Audit of Office of Justice Programs
National Institute of Justice
Cooperative Agreements Awarded to the University of Rhode Island
Kingston, Rhode Island
EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ) Office of the Inspector General completed an audit of three cooperative agreements awarded by the Office of Justice Programs (OJP), under the National Institute of Justice (NIJ) to the University of Rhode Island (URI) in Kingston, Rhode Island. The URI was awarded $1,244,844 under Cooperative Agreement Numbers 2009-FD-CX-K215, 2011-FD-CX-K011, and 2012-MU-CX-K002. As of February 22, 2016, the URI had drawn down $1,236,350 of the total award funds awarded.

The objective of this audit was to determine whether costs claimed under the cooperative agreements were allowable, supported, and in accordance with applicable laws, regulations, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of award management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

As a result of our audit testing, we concluded that the URI did not adequately manage the cooperative agreements as we found non-compliance or discrepancies in four of the six areas we reviewed to include internal control issues with award financial management, compliance with award conditions, and use of funds. However, the URI did achieve the goals and objectives of the cooperative agreements. The URI: (1) did not comply with award special conditions for publications, submission of final reports, and award closeout, (2) had internal control issues for award financial management including the lack of proper policies and procedures for award purchases and proper controls over the Grant Module used for award management, (3) charged expenditures for travel without proper receipts or justification, (4) charged personnel and fringe benefit costs for personnel not included in the approved budgets, and (5) did not document employee time and effort in accordance with OJP requirements. As a result of these deficiencies, we identified $266,374 in net questioned costs.

Our report contains 11 recommendations to the Office of Justice Programs, which are detailed in the Findings and Recommendations section of this report. Our audit objective, scope, and methodology are discussed in Appendix 1 and our Schedule of Dollar-Related Findings appears in Appendix 2. We discussed the results of our audit with URI officials and have included their comments in the report, as applicable. In addition, we requested a response to our draft audit report

* Redactions were made to the full version of this report for privacy reasons. The redactions are contained only in Appendix 3, the grantees response, and are of individuals names.
from the URI and OJP, and their responses are appended to this report as Appendices 3 and 4, respectively. Our analysis of both responses, as well as a summary of actions necessary to close the recommendations, can be found in Appendix 5 of this report.
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AUDIT OF OFFICE OF JUSTICE PROGRAMS
NATIONAL INSTITUTE OF JUSTICE COOPERATIVE AGREEMENTS
AWARDED TO THE UNIVERSITY OF RHODE ISLAND
KINGSTON, RHODE ISLAND

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three cooperative agreements awarded by Office of Justice Programs (OJP), under the National Institute of Justice (NIJ) to the University of Rhode Island (URI) in Kingston, Rhode Island. The URI was awarded three cooperative agreements totaling $1,244,844, as shown in Table 1.

Table 1
Cooperative Agreements Awarded to the URI

<table>
<thead>
<tr>
<th>Cooperative Agreement Number</th>
<th>Award Date</th>
<th>Project Start Date</th>
<th>Project End Date</th>
<th>Award Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-MU-CX-K002</td>
<td>08/29/2012</td>
<td>10/01/2012</td>
<td>09/30/2015</td>
<td>499,791</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$1,244,844</strong></td>
</tr>
</tbody>
</table>

Source: OJP Grants Management System

Funding through the NIJ supports improving knowledge and understanding of crime and justice issues through science. The NIJ funds research and development in the area of digital evidence and forensics, as law enforcement agencies are challenged by the need to train officers to collect digital evidence and keep up with rapidly evolving technologies. OJP awarded Cooperative Agreement Numbers 2009-FD-CX-K215 and 2011-FD-CX-K011 under the NIJ Electronic Crime and Digital Evidence Recovery program and awarded Cooperative Agreement Number 2012-MU-CX-K002 under the NIJ Applied Research and Development in Forensic Science for Criminal Justice Purposes program.

The Awardee

The URI is Rhode Island’s public learning-centered research university. The research for these awards was performed at the URI’s Digital Forensics and Cyber Security Center (DFCSC), which is part of the Department of Computer Science. The DFCSC was established in 2004 and includes a wide range of expertise in computer forensics, computer science, computer networks, information assurance, computer and network security, and data recovery.

OIG Audit Approach

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

We tested compliance with what we consider to be the most important conditions of the awards. The OJP Financial Guide and the award documents contain the primary criteria we applied during the audit.

The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix 1 contains additional information on this audit’s objective, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

**Program Performance and Accomplishments**

We reviewed required performance reports, the award solicitations and award documentation, and interviewed awardee officials to determine whether the URI demonstrated adequate achievement of the program goals and objectives. We also reviewed the Progress Reports to determine if the required reports were accurate. Finally, we reviewed the URI’s compliance with the special conditions identified in the award documentation.

