



**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
BUREAU OF JUSTICE ASSISTANCE GRANTS AWARDED  
TO THE FATHER'S DAY RALLY COMMITTEE  
PHILADELPHIA, PENNSYLVANIA**

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

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**EXECUTIVE SUMMARY**

The Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of three grants awarded by the Office of Justice Program's (OJP) Bureau of Justice Assistance to the Father's Day Rally Committee (FDRC) for a violence reduction initiative in Philadelphia that encouraged and supported building strong, stable family relationships. These grants included: (1) award 2008-DD-BX-0575, (2) award 2009-D1-BX-0098, and (3) award 2010-DD-BX-0472, with a total award amount of \$1,554,914.

The objective of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grant. We also assessed FDRC's program performance in meeting grant objectives and overall accomplishments. We additionally followed-up on issues identified in a prior review of FDRC's internal controls.

We determined that FDRC did not fully comply with the essential grant requirements in the areas we tested, including: (1) internal controls, (2) grant expenditures, (3) monitoring of subgrantees, (4) financial and programmatic reporting, and (5) program performance and accomplishments. As a result of our findings, we question \$146,436 and make nine recommendations.<sup>1</sup>

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

We discussed the results of our audit with the President from FDRC and have included his comments in the report, as applicable. In addition, we provided a copy of our draft report to FDRC and OJP for comment. These responses are appended to this report as Appendix III and IV, respectively.

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<sup>1</sup> During this audit, we identified certain issues requiring further investigation. We made a referral to the OIG's Investigations Division, and put our audit on hold pending resolution of the referral. Subsequently, we were able to complete our audit and issue this report.

Our analysis of both responses, as well as a summary of actions necessary to close the recommendations can be found in Appendix V of this report.

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## INTRODUCTION

The Department of Justice Office of the Inspector General, Audit Division, has completed an audit of three grants awarded by the Office of Justice Program's (OJP) Bureau of Justice Assistance to the Father's Day Rally Committee (FDRC). These grants included: (1) award 2008-DD-BX-0575, (2) award 2009-D1-BX-0098, and (3) award 2010-DD-BX-0472. Collectively, these awards totaled \$1,554,914 in OJP funding.

### Awards to the Father's Day Rally Committee

Award	Award Start Date	Award End Date	Award Amount
2008-DD-BX-0575	07/01/2008	12/31/2010	\$804,914
2009-D1-BX-0098	09/01/2009	06/30/2011	\$500,000
2010-DD-BX-0472	10/01/2010	09/30/2012	\$250,000
<b>TOTAL</b>			<b>\$1,554,914</b>

Source: Office of Justice Programs.

Grant 2008-DD-BX-0575 was awarded through the FY 2008 Congressional budget, providing a total award of \$804,914 for the purpose of establishing a violence reduction initiative in Philadelphia, Pennsylvania. For this award, FDRC partnered with local nonprofit organizations to produce a comprehensive violence/crime reduction community model program.

Grant 2009-D1-BX-0098 provided a total award of \$500,000 through FY 2009 Congressionally-mandated funding and was to be used to promote building strong, stable family relationships and facilitate the strategies of conflict resolution for African-American males in the city of Philadelphia.

Grant 2010-DD-BX-0472 was authorized and funded through a line item in the FY 2010 Congressional budget and by the joint explanatory statement that is incorporated by reference into the FY 2010 DOJ Appropriations Act. The total award amount was \$250,000 and was awarded to continue the initiatives of the awards already described to reduce crime and violence and promote strong family relationships especially among the African-American male population in Philadelphia.

### Office of Justice Programs

OJP, within the U.S. Department of Justice, provides the primary management and oversight of the grants we audited. Through the programs developed and funded by its bureaus and offices, OJP works to form partnerships among federal, state, and local government officials in an effort

to improve criminal justice systems, increase knowledge about crime, assist crime victims, and improve the administration of justice in America.

## **Bureau of Justice Assistance**

The Bureau of Justice Assistance (BJA) is a component of OJP that works to support law enforcement, courts, corrections, treatment, victims' services, technology, and prevention initiatives that strengthen the nation's criminal justice system. BJA also works to provide leadership, services, and funding to America's communities to provide training and technical assistance to prevent crime, drug abuse, and violence at the national, state, and local levels.

## **Father's Day Rally Committee**

FDRC was established in 1989 by a group of concerned African-American men in Philadelphia, Pennsylvania, who were committed to reducing violence in minority communities. In 1996, FDRC was authorized to operate as a nonprofit organization under section 501(c)(3) of the Internal Revenue Code to continue to promote positive action and interaction among the African-American male population.

Over the past 22 years, FDRC has launched several programs and peace campaigns to stop senseless violence in Philadelphia. Most notably, FDRC sponsors the Annual Father's Day Picnic to bring families together to celebrate the African-American community.

## **Audit Approach**

We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in our report, the criteria we audit against are contained in the *Office of Justice Programs Financial Guide* (OJP Financial Guide) and the award documents. The OJP Financial Guide serves as a reference manual assisting award recipients in their fiduciary responsibility to safeguard and ensure that grant funds are used appropriately and within the terms and conditions of the awards. We tested FDRC's:

- **Internal Control Environment** to determine whether the financial accounting system and related internal controls were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grants.
- **Drawdowns (requests for grant funding)** to determine whether requests for reimbursement, or advances, were adequately

supported and if the FDRC managed grant receipts in accordance with federal requirements.

- **Grant Expenditures** to determine whether costs charged to the grants were allowable, supported, and reasonable.
- **Budget Management and Control** to determine whether FDRC adhered to the OJP-approved budget for expenditures of grant funds.
- **Reporting** to determine whether the required Federal Financial Reports and progress reports were filed on time and accurately reflected grant activity.
- **Monitoring of Contractors** to determine whether FDRC had taken appropriate steps to ensure that contractors complied with grant requirements.
- **Monitoring of Subgrantees** to determine whether FDRC had taken appropriate steps to ensure that subgrantees complied with grant requirements.
- **Program Performance and Accomplishments** to determine whether FDRC achieved the grant objectives and to assess performance and grant accomplishments.

When applicable, we also test for compliance in the areas of program income, matching funds, accountable property, and indirect costs. For these grants, we determined FDRC had no program income, was not required to provide matching funds, did not use grant funds to obtain accountable property, and did not charge indirect costs.

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

# **FINDINGS AND RECOMMENDATIONS**

## **COMPLIANCE WITH ESSENTIAL GRANT REQUIREMENTS**

We determined that FDRC did not fully comply with the essential grant requirements in the areas we tested. These areas included: (1) internal controls, (2) grant expenditures, (3) monitoring of subgrantees, (4) financial and programmatic reporting, and (5) program performance and accomplishments. As a result of these deficiencies, we questioned a total of \$146,436. We also identified internal control deficiencies that contributed to these audit findings. These conditions, including the underlying causes and potential effects, are further discussed in the body of this report.

### **Internal Control Environment**

According to the OJP Financial Guide, grant award recipients are responsible for establishing and maintaining an adequate system of accounting and internal controls. The absence of an adequate and effective internal control environment leaves grant funds at significant risk and weakens the ability of the grant recipient to ensure that federal funds are being adequately safeguarded and spent in accordance with the grant objectives.

As part of our audit, we evaluated FDRC's policies and procedures for audit objectives related to grant administration functions that we discuss in the remaining sections of this report. We also considered other FDRC policies and procedures that make up FDRC's internal control environment. Specifically, we reviewed FDRC's recent audits and tax returns, and evaluated the attention and direction provided by FDRC's Board of Directors.

