



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



**Audit of the
Office of Juvenile Justice and
Delinquency Prevention Grant
Awarded to
College Mentors for Kids, Incorporated
Indianapolis, Indiana**

Audit Division GR-50-16-004

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**AUDIT OF THE OFFICE OF
JUVENILE JUSTICE AND DELINQUENCY PREVENTION
GRANT AWARDED TO
COLLEGE MENTORS FOR KIDS, INCORPORATED
INDIANAPOLIS, INDIANA**

EXECUTIVE SUMMARY*

The U.S. Department of Justice (DOJ), Office of the Inspector General (OIG), Audit Division, has completed an audit of an Office of Juvenile Justice and Delinquency Prevention (OJJDP) grant awarded to College Mentors for Kids, Incorporated (CMFK), located in Indianapolis, Indiana. OJJDP awarded CMFK \$1,315,923 through grant number 2013-JU-FX-0018 under OJJDP's Fiscal Year (FY) 2013 Multi-State Mentoring Initiative. The purpose of this initiative is to build the capacity of community programs to provide mentoring services to at-risk or high-risk underserved populations. CMFK is a non-profit organization that has a youth mentoring program that pairs college students with at-risk elementary school children to form a mentoring relationship. The grant was awarded to CMFK to enhance and expand its existing program to improve youth behavior, prevent delinquency, and increase educational engagement through evidence-based mentoring for at-risk youth. Specifically, CMFK's objectives were to use grant funds to expand its program by serving an additional 500 youth (for an overall total of 2,000 youth served) and increase the number of CMFK's college chapters from 23 to a total of 31 by September 2016, the end of the grant period.

As of August 15, 2015, the end of our audit period, CMFK had expended \$756,632 (57 percent) of the total grant award. The objective of the audit was to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award. To accomplish this objective, we assessed performance in the following areas: (1) financial management, (2) grant drawdowns, (3) contracts, (4) budget management and control, (5) program performance and accomplishments, (6) grant reporting, (7) grant expenditures, and (8) compliance with special conditions.

During our examination of CMFK's accounting records, required financial reports, and operating policies and procedures, we identified weaknesses in internal controls, compliance with grant requirements, and grant-related expenditures. We tested \$145,772 of grant expenditures and identified \$522,276 in net questioned costs.¹ Specifically, we found:

* Redactions were made to the full version of this report for privacy reasons. The redactions are contained only in Appendix 3, the grantee's response, and are of individuals' names.

¹ The \$522,276 in net questioned costs includes additional personnel expenditures that were not counted in the \$145,772 tested amount because these expenditures lacked adequate documentation. In addition, the net questioned costs figure is reduced when compared to the cumulative total of questioned costs because some costs were questioned for more than one reason, such as costs questioned as both unallowable and unsupported.

- CMFK lacked documented policies and procedures over many aspects of grant administration, including financial management; separation of duties; drawdowns; cost reasonableness, allocability, and allowability determinations; the receipt of purchased equipment, supplies, and services; and the approval and allocation of travel expenses related to grant activities.
- CMFK had insufficient policies and procedures over its information and asset security protection, including over the areas of youth mentees' personally identifiable information and its financial management systems' usernames and passwords.
- CMFK did not seek permission and, therefore, did not receive approval from OJJDP to use contractors not originally approved in the grant application or to change grant-funded positions, as required by the Office of Justice Programs (OJP) Financial Guide.
- CMFK did not utilize personnel activity reports to track in sufficient detail the amount of time worked by grant-funded employees. As a result, we identified \$414,565 in unsupported personnel costs.
- CMFK's Chief Executive Officer, Director of Corporate and Foundation Development, and two Associate Directors of Community Engagement had responsibilities that included unallowable fundraising activities. As a result of CMFK's lack of detailed personnel activity reports, we were unable to determine the percentage of time spent on these unallowable fundraising activities and are, therefore, questioning the total amount of \$185,020 in salaries and fringe benefits charged for these four positions.
- CMFK charged to the grant \$22,792 in Federal Insurance Contributions Act (FICA) benefits, which was not a fringe benefit approved by OJJDP.
- CMFK did not list all of the property purchased with grant funds in its accountable inventory property log and also did not include certain information in the log, such as a description of the property, source of the property, acquisition date, location, and cost, as required by the OJP Financial Guide.
- CMFK did not perform periodic background checks on its employees, as required by one of the grant's special conditions.
- CMFK violated another special condition of the grant by initiating grant-related transactions prior to receiving approval from OJP's Office of the Chief Financial Officer to obligate funds. These expenditures totaled \$88,539.

Our report contains 14 recommendations to address these issues, which are discussed in detail in the Findings and Recommendations section of the report. Our audit objective, scope, and methodology are discussed in Appendix 1 of the report.

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INTRODUCTION

The U.S. Department of Justice (DOJ), Office of the Inspector General (OIG), Audit Division has completed an audit of the Office of Juvenile Justice and Delinquency Prevention (OJJDP) grant awarded to College Mentors for Kids, Incorporated (CMFK), located in Indianapolis, Indiana. OJJDP awarded CMFK \$1,315,923 through grant number 2013-JU-FX-0018 under OJJDP's Fiscal Year (FY) 2013 Multi-State Mentoring Initiative. The purpose of this initiative is to build the capacity of community programs to provide mentoring services to at-risk or high-risk, underserved populations. CMFK is a non-profit organization that has a youth mentoring program that pairs college students with at-risk elementary school children to form a mentoring relationship. The grant was awarded to CMFK to enhance and expand its existing program to improve youth behavior, prevent delinquency, and increase educational engagement through evidence-based mentoring for at-risk youth. Specifically, CMFK's objectives were to use grant funds to expand its program by serving an additional 500 youth (for an overall total of 2,000 youth served) and increase the number of CMFK's college chapters from 23 to 31 by September 2016, the end of the grant period. As of August 15, 2015, the end of our audit period, CMFK expended \$756,632 (57 percent) of the total grant award.

Background

OJJDP, a component of DOJ's Office of Justice Programs (OJP), provides national leadership, coordination, and resources to prevent and respond to juvenile delinquency and victimization. According to OJJDP, it supports states and communities in their efforts to develop and implement effective and coordinated prevention and intervention programs and to improve the juvenile justice system so that it protects public safety, holds offenders accountable, and provides treatment and rehabilitative services tailored to the needs of juveniles and their families.

CMFK is a nonprofit organization located in Indianapolis, Indiana, that has a stated mission of "connecting college students who have the most to give to kids that need it most." The organization and its sole program, the mentor program, were founded in 1995 at two college campuses in Indiana. CMFK has since grown and expanded its mentoring program to 32 different college campuses.¹ As part of the mentoring program, CMFK recruits and trains college students to become

¹ CMFK's original goal, as stated in the grant application, was to increase its college chapters from 23 to 31 by September 2016. At the end of our review period (August 15, 2015), CMFK had 32 college chapters.

one-on-one mentors with elementary school children or “little buddies.” Once CMFK pairs these mentors with “little buddies,” it supports the mentoring relationship and provides the foundation for the mentors to help their “little buddies” understand the importance of education, show them the benefits to cultural understanding, and teach them ways to give back to their community. In general, mentors and “little buddies” meet at a college campus once a week during the school year to participate in activities focused on areas of higher education and career, culture and diversity, and community service.

Our Audit Approach

We tested compliance with what we consider the most important conditions of the grant. Unless otherwise stated in the report, the criteria we audit against are contained in the OJP Office of the Chief Financial Officer Financial Guide (OJP Financial Guide), the C.F.R., Office of Management and Budget (OMB) Circulars, and the award documents.² We tested CMFK’s:

- **Financial Management** to determine whether CMFK had sufficient accounting and internal controls in place for processing and payment of funds and whether controls were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grant;
- **Grant Drawdowns** to determine whether grant drawdowns were adequately supported in accordance with federal requirements;
- **Contracts** to determine whether CMFK adhered to OJP’s guidance related to establishing contracts and whether the grantee conducted a cost analysis and procured its contracts competitively;
- **Budget Management and Control** to examine the amounts budgeted and the actual costs for each approved cost category and to determine if the grantee deviated from the approved budget, and if so, if CMFK received the necessary approval;
- **Program Performance and Accomplishments** to determine if CMFK met or is capable of meeting the grant’s objectives and whether the grantee collected data and developed performance measures to assess accomplishment of the intended objectives;
- **Grant Reporting** to determine whether the required reports were submitted in a timely manner and accurately reflected grant activity;
- **Grant Expenditures** to determine the accuracy and allowability of costs charged to the grant; and
- **Compliance with Special Conditions** to determine CMFK’s compliance with the award’s special conditions.

² The OJP Financial Guide serves as a reference manual that provides guidance to award recipients on their fiduciary responsibility to safeguard award funds and to ensure funds are used appropriately. OJP requires award recipients to abide by the requirements in the OJP Financial Guide.

We confirmed that the award did not include sub-grantees, indirect costs, program income, or matching funds. We therefore performed no testing in these areas. We discuss the results of our analysis in the Findings and Recommendations section of the report. Appendix 1 contains additional information on our objective, scope, and methodology.

FINDINGS AND RECOMMENDATIONS

We identified numerous weaknesses in CMFK's grant management activities. Specifically, we found that CMFK lacked documented policies and procedures over many aspects of grant administration, including financial management; separation of duties; drawdowns; cost reasonableness, allocability, and allowability determinations; and the receipt of purchased equipment, supplies, and services. Moreover, CMFK had insufficient policies and procedures over its information and asset security protection and the approval and allocation of travel expenses related to grant activities. We also found that CMFK did not request prior approval for changes made to the grant scope and the contractors approved by OJJDP. In addition, CMFK's accountable property inventory log did not include all of the required components and was missing property purchased with grant funds. Further, CMFK did not keep adequate employee time records and, as a result, its \$414,565 in personnel expenses were not adequately supported. We also found CMFK expended \$185,020 in unallowable personnel costs relating to fundraising activities, as well as \$22,792 in unapproved Federal Insurance Contributions Act (FICA) benefits. Finally, CMFK inappropriately expended \$88,539 in grant funds prior to receiving OJJDP permission to do so. Overall, we identified \$522,276 in net questioned costs.³

Financial Management

According to the OJP Financial Guide, grant recipients are required to establish and maintain accounting and financial records to account accurately for funds awarded to them. These records shall include both federal funds and all matching funds of state, local, and private organizations, when applicable. Further, recipients must be able to account for the receipt, obligation, and expenditure of funds awarded on an individual basis. The grantee must track and account for funds separately from other OJP awards, as well as other federal agency awards.

