travel, and services or supplies. Experience Corps confirmed that they follow its policy to request a drawdown at least once per month for grantee and subgrantee expenses. To ensure that Experience Corps requested funds properly and kept minimum federal cash on hand, we analyzed its drawdowns to date and compared the overall amount to Experience Corps' general ledger. Overall, we found that the amounts drawn down did not exceed the expenditures in the accounting records.

## **Budget Management and Control**

The Financial Guide states that grantees should expend funds according to the budget approved by the awarding agency and included in the final award. Approved award budgets document how much the recipient is authorized to spend in high-level budget categories, such as personnel, supplies, and contractors. The Financial Guide also states that award recipients may request a modification to approved award budgets to reallocate amounts between various budget categories within the same award. No prior approval is required if the reallocations between budget categories do not exceed 10 percent of the total award amount. We compared the actual amounts spent in each budget category to the budgeted amounts in the same categories. For award 2009-JU-FX-0063, Experience Corps adhered to the Financial Guide requirements.

## **Grant Expenditures**

According to 2 C.F.R. § 230 *Cost Principles for Non-Profit Organizations*, costs are allowable if they are reasonable, consistently applied, adequately documented, comply with policies and procedures, and conform to any limitations or exclusions specified in applicable criteria. As of November 30, 2011, Experience Corps' general ledger reported \$1,666,092 in project costs associated with grant 2009-JU-FX-0063. We sampled \$536,812 (32 percent)

in expenses charged to the grant to ensure they were allowable, and identified \$8,550 in questioned costs.<sup>8</sup> Exhibit 2 displays by type of sampled cost, the total value of the expenditures in each category, and the amount of questioned costs our testing identified.

### **Exhibit 2: Summary of Review of Grant Expenditures**

Type of Cost	Total General Ledger Costs (\$)	Total Costs Tested (\$)	Questioned Costs (\$)
Personnel Costs	159,716	31,611	0
Fringe Costs	35,066	0	0
Subgrantee Costs	1,377,566	470,417	8,550
Subcontractor Costs	65,041	23,795	0
Travel Costs	18,139	10,507	0
Other Direct Costs	10,564	482	0
<b>TOTAL</b>	<b>\$ 1,666,092</b>	<b>\$536,812</b>	<b>\$ 8,550</b>

Source: Experience Corps' accounting records and OIG analysis of total questioned costs

#### *Personnel Costs*

We reviewed the Experience Corps' policies for timekeeping and charging grants the costs associated with salaries and benefits earned by its personnel. Experience Corps requires all employees to submit a timesheet that details the time spent on each project or grant for each semi-monthly pay period. Once the employees complete their timesheets, they submit them to their supervisor for approval. Experience Corps' outside accountant inputs the timesheet data into an online payroll system to produce the summary report known as the payroll processing report. The payroll processing report is reviewed by Experience Corps' Chief Financial Officer (CFO). Once the CFO attests to the accuracy of the employees' hours and salaries for the period, the outside accountant prepares a labor distribution report known as the grant allocation spreadsheet. This spreadsheet details the total dollars charged to each grant, and allocates the fringe benefit costs to each grant.

The Experience Corps' 2010 Single Audit report, dated September 7, 2011, cited a significant deficiency with respect to salary postings based on timesheets. According to the Single Audit, salaries were not properly charged to programs based on the activity recorded on timesheets. Additionally, the Single Audit cited a finding of material weakness in which timesheets were

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<sup>8</sup> Questioned costs are expenditures that do not comply with legal, regulatory or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

prepared using a percentage of time spent per program, rather than on the actual hours worked per pay period, as required by 2 C.F.R. § 230. To determine if timesheets were properly authorized and allocated to the grant, we judgmentally selected five months to test.<sup>9</sup> We examined timesheets and payroll distribution records, we recalculated salaries allocated to the grant, and we ascertained whether the salaries were properly charged to the grant.

### Salaries

In response to the Single Audit findings, Experience Corps implemented procedures to track employees' time based on hours worked on each grant rather than using percentages. To determine if the grantee allocation of labor was accurate, we selected periods prior to the procedure change (February – April 2010) and after the procedure change (March and July 2011). We identified inaccurate payroll charges for April 2010, one of the five months tested. The inaccuracies were due to the use of percentages to allocate labor costs that did not agree with the employees' timesheets. When we applied the correct percentages to the salaries per the allocation worksheet we found that the grantee charged \$1,108 more in payroll costs than what is supported by the timesheets. However, Experience Corps has remedied the payroll charges and we are not questioning the costs.<sup>10</sup> Because our testing did not identify any significant discrepancies in the allocation of labor charges for periods after the revised labor procedures were implemented, we believe that Experience Corps took the necessary steps to remedy the single audit findings.