#### *Prior Audits*

We reviewed FDRC's financial statement audits for years 2008 and 2009. The accompanying audit reports did not identify significant problems with internal controls or other issues that we believe could have a negative impact on grant administration.

We also inspected FDRC's most recent not-for-profit tax return filing with the Internal Revenue Service (IRS) using Form 990. We determined this tax filing was submitted late. The FDRC President explained that the former FDRC auditor experienced difficulty submitting the tax return electronically. Because the tax filing was submitted late, FDRC was assessed

by IRS with a \$10,000 late filing fee. However, this fee was subsequently waived by the IRS after the tax filing was submitted.

In addition to reviewing FDRC's recent financial statements audits and tax return filings, we reviewed what actions FDRC has taken in response to an OIG review completed in 2007.<sup>2</sup> Although this review did not contain formal audit findings and recommendations, the review did raise concerns regarding FDRC's grant administration and management as discussed below.

### OIG Internal Control Survey (2007)

#### *Board of Directors Oversight*

In 2007, the OIG completed a review to assess FDRC's internal controls over grant funds and identify internal control limitations that represent impediments to effective grant management and accurate financial and progress reporting. This review identified three areas of concern: (1) Board oversight, (2) background checks for employees working with children, and (3) the use of the Urban Affairs Coalition as a contractor to perform accounting work for the organization.

For this current audit, we revisited the issue of Board oversight and evaluated the attention and direction the Board provides FDRC. The FDRC President said that the Board is more active than in the past and the Board was involved with all FDRC activities. He also described the FDRC Board as a governing board that gives assignments to him as President.

We reviewed minutes of Board meetings and interviewed the FDRC President and the FDRC Treasurer who is also a member of the Board. Although the President and Treasurer told us that the Board meets monthly and votes on significant matters related to FDRC, the documentation FDRC provided us in the form of Board meeting minutes did not support the statements made by the President. Specifically, although FDRC officials told us the Board met monthly throughout the 33 month period covered by the grants, they could only provide minutes for 7 meetings. According to the FDRC President, the former Program Assistant failed to record some of the Board meetings, and therefore did not transcribe the minutes.

In addition, the minutes we reviewed from the seven meetings showed no evidence of voting, discussion of the President's compensation, grant

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<sup>2</sup> U.S. Department of Justice Office of the Inspector General, *Survey of Internal Control Procedures Father's Day Rally Committee, Inc.*, Report SR-70-07-002 (May 2007).

compliance, grant budgets, or oversight over the President, subgrantees, or contractors.

Due to the incomplete nature of the documentation related to Board activities, we determined that FDRC was unable to demonstrate that its Board provided attention and direction to FDRC. We also determined that the Board did not exercise sufficient oversight over the President. This lack of oversight represents an internal control shortcoming as the President's ability to act without Board approval does not provide effective segregation of duties or accountability over federal funds. The lack of oversight also increases the risk that fraud, waste, and abuse could occur, or that grant funds could be expended for unauthorized and unallowable purposes.

As a result of this finding, we recommend that FDRC improve the documentation that demonstrates attention and direction of the FDRC Board.

#### *Background Checks for Staff Working with Children*

The second concern identified by the prior OIG review related to the lack of background checks for a contractor working with children. The FDRC President explained that FDRC still has one contractor that was working with children in a capacity related to projects funded by the grants audited. The FDRC President said that he did not require a background check of this contractor staff, but stated the contractor staff had a background check completed because of his affiliation with another organization. At the exit conference, we requested a copy of the background check; however, we were never provided with this document.

#### *Use of the Urban Affairs Coalition as Fiscal Agent*

The third issue identified in the prior report related to the potentially high fees charged by FDRC's accounting contractor, the Urban Affairs Coalition. The FDRC President informed us that following the OIG Internal Control Survey, he reviewed with the FDRC Board the merits of using the consultant rather than handling fiscal administration in-house and decided to continue using the contractor. However, we were unable to verify these actions based on the Board minutes provided.

Also, according to the FDRC President, FDRC did not complete a thorough cost-benefit analysis that identified and compared the costs of using the contractor with the costs associated with performing duties in-house with existing FDRC staff, as discussed in the Expenditures section of this report.

## Drawdowns

The OJP Financial Guide establishes the methods by which the Department of Justice makes payments to grantees. The methods and procedures for payment are designed to minimize the time elapsed between the transfer of funds by the government and the disbursement of funds by the grantee. Grantees may request drawdowns of grant funding on a reimbursable basis or in advance of making actual outlays. However, if grant funding is requested as an advance, the grantee must ensure that cash on hand is kept to a minimum and disbursed immediately or within 10 days.

To determine whether grant funds were requested in advance or on a reimbursement basis, we compared the timing of the requests for funding with the payments FDRC made to the Urban Affairs Coalition. We also interviewed an official from Urban Affairs Coalition who assisted the FDRC President in completing grant fund requests. We completed this analysis for all grant funds requested for awards 2008-DD-BX-0575 and 2009-D1-BX-0098. Due to a hold OJP placed on grant fund withdrawals for award 2010-DD-BX-0472, FDRC was unable to complete any drawdowns at the time our fieldwork began. OJP placed a hold on grant funds until FDRC's required Single Audit report for FY 2009 had been submitted to the Federal Audit Clearinghouse.<sup>3</sup>

Based on our analysis, we determined that since January 2010, requests for grant funding were made on a reimbursement basis. However, prior to that date, we were unable to determine the timing of each grant fund request. An official from the Urban Affairs Coalition (UAC) told us that in July 2009, the UAC had replaced its accounting system and that some difficulties occurred during that transitional period which may have affected the timing of grant fund requests for FDRC. In addition, the official explained that for award 2008-DD-BX-0575, requests for grant funding were not completed on a monthly basis and did not correspond with the monthly invoices submitted to FDRC. The official said that the timing of grant fund requests may also have been affected by his absence or the absence of the FDRC President while taking vacation or personal leave.

Because FDRC was unable to reconcile the amount and timing of drawdowns occurring prior to January 2010 with actual cash needs, it is possible FDRC held excess cash during this period. However, the UAC official we spoke with and the FDRC President have addressed this issue and

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<sup>3</sup> On June 7, 2011, OJP removed the hold on grants and FDRC was permitted to expend, obligate, and draw down funds on award 2010-DD-BX-0472.

since January 2010 have made requests for grant funds that are completed as a monthly reimbursement basis, and that corresponds with the monthly invoices submitted to FDRC.

## **Grant Expenditures**

According to the OJP Financial Guide, grantees are required to maintain accounting records, including cost accounting records that are supported by source documentation.

As discussed earlier, FDRC contracted with the Urban Affairs Coalition to provide accounting and other administrative services. According to its website, the mission of the Urban Affairs Coalition is to strengthen nonprofit organizations through fiscal sponsorship to free them to focus on their missions.

In addition to accounting services, the Urban Affairs Coalition provided FDRC with procurement and payroll services. All of FDRC's grant-related expenditures were initially paid by the Urban Affairs Coalition; then, on a monthly basis, it requested reimbursement from FDRC. In exchange for its services, the Urban Affairs Coalition charged FDRC a flat fee amounting to 8 percent of each grant award received by FDRC.