We reviewed CMFK's financial management system and its policies and procedures to assess CMFK's risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grant. To assess internal control risks, we obtained an understanding of the reporting process, examined various grant accounting records and reports prepared by CMFK, and interviewed CMFK personnel regarding grant expenditures. Our testing revealed internal control deficiencies in CMFK's financial management that are explained in more detail in the following sections.

³ The net questioned costs figure is reduced when compared to the cumulative total of questioned costs because some costs were questioned for more than one reason, such as costs questioned as both unallowable and unsupported.

Policies and Procedures

Policies and procedures provide the framework within which an organization operates. Such rules provide guidance for handling a wide range of organizational, programmatic, and financial issues, and establish a framework for both management and staff decision making.

We interviewed CMFK staff who were involved in the grant's management. From our interviews and review of CMFK's policies and procedures, we learned that CMFK's Executive Vice President (EVP) completed many of the grant's approval and reporting activities. While it was acceptable that the EVP performed these tasks, there were no documented procedures detailing the tasks related to grant budgeting, reporting, allocation of expenditures, or drawdowns. There was also not a formally designated back-up individual to perform these tasks in the EVP's absence. If the EVP were to leave the organization, this grant management knowledge would be lost and CMFK could experience difficulty in accurately completing grant-related approval and reporting activities. We discussed this concern with CMFK officials who agreed that this was an issue. CMFK developed and provided us with updated procedures documenting the EVP's responsibilities. However, CMFK did not confirm that these documented procedures were incorporated into their overarching Employee Handbook or into their financial policies and procedures. Moreover, CMFK has not yet explicitly designated a back-up individual for the EVP.

In addition, we identified weaknesses in CMFK's existing policies and procedures. According to 28 C.F.R. § 70.21 (2013), recipients' financial management systems must provide for written procedures for determining the reasonableness, allocability, and allowability of costs charged to the grant in accordance with the provisions of the applicable federal cost principles and the terms and conditions of the grant. However, CMFK's financial policies and procedures did not address this requirement. As a result of the lack of appropriate policies and procedures, the potential existed for unallowable expenditures to be allocated to the grant. In addition, we found that CMFK lacked written procedures for receiving purchased equipment, supplies, and services, as required by 28 C.F.R. § 70.34 (2013). A CMFK official verified that there were no formal procedures over this area.

We recommend that OJP ensure CMFK has implemented and disseminated the new procedures documenting the EVP's grant-related responsibilities. We also recommend that OJP ensure CMFK establishes and implements written policies and procedures for determining the reasonableness, allocability, and allowability of costs charged to the grant as well as written policies and procedures over the receipt of purchased equipment, supplies, and services.

Financial Management Systems

The OJP Financial Guide requires that recipients of grant funds have a financial management system that is able to record and report on the receipt, obligation, and expenditure of grant funds. Additionally, grantees should create

and retain detailed accounting records and documentation to track federal funds awarded and drawn down, as well as contracts expensed against the grant. In determining compliance with the financial management system requirements set forth in the OJP Financial Guide, we reviewed CMFK's financial management systems and interviewed CMFK staff.

CMFK's financial management systems included an accounting software system, an online banking and credit card system, and an online payroll system. We found that the Director of Operations was responsible for entering the accounts payable information into the accounting system and allocating grant-related expenditures to the grant's ledger. CMFK initiated a contract with an outside accountant to handle other financial management responsibilities, to include creating and validating accounting reports in the accounting system, entering accounts receivable information, and reconciling the grant accounting records and CMFK's bank statements. Finally, the EVP was responsible for payroll, and both the Chief Executive Officer (CEO) and EVP were responsible for approving any contracts or agreements into which CMFK entered.

According to OMB A-133, Subpart A, Section 105, internal controls should be designed to provide reasonable assurance that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and federal reports. In our review, we found that the Director of Operations reviewed and approved all credit card expenditures through the online credit card system. The Director of Operations then manually entered each individual credit card transaction, including the description of the transaction and the cost, from the credit card system into CMFK's accounting system to allocate expenses to the grant's general ledger. CMFK's contracted accountant, who oversaw the grant's general ledger, would compare only the bottom line of the total credit card expenditures in the online banking system and the total credit card expenses listed in the accounting system. This lack of a thorough, transaction-by-transaction review increases the risk for an error to occur. We discussed this issue with CMFK officials, and they provided us with updated policies and procedures requiring the contracted accountant to review all of the transactions entered from the online credit card system into the accounting system.

According to 2 C.F.R. § 230 (2013), a cost is allocable to a federal award if it is incurred specifically for the award. We found that when approving staff members' travel expenses, such as airfare or lodging, the Director of Operations assumed that all travel expenses incurred by staff members were valid and necessary and then subsequently allocated these expenditures to the award. The Director of Operations did not verify whether the travel was necessary or approved by the staff members' supervisors. Without knowing the purpose or validity of the trip taken, it is difficult to determine whether the travel expenses were specifically incurred for the award. During our testing of expenditures, described later in the report, we found one occasion where a personal lodging expense was not grant-related and yet allocated to the award. The lack of knowledge regarding the legitimacy, necessity, and allowability of CMFK staff members' travel expenses could lead to the allocation of fraudulent or erroneous expenses to the award.

During our review of the financial management systems and their processes, we also found that blank checks were left unsecured in the CMFK office. This could lead to the inappropriate or fraudulent use of the checks if not properly stored in a secure location. As a result of our identification of this issue, CMFK moved the blank checks to a locked location while we were on-site.

We recommend that OJP ensure CMFK has formally implemented and disseminated the new policies and procedures requiring the contracted accountant to review all transactions entered from the online credit card system into the accounting system. In addition, we recommend that OJP ensure CMFK establishes and implements written policies and procedures requiring documented approval of travel expenses from a supervisor, with direct knowledge of the employees' travel and related expenses, prior to the allocation of these expenses to the award.

Separation of Duties

According to 28 C.F.R. § 70.21 (2013), a grantee's financial management systems must provide effective control over and accountability for all funds, property, and other assets. Recipients must adequately safeguard all such assets and assure they are used solely for authorized purposes. During our review, we found that the Director of Operations was responsible for reviewing and approving all credit card expenditures and requests for reimbursement for CMFK staff members and CMFK college student mentors, as well as entering these expenses into the accounting system. Through this responsibility, the Director of Operations was allowed to submit, review, approve, and allocate to the award this individual's own credit card expenses. We found that there was no secondary review or approval performed over these expenses, which created the potential for erroneous or fraudulent expenses to go undetected and subsequently be allocated to the award. We also found that the EVP was responsible for approving the bi-weekly payroll for all CMFK staff, including approving this individual's own payroll, increasing the risk that erroneous or fraudulent payroll transactions could go undetected. We discussed these issues with CMFK officials, and they created new policies and procedures requiring the CEO to review and approve the Director of Operations' expenditures and review and approve the EVP's payroll.

Additionally, we found a lack of separation of duties related to the accounting system and the bank reconciliation process. CMFK's policies and procedures state that the financial accounts must be reconciled on a monthly basis by an individual independent of the accounting for accounts receivable and payable. We found that CMFK's practice was to have the contracted accountant enter payroll and receivable transactions into the accounting system and to also have this individual be responsible for the bank reconciliation process. This violates CMFK's financial policies. We discussed this issue with CMFK officials, and CMFK rearranged the responsibilities of the contracted accountant and now requires this individual to perform only the bank reconciliations and not enter financial transactions into the accounting system.

We recommend that OJP ensure CMFK has implemented and disseminated policies and procedures requiring the CEO to review and approve the Director of

Operations' credit card expenditures and review and approve the EVP's payroll, as well as requiring the contracted accountant to perform only the bank reconciliations and not perform accounting entry functions.

Information Security

According to OMB Memorandum M-07-16 (May 22, 2007), personally identifiable information (PII) refers to information that can be used to distinguish or trace an individual's identity, such as their name, social security number, or biometric records alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth or mother's maiden name. As part of the application and registration process for the CMFK program, each "little buddy" child applicant was required to submit a permission packet to a CMFK college chapter. These packets contained PII of the "little buddies" including their full name, date of birth, and address, as well as other pertinent information that CMFK entered into its database as part of the registration process. The packets were kept on-hand during the weekly chapter activities in the event emergency contact information might be needed. According to CMFK officials, some of its college chapters stored these packets in a secured office or locker provided by their university. However, at some chapters, the President or Vice President of the CMFK program would personally store the packets and bring them to and from the weekly chapter activities. We found that there were no policies or procedures regarding the storage, retention, or disposal of this PII, which increased the risk that this sensitive information could be unnecessarily exposed or compromised. We discussed this issue with CMFK officials, and they created new policies and procedures for the storage, retention, and disposal of PII.

In addition, although an effective internal control system over accessing electronic financial information systems requires the implementation of passwords as a control function to prevent improper access to the systems, we found that CMFK did not have adequate internal controls to control the access to its financial systems. As part of our review of internal controls, we found that the Director of Operations maintained detailed written procedures on how to access the CMFK financial information systems, such as the online banking system, online credit card system, and the accounting system. The procedures also listed the usernames and passwords for each of these systems. The written procedures were stored on a part of CMFK's server that all employees could access, posing a risk that a staff member could access the financial systems and exceed their authority by approving unauthorized credit card expenditures or alter accounting records, for example. We discussed this issue with CMFK officials, and they created new policies and procedures for the storage of its financial management systems' usernames and passwords.

Moreover, CMFK's written policies require CMFK staff members to change their passwords at least every 6 months, and 28 C.F.R. § 70.21 (2013) requires that passwords should be periodically changed to help safeguard the grantee's systems. However, we found that CMFK staff members disregarded CMFK's policy and did not regularly change their passwords to access CMFK's program database

and accounting system. We discussed this issue with CMFK officials, and they agreed to enforce their policies requiring the periodic changing of passwords.

We recommend that OJP ensure CMFK has enforced its existing policies regarding the periodic changing of passwords and has implemented and disseminated its new policies and procedures for: (a) the storage, retention, and disposal of PII; and (b) the storage of its financial management systems' usernames and passwords.