**Program Goals and Objectives**

The goal of Cooperative Agreement Number 2009-FD-CX-K215 was to continue developing software to assist law enforcement in investigating child pornography cases. The objectives included adding the capability to detect child pornography to the existing RedLight software tool and provide it to local law enforcement. However, during testing of the tool, the personnel working on the project determined that the child detection capability was not a feasible method for use of the software. The software was refined and included data reduction for child detection to help filter child images, but does not positively detect them. This version of the RedLight tool was provided to law enforcement and is available for download on the URI’s DFCSC website.

The goal of Cooperative Agreement Number 2011-FD-CX-K011 was to create a Cloud Signature tool that will allow investigators to quickly search for cloud application remnants on devices seized from suspects and provide the tool to law enforcement. The goal of Cooperative Agreement Number 2012-MU-CX-K002 was to create a prototype Cloud Signature tool that will collect and present data that is necessary to form a preservation letter and warrant to cloud service providers and provide the tool to law enforcement. The URI developed a Cloud Signature tool, but found that other applications could collect remnants of cloud application sufficiently for law enforcement purposes very inexpensively and did not release the tool publicly. The URI continued to develop tools using the research from Cooperative Agreement Number 2011-FD-CX-K011 and under Cooperative Agreement Number 2012-MU-CX-K002 released two prototype tools: (1) Forensic Steady State, used to verify a Microsoft Windows 7 operating system’s forensic integrity so that it can be used for law enforcement investigations; and (2) Cloud
Signature Creator, for use by an investigator to locate potential areas of a computer’s file system that contains evidence useful to their investigation. The URI provided both tools to law enforcement and both are available for download on the URI’s DFCSC website.

Based on our review, we found the URI generally achieved the goals and objectives of the cooperative agreements.

**Required Performance Reports**

According to the OJP Financial Guide, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. We reviewed performance measures from the two most recent reports submitted for each cooperative agreement. We also observed a demonstration of the tools developed as a result of the awards.

Based on our progress report testing, we found the accomplishments described in the required reports generally matched what we saw during the demonstration of the tools developed.

**Compliance with Special Conditions**

Special conditions are the terms and conditions that are included with the awards. We evaluated the special conditions for each cooperative agreement and selected a judgmental sample of the requirements that are significant to performance under the cooperative agreements and are not addressed in another section of this report. We evaluated seven conditions for Cooperative Agreement Numbers 2009-FD-CX-K215, 2011-FD-CX-K011, and 2012-MU-CX-K002.

We found the URI did not fully comply with a special condition for Cooperative Agreement Number 2011-FD-CX-K011. The special condition required any proposed publications from the cooperative agreements to be provided to the program manager and contain the following statement:

This project was supported by Award No. ________ awarded by the National Institute of Justice, Office of Justice Programs, U.S. Department of Justice. The opinions, findings, and conclusions or recommendations expressed in this publication/program/exhibition are those of the author(s) and do not necessarily reflect those of the Department of Justice.

The URI Principal Investigator provided a paper that was distributed as part of an international conference on forensics and cybercrime.¹ While the paper did include a note identifying that the work was supported by an award from the NIJ;

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¹ For these cooperative agreements the individual who managed the projects was identified as the Principal Investigator. This individual was an employee of the URI.
the language did not match the language required by the special condition. Further, the program manager also was not aware of any publications from Cooperative Agreement Number 2011-FD-CX-K011.\(^2\) We recommend that OJP ensure the URI properly identifies publications in line with award requirements and provide these publications to the program manager prior to disbursement.

We also found the URI did not comply with a special condition for all the cooperative agreements. For Cooperative Agreement Numbers 2009-FD-CX-K215, 2011-FD-CX-K011, and 2012-MU-CX-K002, the URI was required to submit draft final reports within 90 days prior to the end of the project. For Cooperative Agreements 2009-FD-CX-K215 and 2011-FD-CX-K011 the project period ended September 30, 2013. For Cooperative Agreement 2012-MU-CX-K002 the project period ended September 30, 2015. However, we found the URI submitted the draft final reports late for all the cooperative agreements. The URI submitted the draft final reports for Cooperative Agreement Numbers:

- 2009-FD-CX-K215 on January 22, 2014, 204 days late;
- 2011-FD-CX-K011 on February 14, 2014, 227 days late; and
- 2012-MU-CX-K002 on December 1, 2015, 152 days past the due date set by the special condition.

We recommend that OJP ensure the URI develops policies and procedures to ensure that all award requirements are met.

In addition, within the Drawdown section of this audit report we discuss our analysis of the award closeout in greater detail.