We reviewed the initial budget requests submitted by FDRC to OJP and determined that for all three grants, FDRC consistently requested the 8 percent fee under the budget category of indirect cost. However, OJP denied the fee as an indirect cost, but did approve the fees in other budget categories as detailed in the following table.

The following table presents the amount paid to the Urban Affairs Coalition and the reclassified budget category.

**Urban Affairs Coalition Charges Per FDRC Award**

<b>Award</b>	<b>Total Award Amount</b>	<b>OJP Approved Reclassification</b>	<b>Urban Affairs Coalition Fee</b>
2008-DD-BX-0575	\$804,914	Contractual	\$ 47,477
2009-D1-BX-0098	\$500,000	Personnel & Fringe	40,822*
2010-DD-BX-0472	\$250,000	Contractual	14,793*
<b>TOTAL</b>			<b>\$103,092</b>

Source: OIG analysis of FDRC documents.

\* The amount presented was current as of February 28, 2011.

As part of our transaction testing, we selected a sample of expenditures related to payments made to the Urban Affairs Coalition. We learned from Urban Affairs Coalition staff that rather than charge FDRC the flat fee of 8 percent, FDRC was charged for a portion of the salary and fringe benefits of the Urban Affairs Coalition employees that worked on the FDRC grants.

An official from the Urban Affairs Coalition told us that all staff charges were recorded as journal entries for salary or fringe benefit abatements in the Urban Affairs Coalition accounting system. Additionally, we were told that the amount of each related charge was based on an estimate of how much time each staff member spent on the grant rather than time and effort reports that tracked actual grant-related work performed by these staff members.

According to the Office of Management and Budget (OMB) Circular A-122, charges to awards for salaries and wages, whether treated as direct costs or indirect costs, should be based on documented time and effort reports approved by a responsible official of the organization. The reports must also reflect an after-the-fact determination of the actual activity of each employee, and budget estimates do not qualify as support for charges to awards.

Because FDRC's grant expenditures for Urban Affairs Coalition charges were predetermined, and actual time worked on grant-related activities was not documented, we determined that the entire amount charged for the Urban Affairs Coalition services of \$103,092 was unsupported.

*Salary and Fringe Benefits*

According to the OJP Financial Guide, all financial records, supporting documents, statistical records, and all other records pertinent to the award shall be retained by each organization. This requirement also includes the retention of personnel and payroll records, such as the time and attendance reports for all individuals reimbursed under the award, whether they are employed full-time or part-time.

We reviewed the accounting records for each grant and identified the total salary and fringe benefits charged for FDRC employees to the grants. The following table summarizes this information.

**Salary and Fringe Benefits Per FDRC Award<sup>4</sup>**

<b>Award</b>	<b>Salary Total</b>	<b>Fringe Total</b>	<b>TOTAL</b>
2008-DD-BX-0575	\$ 144,709	\$ 76,847	\$ 221,556
2009-D1-BX-0098	179,770	50,460	230,230
2010-DD-BX-0472	52,014	16,372	68,386
<b>TOTAL</b>	<b>\$376,493</b>	<b>\$143,679</b>	<b>\$520,172</b>

Source: OIG analysis of FDRC personnel and payroll records.

We tested a sample of FDRC employee salary and fringe benefit charges made to each grant by selecting and reviewing documentation for three non-consecutive pay periods. For the salary charges, we compared the amounts charged to the grants to supporting payroll documentation and grant budgets, and determined each of the charges were approved by OJP and supported. We also recalculated the fringe benefits related to the salaries charged to the grant, and determined those calculations were accurate.

As part of our testing of FDRC personnel charges, we discussed the policies and procedures related to tracking and approving the use of vacation and sick leave by FDRC staff. Although we determined that the payroll system tracks the amount of vacation and sick leave FDRC employees earn and use, the system did not have procedures to identify and prevent FDRC employees from being paid for vacation or sick leave they have not earned.

The FDRC President explained that he does approve vacation and sick leave for his employees within the FDRC payroll system and requires

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<sup>4</sup> This table excludes the Urban Affairs Coalition flat fee.

employees to submit a written leave form for vacation time. However, he also told us that FDRC does not maintain a formal system of records and procedures that would prevent FDRC employees from being paid for vacation or sick leave they have not earned.

We recommend that FDRC institute policies and procedures that ensure that grant funds are not used to pay FDRC employees for vacation or sick leave they have not earned.

### *Other Expenditures*

We tested supplies and other costs related to the grant, such as travel, utilities, printing, and advertising expenditures. We determined these costs were allowable and supported. We also tested payments to contractors that provided services such as Information Technology, Financial Accounting, and Employment Services. We determined FDRC spent \$185,505 in grant funding with six different contractors, including \$139,843 to an employment services provider. We determined the payments were allowable consistent with the related budgets and adequately supported with invoices. Finally, we tested payments to subgrantees that are described below.

### **Monitoring of Subgrantees**

According to the approved grant budget for award 2008-DD-BX-0575, the FDRC classified two organizations performing work, Philadelphia Safety Net and The Northwest Fund, as contractors. In reviewing the nature of these organizations' grant-related activities, we considered both agencies to be subgrantees rather than contractors in accordance with the definition provided in the OJP Financial Guide. We also determined that both Philadelphia Safety Net and The Northwest Fund met the definition of a subgrantee as established by OMB Circular Number A-133 which states a recipient of grant funding is a subgrantee when its performance is measured against whether the objectives of the Federal program are met; has responsibility for programmatic decision making; and uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity. The following table presents the budgeted and actual expenditures for each subgrantee.

**Award 2008-DD-BX-0575, FDRC Subgrantees**

<b>Subgrantee</b>	<b>Purpose of Award</b>	<b>Award Amount</b>	<b>Actual Expenditures</b>
Philadelphia Safety Net	Gun Buy Back Program	\$200,000	\$186,894
The Northwest Fund	Organizing, Peer Group Training & Workshops	85,000	84,121
<b>TOTAL</b>		<b>\$285,000</b>	<b>\$271,015</b>

Source: OIG analysis of OJP and FDRC data.

The OJP Financial Guide states that as the direct grant recipient, FDRC was required to ensure that the subgrantees had a system of internal controls in place to safeguard and account for grant funds. FDRC was also required to provide adequate monitoring to ensure that subgrantees used grant funds for their intended grant-authorized purpose.

*The Philadelphia Safety Net*

Because we audited two other OJP grants awarded directly to Philadelphia Safety Net at the same time we audited the FDRC grant used to make this sub-award, we were able to conduct a detailed review of the expenditures Philadelphia Safety Net made using its subgrant. According to the approved OJP grant budget and an agreement between FDRC and the Philadelphia Safety Net, the funding provided by FDRC to Philadelphia Safety Net was initially intended to be spent sponsoring four gun buy-back events with the goal of collecting over 1,000 guns. The entire Philadelphia Safety Net budget of \$200,000 was earmarked for the purchase of 100 gift cards valued at \$200 each to distribute to participants who turned in guns.

However, within 3 months of this agreement, Philadelphia Safety Net requested that FDRC amend its budget so that \$52,200 could be used for operational costs, including \$45,000 for the Philadelphia Safety Net Executive Director's salary. The FDRC Executive Director told us he approved this change to the PSN subgrant budget, but before doing so, he requested approval from OJP. The FDRC Executive Director said OJP did not respond to his request and we found no evidence of this request during our review of grant-related documents.