Grant Drawdowns

The OJP Financial Guide states that all recipients of federal funds must develop procedures for the disbursement of funds to ensure federal cash on hand is kept at a minimum. We analyzed drawdowns through July 22, 2015, and compared the overall amount of these drawdowns to CMFK's general ledger. We determined that as of July 22, 2015, CMFK requested drawdowns that equaled total expenditures in the accounting records.

During our interviews with CMFK officials and our review of CMFK's accounting policies and procedures, we determined that CMFK did not have written procedures for drawing down grant funds. Because CMFK did not have written procedures over drawdowns, we asked the EVP and the contracted accountant to describe the process CMFK used for requesting reimbursement from OJJDP for its grant-related costs. The EVP stated that CMFK requested reimbursement each month based on grant expenses incurred. The contracted accountant would create a monthly grant expenditures report from the accounting system, and the EVP would then use the information in this report to drawdown grant funds equaling the total grant expenditures for the month.

When we discussed this issue with CMFK officials, they agreed and created procedures to document the grant drawdown process. We recommend that OJP ensure CMFK has implemented and disseminated these written procedures for drawing down grant funds.

Contracts

The OJP Financial Guide states that grantees must initiate a Grant Adjustment Notice (GAN) if a grantee is going to use organizations other than those identified in the original approved budget, or for contracting for or transferring of award-supported efforts. A GAN is used to request project changes or corrections for any programmatic, administrative, or financial changes associated with a grant award. The awarding agency must approve the GAN before the grantee can implement any of the requested changes.

We reviewed the award documents and determined that OJJDP approved CMFK's \$113,720 budget to hire or continue the use of five specifically named contractors. During our contract testing, we found that CMFK did not request approval from OJJDP to make changes to the contractors OJJDP had approved in the original grant budget. According to CMFK officials, they used contractors not

originally approved by OJJDP to create the program database and to perform the program evaluation, which were both services that OJJDP approved and for which CMFK had identified specific contractors in its budget. While CMFK communicated some budget changes to the OJJDP program manager, it did not specifically communicate the use of the new contractors nor did CMFK submit a GAN for these changes, as required by the OJP Financial Guide. We discussed with CMFK officials the use of these two unapproved contractors without prior OJJDP approval. Subsequent to our discussion, CMFK submitted and OJJDP approved a GAN for the use of these two new contractors. As a result of OJJDP approving this GAN, we do not have a recommendation related to this finding.

Budget Management and Control

Grant recipients need to expend funds according to the budget approved by the awarding agency and included as part of the final award package. Approved award budgets document how much the awarding agency authorized the recipient to spend in high-level budget categories, such as personnel, supplies, and contractors. Recipients may request OJJDP approval, through the use of a GAN, to modify previously approved award budgets in order to reallocate funds among different budget categories within the same award.⁴ We compared the actual amounts CMFK spent in each budget category to the approved budgeted amounts in the same categories and found that CMFK's grant expenditures aligned with the approved award budgets.

During our review of the grant budget, we found that OJJDP approved CMFK to use grant funds to pay a specific percentage of the salaries and fringe benefits of 11 CMFK positions. However, between January 2014 and August 2015, CMFK changed, on various occasions, the titles and responsibilities of the originally approved positions of the Associate Director of Programming (ADP) for Expansion as well as the Development Associate. These two positions became what CMFK referred to as "Associate Directors of Community Engagement" (ADCE) until August 2015 when these positions evolved into "Regional Directors of Development and Community Engagement" (RDDCE). Throughout our review period, CMFK charged the grant for the salaries and benefits related to these two altered positions and did not submit a GAN to OJJDP to receive approval for revisions to the originally approved grant-funded positions.

In addition, the above-mentioned ADCE/RDDCEs' job responsibilities included fundraising activities, which are unallowable according to the OJP Financial Guide. While CMFK is allowed to engage in fundraising activities apart from its grant-funded work, the ADCE/RDDCE positions' salaries and fringe benefits were 100 percent funded by OJJDP. Therefore, grant funds effectively paid for any fundraising work performed. We discussed with CMFK officials the creation of the two ADCE/RDDCE grant-funded positions without prior OJJDP approval and the unallowable fundraising activities. Subsequent to our discussion, CMFK submitted

⁴ No prior approval is required if reallocations among budget categories do not exceed 10 percent of the total award amount.

and OJJDP approved a GAN for the creation of the ADCE/RDDCE positions and reduction in the percentage of the RDDCEs' salary and fringe benefit expenditures allocated to the grant. As a result of OJJDP approving this GAN, we do not have a recommendation related to the changes in OJJDP-approved positions, but will discuss later in this report our finding and recommendation related to the fundraising activities of these positions.

Program Performance and Accomplishments

As previously identified, the purpose of the grant was to help community programs expand their mentoring services to at-risk or high-risk, underserved populations. Its goal was to improve youth behavior, prevent delinquency, and increase educational engagement through evidence-based mentoring for at-risk youth. CMFK's objective was to use grant funds to increase the number of youth served and open new CMFK chapters.

We compared the grant application and supporting documents to the accomplishments listed by the grantee in the progress reports, and we determined that the grantee had completed or was in the process of completing each of its goals. In particular, CMFK had met its year 2 objectives of opening four new sites and increasing the number of youth served with the opening of these new sites. The remaining four sites that had been planned to open in year 3 of the grant were already identified and in the mentor recruitment stage. Annual evaluations of the participating children (performed by the contracted evaluators) reflected decreased delinquent behaviors, positive youth development, and increased educational engagement. CMFK also developed and launched a new interactive program database, as well as trained student leader mentors at its annual National Conference.

As part of OJJDP's efforts to improve award monitoring and oversight of programmatic, financial, and administrative activities by OJJDP grantee organizations, the OJJDP program manager conducted a site visit to CMFK in November 2014. The OJJDP program manager collected documents and conducted interviews of CMFK staff during this site visit to assess the CMFK's performance and management of the grant. After the site visit was completed, the OJJDP program manager sent a letter to CMFK stating, "No programmatic or administrative problems requiring formal resolution were identified during the site visit. The mentoring program appears to be...in compliance with OJJDP guidelines for this grant."

During our review of program performance and accomplishments, we noted that CMFK changed the scope of the grant from serving youth in grades 1 through 8 to grades 1 through 6. The OJP Financial Guide requires the submission of a GAN for changes in the scope of the award. CMFK had discussed the change in the grant's scope in the first progress report it submitted to OJJDP, but CMFK did not submit a GAN for this change. We discussed this issue with CMFK officials, and they submitted a GAN to notify OJJDP of the change in the scope of the award. As a result of OJJDP approving this GAN, we do not have a recommendation related to this finding.

Grant Reporting

The OJP Financial Guide states that the grantee is to submit two types of reports. The grantee must submit Federal Financial Reports (FFR), which provide information on monies spent and the unobligated amounts remaining in the grant, and Progress Reports, which provide information on the status of grant-funded activities and other pertinent information.

Federal Financial Reports

We reviewed the accuracy and timeliness of CMFK's four most recent FFRs, which included award activity from July 1, 2014, through June 30, 2015. We compared the FFR figures to CMFK's grant accounting ledger and found the amounts to be accurate. We also compared the submission date of each report to the date each report was due, which is 30 days after the end of each quarterly reporting period, and found that CMFK submitted three out of the four tested FFRs on time and one FFR was submitted 1 day late.

Progress Reports

The award documentation required CMFK to submit semiannual progress reports to OJP within 30 days after the end of each reporting period, which were June 30 and December 31. We reviewed the two most recent Progress Reports and found they were accurate and submitted in a timely manner.

Grant Expenditures

To be allowable, an expense charged to an award must be reasonable, consistently applied, adequately documented, and compliant with applicable policies and procedures. As shown in Table 1, as of August 15, 2015, CMFK's grant general ledger reported \$756,632 in costs associated with grant number 2013-JU-FX-0018.

Table 1
Summary of Grant Expenditures

Type of Expenditure	Total Expenditures
Salaries and FICA Benefits ⁵	\$475,311
Health Insurance Benefits	54,578
Travel	44,858
Equipment	13,939
Supplies	11,668
Consultants/Contractors	101,177
Other	55,101
TOTAL	\$756,632⁶

Source: CMFK grant general ledger as of August 15, 2015

⁵ FICA stands for Federal Insurance Contributions Act.

⁶ Here and throughout the report, differences in the total amounts are due to rounding.

To determine whether costs charged to the award were allowable, supported, necessary, and properly allocated in compliance with award requirements, we judgmentally selected and tested both personnel and non-personnel expenditures totaling \$145,772. For the selected expenditures, we reviewed documentation, accounting records, and performed verification testing related to grant expenditures. The following sections describe the results of our testing.

Personnel Costs

According to the OJP Financial Guide, when staff members do not work solely on a single federal award, a reasonable allocation of costs to each activity must be made based on time and effort reports (e.g., timesheets). These reports must reflect an after-the-fact distribution of the actual activity of each employee; account for the total activity for which each employee is compensated; be prepared monthly and coincide with at least one or more pay periods; and be signed by the employee and approved by a supervisory official having firsthand knowledge of work performed. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards. As previously reported, the OJJDP grant provided funding for 11 different positions, 3 of which were funded at 100 percent and the remaining 8 were approved for partial funding at varying percentages of their salary.

We found that CMFK management initially had all grant-funded employees sign a form at the end of the first year of the grant acknowledging that the employees had worked at CMFK for that previous year and that their salaries were supported either in whole or in part by the grant. After the end of the first year of the grant, CMFK used a new form that all of the grant-funded employees and their respective supervisors would sign, on a monthly basis, stating that 100 percent of their hours worked were “spent on duties and responsibilities for the single College Mentors for Kids mentoring program supported by OJJDP grant funding.” We found that both of these forms were insufficient, as they did not reflect an after-the-fact determination of the actual grant-funded activities of each employee or the percentage of time spent on these activities. CMFK officials believed that all work performed by the grant-funded employees was grant-related, and therefore, it was acceptable to use the budgeted percentages of time found in the grant budget when allocating salary and fringe benefits to the grant instead of tracking and charging actual hours devoted to the OJJDP-funded activities. Table 2 shows the total salary, FICA benefits, and health insurance benefits for the CMFK staff members whose personnel costs were allocated partially to the grant from October 1, 2013, to August 15, 2015.