**Award Financial Management**

According to the OJP Financial Guide, all award recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess the URI’s financial management of the cooperative agreements covered by this audit, we reviewed the URI’s Single Audit Reports for 2013 through 2015 to identify internal control weaknesses and significant non-compliance issues related to federal awards. We also conducted interviews with financial staff, examined policy and procedures, and reviewed award documents to determine whether the URI adequately safeguards the award funds we audited. Finally, we performed testing in the areas that were relevant for the management of the cooperative agreements, as discussed throughout this report.

\(^2\) Subsequent to the issuance of our draft audit report, URI provided us with documentation supporting that it provided the publication to OJP prior to presenting the publication at an international conference.
Based on our review, we identified concerns related to controls over the Grant Module, and inconsistencies in the URI policies and procedures for purchase cards and travel.

After reviewing URI policies and procedures and interviewing a URI official, we found the URI has limited policy and procedures related to the Grant Module. The existing procedures for their financial system do not define the roles and responsibilities for those using the Grant Module and the permissions granted to users and we could not verify what controls exist in the module. Without clear defined roles and responsibilities there is a higher risk that award requirements are not met and funds can be mismanaged.

In addition, the URI used purchase cards for award expenditures. According to a URI official, the Controller’s office instituted the purchase card program and removed the prior approval of award expenditures by the Office of Sponsored Projects. As a result, the approval of award expenditures charged to a purchase card (with the exception of travel expenses) did not happen until after the fact when a spreadsheet of transactions was provided to the Office of Sponsored Projects who was responsible for pulling a sample of transactions to verify. However, according to a URI official, sample testing of the expenditures has not been done in several months due to a lack of resources.

The URI’s Purchase Card Manual describes the proper use of the purchase cards, including what can or cannot be purchased with the card. The April 2009 Purchase Card Manual in effect during the award periods identified that the purchase card was not to be used to pay for travel expenses, including lodging and transportation. However, the current version of the Purchase Card Manual dated September 2015 states that effective January 1, 2009, an individual’s purchase card may be used for travel expenses including lodging and transportation. We asked URI officials about the differences in the policies and were told that the change to the purchase card policies related to travel expenses was communicated to the URI community in March and October 2009. Nevertheless, the URI Purchase Card Manual was not updated to reflect these changes until the September 2015 revision. We also found that the Purchase Card Manual identifies that purchase cards are issued to a specific person and can only be used by that person. However, we found that a purchase card was used to pay for travel expenses for an employee who did not have a purchase card. The Purchase Card Manual does not include procedures for how to pay for expenses for non-card holding employees.

We also found inconsistencies in the URI’s travel policy and between the policy and instructions in the travel authorization request form. The travel authorization request form employees use to identify travel expenses included instructions, which stated that conference registration fees should be paid with a purchase card or the traveler’s personal funds and the traveler must comply with the travel policy. However, both the current travel policy and previous versions identify that conference registrations are to be paid by purchase card or prepayment by the accounting office. Inconsistencies in policies and procedures can cause confusion and potential misuse of funds.
Based on the above information, we have concluded that award financial management related to policies and procedures could be improved. We recommend that OJP ensure the URI develops and implements policies and procedures for the Grant Module to ensure proper control of the module. We recommend that OJP ensure the URI develops policies and procedures to ensure award expenditures paid with a purchase card, for other than travel, are approved prior to purchase to ensure proper approval of expenditures charged to awards. We recommend that OJP ensures the URI properly updates its policies and procedures when changes occur and ensures the URI policies match instructions listed in related forms.

**Award Expenditures**

For Cooperative Agreement Numbers 2009-FD-CX-K215, 2011-FD-CX-K011, and 2012-MU-CX-K002, the URI’s approved budgets included personnel and fringe benefits, travel, supplies, other, and indirect. Between May 2010 and December 2015, the URI expended $1,236,350 of the total $1,244,844. To determine whether costs charged to the cooperative agreements were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions. For Cooperative Agreement Numbers-2009-FD-CX-K215, 2011-FD-CX-K011, and 2012-MU-CX-K002, we judgmentally selected 25 transactions from each award, for a total of 75 transactions, totaling $99,822. We reviewed documentation, accounting records, and performed verification testing related to award expenditures. Based on this testing, we recommend that OJP remedy $266,374 in net questioned costs. The following sections describe the results of that testing.

**Non-Personnel Costs**

The URI charged travel expenses to Cooperative Agreement Number 2009-FD-CX-K215. We found:

- an employee did not complete a rental car justification form and submit it with their travel authorization in accordance with the URI travel policy;
- expenses for rental car fuel, train tickets, and parking fees that were not included on the travel authorization form, but were approved on the travel expense voucher with no explanation for why the expenses were left off the authorization;
- errors in the calculation of per diem for employees;
- a travel fee paid, but not approved on a travel authorization or expense voucher;

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3 Travel costs were approved only for Cooperative Agreement Numbers 2009-FD-CX-K215 and 2011-FD-CX-K011. Other costs were approved only for Cooperative Agreement Number 2012-MU-CX-K002.
• travel expenses not supported by receipts, but approved on expense vouchers;
• hotel internet charges with no justification for why the expense was necessary; and
• travel costs charged for an unbudgeted activity.