We determined that between January and September 2009, FDRC provided Philadelphia Safety Net with 16 payments totaling \$186,894.<sup>5</sup> Each

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<sup>5</sup> We determined the remaining \$13,106 (\$200,000 - \$186,894) was never provided to Philadelphia Safety Net and was reprogrammed for other FDRC uses.

of these payments was supported by an invoice that included a general description of related expenditures claimed by Philadelphia Safety Net. We determined FDRC relied on these invoices only to make payments to Philadelphia Safety Net and did not request or review Philadelphia Safety Net's accounting system records in support of these invoices.

The FDRC Executive Director told us that he performed no pre-award review of the subgrantees' financial capabilities, policies and procedures, key internal controls, fiscal history, including prior audit information. During the life of the grant, FDRC did not conduct any on-site visits or desk reviews of either subgrantee. We determined FDRC's only policies and procedures for monitoring Philadelphia Safety Net was collecting invoices and performance reports.

As noted earlier, we had access to the Philadelphia Safety Net accounting records in connection with another audit and we summarized then compared the information in the invoices with expenditure data from Philadelphia Safety Net's accounting system records. The following table presents this comparison.

**Subgrant Expenditures by Philadelphia Safety Net**

<b>Cost Category</b>	<b>Expenditures Per PSN Invoices</b>	<b>Expenditures Per PSN Accounting System</b>	<b>Difference<sup>6</sup></b>
Gift Cards	\$117,000	\$117,300	\$ (300)
Personnel Costs	28,471	37,113	\$ (8,642)
Other Operating Costs	41,423	29,041	\$ 12,382
<b>Total</b>	<b>\$186,894</b>	<b>\$183,454</b>	<b>\$ 3,441</b>
Excess Cash			<b>\$ 3,441</b>

Source: Philadelphia Safety Net invoices and accounting records.

As shown in the table, the invoices that Philadelphia Safety Net provided FDRC came very close to accurately reporting the amount of subgrant funding spent on gift cards for gun buy-back events. However, these invoices did not reasonably reflect how Philadelphia Safety Net used subgrant funding for personnel and other types of operating costs. In addition, these misstated invoices resulted in FDRC unknowingly providing excess cash totaling \$3,441 to Philadelphia Safety Net. Because Philadelphia

<sup>6</sup> Due to rounding, values do not sum.

Safety Net did not use this excess funding for grant authorized purposes, it represents unsupported use of funding.

We verified that Philadelphia Safety Net used \$117,300 in funding from this subgrant to purchase gift cards for use at gun buy-back events. However, we also identified concerns with Philadelphia Safety Net's handling of these cards. Issues concerning all gift cards used in the Philadelphia Safety Net program are covered in detail in our audit of Philadelphia Safety Net.<sup>7</sup>

We also verified that Philadelphia Safety Net combined funding from the FDRC subgrant with funding from another OJP grant and a Pennsylvania state grant to pay the Executive Director's salary of \$86,876 in 2009. In our audit of the other OJP grant, we determined that salary expenses paid with that grant were both unallowable and unsupported. As the funding from the OJP grant awarded directly to Philadelphia Safety Net and the OJP subgrant from FDRC were used for the same purpose, we determined that salary expenses paid for with the OJP subgrant from FDRC were also unallowable and unsupported. We therefore identified the personnel costs of \$37,113 which FDRC funded as unallowable and unsupported as well.

Related to the expenditures classified as "Other Operating Costs" in the table above, we determined that subgrant funding was actually used for personal expenditures made by Philadelphia Safety Net's Executive Director. These expenditures totaled \$2,218 and included a parking ticket on a personal car (\$393); a hotel stay (\$286), gasoline purchases (\$248), parking and food expenses (\$142), and ATM withdrawals – all of which were made for his personal activities unrelated to PSN business. In addition, grant funding was used to pay bank overdraft fees that resulted from these transactions totaling \$572. The FDRC Executive Director told us he was not aware of Philadelphia Safety Net's misuse of the subgrant funding on personal expenditures until we informed him. In total, we determined \$2,790 in expenses related to the Philadelphia Safety Net Executive Director's personal use of grant funding and bank overdraft fees is unallowable.

We also evaluated Philadelphia Safety Net's program performance. The following table compares the number of planned events and estimated guns to be collected with the actual number of events and guns collected.

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<sup>7</sup> U.S. Department of Justice Office of the Inspector General, *Audit of the Office of Justice Programs Edward Byrne Memorial Justice Assistance Grants Awarded to Philadelphia Safety Net, Philadelphia, Pennsylvania*, Audit Report GR-70-14-001 issued January 2014.

### Subgrant Expenditures by Philadelphia Safety Net

Performance Objective	Planned	Actual
Gun Buy-Back Events	4	5
Guns Collected	1,000 @ \$200/gun	1,173 @ \$100/gun

Source: Philadelphia Safety Net invoices and accounting records

As described previously, the goal of collecting 1,000 guns was based on using gift cards costing \$200 each. Because Philadelphia Safety Net purchased gift cards for \$100 each, it was able to exceed the goal of collecting 1,000 guns while using \$117,300 instead of \$200,000. By using less expensive \$100 gift cards, Philadelphia Safety Net did not spend as much on the gift cards as estimated and used the remaining funding (\$66,154, or 36 percent, of the \$183,454) for administrative purposes. However as already discussed, the goal that was submitted and approved by OJP in making the award was to buy back 1,000 guns without using grant funding for administrative purposes.

In conclusion, FDRC did not adequately monitor its subgrantees throughout the life of the grant and, coupled with the lack of formalized policies and procedures for monitoring of the subgrantees, put grant funds at risk. We question the amount of unallowable and unsupported expenditures made by the Philadelphia Safety Net totaling \$43,344.

#### *The Northwest Fund*

The grant objectives to be addressed by The Northwest Fund included providing crime reduction and crime prevention services for FDRC. More specifically, according to The Northwest Fund's agreement with FDRC, in an effort to reduce and prevent crime, The Northwest Fund and its partner agencies provide community organizing and non-violent communications trainings and workshops for residents in northwest Philadelphia.

To monitor the financial and programmatic aspects of The Northwest Fund's grant related activities, FDRC collected eight invoices and one progress report over the period of 1 year. We evaluated the sufficiency and accuracy and these documents by comparing the information with source documents and information we collected through interviews with officials from The Northwest Fund.

We found the invoices were generally accurate in reflecting the source documents provided by The Northwest Fund. However, the progress reports

were not sufficiently detailed and submitted infrequently. Specifically, the progress reports did not provide, in a timely manner, an accurate and complete indication of The Northwest Fund's progress on implementing the grant program's efforts. For example, the progress reports that we reviewed did not mention the grant objectives or FDRC.

According to the FDRC President, The Northwest Fund had trouble meeting its goals and objectives. Specifically, meetings that The Northwest Fund hosted related to community organizing were not well attended by the public. However, these troubles were not reflected in the progress reports.

We believe that by relying solely on invoices and vague progress reports and not incorporating monitoring techniques such as on site visits, FDRC failed to adequately monitor the activities of The Northwest Fund. We also believe that more effective subgrantee monitoring may have identified the Northwest Fund's problems sooner and avoided wasting grant funding on activities that were not effective at meeting grant objectives.

Moreover, The Northwest Fund ceased its operations in May 2009, 3 months before the end of the FDRC and The Northwest Fund agreement. We believe that if FDRC examined the financial stability of The Northwest Fund before the funding was awarded, FDRC could have used grant funds more effectively.