Table 2
Personnel Costs Charged to the Grant for
Partially-Funded Employees

Budget Category	Amount
Salary	\$360,260
FICA Benefits	16,730
Health Insurance Benefits	37,576
TOTAL	\$414,565

Source: CMFK grant general ledger from October 1, 2013, to August 15, 2015

As discussed in the Program Performance and Accomplishments section of the report, CMFK’s OJJDP program manager conducted a site visit to CMFK in November 2014 to review the programmatic, financial, and administrative activities of the grant. Part of the site visit process required the OJJDP program manager to complete a checklist of the areas that needed to be reviewed during the visit. One of the steps in the checklist required the OJJDP program manager to review the timesheets that CMFK used to determine whether the timesheets tracked all hours worked by employees. The OJJDP program manager marked “yes” for this step. The checklist also required the OJJDP program manager to retain a copy of one timesheet for each employee paid with grant funds to support the review and findings for this area. However, OJJDP was unable to provide us with these supporting documents. Subsequently, we requested and received from CMFK the timesheet documents that were used at the time of the site visit. Based on our review of these documents, the timesheets did not track all hours worked by the employees as the OJJDP program manager indicated on the site visit checklist. In addition, as previously mentioned, the OJJDP program manager sent a letter to CMFK officials stating that no problems requiring formal resolution were identified during the site visit. This led the CMFK officials to believe that they were appropriately handling their personnel costs. Nevertheless, as a result of not being able to determine the amount of time spent on grant activities, we are questioning the \$414,565 in salaries, FICA benefits, and health insurance benefits for the CMFK staff members whose personnel costs were partially allocated to the grant.

Furthermore, not all activities CMFK employees engaged in, such as fundraising activities, were allowable grant activities. As previously mentioned, we found that two CMFK employees whose salaries and fringe benefits were 100 percent allocated to the grant also had fundraising responsibilities. Moreover, we found that the CEO and the Director of Corporate and Foundation Development (DCFD), whose salaries and fringe benefits were only partially funded by the grant, had job responsibilities that included these fundraising activities during our review period. Table 3 shows the amounts of salary, FICA benefits, and health insurance benefits allocated to the grant from October 1, 2013, through August 15, 2015 for these four positions.

Table 3
Personnel Costs Charged to the Grant for
Employees Performing Fundraising Activities

Position	Budget Category	Amount
CEO	Salary	\$78,729
CEO	FICA Benefits	3,301
CEO	Health Insurance Benefits	5,271
DCFD	Salary	9,154
DCFD	FICA Benefits	475
DCFD	Health Insurance Benefits	1,682
ADCE 1	Salary	23,750
ADCE 1	FICA Benefits	1,803
ADCE 1	Health Insurance Benefits	4,367
ADCE 2	Salary	45,704
ADCE 2	FICA Benefits	2,515
ADCE 2	Health Insurance Benefits	8,268
TOTAL		\$185,020

Source: CMFK grant general ledger from October 1, 2013, to August 15, 2015

Because CMFK’s timesheets did not track the actual time spent on true grant-funded activities, we were unable to determine the amount of salary and fringe benefits allocated to the grant for allowable grant-related activities and the unallowable fundraising activities performed by the CEO and DCFD during the aforementioned time period. Separately, because grant funds paid 100 percent of the personnel costs for the two ADCE positions, the OJP Financial Guide does not require timesheets to track time spent on grant-related activities because it is assumed that all time would be spent on allowable grant-related activities. Therefore, even if timesheets had been used for these two positions, the fundraising work was unallowable. As a result of not being able to determine how much time was spent on unallowable fundraising activities, we question the entire amount of grant funds used to fund these four positions.

In addition, although the lack of timesheets or after-the-fact activity reports impeded our ability to confirm the salaries and fringe benefits CMFK allocated to the grant, we judgmentally selected two non-consecutive pay periods to test the salary rates and fringe benefit categories allocated to the grant.⁷ We found that CMFK allocated salary and fringe benefits to the grant in an amount less than the actual amounts paid to CMFK employees. However, we found that CMFK allocated a total of \$22,792 in FICA benefits to the grant, and the OJJDP-approved grant budget did not include FICA benefits as an approved expense.

⁷ CMFK allocated its payroll on a semi-monthly basis. We selected the pay periods ending September 15, 2014, and June 15, 2015, for our testing. For these pay periods, salaries totaled \$20,290 and fringe benefits totaled \$4,869.

We discussed the lack of adequate personnel activity reports with CMFK officials, and they created a new after-the-fact personnel activity report detailing the distribution of work performed and the associated time worked on grant-related and non-grant activities for each month. CMFK officials stated that they will also use these after-the-fact reports to calculate the appropriate salary and fringe benefit expenditures allocated to the grant. However, our review of these personnel activity reports identified that they do not specifically identify non-grant related activities, such as fundraising.

We recommend that OJP ensure CMFK implements the new after-the-fact personnel activity reports, including more detail about grant-related and non-grant related activities, and uses these reports to calculate the appropriate salary and fringe benefit expenditures allocated to the grant. We also recommend that OJP remedy the \$414,565 related to the personnel costs for the individuals whose costs were partially allocated to the grant from October 1, 2013, to August 15, 2015, and were not adequately supported. Further, we recommend that OJP remedy the \$185,020 in questioned costs related to the CEO, DCFD, and two ADCEs' salaries and fringe benefits between October 1, 2013, and August 15, 2015, as well as the \$22,792 in unapproved FICA benefits.⁸

Other Direct Costs

We selected a judgmental sample of non-payroll transactions, including travel, contractor expenses, and accountable property, totaling \$120,613 to determine if the charges were included in the approved budget, allowable, and allocable to the award.

Travel

We tested \$13,597 in travel expenses that CMFK charged to the grant. The OJP Financial Guide states that travel expenses are allowable costs for employees who are in travel status on official business related to the award. We found an unallowable \$100 hotel expense allocated to the grant for a personal lodging expense of a CMFK employee. The expense was charged to a CMFK credit card and also lacked documentation supporting the transaction. CMFK officials stated that the expense was approved and subsequently allocated to the grant in error.

In addition, according to 2 C.F.R. § 230 (2013), costs incurred by advisory councils or committees are allowable as a direct cost when authorized by the federal awarding agency. We found a \$200 expense, allocated to the grant, for an airfare expense for a college student mentor to attend a CMFK Board of Directors meeting. OJJDP did not approve CMFK to allocate costs to the grant for advisory councils, which makes this expense unallowable.

⁸ The \$185,020 amount includes duplicative costs of \$98,612 for unsupported personnel costs that were already questioned. The \$22,792 amount includes duplicative costs of \$16,730 for unsupported personnel costs that were already questioned and \$4,318 for unallowable fundraising costs that were already questioned.

During our review of expenditures, we found that some of the documents submitted in support of the expenditures lacked necessary components of information, such as the date of the transaction, vendor name, location of purchase, or an itemization of expenditures. In a well-functioning internal control environment, documented support for expenditures should provide enough detail to allow for the determination of the validity and appropriateness of the expenditures. Without a detailed level of support for expenditures, there is an increased risk for the allocation of unallowable or fraudulent expenditures to the grant.

Although we believe that the \$300 in unallowable travel expenditures are immaterial and are not questioning these costs, we recommend that OJP ensure CMFK creates and implements policies and procedures requiring the submission and review of detailed document support for grant-related expenditures prior to the allocation of these expenses to the grant.

Consultants/Contractors

We tested 12 grant-related contractor invoices totaling \$77,839. We determined all tested transactions were allowable, properly supported, and accurately recorded to the grant ledger. CMFK officials told us that the invoices were reviewed prior to payment; however, we noted that the invoices did not contain evidence of review or approval by CMFK staff. While this is not a formal recommendation, we suggest CMFK document the review or approval of invoices approved for payment.

Accountable Property

We tested 100 percent of equipment purchased with grant funds, as of August 15, 2015, totaling \$13,154. We determined that all costs were allowable and supported. The OJP Financial Guide requires that nonexpendable personal property records be maintained accurately and include information such as a description of the property; source of the property, including award number; acquisition date; location, use, and condition of the property; and unit acquisition cost. We found that the CMFK inventory log of accountable property purchased with grant funds was missing a computer server, did not identify up-to-date information on two laptops, and did not include the necessary components of information listed in the OJP Financial Guide. After we discussed these issues with CMFK officials, they updated the inventory log to include the computer server and up-to-date information on the two laptops. However, CMFK did not update the accountable property inventory log to include certain information required by the OJP Financial Guide. Therefore, we recommend OJJDP ensure CMFK updates its accountable property inventory log to include the required components listed in the OJP Financial Guide.

Compliance with Special Conditions

During our review, we tested a sample of what we deemed to be the most significant special conditions related to CMFK's grant and determined that CMFK did not comply with all of these special conditions. One of CMFK's special conditions

required that CMFK certify it had appropriate criminal background screening procedures in place to evaluate any employee, contractor, or volunteer working under the grant who was expected to have direct substantial contact with minor children. We found that CMFK performed annual criminal background checks on its college student mentors, but CMFK only performed these checks on its staff when first hired and did not perform subsequent periodic checks. In one case, there was a CMFK staff member who had not had a criminal background check conducted in over 10 years. We discussed this issue with CMFK officials, and they implemented a new policy requiring CMFK staff members to undergo a periodic criminal background check.

In addition, another special condition prohibited CMFK from obligating, expending, or drawing down grant funds until the OJP Office of the Chief Financial Officer (OCFO) had approved the budget and budget narrative. According to award documentation, once the OCFO approved the budget and budget narrative, the OCFO would issue a GAN that would remove this restriction from the special conditions. We found that CMFK did not receive this final approval from the OCFO until February 2014, more than 4 months after the start of the grant period on October 1, 2013. During this time, CMFK did not drawdown funds, but it did obligate \$88,539 to the grant for expenses incurred. Three days after receiving the GAN informing CMFK that OCFO had lifted the restriction, CMFK submitted a drawdown request for the majority of the funds already obligated to the grant. In the first progress report submitted by CMFK, OJJDP was made aware that CMFK was incurring costs for the grant award, yet OJJDP did not issue correspondence with CMFK directing CMFK to cease spending until approval was received from the OCFO. We recommend that OJP remedy the \$88,539 in questioned costs for the grant funds obligated prior to OJP OCFO approval.⁹

Views of Responsible Officials

We discussed the results of our audit with grantee and OJP officials throughout our fieldwork and at formal exit conferences, and we have included their comments as appropriate.