### Fringe Benefits

When Experience Corps' employees work on grant projects, Experience Corps incurs costs associated with providing its employees fringe benefits such as payroll taxes, health insurance, and pension plan contributions. To allocate the cost of fringe benefits to the DOJ grant, OJP approved a fringe benefit rate of 24 percent that Experience Corps applies to direct payroll costs. We reviewed, analyzed, and calculated the actual fringe benefit rate Experience Corps charged the grant through November 30, 2011. We found that Experience Corps charged the grant fringe benefits at a rate of 22 percent, which is less than the 24 percent budgeted rate. Therefore, we take

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<sup>9</sup> Experience Corps allocates its payroll on a monthly basis. We selected the months of February 2010, March 2010, April 2010, March 2011, and July 2011 for our testing.

<sup>10</sup> Prior to December 2011, the initiation of our audit, and in response to the single audit, Experience Corps conducted an analysis and reconciled \$768 of the \$1,108 in payroll costs. Further, during our audit Experience Corps agreed that an additional \$340 in payroll costs were inaccurately charged to the grant and posted an adjusting entry to correct the account.

no exception with Experience Corps allocation of fringe benefits to the grant through November 30, 2011.

*Other Costs*

We selected a judgmental sample of 37 transactions from award 2009-JU-FX-0063 totaling \$505,201 to determine if the charges were included in the approved budget, allowable, and allocable to the DOJ award. As shown in Exhibit 3, we questioned \$8,550 of subgrantee costs.

**Exhibit 3: Summary of Questioned Subgrantee Costs**

General Ledger			Questioned Amount (\$)	Note
Account Description	Date	Amount (\$)		
Supplies and Materials	12/31/2010	1,481	1,172	Unallowable allocation
Mentor Stipends	07/31/2010	5,060	5,060	Unallowable
Unemployment Insurance	02/28/2011	1,525	1,111	Unsupported
Unemployment Insurance	01/31/2011	1,641	1,207	Unsupported
<b>TOTAL</b>		<b>\$9,707</b>	<b>\$8,550</b>	

Source: OIG analysis of Experience Corps general ledger and supporting documentation

Unallowable Materials and Supplies

Experience Corps' Boston subgrantee's budget provides for the reimbursement of direct program supplies based on the number of students or the number of mentors. The budget does not provide for the allocation of the subgrantee's general office supplies. During our testing, we identified a reimbursement request from the Boston subgrantee in the amount of \$1,481 for materials and supplies. According to the grantee, the \$1,481 allocated to the OJJDP grant is comprised of \$309 for program materials and supplies and \$1,172 for office administration supplies including a water system lease and glass repair. Because the \$309 funded materials that directly supported the OJJDP program, we do not question these expenses. However, since the subgrantee's budget does not provide for the allocation of general office supplies including a water system lease and glass repair, we consider \$1,172 unallowable, and, therefore, recommend OJP remedy \$1,172 in unallowable materials and supplies costs.

### Unallowable Mentor Stipends

Experience Corps has operational and mentor stipend agreements with its subgrantees. Pursuant to these agreements, not all of Experience Corps' subgrantees will be reimbursed for mentor stipends with OJJDP grant funds. In reviewing the Bay Area subgrantee's general ledger activity for July 2010, we found that \$5,060 of salaries and associated fringe costs, labeled as "Mentors/Tutors" in the general ledger, was charged to the OJJDP grant. The Experience Corps agreement with the Bay Area subgrantee does not provide for reimbursement of the Bay Area's mentor charges. Therefore, we are questioning as unallowable the \$5,060 of salaries and associated fringe costs charged to the OJJDP grant for "Mentors/Tutors", and we recommend OJP remedy \$5,060 in unallowable mentor stipends.

In addition to the unallowable mentor stipend costs charged to the DOJ grant, while reviewing Experience Corps' mentor participation agreements maintained by its five subgrantees, we found discrepancies between what was documented regarding stipends in the contracts and what was actually charged to the grant. For example, while mentor agreements in New York City stated that volunteers would receive \$256 in regular monthly increments, grant charges showed varying payments ranging from \$64 to \$320. Experience Corps explained that New York City mentors are paid hourly not monthly as agreed to in the contract. The overall costs charged to the grant did not exceed the amount allocated for stipends in the subgrantees budgets; therefore, we are not making a formal recommendation, but provide this information to Experience Corps for its use in improving oversight of its subrecipients.

### Unsupported Unemployment Insurance

The Boston subgrantee's approved budget contained an amount for unemployment insurance - 4.5 percent of the first \$10,200 in salary paid to each grant staff member for the calendar year. During testing, we identified two months in which this affiliate was reimbursed more for unemployment insurance than was allowed per their approved budget. Exhibit 4 summarizes the questioned unemployment insurance costs.



## Exhibit 4: Summary of Unsupported Unemployment Insurance Costs

Month	Total Allowed Based on Monthly Salary (\$)	Amount Reimbursed to Subgrantee and Charged to the Grant (\$)	Questioned Unemployment Insurance Cost (\$)
Jan. 2011	434	1,641	1,207
Feb. 2011	434	1,545	1,111
<b>TOTAL</b>	<b>\$868</b>	<b>\$3,186</b>	<b>\$2,318</b>

Source: Experience Corps' accounting records and OIG analysis of total questioned costs

As a result, we question \$2,318 as unsupported unemployment insurance, and we recommend OJP remedy \$2,318 in unsupported unemployment insurance costs.