We recommend that FDRC improve their subgrantee monitoring to include more effective monitoring techniques.

### **Budget Management and Control**

The OJP Financial Guide addresses budget controls surrounding grantee financial management systems. According to the OJP Financial Guide, grantees are permitted to make changes to their approved budgets to meet unanticipated program requirements. However, the movement of funds between approved budget categories in excess of 10 percent of the total award must be approved in advance by OJP.

OJP approved budget modifications for FDRC's 2008-DD-BX-0575 and 2009-D1-BX-0098 awards. We compared budgeted amounts from the approved financial clearance memorandums to actual expenditures. We determined that for all three grants, FDRC incurred and charged actual expenditures within their defined cost budget categories.

**Budget Management for FDRC Awards**

Cost Category	Award Budget 2008-DD-BX- 0575	Award Budget 2009-D1-BX- 0098	Award Budget 2010-DD-BX- 0472
	Amount	Amount	Amount
Personnel	\$245,240	\$246,479	\$156,250
Fringe Benefits	71,732	72,881	51,562
Travel	2,861	3,334	
Equipment	4,710	5,280	
Supplies	3,537	6,970	1,941
Contractual/ Subgrantee	446,125	117,700	18,647
Other	30,709	47,356	21,600
<b>TOTAL</b>	<b>\$804,914</b>	<b>\$500,000</b>	<b>\$250,000</b>

Source: OJP award documents.

**Monitoring of Contractors**

To assess the adequacy of contract monitoring, we reviewed the agreements between FDRC and its contractors and interviewed FDRC's President. The following table presents the contractors paid for each award and the actual expenditures.

**FDRC Contractors**

Contracted Service	Award 2008-DD-BX-0575	Award 2009-D1-BX-0098	TOTAL
Employment Services	\$75,000	\$64,843	\$139,843
Information Technology	1,200	604	1,804
Financial Accounting	3,700	4,550	8,250
Program Evaluation	10,100		10,100
Auditor	6,000	6,000	12,000
Program Prep	1,568	11,940	13,508
<b>TOTAL</b>	<b>\$97,568</b>	<b>\$87,937</b>	<b>\$185,505</b>

Source: OIG analysis of FDRC documents.

We examined the records related to FDRC's single largest contract, Employment Services, and found invoices that lacked sufficient detail and substance.

## **Reporting**

### *Federal Financial Reports (FFRs)*

OJP monitors the financial aspects of grants through Federal Financial Reports (FFRs).<sup>8</sup> FFRs provide OJP grant managers current and cumulative information on expenditures and obligations on a quarterly basis and are one way OJP monitors grants. According to the OJP Financial Guide, FFRs should be submitted within 45 days of the end of the most recently passed quarterly reporting period. The final FFR report is due 120 days after the end date of the award. When grantees submit inaccurate or late FFRs, OJP's ability to evaluate the financial aspects of ongoing grant programs is compromised.

We reviewed 17 FFRs that covered activity that related to all three grants between July 2008 and December 2010. We tested these FFRs for both accuracy and timeliness. We compared the amount of quarterly expenditures reported on the FFRs with expenditure data from the accounting records maintained by the Urban Affairs Coalition.

Although we were able to match total grant expenditures to date from each grant's most recent FFR with total grant expenditures, we were unable to reconcile the same data on a quarterly basis. Because the amounts reconciled in total but not on a quarterly basis, we determined the FFRs were inaccurate due to timing differences.

An official from the Urban Affairs Coalition told us that the timing differences occurred because FDRC obligated grant funds and reported the obligated amount in addition to the actual expenditures on the FFR. We reviewed the FFRs to determine whether FDRC recorded unliquidated obligations and determined that FDRC did not separate or record the expenditures as liquidated or unliquidated obligations. The lack of accurate reporting compromises OJP's ability to manage its grantees.

We also determined that of the 17 FFRs submitted by FDRC, 3 were late. The FDRC President did not recall why the FFRs were late. When a

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<sup>8</sup> These reports are no longer called Financial Status Reports. Effective for the quarter beginning October 1, 2009, grant recipients must report expenditures online using the Federal Financial Report (FFR-425) Form no later than 30 days after the end of each calendar quarter.

grantee submits late or inaccurate FFRs, it hinders OJP's ability to properly monitor the financial activities related to the grants provided.

We recommend that FDRC improve the accurate preparation of the FFR to include unliquidated obligations and ensure the reports are timely filed.

### *Progress Reports*

Progress Reports are submitted to describe the performance of grant activities and the accomplishment of the objectives set forth in the approved award application. According to the OJP Financial Guide, progress reports are to be submitted within 30 days after the end of the quarterly reporting periods.

We reviewed nine reports that covered activity that related to all three grants between July 2008 and December 2010. Although we determined that all of the progress reports were submitted timely, we were unable to determine the accuracy of the progress reports.

We asked the FDRC President to provide documentation to support the information reported in each progress report. The FDRC President said that only recently did the FDRC create reporting forms and files to track program participation. Earlier in the grant period, the FDRC President relied on verbal discussions among FDRC staff to complete progress reports and produce ad hoc source documentation that would serve to support information contained in progress reports submitted to OJP.

We believe it is significant that the grantee did not maintain adequate documentation throughout the life of the grant to effectively keep track of the participants involved in the program for each of the reporting periods. As a result, we do not believe the progress reports accurately reflected grant activities because FDRC was unable to document its grant accomplishments.

The lack of accurate progress reports hinders OJP's ability to monitor grant activity and increases the risk for grant funds to be wasted or used for unallowable purposes.

We recommend that FDRC implement and adhere to written policies and procedures to ensure progress reports are adequately documented and verifiable.

## **Program Performance and Accomplishments**

To assess FDRC's achievements in meeting its stated goals, we interviewed the FDRC President, reviewed its progress reports, and requested any data that FDRC compiled, maintained, and used in order to measure and evaluate performance and accomplishments related to each grant-funded goal.

The FDRC President acknowledged that FDRC did not achieve many of the grant related goals because FDRC underestimated their difficulty. The FDRC President also added that although many goals were not achieved, the programs were successful in other ways.

However, as previously cited in the reporting section of this report, the grantee did not maintain adequate documentation throughout the life of the grant to effectively keep track of the participants involved in the program for each of the reporting periods. The FDRC President told us he recognizes the importance of creating and maintaining reliable data on performance to demonstrate the effectiveness of FDRCs programs.

Without collection of data that measures performance we cannot conclude that DOJ funds were used efficiently and effectively addressed the problems for which the money was given. OJP's ability to monitor the grant's progress was impaired because it was not properly appraised about FDRC's activities, which increased the chance of fraud, waste, and abuse of grant funds.

We recommend that FDRC improve documentation that demonstrates achievement of performance goals and objectives.

## **Conclusion**

We found that FDRC did not fully comply with grant requirements and applicable OMB guidance in several of the areas we tested. These areas included: (1) internal controls, (2) grant expenditures, (3) monitoring of subgrantees, (4) financial and programmatic reporting, and (5) program performance and accomplishments. As a result of these deficiencies, we questioned \$146,436.