Recommendations

We recommend that OJP:

1. Ensure CMFK has implemented and disseminated the new procedures documenting the Executive Vice President's (EVP) grant-related responsibilities.
2. Ensure CMFK establishes and implements written policies and procedures for determining the reasonableness, allocability, and allowability of costs charged

⁹ This amount includes \$67,731 that was already identified as unsupported in the finding for the \$414,565 in personnel costs and \$1,250 already identified as unallowable in the finding for the \$185,020 in fundraising personnel costs.

to the grant as well as written policies and procedures over the receipt of purchased equipment, supplies, and services.

3. Ensure CMFK has formally implemented and disseminated the new policies and procedures requiring the contracted accountant to review all transactions entered from the online credit card system into the accounting system.
4. Ensure CMFK establishes and implements written policies and procedures requiring documented approval of travel expenses from a supervisor, with direct knowledge of the employees' travel and related expenses, prior to the allocation of these expenses to the award.
5. Ensure CMFK has implemented and disseminated policies and procedures requiring the Chief Executive Officer to review and approve the Director of Operations' expenditures and review and approve the EVP's payroll, as well as requiring the contracted accountant to perform only the bank reconciliations and not perform accounting entry functions.
6. Ensure CMFK has enforced its existing policies regarding the periodic changing of passwords and has implemented and disseminated its new policies and procedures for (a) the storage, retention, and disposal of personally identifiable information; and (b) the storage of its financial management systems' usernames and passwords.
7. Ensure CMFK has implemented and disseminated its written procedures for drawing down grant funds.
8. Ensure CMFK implements the new after-the-fact personnel activity reports, including more detail about grant-related and non-grant related activities, and uses these reports to calculate the appropriate salary and fringe benefit expenditures allocated to the grant.
9. Remedy the \$414,565 related to the personnel costs for the individuals whose costs were partially allocated to the grant from October 1, 2013, to August 15, 2015, and were not adequately supported.
10. Remedy the \$185,020 in questioned costs related to the Chief Executive Officer, Director of Corporate and Foundation Development, and two Associate Directors of Community Engagement's salaries and fringe benefits between October 1, 2013, and August 15, 2015.
11. Remedy the \$22,792 in unapproved Federal Insurance Contributions Act (FICA) benefits.
12. Ensure CMFK creates and implements policies and procedures requiring the submission and review of detailed document support for grant-related expenditures prior to the allocation of these expenses to the grant.
13. Ensure CMFK updates its accountable property inventory log to include the required components listed in the OJP Financial Guide.

14. Remedy the \$88,539 in questioned costs for the grant funds obligated prior to OJP OCFO approval.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We performed audit work at CMFK's office in Indianapolis, Indiana, where we interviewed key CMFK personnel; reviewed internal policies and procedures to obtain an understanding of the financial management systems, including internal controls; and tested a sample of grant expenditures. We also reviewed the criteria governing grant activities, including the OJP Financial Guide, relevant OMB Circulars, and the Code of Federal Regulations. In addition, we reviewed grant documents, including the application, award, budgets, and financial and progress reports.

Our audit concentrated on, but was not limited to, the inception of the grant on October 1, 2013, through August 15, 2015. This was an audit of grant number 2013-JU-FX-0018 awarded to College Mentors for Kids, Incorporated (CMFK), of Indianapolis, Indiana, for \$1,315,923. In conducting our audit, we reviewed Federal Financial Reports (FFR) and Progress Reports and performed testing of grant expenditures, including reviewing supporting accounting records. We reviewed internal controls and procedures for the grant that we audited and judgmentally selected a sample of expenditures. A judgmental sampling design was applied to obtain broad exposure to numerous facets of the grant reviewed, such as dollar amounts, expenditure category, and risk. This non-statistical sample design does not allow for projection of the test results to all grant expenditures or internal controls and procedures. We selected 95 personnel and non-personnel transactions that totaled \$145,772, including the six highest dollar amounts, and the other 89 transactions were judgmentally selected. As of August 15, 2015, the end of our review period, CMFK had expended \$756,632 (57 percent) of the total grant award.¹¹

The objective of this audit was to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas: (1) financial management, (2) grant drawdowns, (3) contracts, (4) budget management and control, (5) program

¹¹ The award period ends September 30, 2016.

performance and accomplishments, (6) grant reporting, (7) grant expenditures, and (8) compliance with special conditions. We determined that local matching funds, program income, indirect costs, and monitoring of sub-grantees were not applicable to this grant.

We performed limited testing of source documents to assess the accuracy of FFRs, reimbursement requests, expenditures, and Progress Reports; evaluated performance to grant objectives; and reviewed the grant-related internal controls over the financial management system. We also tested invoices as of August 15, 2015. During our audit, we obtained information from OJP's Grant Management System (GMS) as well as CMFK's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole. Therefore, any findings identified involving information from those systems was verified with documentation from other sources. Finally, CMFK did not expend the minimum amount of federal funds to necessitate the submission of a Single Audit Report in any fiscal year under our review.

SCHEDULE OF DOLLAR—RELATED FINDINGS

<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>PAGE</u>
QUESTIONED COSTS¹²		
Unallowable		
Fundraising Personnel Costs	\$185,020	16
Unapproved FICA Benefits	\$22,792	16
Grant Funds Obligated Prior to OCFO Approval	\$88,539	18
Unsupported		
Personnel Costs	\$414,565	16
GROSS QUESTIONED COSTS	\$710,916	
<i>Less Duplicate Questioned Costs¹³</i>	<i>(188,641)</i>	
NET QUESTIONED COSTS	\$522,276	

¹² **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, 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.

¹³ Some costs were questioned for more than one reason. The total unsupported personnel costs of \$414,565 includes the \$98,612 for the CEO and DCFD's salary, FICA, and fringe benefits expenditures questioned as unallowable due to their fundraising activities, \$16,730 in FICA benefits questioned as unapproved by OJJDP, and \$67,731 in personnel costs questioned because this amount was obligated prior to OCFO approval. The total unallowable fundraising personnel costs includes \$4,318 in FICA benefits questioned as unapproved by OJJDP and \$1,250 in personnel costs questioned because this amount was obligated prior to OCFO approval.

AUDITEE RESPONSE TO THE DRAFT REPORT



February 5, 2016

Ms. Carol S. Taraszka
Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General
Chicago Regional Audit Office
500 W. Madison St., Suite 1121
Chicago, Illinois 60661-2590

Dear Ms. Taraszka,

I received your letter and the draft report on the audit conducted on College Mentors for Kids' Office of Juvenile Justice and Delinquency Prevention Grant 2013-JU-FX-0018 by your office. I understand that 14 recommendations have been made for College Mentors for Kids with regard to this audit. I have enclosed with this letter a copy of each of the recommendations and the response to each. The response includes College Mentors for Kids' agreement or disagreement with each statement as well as our corrective action plan and timeline. We are committed to working with OJJDP for their swift resolution. I have also included a copy of College Mentors for Kids' updated Grants Management Policy and Procedures as Attachment One.

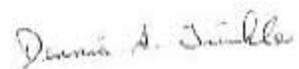
This letter confirms the completeness and accuracy of information provided to OIG during the audit review process.

As College Mentors for Kids' new CEO, I appreciate the opportunity to provide feedback on this draft report. It is my understanding that this is the first federal grant from the Department of Justice received by College Mentors for Kids. We appreciate the opportunity to improve internal controls and grant procedures to ensure that we are correctly administering these funds as well as achieving our desired program outcomes. However, many of the issues identified in the audit could have been resolved proactively with better guidance from our prior program manager at OJJDP during his November 2014 site visit to College Mentors for Kids.

College Mentors for Kids' signature mentor program helps at-risk youth achieve success in life by working with them in their most impressionable years. The goal of the OJJDP grant is to improve youth behavior, prevent delinquency and increase educational engagement through evidence-based mentoring for at-risk youth. To date, we have exceeded our target of mentoring 500 additional youth (for a total of 2,000 youth) over the term of the grant. Program evaluations further demonstrate we are achieving our desired outcomes related to positive youth development, educational engagement and achievement for our mentees.

Please do not hesitate to contact me if you have any questions or need any additional information.

For the kids,

A handwritten signature in cursive script that reads "Dennis A. Trinkle".

Dr. Dennis A. Trinkle
CEO, College Mentors for Kids, Inc.

Enclosures

cc: Office of Juvenile Justice and Delinquency Prevention

College Mentors for Kids' response to the draft audit is as follows:

Recommendation 1. Ensure CMFK has implemented and disseminated the new procedures documenting the Executive Vice President's (EVP) grant-related responsibilities.

Response 1: College Mentors for Kids agrees with this recommendation to strengthen and clarify its management practices and has documented the Executive Vice President's grant-related responsibilities in the attached Grant Management Policies and Procedures. Specifically, the Policies and Procedures describe grant budgeting, reporting, allocation of expenditures and drawdown. College Mentors for Kids also has identified and documented in the Grant Policies and Procedures document a back-up individual who will fulfill these duties in the Executive Vice President's absence.

Recommendation 2. Ensure CMFK establishes and implements written policies and procedures for determining the reasonableness, allocability, and allowability of costs charged to the grant as well as written policies and procedures over the receipt of purchased equipment, supplies, and services.

Response 2: College Mentors for Kids agrees with this recommendation to further strengthen its grant management practices and will establish and implement written policies and procedures for determining the reasonableness, allocability, and allowability of costs charged to the grant as well as written policies and procedures over the receipt of purchased equipment, supplies, and services under the grant. See the attached Grant Management Policies and Procedures document.

Recommendation 3. Ensure CMFK has formally implemented and disseminated the new policies and procedures requiring the contracted accountant to review all transactions entered from the online credit card system into the accounting system.

Response 3: College Mentors for Kids agrees with this recommendation to further strengthen its grant management practices and has implemented and disseminated the new policies and procedures. In particular, the contracted accountant will always review all transactions entered from the online credit card system into the accounting system. The process is documented in the attached Policies and Procedures document.