According to the URI travel policy, any travel expenses that are not properly documented will not be reimbursed. Therefore, we question $454 in unallowable travel costs and $236 in unsupported travel costs charged to Cooperative Agreement Number 2009-FD-CX-K215.

We also identified charges for computer supplies that lacked documentation to support the delivery date and when the items were received. Therefore, we question $130 in unsupported costs for computer supplies charged to Cooperative Agreement Number 2009-FD-CX-K215.

For Cooperative Agreement Number 2012-MU-CX-K002 we found that the URI charged $446 in advertising costs; however, the approved budget by OJP did not include advertising costs. Therefore, we question $446 in unallowable advertising costs.

We recommend OJP coordinate with the URI to remedy $901 in unallowable costs for travel and advertising and $366 in unsupported costs for travel and computer supplies.4 We also recommend OJP ensure the URI enforces existing travel policy to ensure travel costs are properly approved, justified, and supported by receipts.

We did not identify any issues related to indirect costs charged to the awards.

**Personnel and Fringe Benefit Costs**

We identified a total of $657,331, or 53 percent, of the total award funding received that was expended on URI personnel. We tested the payroll and associated fringe benefit expenditures for 10 URI employees charged to the cooperative agreements by judgmentally sampling transactions including two non-consecutive pay periods from each award totaling $64,035. We reviewed supporting documentation, such as personnel files, time and attendance records, the URI hiring and fringe policies, and the URI negotiated benefit rates to determine: (1) if the salary, positions, and fringe benefits paid with award funds appeared reasonable with the stated intent of the program and consistent with the OJP-approved budget and the URI policies, (2) whether the salaries and fringe benefits of the employees paid with award funds were necessary and within a

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4 Difference due to rounding.
reasonable range, and (3) if the salary and fringe benefit expenditures were adequately supported.

In order to ensure compliance with the OJP Financial Guide, the URI must submit a Grant Adjustment Notice (GAN) when making changes to the organization or staff with primary responsibility of implementing the award. We determined the URI did not submit any GANs and used award funding to pay personnel costs for positions not identified in the approved budgets for the cooperative agreements and charged the awards more than the budget allowed. All three cooperative agreement budgets allowed for one or two graduate students to be paid on an hourly basis using the URI graduate student allowable rate. However, we found the URI hired two employees as Graduate Assistants multiple times, who were paid on a stipend/contract basis and on multiple occasions in addition to other employees paid with award funding as graduate students. We also found all three budgets allowed for a Technical Programmer, but the URI charged the awards for a Technical Programmer, two Informational Technologists, a Lead Informational Technologist; and on occasion all three positions were paid with the cooperative agreement funds. In addition, we identified expenditures with no justification or support allocated to personnel and fringe benefit costs.

As a result, we recommend OJP ensure the URI implements policies and procedures to ensure that only personnel listed in OJP approved budgets are charged to the related OJP cooperative agreements. We also question $216,469 of unallowable personnel costs charged to the cooperative agreements and $180,150 of unsupported costs related to the positions that were unallowable. In addition, we identified $48,830 of unallowable and $47,470 of unsupported fringe benefit costs charged to the cooperative agreements due to the associated unallowable positions and inaccurate calculations based on the allowable rates and requirements.

We also determined the URI failed to document employee time and effort reporting in accordance with OJP requirements.

For each URI employee tested, we reviewed timesheets or effort certification reports. The effort certification reports detail the different accounts, an effort percentage for each account, and the total amount expended during the time period. However, due to the three different types of URI employees paid with award funding and the different policies for each employee we found that not all employees had timesheets and employees submitted effort certification reports at different times.

Specifically, we found the URI state employees prepared bi-weekly timesheets and bi-annual effort certification reports, but worked on multiple programs or cost accounts. However, for the majority of the URI state employees tested, the effort percentage did not equal the distribution percentage that was originally allocated. Similarly, the URI internal faculty staff tested did not prepare timesheets and submitted bi-annual effort certification reports, even though they worked on multiple programs or cost accounts. Lastly, we found the graduate
students prepared bi-weekly timesheets and the URI ensured certifications were completed within the approved timeframe. We also found that the timesheets and effort certification reports, for all employees tested, only had one signature.

The URI lacks policies and procedures relating to the compensation for personal services for employees working on multiple award programs or cost activities. The potential for fraud, waste, and abuse of award funding is increased without accurate and properly completed effort certification reports. Therefore, we recommend that OJP ensure the URI implements policies and procedures that are in compliance with federal regulations relating to compensation for personal services for employees working on multiple award programs or cost activities.