### Contract Management

In October 2011, Experience Corps implemented procurement policies that require negotiations and final contract documents to be in writing and properly maintained and a cost or price analysis to be completed.<sup>11</sup> Experience Corps awarded four formal contracts under the DOJ grant, all of which support the development of the Experience Corps National Program Database. The first contract was awarded in the amount of \$15,000 to survey subgrantees and to assess the data necessary to be captured by a program-wide Experience Corps database. The second contract, in the amount of \$53,100, was solicited and awarded for the complete development of the National Program Database. The third contract in the amount of \$10,710 was awarded to a consultant to help pilot and train subgrantees in using the database. Finally, a fourth contract, costing \$9,900, was awarded to integrate a part-time support team that would implement and maintain the database at the affiliate level.

We found that three of the four contracts were solicited through a formal request for proposal and competitively awarded by Experience Corps. While Experience Corps was able to provide justifications for each of the awards, we were unable to determine from its documentation if Experience Corps performed a cost or price analysis for three of the four awards and therefore could not determine whether the vendor selected provided the best value to the government in all cases. Specifically, negotiations for three of the four contracts were not formally documented and maintained in Experience Corps' grant files. While we understand that most of the contracts were awarded prior to the issuance of Experience Corps internal Procurement

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<sup>11</sup> According to 2 C.F.R. § 215, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organization*, the auditee is required to keep at a minimum, the basis for contractor selection, as well as the basis for award cost or price. (2011)

Policies, in order to ensure that contracts are fairly and competitively negotiated and obtain the goods or services in an effective manner, all grantees must document the basis for award cost or price. While we believe that Experience Corps has taken the necessary steps to implement a procurement policy, we recommend that OJP require Experience Corps to clearly document and maintain the analysis, negotiation, and justification for each awarded contract.

## **Recommendations**

We recommend that OJP:

1. Require Experience Corps to: (1) Implement procedures to verify the accuracy of the data reported by its subgrantees, (2) Require subgrantees to maintain supporting documentation for all federal grant related activities for at least 3 years from the date of Experience Corps' submission of its final expenditure report, and (3) Implement consistent reporting tools to ensure that the necessary information is captured among subgrantees to validate required program accomplishments.
2. Remedy the \$1,172 in unallowable materials and supplies costs.
3. Remedy the \$5,060 in unallowable mentor stipends.
4. Remedy the \$2,318 in unsupported unemployment insurance costs.
5. Require that Experience Corps clearly document and maintain the analysis, negotiation, and justification for each awarded contract.

## SCHEDULE OF DOLLAR-RELATED FINDINGS

<b>QUESTIONED COSTS:</b> <sup>12</sup>	<b>AMOUNT (\$)</b>	<b>PAGE</b>
<u>Unallowable Subgrantee Costs</u>		
Materials & Supplies and Mentor Stipends	6,232	11
<b>Total Unallowable Subgrantee Costs</b>	<b>\$6,232</b>	
<u>Unsupported Subgrantee Costs</u>		
Unemployment Insurance Costs	2,318	13
<b>Total Unsupported Subgrantee Costs</b>	<b>\$2,318</b>	
<b>Total Questioned Costs</b>	<b>\$8,550</b>	

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<sup>12</sup> Questioned costs are expenditures that do not comply with legal, regulatory or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

## APPENDIX I

### OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant reviewed were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The objective of our audit was to review performance in the following areas: (1) federal financial reports and progress reports, (2) drawdowns, (3) budget management and control, (4) expenditures, and (5) contract management.

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 concentrated on grant no. 2009-JU-FX-0063 in the amount of \$2,762,022 to Experience in Action (Experience Corps) awarded by the Office of Juvenile Justice and Delinquency Prevention. Experience Corps operates one-to-one mentoring programs that are designed to bring the experience of adults 55 and over into the classroom. The grant funds three academic years of this program targeted at youth in grades kindergarten through third who are in need of reading assistance or deemed "at-risk". The primary goal of Experience Corps is to engage older adults as tutors and mentors in order to produce improved literacy results in children and thereby build stronger communities.

We tested compliance with what we considered to be the most important conditions of the award. Unless otherwise stated in our report, the criteria we audit against are contained in the OJP Financial Guide and the award documents.

In conducting our audit, we performed sample testing in the following areas:

- **Drawdowns.** We analyzed Experience Corps overall drawdowns of \$1,550,759 for the DOJ award from the inception of the award through November 30, 2011. Experience Corps provided documentation supporting the drawdown requests.
- **Payroll.** We reviewed Experience Corps' Single Audit report, reviewed policies, and spoke with officials regarding timekeeping and the

charging of personnel costs. To determine whether Experience Corps' labor costs were supported and allowed, we judgmentally selected pay periods for five months to test. We analyzed the fringe rate to ensure the charges were consistent with the approved rate, and determined whether personnel costs were computed correctly, properly authorized, accurately recorded, and properly allocated. Further, we reviewed the composition and calculation of the OJJDP approved final fringe rate.