Recommendation 4. Ensure CMFK establishes and implements written policies and procedures requiring documented approval of travel expenses from a supervisor, with direct knowledge of the employees' travel and related expenses, prior to the allocation of these expenses to the award.

Response 4: College Mentors for Kids agrees with this recommendation to further strengthen its grant management practices and has implemented written policies and procedures requiring documented approval of travel expenses from a supervisor. See attached Grant Management Policies and Procedures document.

Recommendation 5. Ensure CMFK has implemented and disseminated policies and procedures requiring the Chief Executive Officer to review and approve the Director of Operations' expenditures and review and approve the EVP's payroll, as well as requiring the contracted accountant to perform only the bank reconciliations and not perform accounting entry functions.

Response 5: College Mentors for Kids agrees with this recommendation to further strengthen its grant management practices and has implemented and disseminated policies and procedures to this end. See attached Policies and Procedures document.

Recommendation 6. Ensure CMFK has enforced its existing policies regarding the periodic changing of passwords and has implemented and disseminated its new policies and procedures for (a) the storage, retention, and disposal of personally identifiable information; and (b) the storage of its financial management systems' usernames and passwords.

Response 6: College Mentors for Kids agrees with this recommendation to further strengthen its operational practices for information security and has shared its new policy around the storage, retention, and disposal of personally identifiable information with chapters at National Training Conference and is confirming compliance through monthly update calls. Additionally, College Mentors for Kids has removed its financial management systems' usernames and passwords from all procedure documents. They are now in a password-protected file only accessible by the individual with permission to access the system.

Recommendation 7. Ensure CMFK has implemented and disseminated its written procedures for drawing down grant funds.

Response 7: College Mentors for Kids agrees with this recommendation to further strengthen its grant management practices and has implemented and disseminated written procedures for drawing down grant funds. See attached Grant Management Policies and Procedures document.

Recommendation 8. Ensure CMFK implements the new after-the-fact personnel activity reports, including more detail about grant-related and non-grant related activities, and uses these reports to calculate the appropriate salary and fringe benefit expenditures allocated to the grant.

Response 8: College Mentors for Kids agrees with the recommendation to implement after-the-fact personnel activity reports used in calculating salary and fringe benefit expenditures allocated to the grant and is working with OJJDP to determine the appropriate level of detail for reporting grant-related and non-grant related activities. The new after-the-fact personnel activity reports will be fully implemented by March 2016.

Recommendation 9. Remedy the \$414,565 related to the personnel costs for the individuals whose costs were partially allocated to the grant from October 1, 2013, to August 15, 2015, and were not adequately supported.

Response 9: College Mentors for Kids acknowledges the recommendation to remedy the evidence and documentation regarding costs. College Mentors for Kids will update the retroactive activity sheets to include more detail about grant-related and non-grant related activities for OJJDP and request retroactive approval of these costs.

College Mentors for Kids is confident that all charges applied to the grant were appropriate, allowable and allocable. And, as noted in the report, we also wish to reiterate that we were following a process reviewed, discussed and approved by our prior OJJDP program manager, [REDACTED]. As discussed in the Program Performance and Accomplishments section of the report, [REDACTED] conducted a site visit to College Mentors for Kids in November 2014 to review the programmatic, financial, and administrative activities of the grant. College Mentors, following [REDACTED] guidance, understood it was documenting personnel costs appropriately.

During the program review, our processes and documentation for personnel expenses were specifically reviewed and discussed, and we were assured the forms we were using would be appropriate for documentation. Part of the site visit process required the OJJDP program manager to complete a checklist of the areas that needed to be reviewed during the visit. As previously mentioned, the OJJDP program manager sent a letter to College Mentors for Kids officials stating that no problems requiring formal resolution were identified during the site visit. This led College Mentors for Kids to believe that we were appropriately handling personnel costs.

We understand that the engagement of some staff in fundraising activities created some interpretative confusion for the auditors. And, we understand that the fact that in several cases staff activity is only partially devoted to and funded by the grant created additional ambiguity. From our conversations with our current program officer, we are confident that we can clearly demonstrate that no funds were drawn down for unallowable expenses. We have initiated this process as of February 2016 and will work with our OJJDP program manager to document, clarify, and remedy this issue as expeditiously as possible.

Recommendation 10. Remedy the \$185,020 in questioned costs related to the Chief Executive Officer, Director of Corporate and Foundation Development, and two Associate Directors of Community Engagement's salaries and fringe benefits between October 1, 2013, and August 15, 2015.

Response 10: College Mentors for Kids acknowledges the recommendation to remedy the questioned costs and will submit to OJJDP additional, detailed activity logs demonstrating the allowability of salary and benefits allocated to the grant for these positions.

We are confident that all charges applied to the grant were appropriate. And, as noted in the report with finding 9, we also wish to reiterate that we were following a process reviewed, discussed and approved by our prior program manager [REDACTED]. As discussed in the Program Performance and Accomplishments section of the report, [REDACTED] conducted a site visit to College Mentors for Kids in November 2014 to review the programmatic, financial, and administrative activities of the grant. College Mentors, following [REDACTED] guidance, understood it was documenting personnel costs appropriately.

During the program review, our processes and documentation for personnel expenses were specifically reviewed and discussed, and we were assured the forms we were using would be appropriate for documentation. Part of the site visit process required [REDACTED] to complete a checklist of the areas that needed to be reviewed during the visit. As previously mentioned, he sent a letter to College Mentors for Kids officials stating that no problems requiring formal resolution were identified during the site visit. This led us to believe that we were appropriately handling their personnel costs.

We understand that the engagement of some staff in fundraising activities created some interpretative confusion for the auditors. And, we understand that the fact that in several cases staff activity is only partially devoted to and funded by the grant created additional ambiguity. This is the case for the CEO and Director of Corporate and Foundation Development. These positions do engage in fundraising activity but none of that time or effort was supported by OJJDP grant funds; rather their fundraising efforts were supported by operational funds.

The two Associate Directors of Community Engagement had a primary focus on community awareness and building community support. A small amount of the Associate Director of Community Engagement's role (1%) was involved in direct fundraising. While this position was 100% OJJDP-funded in our budget, the actual salary rate was higher than the budgeted amount in the grant, so no federal funds have been drawn down to support fundraising activities by the ADCE. In August 2015, the Associate Directors of Community Engagement positions were recast as Regional Directors of Development and Community Engagement roles to begin transition to future work aimed at long-term sustainability. The Regional Directors of Development and Community Engagement have also been only minimally engaged in direct fundraising since August 15, 2015 and none of this work has been funded under OJJDP grant dollars. The changes to this position were documented in a GAN approved by OJJDP in November 2015.

From our conversations with our current program officer, we are confident that we can clearly demonstrate that no funds were drawn down for unallowable expenses. We have initiated this

process as of February 2016 and will work with our OJJDP program manager to document, clarify, and remedy this issue as expeditiously as possible.

Recommendation 11. Remedy the \$22,792 in unapproved Federal Insurance Contributions Act (FICA) benefits.

Response 11: College Mentors for Kids acknowledges the recommendation to remedy the unapproved Federal Insurance Contributions Act (FICA) benefits and is seeking retroactive approval from OJJDP to include FICA in fringe benefits allocated to the grant. College Mentors' OJJDP-approved grant budget did not include FICCA benefits as an approved expense but it is an allowable expense for OJJDP grant funds per the OCFO Financial Guide. We have initiated this process as of February 2016 and will work with our OJJDP program manager to document, clarify, and remedy this issue as expeditiously as possible.

Recommendation 12. Ensure CMFK creates and implements policies and procedures requiring the submission and review of detailed document support for grant-related expenditures prior to the allocation of these expenses to the grant.

Response 12: College Mentors for Kids agrees with the recommendation and will create and implement policies and procedures requiring the submission and review of detailed document support for grant-related expenditures prior to the allocation of these expenses to the grant. This will occur on a monthly basis as described in the Policies and Procedures document.

Recommendation 13. Ensure CMFK updates their accountable property inventory log to include the required components listed in the OJP Financial Guide.

Response 13: College Mentors for Kids agrees with this recommendation and has updated our accountable property inventory log to include the required components listed in the OJP Financial Guide. The grant procedures and policies has also been updated to clarify our maintenance and control procedures concerning federally-purchased property.

Recommendation 14. Remedy the \$88,539 in questioned costs for the grant funds obligated prior to OJP OCFO approval.

Response 14: College Mentors for Kids agrees with the recommendation to remedy the questioned costs and has requested retroactive approval for funds obligated prior to OJP OCFO approval.

After accepting our grant award in October 2013, College Mentors for Kids communicated extensively with our prior OJJDP Program Officer, [REDACTED] about having initiated grant-funded activities but were not informed that such activities would not be covered and that funds were on hold. We took care to assure that when submitted for draw-down funds were allowable, and we at no point received guidance from our program liaison that this was inappropriate. When [REDACTED] reviewed the program, we also received no indications of retrospective concern.

We initiated the process for seeking retroactive approval in December 2015 and will work with our OJJDP program manager to document, clarify, and remedy this issue as expeditiously as possible by demonstrating the allowability of funds from that period.

OJP RESPONSE TO THE DRAFT REPORT



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

FEB 22 2016

MEMORANDUM TO: Carol S. Taraszka
Regional Audit Manager
Chicago Regional Audit Office
Office of the Inspector General

FROM: Ralph E. Martin
Director 

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Office of Juvenile Justice and Delinquency Prevention, Grant Awarded to College Mentors for Kids, Inc., Indianapolis, Indiana*

This memorandum is in reference to your correspondence, dated January 15, 2016, transmitting the above-referenced draft audit report for College Mentors for Kids, Inc. (CMFK). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains 14 recommendations and \$522,276¹ 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 directed to OJP are restated in bold and are followed by our response.

1. **Ensure CMFK has implemented and disseminated the new procedures documenting the Executive Vice President's (EVP) grant-related responsibilities.**

OJP agrees with the recommendation. We will coordinate with CMFK to obtain a copy of written policies and procedures, developed and implemented, to ensure that grant-related responsibilities for the Executive Vice-President (EVP) are documented.