**Budget Management and Control**

According to the OJP Financial Guide the recipient is responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for each award. Additionally, the award recipient must initiate a Grant Adjustment Notice for a budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total award amount.

We compared the cooperative agreement expenditures to the approved budgets to determine whether the URI transferred funds among budget categories in excess of 10 percent. We determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent.

**Drawdowns**

According to the OJP Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. We found the URI’s policy for drawdowns was requesting the totaled monthly award expenses. To assess whether the URI managed receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records.
Table 2

Drawdowns by the URI

<table>
<thead>
<tr>
<th>Cooperative Agreement Number</th>
<th>Award Amount</th>
<th>De-Obligated Amount(^a)</th>
<th>Total Award Amount</th>
<th>Total Drawdown Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-FD-CX-K215</td>
<td>$499,695</td>
<td>$734</td>
<td>$498,961</td>
<td>$498,961</td>
</tr>
<tr>
<td>2011-FD-CX-K011</td>
<td>245,358</td>
<td>395</td>
<td>244,963</td>
<td>244,963</td>
</tr>
<tr>
<td>2012-MU-CX-K002</td>
<td>499,791</td>
<td>0</td>
<td>492,426</td>
<td>492,426</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,236,350</strong></td>
<td><strong>$1,236,350</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: \(^a\) A balance of $7,365 exists in the account for Cooperative Agreement Number 2012-MU-CX-K002. OJP stated that the closeout process has been temporarily suspended because the cooperative agreement is under audit.

Source: OJP Grants Management System

During this audit, we did not identify significant deficiencies related to the recipient’s process for developing drawdown requests and concluded drawdowns made by the URI were made on a reimbursement basis. However, as shown in the table above, award funding was not used and funding was de-obligated. A URI official explained that the budgets developed for the cooperative agreements were estimates and the URI only expended what was needed and returned what was not necessary.

In addition, we identified that the URI was not in compliance with a final drawdown special condition for each cooperative agreement. According to the special condition:

- Of the total award amount, an amount [different amounts depending on the award] may not be obligated, expended, or drawn down until the [awardee] submits the draft final research/technical report required by the special conditions of this award.\(^5\)

According to the OJP Financial Guide, within 90 days of the end of the award:

1. recipients must request final reimbursement (drawdown) of Federal expenditures made within the approved project period in conjunction with the final SF-425; 2. the final SF-425 (Federal Financial Report (FFR) must be submitted by the recipient to the awarding agency; and 3. the submission of the final SF-425, final progress report, and an invention report [if applicable - in this case a technical report] by the end of the 90-day period. Once an administrative closeout begins, the recipient is unable to draw any additional funds on the award.

\(^5\) The special condition amount that may not be obligated, expended, or drawn down for Cooperative Agreement Numbers 2009-FD-CS-K215 and 2011-FD-CX-K011 was $5,000. For Cooperative Agreement Number 2012-MU-CX-K002 the amount was $20,000.
We found the following: (1) the URI did not request the final drawdown for each cooperative agreement within the approved project period and (2) for two of the three awards, Cooperative Agreement Numbers 2009-FD-CX-K215 and 2011-FD-CX-K011, the final progress reports were submitted outside of the allowable closeout period.

We determined the URI lacked written policies and procedures on award closeout, submitted the final close-out reports late for all the cooperative agreements resulting in the special condition to be removed late, and the last drawdown was requested late. However, because OJP accepted the reports and removed the special condition OJP allowed the late drawdown to occur.

Nevertheless, when awardees fail to properly manage and minimize the time lapse between the receipt of funds and disbursement of those funds for award eligible expenditures, the risk of fraud, waste, and abuse of funds increases. Therefore, we recommend OJP ensure the URI implements controls related to award closeout monitoring including drawdown requests.

Federal Financial Reports

According to the OJP Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each federal financial report (FFR) as well as cumulative expenditures. To determine whether the URI submitted accurate FFRs, we compared the four most recent reports to the URI’s accounting records for Cooperative Agreement Numbers 2009-FD-CX-K215, 2011-FD-CX-K011, and 2012-MU-CX-K002.

The FFRs did not identify any program income for any of the awards. We found the FFRs to be generally accurate. However, prior to the final FFR for Cooperative Agreement Number 2009-FD-CX-K215, we identified a cumulative total difference between the accounting records and an FFR of $9,065. A URI official explained the difference occurred because of overspending, but did not report the overage. As detailed in the Drawdown section of this report, funding for the cooperative agreement was de-obligated. We asked for clarification as to how there was an overage, but money was de-obligated for Cooperative Agreement Number 2009-FD-CX-K215. A URI official stated that there were payroll adjustments made after the overspending that led to an unobligated amount.