- **Transactions.** To test Experience Corps' transactions for authorizations, vouchers, and supporting documentation of the expense, we judgmentally selected 37 non-payroll transactions totaling \$505,201. We analyzed the transactions to determine if the transactions were properly authorized, classified, recorded, supported, and charged to the grant.
- **Contract Management.** We interviewed the Experience Corps' personnel for this award regarding the analysis, negotiations, and available documentation maintained for the selection of contractors. We obtained all available solicitations, request for proposals, negotiated contracts, and other supporting documentation for contractors performing services under the subject grant.

In addition, we reviewed the timeliness and accuracy of Financial Status and Progress Reports and reviewed the internal controls of the financial management system.

## APPENDIX II

### EXPERIENCE IN ACTION'S RESPONSE TO THE DRAFT REPORT



*Guiding  
the next  
generation  
of readers.*

Grant Award 2009-JU-FX-0063

Draft Audit Report dated May 16, 2012

Grantee Response

June 6, 2012

Troy M. Meyer  
Regional Audit Manager  
Washington Regional Audit Office  
Office of the Inspector General  
US Department of Justice  
1300 North 17<sup>th</sup> Street, Suite 3400  
Arlington, VA 22209

via email: [troy.meyer@usdoj.gov](mailto:troy.meyer@usdoj.gov)  
via US Mail

Dear Mr. Meyer,

This communication is in response to the draft audit report, dated May 16, 2012, issued by the Department of Justice (OJP), Office of the Inspector General (OIG), Washington Regional Audit Office, through the Office of Justice Programs (OJP) related to an Office of Juvenile Justice and Delinquency Prevention (OJJDP) Grant Award 2009-JU-FX-0063 in the amount of \$2,762,022 awarded to Experience in Action, d/b/a Experience Corps. The OIG requested that Experience Corps submit a written response prior to its issuance of the final audit report.

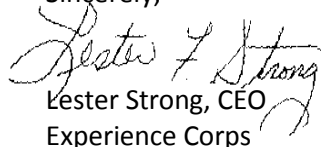
The following response from Experience Corps includes explanations and supporting documentation regarding its consideration of the OIG recommendations and its subsequent actions to remedy findings and ensure compliance with the recommendations in subsequent events and transactions.

Experience Corps' response is being submitted electronically and through US Mail. The response is structured as follows:

- A. Request to modify Auditors' Report for Clarification
- B. Response to Auditors' Recommendations, Draft Audit Report, page 13:
  - 1. Program Data Verification (includes Attachments 1.1.a-c, 1.2.a-b, 1.3.a-b)
  - 2. Remedy \$1,172 Questioned Costs (includes Attachment 2.a)
  - 3. Remedy \$5,050 Questioned Costs (references Attachment 2.a)
  - 4. Remedy \$2,318 Questioned Costs (references Attachment 2.a)
  - 5. Procurement Procedures

Experience Corps has appreciated the opportunity to serve under the OJJDP's Mentoring Initiative, and it remains committed to producing results that enhance OJJDP's goals.

Sincerely,

  
Lester Strong, CEO  
Experience Corps

cc: Linda J. Taylor, Lead Auditor, Audit Coordination Branch: [linda.taylor2@usdoj.gov](mailto:linda.taylor2@usdoj.gov)  
Frank Roller, DOJ OIG: [frank.roller@usdoj.gov](mailto:frank.roller@usdoj.gov)  
Gwen Dilworth, OJJDP/DPD: [Gwendolyn.dilworth@usdoj.gov](mailto:Gwendolyn.dilworth@usdoj.gov)  
Laura Chambers, Experience Corps AOR: [lchambers@aarp.org](mailto:lchambers@aarp.org)  
Christina New-Watling, Experience Corps Project Director: [cnew@aarp.org](mailto:cnew@aarp.org)  
Ron Mezo, Experience Corps CFO: [rmezo@aarp.org](mailto:rmezo@aarp.org)  
Mike Schuster, AARP Office of General Counsel: [mschuster@aarp.org](mailto:mschuster@aarp.org)

## A. Request to modify Auditors' Report for Clarification

1. **The Grantee respectfully requests that the auditors modify *Footnote 2, page 1* as this is a critical description of Experience Corps' relationship with AARP. Because this description will be included in public statement, the description of the relationship should read as follows:**

*"On January 8, 2012, Experience Corps became affiliated with AARP. The terms of this affiliation are set forth in a Memorandum of Understanding entered into by AARP and Experience Corps on September 16, 2011. Today, Experience Corps operates as AARP Experience Corps and receives funding and in-kind support from AARP. AARP Experience Corps continues to exist as a separate non-profit organization and operates its local programs through this non-profit organization."*

2. **The Grantee respectfully requests that the auditors modify descriptions of "Questioned Costs," Unallowable Costs and Unsupported Costs, page 14:**