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

2. **Ensure CMFK establishes and implements written policies and procedures for determining the reasonableness, allocability, and allowability of costs charged to the grant as well as written policies and procedures over the receipt of purchased equipment, supplies, and services.**

OJP agrees with the recommendation. We will coordinate with CMFK to obtain a copy of written policies and procedures, developed and implemented, to ensure that: (a) costs charged to Federal grants are reasonable, allocable, and allowable, and the supporting documentation is maintained for future auditing purposes; and (b) procurements of equipment, supplies, and services with Federal grant funds are properly reported.

3. **Ensure CMFK has formally implemented and disseminated the new policies and procedures requiring the contracted accountant to review all transactions entered from the online credit card system into the accounting system.**

OJP agrees with the recommendation. We will coordinate with CMFK to obtain a copy of written policies and procedures, developed and implemented, to ensure that all transactions, from the online credit card system, are properly reviewed and approved prior to being posted to the accounting system.

4. **Ensure CMFK establishes and implements written policies and procedures requiring documented approval of travel expenses from a supervisor, with direct knowledge of the employees' travel and related expenses, prior to the allocation of these expenses to the award.**

OJP agrees with the recommendation. We will coordinate with CMFK to obtain a copy of written policies and procedures, developed and implemented, to ensure that travel expenses are approved by a supervisor who has direct knowledge of the employees' travel and related expenses, and that the supervisor's approval is documented prior to the allocation of these expenses to the award.

5. **Ensure CMFK has implemented and disseminated policies and procedures requiring the Chief Executive Officer to review and approve the Director of Operations' expenditures and review and approve the EVP's payroll, as well as requiring the contracted accountant to perform only the bank reconciliations and not perform accounting entry functions.**

OJP agrees with the recommendation. We will coordinate with CMFK to obtain a copy of written policies and procedures, developed and implemented, to ensure that the Chief Executive Officer reviews and approves the Director of Operations' expenditures and approves the EVP's payroll; and the role of the contracted accountant is limited to performing bank reconciliations and does not include entering transactions into CMFK's accounting system.

6. **Ensure CMFK has enforced its existing policies regarding the periodic changing of passwords and has implemented and disseminated its new policies and procedures for (a) the storage, retention, and disposal of personally identifiable information; and (b) the storage of its financial management systems' usernames and passwords.**

OJP agrees with the recommendation. We will coordinate with CMFK to obtain documentation demonstrating that it has enforced its existing policies regarding the periodic changing of passwords; and has implemented written policies and procedures to ensure the proper: (a) storage, retention, and disposal of personally identifiable information; and (b) storage of its financial management systems' usernames and passwords.

7. **Ensure CMFK has implemented and disseminated its written procedures for drawing down grant funds.**

OJP agrees with the recommendation. We will coordinate with CMFK to obtain a copy of written policies and procedures, developed and implemented, to ensure that drawdowns of Federal grant funds are based on actual expenditures incurred, or are the minimum amounts needed for disbursements to be made immediately or within 10 days of drawdown; and amounts requested for reimbursement are submitted in a timely manner, and are supported by adequate documentation.

8. **Ensure CMFK implements the new after-the-fact personnel activity reports, including more detail about grant-related and non-grant related activities, and uses these reports to calculate the appropriate salary and fringe benefit expenditures allocated to the grant.**

OJP agrees with the recommendation. We will coordinate with CMFK to obtain a copy of its written policies and procedures, developed and implemented, to ensure that personnel activity reports include sufficient detail on grant-related and non-grant related activities, to facilitate CMFK's calculation of salary and fringe benefits expenditures allocated to Federal grants.

9. **Remedy the \$414,565 related to the personnel costs for the individuals whose costs were partially allocated to the grant from October 1, 2013, to August 15, 2015, and were not adequately supported.**

OJP agrees with the recommendation. We will coordinate with CMFK to remedy the \$414,565 in questioned costs, related to the personnel costs for the individuals whose personnel costs were partially allocated to grant number 2013-JU-FX-0018, from October 1, 2013, to August 15, 2015.

10. **Remedy the \$185,020 in questioned costs related to the Chief Executive Officer, Director of Corporate and Foundation Development, and two Associate Directors of Community Engagement's salaries and fringe benefits between October 1, 2013, and August 15, 2015.**

OJP agrees with the recommendation. We will coordinate with CMFK to remedy the \$185,020 in questioned costs, related to salaries and fringe benefits that the Chief Executive Officer, Director of Corporate and Foundation Development, and two Associate Directors of Community Engagement charged to grant number 2013-JU-FX-0018 between October 1, 2013, and August 15, 2015.

11. **Remedy the \$22,792 in unapproved Federal Insurance Contributions Act (FICA) benefits.**

OJP agrees with the recommendation. We will coordinate with CMFK to remedy the \$22,792 in questioned costs, related to unapproved Federal Insurance Contributions Act benefits, that were charged to grant number 2013-JU-FX-0018.

12. **Ensure CMFK creates and implements policies and procedures requiring the submission and review of detailed document support for grant-related expenditures prior to the allocation of these expenses to the grant.**

OJP agrees with the recommendation. We will coordinate with CMFK to obtain a copy of written policies and procedures, developed and implemented, to ensure that detailed documentation supporting grant-related expenditures is submitted and reviewed by CMFK management, prior to the allocation of these expenses to the grant.

13. **Ensure CMFK updates their accountable property inventory log to include the required components listed in the OJP Financial Guide.**

OJP agrees with the recommendation. We will coordinate with CMFK to obtain a copy of CMFK's accountable property inventory log to ensure that it has been updated to include the required components listed in the Department of Justice Financial Guide.

14. **Remedy the \$88,539 in questioned costs for the grant funds obligated prior to OJP OCFO approval.**

OJP agrees with the recommendation. We will coordinate with CMFK to remedy the \$88,539 in questioned costs, related to grant funds obligated prior to OJP's approval, that were charged to grant number 2013-JU-FX-0018.

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: Maureen A. Henneberg
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OJP Executive Secretariat
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**OFFICE OF THE INSPECTOR GENERAL
ANALYSIS AND SUMMARY OF ACTIONS
NECESSARY TO CLOSE THE REPORT**

The Office of the Inspector General (OIG) provided a draft of this audit report to College Mentors for Kids, Incorporated (CMFK), and the U.S. Department of Justice Office of Justice Programs (OJP). CMFK's response is incorporated in Appendix 3 of this final report, and OJP's response is incorporated in Appendix 4 of this final report. CMFK also provided in its response updated grant management policies and procedures that are not included in Appendix 3 due to their volume and technical nature. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation:

- 1. Ensure CMFK has implemented and disseminated the new procedures documenting the Executive Vice President's (EVP) grant-related responsibilities.**

Resolved. OJP concurred with our recommendation. OJP stated it will coordinate with CMFK to obtain a copy of written policies and procedures, developed and implemented, to ensure that grant-related responsibilities for the EVP are documented.

CMFK also concurred with our recommendation. In its response to our recommendation, CMFK stated it has documented the EVP's grant-related responsibilities in its new grant management policies and procedures, which CMFK provided as an attachment to its response. The policies and procedures describe grant budgeting, reporting, allocation of expenditures, and drawdowns. In addition, CMFK also identified and documented a back-up individual who will fulfill these duties in the EVP's absence.

This recommendation can be closed when we receive evidence that CMFK's new procedures documenting the EVP's grant-related responsibilities have been reviewed by OJP, formally integrated into CMFK's body of policies, and disseminated to appropriate staff.

- 2. Ensure CMFK establishes and implements written policies and procedures for determining the reasonableness, allocability, and allowability of costs charged to the grant as well as written policies and procedures over the receipt of purchased equipment, supplies, and services.**

Resolved. OJP concurred with our recommendation. OJP stated it will coordinate with CMFK to obtain a copy of written policies and procedures, developed and implemented, to ensure that: (a) costs charged to federal grants are reasonable, allocable, and allowable; and (b) procurements of

equipment, supplies, and services with federal grant funds are properly reported. In addition, although it was not part of our recommendation, OJP stated it will coordinate with CMFK to ensure that supporting documentation for all costs charged to federal grants is maintained for future auditing purposes.

CMFK also concurred with our recommendation. In its response to our recommendation, CMFK stated it will establish and implement written policies and procedures for determining the reasonableness, allocability, and allowability of costs charged to the grant, as well as written policies and procedures over the receipt of purchased equipment, supplies, and services under the grant. Along with its response, CMFK provided a copy of its new grant management policies and procedures related to these areas.

This recommendation can be closed when we receive evidence that CMFK's new written policies and procedures for determining the reasonableness, allocability, and allowability of costs charged to the grant, as well as those over the receipt of purchased equipment, supplies, and services have been reviewed by OJP and formally integrated into CMFK's body of policies.

3. Ensure CMFK has formally implemented and disseminated the new policies and procedures requiring the contracted accountant to review all transactions entered from the online credit card system into the accounting system.

Resolved. OJP concurred with our recommendation. OJP stated that it will coordinate with CMFK to obtain a copy of written policies and procedures, developed and implemented, to ensure that all transactions from the online credit card system are properly reviewed and approved prior to being posted to the accounting system.

CMFK also concurred with our recommendation. In its response to our recommendation, CMFK stated it has implemented and disseminated the new policies and procedures requiring the contracted accountant to review all transactions entered from the online credit card system into the accounting system. Along with its response, CMFK provided a copy of its new grant management policies and procedures that included procedures for the contracted accountant to review and reconcile the credit card expenditures to the accounting system.

This recommendation can be closed when we receive evidence that CMFK's new procedures requiring the contracted accountant to review all transactions entered from the online credit card system into the accounting system have been reviewed by OJP, formally integrated into CMFK's body of policies, and disseminated to appropriate staff.

4. Ensure CMFK establishes and implements written policies and procedures requiring documented approval of travel expenses from a

supervisor, with direct knowledge of the employees' travel and related expenses, prior to the allocation of these expenses to the award.

Resolved. OJP concurred with our recommendation. OJP stated it will coordinate with CMFK to obtain a copy of written policies and procedures, developed and implemented, to ensure that travel expenses are approved by a supervisor who has direct knowledge of the employees' travel and related expenses, and that the supervisor's approval is documented prior to the allocation of these expenses to the award.

CMFK also concurred with our recommendation. In its response to our recommendation, CMFK stated it has implemented written policies and procedures requiring the documentation of supervisory approval of travel expenses. Along with its response, CMFK provided a copy of its new grant management policies and procedures that included procedures requiring supervisory approval for CMFK staff travel expenses.