Conclusion

As a result of our audit testing, we concluded that the URI did not adequately manage the awards we reviewed as we found non-compliance or discrepancies in four of the six areas we reviewed to include internal control issues with award financial management, compliance with award conditions, and use of funds. However, the URI did achieve the goals and objectives of the cooperative agreements. The URI: (1) did not comply with award special conditions for publications, submission of final reports, and award closeout, (2) had internal control issues for award financial management including proper policies and
procedures for award purchases and proper controls over the Grant Module used for award management, (3) charged expenditures for travel without proper receipts or justification, (4) charged personnel and fringe benefit costs for personnel not included in the approved budgets, and (5) did not document employee time and effort in accordance with OJP requirements. As a result of these deficiencies, we identified $266,374 in net questioned costs. We provide 11 recommendations to OJP to address these deficiencies.

**Recommendations**

We recommend that OJP:

1. Remedy the $266,200 in unallowable costs resulting from:
   a. $456 of unallowable travel costs.
   b. $446 of unallowable advertising costs.
   c. $216,469 in unallowable personnel costs.
   d. $48,830 in unallowable fringe benefit costs.

2. Remedy the $227,985 in unsupported costs resulting from:
   a. $236 of unsupported travel costs.
   b. $130 of unsupported computer supplies.
   c. $180,150 in unsupported personnel costs.
   d. $47,470 in unsupported fringe benefit costs.

3. Ensure the URI properly identifies publications in line with award requirements and provide these publications to the program manager prior to disbursement.

4. Ensure the URI develops policies and procedures to ensure that all award requirements are met.

5. Ensure the URI develops and implements policies and procedures for the Grant Module to ensure proper control of the module.

6. Ensure the URI develops policies and procedures to ensure award expenditures paid with a purchase card, for other than travel, are approved prior to purchase to ensure proper approval of expenditures charged to awards.

7. Ensure the URI properly updates its policies and procedures when changes occur and ensures that its policies match instructions listed in related forms.

8. Ensure the URI enforces existing travel policy to ensure travel costs are properly approved, justified, and supported by receipts.
9. Ensure the URI implements policies and procedures to ensure that only personnel listed in the OJP approved award budgets are charged to the related OJP cooperative agreements.

10. Ensure the URI implements policies and procedures that are in compliance with federal regulations relating to compensation for personal services for employees working on multiple award programs or cost activities.

11. Ensure the URI implements controls related to award closeout monitoring including drawdown requests.
APPENDIX 1

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether costs claimed under the cooperative agreements were allowable, supported, and in accordance with applicable laws, regulations, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of award management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

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.

This was an audit of Office of Justice Programs (OJP) cooperative agreements awarded to the University of Rhode Island (URI) under the National Institute of Justice. OJP awarded Cooperative Agreement Numbers 2009-FD-CX-K215, 2011-FD-CX-K011, and 2012-MU-CX-K002, totaling $1,244,844 to the URI; and as of February 22, 2016, the URI had drawn down $1,236,350 of the total funds awarded. Our audit concentrated on, but was not limited to September 22, 2009, the award date for Cooperative Agreement Number 2009-FD-CX-K215, through March 16, 2016, the last day of our field work. OJP had closed Cooperative Agreement Numbers 2009-FD-CX-K215 and 2011-FD-CX-K011 at the time of our review; OJP has temporarily suspended the closeout process for Cooperative Agreement Number 2012-MU-CX-K002 because the cooperative agreement is under audit.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the URI’s activities related to the audited awards. We performed sample-based audit testing for award expenditures including payroll and non-payroll costs; award special conditions; financial reports; and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the awards reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The OJP Financial Guide and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP’s Grant Management System (GMS) as well as the URI’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.
### SCHEDULE OF DOLLAR-RELATED FINDINGS

<table>
<thead>
<tr>
<th>QUESTIONED COSTS</th>
<th>AMOUNT</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unallowable Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unallowable Travel and Advertising Costs</td>
<td>$901</td>
<td>7</td>
</tr>
<tr>
<td>Unallowable Payroll Costs</td>
<td>$216,469</td>
<td>8</td>
</tr>
<tr>
<td>Unallowable Fringe Benefit Costs</td>
<td>$48,830</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total Unallowable Costs</strong></td>
<td>$266,200</td>
<td></td>
</tr>
<tr>
<td><strong>Unsupported Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsupported Travel and Computer Supplies Costs</td>
<td>$366</td>
<td>7</td>
</tr>
<tr>
<td>Unsupported Personnel Costs</td>
<td>$180,150</td>
<td>8</td>
</tr>
<tr>
<td>Unsupported Fringe Benefit Costs</td>
<td>$47,470</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total Unsupported Costs</strong></td>
<td>$227,985</td>
<td></td>
</tr>
<tr>
<td><strong>GROSS QUESTIONED COSTS</strong></td>
<td>$494,185</td>
<td></td>
</tr>
<tr>
<td>Less Duplicate Questioned Costs</td>
<td>$227,811</td>
<td></td>
</tr>
<tr>
<td><strong>NET QUESTIONED COSTS</strong></td>
<td>$266,374</td>
<td></td>
</tr>
</tbody>
</table>

---

6 **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.