2.1 The description for Unallowable Costs is labeled as "**Sub-grantee Costs**". While Grantee concurs with the Unallowable Costs, Experience Corps considers the label inconsistent with Unsupported Costs since both Costs are sub-grantee costs. Therefore, the Grantee respectfully requests that the Unallowable Costs description be modified for clarification and be labeled as "**Sub-grantee Costs – Supplies and Stipends.**"

2.2 The description for Unsupported Costs is labeled "**Unemployment Insurance Costs.**" While Grantee concurs with the Unsupported Costs, Experience Corps considers the label inconsistent with Unallowable Costs since both Costs are sub-grantee costs. Therefore, the Grantee respectfully requests that the Unsupported Costs description be modified for clarification and labeled as "**Sub-grantee Costs – Unemployment Insurance.**"

## B. Response to Auditors' Recommendations

1. **Require Experience Corps to: (1) Implement procedures to verify the accuracy of the data reported by its sub-grantees, (2) Require sub-grantees to maintain supporting documentation for all federal grant related activities for at least 3 years from the date of Experience Corps' submission of its final expenditure report, and (3) Implement consistent reporting tools to ensure that the necessary information is captured among sub-grantees to validate required program accomplishments.**

**Auditors' observation:** Draft Audit Report, page 5. To assess the accuracy of the progress reports, we selected a sample of five reported achievements for the period January 2011 through June 2011 and compared them to source documentation. As detailed in Exhibit 1 [Draft Audit Report], we identified discrepancies surrounding the source documentation used to support the sampled items. Discrepancies include: limited or no documentation, incomplete information, and reporting errors based on documentation provided. Therefore,



based on the sample, we could not determine whether Experience Corps accurately reports program achievements to OJJDP or is meeting its agreed upon goals and objectives.

### **1.1 Implement procedures to verify the accuracy of the data reported by its sub-grantees.**

**Questioned Cost:** None

**Grantee's response:** Experience Corps will verify the accuracy of data reported to OJP by comparing outputs reported by the sub-grantees to source documents, by tracking a sample of reported outcomes back to source documentation before reporting begins, and testing program data during annual site monitoring visits.

Experience Corps collects data to determine progress towards meeting performance measures in two ways, (1) surveys are completed by teachers at the beginning and end of the school year to assess student progress, and (2) a form is filled out by sub-grantees with program outputs at the end of each 6 month reporting period. Teacher-completed surveys measure individual student outcomes and some program outputs; Experience Corps receives a pre and post survey for each student being served in the program. Forms are based on those maintained by sub-grantees for program outputs, such as the number of mentors trained and the number of students who have exited the program.

To verify the accuracy of the performance measures reported to OJP from these two collection methods, Experience Corps will:

- Develop written procedures for verifying accurate data entry when transferring data from the hard-copy pre- and post- teacher surveys into excel. One of the audit findings sites reporting errors that were directly linked to a difference in data on the hardcopy teacher surveys (primary source) and the data in excel that was used to report performance measures to OJP. Therefore, the evaluation procedures will include an additional step to test outputs and outcomes rooted in the hardcopy teacher surveys and reported sub-grantee outputs. This will be accomplished by comparing samples of processed data (outcomes and outputs) to the hardcopy surveys before the outputs and outcomes are reported to OJP (See **Attachment 1.1.a – Evaluation Policies & Procedures Manual**)
- Compare the outputs reported by each sub-grantee to the number of surveys that are collected. (i.e. if program reports that 400 students were served, we will verify the accuracy of that number by counting the number of post surveys completed by teachers for that site.) (See **Attachment 1.1.a – Evaluation Policies & Procedures Manual**)
- Test source documents used for reporting and maintained by sub-grantees during the annual site monitoring visit. Timesheets are always tested during site monitoring visits. We will test session logs, training sign-in sheets, and other source documents during future site monitoring visits. Testing methods for source documentation will be added to our audit procedures manual for sub-grantees. (See **Attachment 1.1.b – Audit Procedures Manual** excerpt)

- During semi-annual in-person sub-grantee meeting in July 2012, we will incorporate training for the sub-grantees on processes for them to initiate verifying the accuracy of data before they send data to us, thus increasing the sense of responsibility for due diligence. (See **Attachment 1.1.c – National Meeting Agenda** draft)

**1.2 Require sub-grantees to maintain supporting documentation for all federal grant related activities for at least 3 years from the date of Experience Corps' submission of its final expenditure report.**

**Questioned Cost:** None

**Grantee's response:** Experience Corps requires sub-grantees to maintain supporting documentation for all federal grant related activities for at least 3 years from the date of the submission of our final expenditure report. Compliance with OMB circulars and federal regulations is defined in each sub-grant agreement, which was signed by program directors at each sub-grantee prior to receiving grant awards from OJP. To highlight and ensure that sub-grantees follow these regulations, Experience Corps has:

- Conducted a compliance training for OJP sub-grantees at our last in-person meeting in March 2012 to highlight the need to retain records for at least 3 years from the date of the submission of the final expenditure report and explained the types of documents that must be retained, such as daily session logs filled out by members and training sign-in sheets. We also explained that transferring data from these forms into databases did not release the site from the requirement to retain original hardcopy records unless original paper was scanned into a .pdf and stored electronically. (See **Attachment 1.2.a – Compliance Training**)
- Notified all sub-grantees via email reminding them of the record retention regulations and reiterating that the regulation pertains to any document that supports any number that we report to OJP. (See **Attachment 1.2.b – Record Retention** email)
- Require each sub-grantee that was cited in the audit report to provide a documented plan for maintaining files. (Example: *one sub-grantee, who had transferred information from session logs into their database and did not maintain original copies due to storage space challenges, now plans to have a volunteer scan and .pdf all session logs for the school year; this will be an activity completed the summer following each school year. The storage of electronic images of the session logs will be retained for the appropriate period of time.*) Sub-grantees will be required to submit documentation of this policy and procedure, after which Experience Corps will review by July 31, 2012.

We will continue to reinforce and verify that documentation is being retained during annual monitoring visits. We will verify sites are compliant with this requirement by discussing their record retention policy and reiterating the importance of keeping the documentation for at least three years after the last expenditure report is submitted.

### **1.3 Implement consistent reporting tools to ensure that the necessary information is captured among sub-grantees to support required program accomplishments.**

**Questioned Cost:** None

**Grantee's response:** Experience Corps has always required sub-grantees to collect information through forms and tools to report performance measures to OJP. To ensure that reporting tools are consistently collecting information required to support program accomplishments, Experience Corps will:

- Create a policy requiring sub-grantees to incorporate the collection of standard information into all of their reporting tools. (See **Attachment 1.3.a – Sub-grantee Tracking Tools Policy**)
- Disseminate the new policy and explain to sub-grantees during semi-annual in-person meeting why standard features must be incorporated into reporting tools and ensure sub-grantees understand what they are actually collecting. (See **Attachment 1.1.c – National Meeting Agenda** draft)
- Add instructions to the data collection tool that the National Office sends to each sub-grantee at the end of each reporting period to ensure that sub-grantees are reporting the same information. (See **Attachments 1.3.b – OJJDP End of Year 3 Reporting Form**)

## **2. Remedy the \$1,172 in unallowable materials and supplies costs.**

**Auditors' observation:** Draft Audit Report, page 11. [An Experience Corps sub-grantee's] budget provides for the reimbursement of direct program supplies based on the number of students or the number of mentors. The budget does not provide for the allocation of the sub-grantee's general office supplies. During our testing, we identified a reimbursement request from the Boston sub-grantee in the amount of \$1,481 for materials and supplies. According to the grantee, the \$1,481 allocated to the OJJDP grant is comprised of \$309 for program materials and supplies and \$1,172 for office administration supplies including a water system lease and glass repair. Because the \$309 funded materials that directly supported the OJJDP program, we do not question these expenses. However, since the sub-grantee's budget does not provide for the allocation of general office supplies including a water system lease and glass repair, we consider \$1,172 unallowable....

**Questioned Cost:** \$1,172

**Grantee's response:** Experience Corps concurs with the Auditors' adjustment recommendation in the amount of \$1,172 for Supplies and Materials. Experience Corps has made the appropriate adjusting journal entry has been made to the general ledger. The amount of \$1,172 has been netted against Experience Corps' OJJDP grant drawdown processed on 05/25/2012. (See **Attachments 2.0.a – Adjusting Journal Entry and Federal Draw**)

**3. Remedy the \$5,060 in unallowable mentor stipends.**

**Auditors' observation:** Draft Audit Report, page 11. Experience Corps has operational and mentor stipend agreements with its sub-grantees. Pursuant to these agreements, not all of Experience Corps' sub-grantees will be reimbursed for mentor stipends with OJJDP grant funds. In reviewing the Bay Area sub-grantee's general ledger activity for July 2010, we found that \$5,060 of salaries and associated fringe costs, labeled as "Mentors/Tutors" in the general ledger, was charged to the OJJDP grant. The Experience Corps agreement with the Bay Area sub-grantee does not provide for reimbursement of the Bay Area's mentor charges.

**Questioned Cost:** \$5,060

**Grantee's response:** While Experience Corps considers the sub-grantee's transactions, totaling \$5,060, were appropriately charged as costs to the grant, it concurs with DOJ-OIG that the source documentation is in error, thereby not supporting the transactions. Experience Corps has made the appropriate adjusting journal entry to the general ledger. The amount of \$5,060 has been netted against Experience Corps' OJJDP grant drawdown processed on 05/25/2012. (Reference **Attachment 2.0.a – Adjusting Journal Entry and Federal Draw**)

**4. Remedy the \$2,318 in unsupported unemployment insurance costs.**

**Auditors' observation:** Draft Audit Report, page 12. [One of Experience Corps' sub-grantee's] approved budget contained an amount for unemployment insurance - 4.5 percent of the first \$10,200 in salary paid to each grant staff member for the calendar year. During testing, we identified two months in which this affiliate was reimbursed more for unemployment insurance than was allowed per their approved budget. [The Draft Audit Report,] Exhibit 4 summarizes the questioned unemployment insurance costs.