This recommendation can be closed when we receive evidence that CMFK's new procedures requiring supervisory approval of travel expenses, with direct knowledge of the employees' travel and related expenses, prior to the allocation of these expenses to the award have been reviewed by OJP and formally integrated into CMFK's body of policies.

- 5. Ensure CMFK has implemented and disseminated policies and procedures requiring the Chief Executive Officer to review and approve the Director of Operations' expenditures and review and approve the EVP's payroll, as well as requiring the contracted accountant to perform only the bank reconciliations and not perform accounting entry functions.**

Resolved. OJP concurred with our recommendation. OJP stated it will coordinate with CMFK to obtain a copy of written policies and procedures, developed and implemented, to ensure that the Chief Executive Officer reviews and approves the Director of Operations' expenditures and approves the EVP's payroll; and the role of the contracted accountant is limited to performing bank reconciliations and does not include entering transactions into CMFK's accounting system.

CMFK also concurred with our recommendation. In its response to our recommendation, CMFK stated that it has implemented and disseminated policies and procedures related to this recommendation. Along with its response, CMFK provided a copy of its new grant management policies and procedures. While these policies and procedures address the requirement for the Chief Executive Officer to review and approve the Director of Operations' expenditures and the EVP's payroll, they do not address the policy to limit the contracted accountant's responsibilities to ensure proper segregation of duties.

This recommendation can be closed when we receive evidence that CMFK's new procedures documenting: (a) the requirement of the Chief Executive Officer to review and approve the Director of Operations' expenditures and the EVP's payroll; and (b) the requirement for the contracted accountant to perform only the bank reconciliations and not perform accounting entry functions have been reviewed by OJP, formally integrated into CMFK's body of policies, and disseminated to appropriate staff.

6. Ensure CMFK has enforced its existing policies regarding the periodic changing of passwords and has implemented and disseminated its new policies and procedures for (a) the storage, retention, and disposal of personally identifiable information; and (b) the storage of its financial management systems' usernames and passwords.

Resolved. OJP concurred with our recommendation. OJP stated it will coordinate with CMFK to obtain documentation demonstrating that CMFK has enforced its existing policies regarding the periodic changing of passwords. In addition, OJP stated that it will ensure that CMFK has implemented written policies and procedures to ensure the proper: (a) storage, retention, and disposal of personally identifiable information; and (b) storage of its financial management systems' usernames and passwords.

CMFK also concurred with our recommendation. In its response to our recommendation, CMFK stated that during its National Training Conference, CMFK shared with its college chapters the new policy concerning the storage, retention, and disposal of personally identifiable information. CMFK stated that it is in the process of confirming compliance with this policy through monthly update calls. CMFK also stated it has removed its financial management systems' usernames and passwords from all procedure documents and placed them in a password-protected file with limited accessibility.

This recommendation can be closed when we receive evidence that CMFK has enforced its existing policies regarding the periodic changing of passwords and its new policies and procedures documenting: (a) the storage, retention, and disposal of personally identifiable information; and (b) the storage of its financial management systems' usernames and passwords have been reviewed by OJP, formally integrated into CMFK's body of policies, and disseminated to appropriate staff.

7. Ensure CMFK has implemented and disseminated its written procedures for drawing down grant funds.

Resolved. OJP concurred with our recommendation. OJP stated it will coordinate with CMFK to obtain a copy of written policies and procedures, developed and implemented, to ensure that drawdowns of federal grant funds are based on actual expenditures incurred, or are the minimum

amounts needed for disbursements to be made immediately or within 10 days of drawdown; and amounts requested for reimbursement are submitted in a timely manner, and are supported by adequate documentation.

CMFK also concurred with our recommendation. In its response to our recommendation, CMFK stated it has implemented and disseminated written procedures for drawing down grant funds. Along with its written response, CMFK provided new grant management policies and procedures that addressed this area.

This recommendation can be closed when we receive evidence that CMFK's new procedures documenting the requirement that drawdowns of federal grant funds are based on actual expenditures incurred, or are the minimum amounts needed for disbursements to be made immediately or within 10 days of drawdown; and amounts requested for reimbursement are submitted in a timely manner, and are supported by adequate documentation that has been reviewed by OJP, formally integrated into CMFK's body of policies, and disseminated to appropriate staff.

8. Ensure CMFK implements the new after-the-fact personnel activity reports, including more detail about grant-related and non-grant related activities, and uses these reports to calculate the appropriate salary and fringe benefit expenditures allocated to the grant.

Resolved. OJP concurred with our recommendation. OJP stated it will coordinate with CMFK to obtain a copy of its written policies and procedures, developed and implemented, to ensure that personnel activity reports include sufficient detail on grant-related and non-grant related activities, to facilitate CMFK's calculation of salary and fringe benefits expenditures allocated to federal grants.

CMFK also concurred with our recommendation. In its response to our recommendation, CMFK stated it is working with the granting agency to determine the appropriate level of detail for reporting grant-related and non-grant-related activities. CMFK also stated that by March 2016 it will implement new after-the-fact personnel activity reports.

This recommendation can be closed when we receive evidence that CMFK has implemented after-the-fact personnel activity reports, including more detail about grant-related and non-grant-related activities, and uses these reports to calculate the appropriate salary and fringe benefit expenditures allocated to the grant.

9. Remedy the \$414,565 related to the personnel costs for the individuals whose costs were partially allocated to the grant from October 1, 2013, to August 15, 2015, and were not adequately supported.

Resolved. OJP concurred with our recommendation. OJP stated it will coordinate with CMFK to remedy the \$414,565 in questioned costs related to the personnel costs for the individuals whose personnel costs were partially allocated to grant number 2013-JU-FX-0018, from October 1, 2013, to August 15, 2015.

CMFK stated it acknowledged our recommendation and will update the retroactive activity sheets to include more detail about grant-related and non-grant-related activities. CMFK further expressed confidence that no funds were drawn down for unallowable expenses and will work with the granting agency to document, clarify, and remedy the issue.

This recommendation can be closed when we receive evidence that the \$414,565 in personnel costs has been appropriately remedied.

10. Remedy the \$185,020 in questioned costs related to the Chief Executive Officer, Director of Corporate and Foundation Development, and two Associate Directors of Community Engagement's salaries and fringe benefits between October 1, 2013, and August 15, 2015.

Resolved. OJP concurred with our recommendation. OJP stated it will coordinate with CMFK to remedy the \$185,020 in questioned costs related to salaries and fringe benefits that the Chief Executive Officer, Director of Corporate and Foundation Development, and two Associate Directors of Community Engagement charged to grant number 2013-JU-FX-0018 between October 1, 2013, and August 15, 2015.

CMFK stated it acknowledged our recommendation and will submit additional, detailed activity logs that demonstrate the allowability of salary and benefits allocated to the grant for these positions. In addition, CMFK noted that the CEO and Director of Corporate and Foundation Development positions engage in fundraising activity, but stated that none of that time or effort was supported by grant funds. Further, for the two Associate Directors of Community Engagement positions, CMFK stated that only a small percentage of their time was devoted to fundraising activities and because the salary rate of the position was higher than the budgeted amount, no federal funds were drawn down in support of the fundraising activities. According to CMFK, in February 2016, it began working with the granting agency to demonstrate that no funds were drawn down for unallowable expenses.

This recommendation can be closed when we receive evidence that the \$185,020 in unallowable fundraising personnel costs has been appropriately remedied.

11. Remedy the \$22,792 in unapproved Federal Insurance Contributions Act (FICA) benefits.

Resolved. OJP concurred with our recommendation. OJP stated it will coordinate with CMFK to remedy the \$22,792 in questioned costs, related to unapproved FICA benefits that were charged to grant number 2013-JU-FX-0018.

CMFK stated it acknowledged our recommendation and is seeking retroactive approval from the granting agency to include FICA in fringe benefits allocated to the grant.

This recommendation can be closed when we receive evidence that the \$22,792 in unapproved FICA benefits has been appropriately remedied.

12. Ensure CMFK creates and implements policies and procedures requiring the submission and review of detailed document support for grant-related expenditures prior to the allocation of these expenses to the grant.

Resolved. OJP concurred with our recommendation. OJP stated it will coordinate with CMFK to obtain a copy of written policies and procedures, developed and implemented, to ensure that detailed documentation supporting grant-related expenditures is submitted and reviewed by CMFK management, prior to the allocation of these expenses to the grant.

CMFK also concurred with our recommendation. In its response to our recommendation, CMFK stated it will create and implement policies and procedures requiring the submission and review of detailed support for grant-related expenditures prior to the allocation of these expenditures to the grant. CMFK also stated that this process will occur on a monthly basis.

This recommendation can be closed when we receive evidence that CMFK's new procedures documenting the requirement to submit and review detailed support for grant-related expenditures prior to the allocation of these expenses to the grant have been developed, reviewed by OJP, and formally integrated into CMFK's body of policies.

13. Ensure CMFK updates its accountable property inventory log to include the required components listed in the OJP Financial Guide.

Resolved. OJP concurred with our recommendation. OJP stated it will coordinate with CMFK to obtain a copy of CMFK's accountable property inventory log to ensure that it has been updated to include the required components listed in the Financial Guide.

CMFK also concurred with our recommendation. In its response to our recommendation, CMFK stated it has updated its accountable property inventory log to include the required components listed in the OJP Financial Guide. CMFK also stated that its grant management policies and procedures have been updated to clarify CMFK's maintenance and control procedures

concerning federally purchased property. Along with its response, CMFK provided new grant management policies and procedures that include appropriate requirements for the maintenance, control, and tracking of accountable property, as well as the review of the property inventory log.

This recommendation can be closed when receive evidence that CMFK has updated their accountable property inventory log to include the required components listed in the OJP Financial Guide.

14. Remedy the \$88,539 in questioned costs for the grant funds obligated prior to OJP OCFO approval.

Resolved. OJP concurred with our recommendation. OJP stated it will coordinate with CMFK to remedy the \$88,539 in questioned costs related to grant funds obligated prior to OJP's approval that were charged to grant number 2013-JU-FX-0018.

CMFK also concurred with our recommendation. In its response to our recommendation, CMFK has requested retroactive approval for funds obligated prior to OJP's approval.

This recommendation can be closed when we receive evidence that the \$88,539 in grant funds obligated prior to OJP OCFO approval has been appropriately remedied.

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