7 Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amounts, which include travel ($191), payroll ($180,150), and fringe benefit expenditures ($47,470).

8 Differences are due to rounding.
University of Rhode Island
Response to the Draft Report

September 8, 2016

Mr. David M. Sheeren, Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
1120 Lincoln Street, Suite 1500
Denver, CO 80203

Re: OJP Draft Audit Report

Dear Mr. Sheeren,

University of Rhode Island has reviewed the draft audit report dated August 12, 2016 from Department of Justice (DOJ) Office of the Inspector General’s (OIG) Audit of Office of Justice Programs National Institute of Justice Cooperative Agreements Awarded to the University of Rhode Island, Kingston, Rhode Island. URI does not concur with many of the findings and recommendations stated in the report. URI has compiled documentation and information which we believe will eliminate some of the findings and recommendations in the draft audit report.

Below are URI management’s response to the findings and recommendations in the draft audit report.

1. Remedy the $266,200 in unallowable costs resulting from:

   a. $456 of unallowable travel costs

   URI Management Response:

   URI does not concur with these findings and recommendations. URI believes these expenses are allowable and reimbursable.

   Per OIG Audit report page 5 and 6:

   "Non-Personnel Costs:

   The URI charged travel expenses to Cooperative Agreement Number 2009-FD-CX-K215. We found:

   • An employee did not complete a rental car justification form and submit it with their travel authorization in accordance with the URI travel policy;
   • Expenses for rental car fuel, train tickets, and parking fees that were not included on the URI travel policy.

   The University of Rhode Island is an affirmative action and equal opportunity employer.

   9 Attachments to this response were not included in this final report.
the travel authorization form, but were approved on the travel expense voucher with no explanation for why the expenses were left off the authorization;”

- Errors in the calculation of per diem for employees;
- A travel fee paid, but not approved on a travel authorization or expense voucher;
- Travel expenses not supported by receipts, but approved on expense vouchers;
- Hotel internet charges with no justification for why the expense was necessary; and
- Travel costs charged for an unbudgeted activity.

According to the URI travel policy, any travel expenses that are not properly documented will not be reimbursed. Therefore, we question $454 in unallowable travel costs and $236 in unsupported travel costs charged to Cooperative Agreement Number 2009-FD-CX-K215.”

URI believes these are “reasonable costs” per Circular A-21 C(3) and Uniform Guidance §200.404 - “A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.” Also per Circular A-21 C(4)$200.405 Allocable costs. - “[a] A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.”

URI Travel Authorization Request (TAR) is utilized for pre-approval for travel with an estimated cost of the trip. If the actual travel cost exceeds the TAR, then the Travel Expense Voucher (TEV) will need to go through the complete approval process again. URI policy requests a rental car justification at the time the TAR is processed, however, this is not always feasible because the need for an auto rental is not always known at the time the TAR is completed. The form is required to be on file or included with the employee completed TEV. Sometimes travel plans need to be modified from the original TAR due to unforeseen reasons. The TEV must include documentation for the travel cost and any related forms if not included with the original TAR.

Per URI TAR Instructions [http://web.uri.edu/controller/forms/](http://web.uri.edu/controller/forms/)

**SECTION 2 – ESTIMATED EXPENSES**

This is an estimate and will vary from the final amounts on the TEV.

<table>
<thead>
<tr>
<th>Account Description</th>
<th>Transaction Description</th>
<th>Dollar Value</th>
<th>Transaction Date</th>
<th>Check No.</th>
<th>Amount Questioned (Unallowable)</th>
<th>Reason Questioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out-Of-State Travel</td>
<td>JP Morgan</td>
<td>$10.00</td>
<td>5/28/2010</td>
<td>00237</td>
<td>$10.00</td>
<td>Expene never approved on TAR or TEV</td>
</tr>
<tr>
<td>Out-Of-State Travel</td>
<td></td>
<td>$1,323.93</td>
<td>7/22/2010</td>
<td>1092139</td>
<td>$30.50</td>
<td>Overpaid per diem</td>
</tr>
<tr>
<td>Out-Of-State Travel</td>
<td></td>
<td>$510.40</td>
<td>9/28/2010</td>
<td>1096773</td>
<td>$19.00</td>
<td>Overpayment of per diem</td>
</tr>
<tr>
<td>Out-Of-State Travel</td>
<td>Hotel Communications</td>
<td>$843.85</td>
<td>11/9/2010</td>
<td>NONE</td>
<td>$130.85</td>
<td>No justification for internet charges</td>
</tr>
<tr>
<td>Out-Of-State Travel</td>
<td></td>
<td>$355.90</td>
<td>9/30/2010</td>
<td>1095571</td>
<td>$355.90</td>
<td>Not included in budget; per diem incorrectly calculated; airline not supported by receipt</td>
</tr>
</tbody>
</table>