**Questioned Cost:** \$2,318

**Grantee's response:** Sub-grantee Unemployment Insurance – \$1,111 & \$1,207 (Total \$2,318). Experience Corps concurs with the recommended adjustments of \$1,111 and \$1,207 totaling \$2,318. Experience Corps has made the appropriate adjusting journal entry to the general ledger. Experience Corps has netted this amount against its OJJDP grant drawdown processed on 05/25/2012. (Reference **Attachment 2.0.a – Adjusting Journal Entry and Federal Draw**)

**5. Require that Experience Corps clearly document and maintain the analysis, negotiation, and justification for each awarded contract.**

**Auditors' observation:** Draft Audit Report, page 13. We found that three of the four contracts were solicited through a formal request for proposal and competitively awarded by Experience Corps. While Experience Corps was able to provide justifications for each of the awards, we were unable to determine from its documentation if Experience Corps performed a cost or price analysis for three of the four awards and therefore could not determine whether the vendor selected provided the best value to the government in all cases. Specifically, negotiations for three of the four contracts were not formally documented and maintained in Experience Corps' grant files.

**Questioned Cost:** None

**Grantee's response:** The Grantee concurs with the auditors' recommendation that procurement process documentation be maintained on its negotiation, analysis, selection justification, and evaluation of its contractors. In order that the Grantee monitor procurement and retain record of these activities, Experience Corps will train assigned staff on the process of procuring goods and services. The training will provide for a thorough understanding of the Procurement policy and instruct staff on the proper completion of documentation and matrices for comparing value and economy. Documentation templates will be shared during the Procurement orientation to manage consistent practice. Thereafter, completed documentation prepared by assigned procurement staff will demonstrate Experience Corps' commitment to its policies and to appropriation. Experience Corps will prepare for and conduct this staff training by July 31, 2012.

## APPENDIX III

# OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

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Washington, D.C. 20531

June 15, 2012

MEMORANDUM TO: Troy M. Meyer  
Regional Audit Manager  
Washington Regional Audit Office  
Office of the Inspector General

FROM: /s/  
Maureen A. Henneberg  
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Office of Juvenile Justice and Delinquency Prevention Award to Experience in Action, d/b/a Experience Corps*

This memorandum is in response to your correspondence, dated May 16, 2012, transmitting the subject draft audit report for Experience in Action, d/b/a Experience Corps (Experience Corps). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains **five** recommendations and **\$8,550** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. **We recommend that OJP require Experience Corps to: (1) implement procedures to verify the accuracy of the data reported by its sub-grantees; (2) require sub-grantees to maintain supporting documentation for all Federal grant related activities for at least three years from the date of Experience Corps' submission of its final expenditure report; and (3) implement consistent reporting tools to ensure that the necessary information is captured among sub-grantees to validate required program accomplishments.**

OJP agrees with the recommendation. We will coordinate with Experience Corps to obtain a copy of procedures implemented to ensure that: (1) Experience Corps verifies the accuracy of the data reported by its sub-grantees; (2) requires sub-grantees to maintain supporting documentation for all Federal grant related activities for at least three years from the date of Experience Corps' submission of its final expenditure report; and (3) implements consistent reporting tools to ensure that the necessary information is captured among sub-grantees to validate required program accomplishments.

2. **We recommend that OJP remedy the \$1,172 in unallowable materials and supplies costs.**

OJP agrees with the recommendation. We will coordinate with Experience Corps to remedy the \$1,172 in questioned materials and supplies costs. If adequate documentation cannot be provided to support the allowability of these costs, we will request that Experience Corps return the funds to the U.S. Department of Justice (DOJ), adjust their accounting records to remove the costs, and submit a revised Federal Financial Report (FFR) for award number 2009-JU-FX-0063.

3. **We recommend that OJP remedy the \$5,060 in unallowable mentor stipends.**

OJP agrees with the recommendation. We will coordinate with Experience Corps to remedy the \$5,060 in questioned costs related to mentor stipends. If adequate documentation cannot be provided to support the allowability of these costs, we will request that Experience Corps return the funds to the DOJ, adjust their accounting records to remove the costs, and submit a revised FFR for award number 2009-JU-FX-0063.

4. **We recommend that OJP remedy the \$2,318 in unsupported unemployment insurance costs.**

OJP agrees with the recommendation. We will coordinate with Experience Corps to remedy the \$2,318 in unsupported unemployment insurance costs. If adequate documentation cannot be provided to support these costs, we will request that Experience Corps return the funds to the DOJ, adjust their accounting records to remove the costs, and submit a revised FFR for award number 2009-JU-FX-0063.

5. **We recommend that OJP require Experience Corps to clearly document and maintain the analysis, negotiation, and justification for each awarded contract.**

OJP agrees with the recommendation. We will coordinate with Experience Corps to obtain a copy of procedures implemented to ensure that the analysis, negotiation, and justification for each awarded contract is clearly and adequately documented.