## **Recommendations**

We recommend that OJP:

1. Ensure that FDRC improves the documentation that demonstrates attention and direction of the FDRC Board.
2. Remedy the \$103,092 in unsupported costs charged to the grant.
3. Ensure that FDRC institute policies and procedures that ensure that grant funds are not used to pay FDRC employees for vacation or sick leave they have not earned.
4. Ensure that FDRC improve their subgrantee monitoring to include more effective monitoring techniques.
5. Remedy the \$43,344 in unallowable expenditures made by FDRC subgrantee, the Philadelphia Safety Net.
6. Remedy \$37,113 in unsupported expenditures made by FDRC subgrantee, the Philadelphia Safety Net.
7. Ensure that FDRC improve the accurate preparation of the FFR to include unliquidated obligations and ensure timely filing.
8. Ensure that FDRC implement and adhere to written policies and procedures to ensure progress reports are adequately documented and verifiable.
9. Ensure that FDRC improves the documentation that demonstrates achievement of performance goals and objectives.

### OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of our audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grant. We also assessed grantee program performance in meeting grant objectives and overall accomplishments. The objective of our audit was to review activities in the following areas: (1) internal control environment, (2) requests for grant funding, (3) grant expenditures, (4) monitoring of subgrantees, (5) budget management and control, (6) monitoring of contractors, (7) federal financial and progress reports, and (8) program performance and accomplishments. We determined that program income, property management, indirect costs, and matching funds were not applicable to these grants.

We conducted this performance 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 provided a reasonable basis for our findings and conclusions based on our audit objectives.

In conducting our audit, we used sample testing while testing grant expenditures. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed, such as high dollar amounts or expenditure category based on the approved grant budget. This non-statistical sample design does not allow for the projection of the test results to the universes from which the samples were selected.

We audited three Office of Justice Programs grants: (1) award 2008-DD-BX-0575, (2) award 2009-D1-BX-0098, and (3) award 2010-DD-BX-0472. FDRC had a total of \$1,205,814 in funding requests and receipts of grant funding through February 11, 2011.

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

In addition, we reviewed the timeliness and accuracy of Federal Financial Reports and progress reports, evaluated actual program performance and accomplishments to grant goals and objectives, and

considered internal control issues. However, we did not test the reliability of the financial management system as a whole.

SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS <sup>9</sup> :	AMOUNT	PAGE
<b>Unsupported Costs</b>		
Urban Affairs Coalition Expenditures	\$103,092	9
<b>Unsupported Subgrantee Costs</b>		
Personnel Costs	\$ 37,113	14
<b>Unallowable Subgrantee Costs</b>		
Excess Cash	\$ 3,441	13
Personnel Costs	37,113	14
Personal Use Expenditures	2,790	14
<b>Gross Questioned Costs</b>	\$183,549	
<i>Less Duplicative Questioned Costs<sup>10</sup></i>	(\$37,113)	
<b>NET QUESTIONED COSTS:</b>	<b><u>\$146,436</u></b>	
<b>TOTAL DOLLAR-RELATED FINDINGS:</b>	<b><u>\$146,436</u></b>	

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<sup>9</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.

<sup>10</sup> Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount.

**FATHERS DAY RALLY COMMITTEE  
RESPONSE TO THE DRAFT AUDIT REPORT**

**Father's Day Rally Committee  
The Hatfield House  
3201 West Girard Avenue  
Philadelphia, PA 19130**

November 26, 2013

Mr. Thomas O. Puerzer  
Regional Audit Manager  
Philadelphia Regional Audit Office  
Office of the Inspector General  
U.S. Department of Justice  
701 Market Street, Suite 201  
Philadelphia, Pa. 19106

Dear Mr. Puerzer:

The Father's Day Rally Committee, Inc. (FDRC) is writing to respond to the Office of the Inspector General draft audit report, dated November 8, 2013 for grant numbers 2008-DD-BX-0575, 2009-DI-BX-0098 and 2010-DD-BX-0472., award by the Bureau of Justice Assistance to FDRC.

First, FDRC is grateful to have had the opportunity to provide service to the troubled male population of Philadelphia by receiving funding from the Office of the U.S. Department of Justice. Second, FDRC has reviewed your draft audit and are submitting this packet in response. Enclosed, please find:

- Itemized responses to the draft audit recommendations
- Letter from FDRC to Philadelphia Safety Net requiring responses and remedies
- Letter from FDRC to Urban Affairs Coalition requiring responses
- Background check documentation for FDRC staff working with children
- Budget change request letter to DOJ Grants Manager.

In addition to our responses to the recommendations in the draft audit, there were several other issues we want to address.

**Background Checks for Staff Working with Children**

Attached is the copy of the Criminal Record Check and Pennsylvania Child Abuse Clearance of our employee working with youth. In the future, FDRC will require all staff to have background checks. ( See Attachment C)

### **Selection of Sub-Grantees**

The report stated that the FDRC President informed the auditors that the selection of Philadelphia Safety Net and The Northwest Fund, including their related grant objectives, was made in consultation with the member of Congress that sponsored the grant. FDRC wants to make it clear that it did not consult with the member of Congress before selecting the sub-grantees. The sub-grantees were selected because they provide the type of services needed to accomplish the goals of the grant.

The Philadelphia Safety Net is the only organization in Philadelphia doing gun buy backs and the Northwest Fund provides town watch and block club training. Both organizations were included in the grant application.

### **Budget Management and Control**

FDRC acknowledges that an error was made by FDRC not following the process to submit a budget change request on GMS. Instead, FDRC was in communication with the OJP Grant Manger and submitted the budget change request directly to the Grant Manager. (See attachment D.)

In closing, FDRC feels that the DOJ draft audit report identifies some of the concerns that we also have of our organization and will ultimately make us a better organization. We also believe we have come a long way in improving our operation from the first audit in 2007. We have and will continue to improve the organization's internal controls, monitoring and reporting requirements. We look forward to resolving the recommendations in this report and hopefully can work together with the Department of Justice in the future to address the issue of reducing violence in Philadelphia.

Sincerely,



Bilal A. Qayyum  
President

Cc: FDRC Board Members

Response by Father's Day Rally Committee, Inc.  
Draft Audit of the Office of Justice Assistance Grants awarded to Father's Day  
Rally Committee, Inc.  
November 26, 2013

#### DOJ Recommendations

1. Ensure that FDRC improves the documentation that demonstrates attention and direction Of the Board. FDRC concurrence:

FDRC is in the process of recruiting new board members and officers and has developed a regular monthly Board meeting schedule. The President of FDRC will meet weekly with the board Chairman to ensure there is board over-site of daily operations of the organization. The Secretary will be responsible for recording and transmitting board meeting minutes which will be made available to all Board members prior to the next meeting. The Board minutes will clearly reflect all board actions and approvals at each meeting.

2. Remedy of \$103,092 in unsupported costs charged to the grant. FDRC non-concurrence:

FDRC chose to utilize the fiscal oversight services of the Urban Affairs Coalition (UAC) because it would have been much more expensive to bring these services in-house and UAC has a long history of providing these services to many non-profits in Philadelphia.

FDRC President met with Urban Affairs Coalition Chief Financial Officers who ensured FDRC that UAC will forward to FDRC all information necessary to address the unsupported costs of \$103,092 question in the audit. See attachment B

3. Ensure that FDRC institute policies and procedures that ensure that grant funds are not used to pay FDRC employees for vacations or sick leave they have not earned. FDRC concurrence:

FDRC is establishing a Board sub-committee to address recommended policy changes which will include the following:

- \* Revise FDRC policy for employees regarding vacation and sick leave.
- \* Create systems to more accurately track vacation and sick leave time.
- \* Not allow use of time prior to having been earned.