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.

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

Melodee Hanes  
Acting Administrator  
Office of Juvenile Justice and Delinquency Prevention

Marilyn Roberts  
Deputy Administrator  
Office of Juvenile Justice and Delinquency Prevention

Louise Duhamel, Ph.D.  
Acting Assistant Director, Audit Liaison Group  
Internal Review and Evaluation Office  
Justice Management Division

OJP Executive Secretariat  
Control Number 20120732



## APPENDIX IV

### OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT

The Department of Justice (DOJ) Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP) and Experience in Action (Experience Corps). The responses are incorporated respectively as Appendices II and III of this final report. We incorporated into the report, the minor changes the grantee requested in their response. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

1. **Resolved.** OJP concurred with our recommendation and stated it will coordinate with Experience Corps to obtain a copy of procedures implemented to ensure that: (1) implement procedures to verify the accuracy of the data reported by its subgrantees; (2) require subgrantees to maintain supporting documentation for all Federal grant related activities for at least three years from the date of Experience Corps' submission of its final expenditure report; and (3) implement consistent reporting tools to ensure that the necessary information is captured among subgrantees to validate required program accomplishments.

Experience Corps concurred with our recommendation to develop procedures to verify the accuracy of the data reported by its subgrantees. Experience Corps included in its response, revised procedures from its policy manual designed to test and verify the accuracy of data reported by its subgrantees. We have reviewed these revised procedures, when implemented, should help verify the accuracy of data reported by its subgrantees. This recommendation can be closed when we receive evidence that the revised procedures have been implemented by Experience Corps' personnel.

Experience Corps concurred with our recommendation requiring subgrantees to maintain supporting documentation for all Federal grant related activities for at least three years from the date of Experience Corps' submission of its final expenditure report. Experience Corps included in its response evidence that subgrantees had received compliance training regarding record retention at Experience Corps' recent meeting of all its subgrantees in March of 2012. Moreover, Experience Corps included with its response a copy

of an email sent to all subgrantees on June 4, 2012 outlining the record retention requirements of the Code of Federal Regulations. Experience Corps further states that each of its subgrantees has agreed to comply with federal regulations, including document retention requirements, as defined in the signed Experience Corps subgrantee agreement each subgrantee signs before receiving OJP funds. The documentation provided by Experience Corps clearly outlines the requirements placed on its subgrantees for record retention in accordance with federal regulations. Therefore, this portion of our recommendation is closed.

Experience Corps concurred with our recommendation to implement consistent reporting tools to ensure that the necessary information is captured among subgrantees to validate required program accomplishments. Experience Corps included in its response a plan for creating a policy to standardize information reported by subgrantees, a plan for disseminating the policy to the subgrantees at its national meeting of subgrantees in July of 2012, and a strategy for adding instructions to the subgrantee reporting form. We have examined the documents provided, and we have reviewed Experience Corps plan, which when implemented should provide consistent reporting tools to capture required program accomplishments of the subgrantees. This recommendation can be closed when we have evidence that Experience Corps' plan has been implemented.

2. **Closed.** OJP and Experience Corps concurred with our recommendation. Experience Corps provided a copy of the adjusting journal entry removing \$1,172 from the award expenses, and provided evidence that its May 25, 2012 drawdown request had been reduced by \$1,172. This recommendation is therefore closed.
3. **Closed.** OJP concurred with our recommendation. While Experience Corps feels these charges for mentor stipends of \$5,060 were appropriately charged to the grant, it concurs that the source documentation does not support the transactions. As a result, Experience Corps provided a copy of the adjusting journal entry removing \$5,060 from the award expenses. Additionally, Experience Corp provided evidence that the May 25, 2012 drawdown request had been reduced by \$5,060. This recommendation is therefore closed.
4. **Closed.** OJP and Experience Corps concurred with our recommendation. Experience Corps provided a copy of the adjusting journal entry removing \$2,318 from the award expenses, and provided

evidence that its May 25, 2012 drawdown request had been reduced by the \$2,318. This recommendation is therefore closed.

5. **Resolved.** OJP concurred with our recommendation and agreed to coordinate with Experience Corps to obtain a copy of procedures implemented to ensure that the analysis, negotiation, and justification for each awarded contract is clearly and adequately documented.

Experience Corps also concurred with our recommendation and agrees that it should more clearly and adequately document the cost analysis and negotiation of awarded contracts. In its response, Experience Corps has committed to train its assigned staff in the process of procuring goods and services, including preparing documentation related to comparing value and economy, by July 31, 2012. Additionally, Experience Corps will develop templates to be used by staff to ensure a consistent practice of documentation. Experience Corps' plan for training its staff on the importance of adequately documenting the analysis, negotiation, and justification for each awarded contract is sound. This recommendation can be closed when we have evidence of the training curriculum, the list of attendees, and the templates used as tools for adequately documenting the analysis, negotiation, and justification of contract selection.