4. Ensure that FDRC improve their sub grantee monitoring to include more effective monitoring techniques. FDRC concurrence:

FDRC is developing an operation and procedures manual that will clearly outline procedures to more effectively monitor grants and sub-grantees.

The procedures will include:

- \* Pre-award review of financial capabilities, policies, procedures, key internal controls, fiscal history and prior audit information.
- \* Collection of sub- grantees invoices forms and performance reports.
- \* On-site visits by FDRC staff
- \* A written monitoring tool to be used with sub-grantees

5. Remedy the \$43,344 in unallowable expenditures made by FDRC sub grantee, the Philadelphia Safety Net. FDRC concurrence:

FDRC has sent the Philadelphia Safety Net a letter requesting all of their records relating to our grant for the \$43,344. In our letter we are requesting PSN to reimburse FDRC the unallowable costs (excess cash of \$3,441 and the \$2,790 for personal use expenditures). See attachment A

6. Remedy \$37,113 in unsupported expenditures made by FDRC sub grantee, the Philadelphia Safety Net. FDRC concurrence:

\$37,113 for personnel costs was used to cover the cost of covering salary for Executive Director Of Philadelphia Safety Net. FDRC has requested, in writing, the pay roll register of PSN to verify that the questionable costs were used for personnel costs. See attachment A

7. Ensure that FDRC improve the accurate preparation of the FFR to include unliquidated obligations and ensure timely filing. FDRC concurrence:

FDRC will ensure that all staff person(s) responsible for any future federal grants understand the regulations of the funding source and submits to the Board for its approval a plan which will include timetables, reporting requirements unliquidated obligations, and a list of dates for filing all reports. The President will report to the board any problems that might arise in the program that would prevent an accurate report being submit to FFR or any other funders.

8. Ensure that FDRC implements and adheres to written policies and procedures to ensure progress reports are adequately documented and verifiable. FDRC concurrence:

FDRC will develop procedures to more accurately track project metrics and more stringently oversee staff and sub-contractor's utilization of tracking procedures.

9. Ensure that FDRC improves the documentation that demonstrates achievement of performance goals and objectives. FDRC concurrence:

FDRC will more accurately track metrics of performance goals and objectives and outcome measures. FDRC will ensure that staff and subcontractors are meeting all goals and objectives related to all grants and contracts. FDRC will develop a monitoring tool to be used whenever a sub-grantee is involved to ensure performance goals are being met.

**OFFICE OF JUSTICE PROGRAMS  
RESPONSE TO THE DRAFT AUDIT REPORT**



U.S. Department of Justice

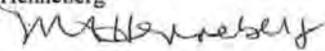
*Office of Justice Programs*

*Office of Audit, Assessment, and Management*

*Washington, D.C. 20531*

DEC - 6 2013

MEMORANDUM TO: Thomas O. Puerzer  
Regional Audit Manager  
Philadelphia Regional Audit Office  
Office of the Inspector General

FROM: Maureen A. Henneberg  
Director 

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Bureau of Justice Assistance Grants Awarded to the Father's Day Rally Committee, Philadelphia, Pennsylvania*

This memorandum is in reference to your correspondence, dated November 8, 2013, transmitting the above-referenced draft audit report for the Father's Day Rally Committee (FDRC). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **nine** recommendations and **\$146,436<sup>1</sup>** in net 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 ensure that FDRC improves the documentation that demonstrates attention and direction of the FDRC Board.**  
  
OJP agrees with the recommendation. We will coordinate with FDRC to obtain a copy of policies implemented for ensuring that the FDRC Board is actively engaged in, and provides direction over, FDRC activities.
2. **We recommend that OJP remedy the \$103,092 in unsupported costs charged to the grant.**  
  
OJP agrees with the recommendation. We will coordinate with FDRC to remedy the \$103,092 in unsupported costs charged to grant numbers 2008-DD-BX-0575, 2009-D1-BX-0098, and 2010-DD-BX-0472.

<sup>1</sup> Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amounts.

3. **We recommend that OJP ensure that FDRC institute policies and procedures that ensure that grant funds are not used to pay FDRC employees for vacation or sick leave they have not earned.**

OJP agrees with the recommendation. We will coordinate with FDRC to obtain a copy of policies and procedures implemented to ensure that grant funds are not used to pay FDRC employees for vacation or sick leave that has not been earned.

4. **We recommend that OJP ensure that FDRC improve their subgrantee monitoring to include more effective monitoring techniques.**

OJP agrees with the recommendation. We will coordinate with FDRC to obtain a copy of policies implemented to ensure that subgrantees are adequately monitored.

5. **We recommend that OJP remedy the \$43,344 in unallowable expenditures made by FDRC subgrantee, the Philadelphia Safety Net.**

OJP agrees with the recommendation. We will coordinate with FDRC to remedy the \$43,344 in unallowable expenditures made by the Philadelphia Safety Net (PSN), a subrecipient of FDRC.

6. **We recommend that OJP remedy the \$37,113 in unsupported expenditures made by FDRC subgrantee, the Philadelphia Safety Net.**

OJP agrees with the recommendation. We will coordinate with FDRC to remedy the \$37,113 in unsupported expenditures made by PSN.

7. **We recommend that OJP ensure that FDRC improve the accurate preparation of the FFR to include unliquidated obligations and ensure timely filing.**

OJP agrees with the recommendation. We will coordinate with FDRC to obtain a copy of procedures implemented to ensure that Federal Financial Reports are accurate, complete, and timely submitted.

8. **We recommend that OJP ensure that FDRC implement and adhere to written policies and procedures to ensure progress reports are adequately documented and verifiable.**

OJP agrees with the recommendation. We will coordinate with FDRC to obtain a copy of procedures implemented to ensure that progress reports are adequately documented and verifiable.

9. **We recommend that OJP ensure that FDRC improves the documentation that demonstrates achievement of performance goals and objectives.**

OJP agrees with the recommendation. We will coordinate with FDRC to obtain a copy of procedures implemented for ensuring that adequate data is collected and maintained to support achievement of performance goals and objectives.

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

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OJP Executive Secretariat  
Control Number 2013-1796

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

The OIG provided a draft of this audit report to the Father's Day Rally Committee (FDRC) and the Office of Justice Programs (OJP). FDRC's response is included as Appendix III, and OJP's response is included as Appendix IV of this final report. Because OJP agreed with our recommendations and discussed the specific actions that will be taken to address each of our findings, we consider all of the recommendations resolved. However, FDRC disagreed with one recommendation and provided additional documentation not provided during fieldwork. Below is our analysis of that new information followed by the OIG analysis of the responses and summary of actions necessary to close the report.

**Analysis of FDRC's Response**

In response to our audit report, FDRC concurred with 8 of the 9 recommendations made and discussed the actions it will implement in response to our findings. FDRC disagreed with recommendation number 2 as discussed in the analysis of that recommendation below. Additionally, FDRC submitted new documentation as part of its response that did not pertain directly to our recommendations. We provide the following analysis to comments made by FRDC in its response before discussing FDRC's specific responses to each of our recommendations and the actions necessary to close those recommendations.

*Background Checks for Staff Working With Children*

FDRC attached a copy of the Criminal Record Check and Pennsylvania Child Abuse Clearance for an FRDC grant-funded employee working with youth. FDRC said that in the future, it will require all staff to have background checks. However, both the Criminal Record Check and Pennsylvania Child Abuse Clearance specific to that employee were completed and verified in December 2011, which was several years after the individual's grant-funded work with children and outside the scope of our audit.

*Selection of Subgrantees*

In its response, FDRC said that it did not consult with a member of Congress before selecting the subgrantees and that they were selected specifically because the subgrantee provided the types of services needed to

accomplish the goals of the grant. During our audit fieldwork the FDRC President told us he consulted with the member of Congress before selecting the subgrantees to include in the grant budget submitted to OJP, which is why we included that information in our draft audit report. However, because of FDRC's statement in its response to the draft report, we have removed that information from the body of the final report.

### *Budget Management and Control*

Regarding FDRC's budget changes, FDRC acknowledged that an error was made by not following the process to submit a budget change request to OJP through its on-line Grants Management System (GMS). Instead, FDRC said it was in communication with the OJP Grant Manger and submitted the budget change request directly to the Grant Manager. From our audit we did not have any recommendations specific to budget management and control.

### **Recommendation Number**

1. **Resolved.** OJP agreed with our recommendation to ensure FDRC improves the documentation that demonstrates attention and direction of the FDRC Board. OJP said in its response that it will coordinate with FDRC to obtain a copy of policies implemented for ensuring that the FDRC Board is actively engaged in and provides direction over FDRC activities.

In its response, FDRC also concurred with our recommendation. FDRC said that it is in the process of recruiting new board members and officers and has developed a regular monthly Board meeting schedule. FDRC also mentioned that it plans to schedule weekly meetings between the FDRC President and Board Chairman and make meeting minutes available.

This recommendation can be closed when we receive documentation demonstrating that FDRC has improved its implemented the above stated plans regarding board direction.

2. **Resolved.** OJP agreed with our recommendation that it remedy the \$103,092 in unsupported costs charged to the grant. OJP said in its response that it will coordinate with FDRC to remedy \$103,092 in unsupported costs charged to grant numbers 2008-DD-BX-0575, 2009-D1-BX-0098, and 2010-DD-BX-0472.

In its response, FDRC disagreed with our recommendation. FDRC said that it chose to utilize the fiscal oversight services of the Urban Affairs

Coalition because it would have been much more expensive to bring these services in-house. FDRC also submitted a copy of a letter it sent to the Urban Affairs Coalition asking that it provide documentation to support the \$103,092 in questioned costs. However, neither the response from the Urban Affairs Coalition, nor adequate support for the questioned costs was attached to FDRC's response. The FDRC in accepting the awards still has the final responsibility to ensure that it complies with the terms and conditions of the award, including maintaining sufficient and adequate documentation to support grant-funded expenditures. As a result, we maintain the questioned costs.

This recommendation can be closed when we receive documentation demonstrating that OJP has remedied the \$103,092 in unsupported costs.

3. **Resolved.** OJP agreed with our recommendation that it ensure that FDRC institutes policies and procedures that ensure that grant funds are not used to pay FDRC employees for vacation or sick leave they have not earned. OJP said in its response that it will coordinate with FDRC to obtain a copy of policies and procedures to ensure grant funds are not used to pay FDRC employees for vacation or sick leave they have not earned.

In its response, FDRC also concurred with our recommendation. FDRC said that it is establishing a Board sub-committee to address recommended policy changes, such as employee policies for vacation and sick leave, systems to track vacation and sick leave, and the use of leave prior to the leave having been earned.

This recommendation can be closed when we receive documentation demonstrating that FDRC has implemented the above policies, procedures, and related systems to ensure grant funds are not used for leave not yet earned.

4. **Resolved.** OJP agreed with our recommendation that it ensure that FDRC improves its subgrantee monitoring. In its response, OJP said that it will coordinate with FDRC to obtain a copy of policies implemented to ensure that subgrantees are adequately monitored.

In its response, FDRC also concurred with our recommendation. FDRC mentioned that it is developing an operations and procedures manual that outlines procedures to monitor grants and subgrantees, including procedures for pre-award review, collection of subgrantee invoices, on-site visits by FDRC staff, and a written monitoring tool.

This recommendation can be closed when we receive documentation demonstrating that FDRC has implemented procedures to improve its subgrantee monitoring.

5. **Resolved.** OJP agreed with our recommendation that it remedy \$43,344 in unallowable expenditures made by FDRC subgrantee Philadelphia Safety Net. OJP said in its response that it will coordinate with FDRC to remedy the \$43,344 in unallowable expenditures made by the Philadelphia Safety Net, a subrecipient of FDRC.

In its response, FDRC also concurred with our recommendation. FDRC submitted a copy of a letter it sent to Philadelphia Safety Net (PSN) requesting all records related to the grant necessary to address this recommendation and reimbursement to FDRC of any funds spent by PSN for unallowable purposes.

This recommendation can be closed when we receive documentation demonstrating that OJP has remedied the \$43,344 in unallowable expenditures.

6. **Resolved.** OJP agreed with our recommendation that it remedy the \$37,113 in unsupported expenditures made by FDRC subgrantee, Philadelphia Safety Net. OJP said in its response that it will coordinate with FDRC to remedy \$37,113 in unsupported expenditures made by Philadelphia Safety Net.

In its response, FDRC also concurred with our recommendation. FDRC submitted a copy of a letter it sent to Philadelphia Safety Net requesting the payroll register of Philadelphia Safety Net to verify that the questioned costs were used for authorized personnel costs.

This recommendation can be closed when we receive documentation demonstrating that OJP has remedied the \$37,113 in unsupported expenditures.

7. **Resolved.** OJP agreed with our recommendation that FDRC improve its preparation of Federal Financial Reports to include unliquidated obligations and ensure timely filing. OJP said in its response that it will coordinate with FDRC to obtain a copy of procedures implemented to ensure that Federal Financial Reports are accurate, complete, and timely submitted.

In its response, FDRC also concurred with our recommendation. FDRC said that it will ensure all staff person(s) are responsible for any future federal grants, understand the regulations of the funding source, and submit to the Board, for its approval, a plan which will include timetables, reporting requirements, unliquidated obligations, and a list of dates for filing all reports.

This recommendation can be closed when we receive documentation demonstrating that FDRC has implemented policies and procedures to ensure that its Federal Financial Reports are accurate, complete, and timely submitted.

8. **Resolved.** OJP agreed with our recommendation that it ensure that FDRC implements and adheres to written policies and procedures to ensure progress reports are adequately documented and verifiable. OJP said in its response that it will coordinate with FDRC to obtain a copy of procedures implemented to ensure that progress reports are adequately documented and verifiable.

In its response, FDRC also concurred with our recommendation. FDRC said that it will develop procedures to more accurately track project metrics and more stringently oversee staff and subcontractor's utilization of tracking procedures.

This recommendation can be closed when we receive documentation demonstrating that FDRC has implemented policies and procedures ensuring that progress reports are adequately documented and verifiable.

9. **Resolved.** OJP agreed with our recommendation that FDRC improves the documentation that demonstrates achievement of performance goals and objectives. OJP said in its response that it will coordinate with FDRC to obtain a copy of procedures implemented for ensuring that adequate data is collected and maintained to support achievement of performance goals and objectives.

In its response, FDRC also concurred with our recommendation. FDRC said that it will more accurately track metrics of performance goals and objectives and outcome measures. FDRC continued to state that it will develop a monitoring tool to be used whenever a subgrantee is involved to ensure performance goals are met.

This recommendation can be closed when we receive documentation demonstrating that FDRC has implemented measures to document its program performance.