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Date | September 6, 2016
• JP Morgan $10.00 Exhibit 1
  o This is the service fee from the State Travel Agency, which is charged to URI corporate
    "Travel" PCARD for reservations through State Travel Agency. URI does not require the
    $10 fee to be separately identified or reported on the traveler’s TAR or TEV since the
    State Travel Agency charges this fee as a separate item. URI believes this expense is
    allowable in accordance with Circular A-21 (J) General provisions for selected items of
    cost, (53) Travel costs (a) Lodging and subsistence, https://www.whitehouse.gov/omb/circulars.a021.2004

• $30.50 Exhibit 2
  o URI paid 100% of the per-diem on the first day of travel since the traveler departed at
    6:10 am and 100% of per-diem on the last day of travel since the traveler returned at
    5:45 pm. URI practice has been to deduct meal per-diem based on time of travel since
    Federal per-diem breaks down amounts by breakfast, lunch and dinner. URI believes this
    expense is allowable in accordance with CircularA-21 (J) General provisions for selected
    items of cost, (53) Travel costs (a) General, https://www.whitehouse.gov/omb/circulars.a021.2004

• $19.00 Exhibit 3
  o URI paid lunch and dinner per-diem on the first day of travel since the traveler departed
    at 12:35 pm and 100% of per-diem on the last day of travel since the traveler returned at
    11:30 pm. URI practice has been to deduct meal per-diem based on time of travel since
    Federal per-diem breaks down amounts by breakfast, lunch and dinner. URI believes this
    expense is allowable in accordance with Circular A-21 (J) General provisions for selected
    items of cost, (53) Travel costs (a) General, 4
  https://www.whitehouse.gov/omb/circulars.a021.2004

• Nextel Communications-USE#28052 $38.85 Exhibit 3
  o Hotel Internet charges were clearly listed on receipt and on the approved TEV for $38.25.
    It was paid with University PCARD which showed in PeopleSoft under vendor Nextel
    Communications-USE#28052. URI does not require justification to be submitted for
    reasonable travel cost. PI approved the TEV. URI believes this cost is in accordance with

• $355.90 entire cost of the travel. Exhibit 4
  o The travel was to meet with the NI personnel. The travel in the original budget was just
    estimation for anticipated travel. This trip clearly seems within the intent for what the
    travel funds were intended. See email exchange about going to the High Tech Crime
    Investigator Association conference in Atlanta in Sept 2010 for more details.
  o Copy of the Delta electronic ticket receipt for $191.40 for flights from Boston to Atlanta.
  o $28 per-diem, URI paid lunch and dinner per-diem on the first day of travel since the
    traveler departed at 8:30 am and 100% of per-diem on the last day of travel since the
    traveler returned at 10:00 pm. URI practice has been to deduct meal per-diem based on
    time of travel since Federal per-diem breaks down amounts by breakfast, lunch and
    dinner. URI believes this expense is allowable in accordance with CircularA-21 (J) General
    provisions for selected items of cost, (53) Travel costs (a) General, https://www.whitehouse.gov/omb/circulars.a021.2004. Travel costs did not exceed the budget by more than 10%. It was noted on page 9 of the OIG draft Report that “we
determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10%.

b. $446 of unallowable advertising costs

<table>
<thead>
<tr>
<th>Account Description</th>
<th>Transaction Description</th>
<th>Dollar Value</th>
<th>Transaction Date</th>
<th>Check No.</th>
<th>Amount Questioned (Unallowable)</th>
<th>Reason Questioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>Advertising 6001006</td>
<td>$446.23</td>
<td>10/30/2018</td>
<td>915910</td>
<td>$446.23</td>
<td>Not an approved activity in the budget or via GAN</td>
</tr>
</tbody>
</table>

URI Management Response

URI does not concur with this finding and recommendation. URI believes this expense is allowable and reimbursable. The advertising cost was for the job posting for an Information Technologist to be hired by URI to work on these grants, Exhibit 5. URI hired [redacted] for this position, Exhibit 7.

According to Circular A-21 (i), General provisions for selected items of cost, (1) Advertising and public relations cost (c. 1) - “The recruitment of personnel required for the performance by the institution of obligations arising under a sponsored agreement.”

URI believes that a GAN for budget modifications was not required based on OJP Financial Guides 2009 and 2011. Per OIG Audit report page 9:

“Movement of dollars between approved budget categories without a GAN is allowable up to ten percent of the total award amount (the ten percent rule), provided there is no change in project scope.”

URI did not change the scope of the grant. The original budget for “other costs” in the proposal category did not change in total. It was noted on page 9 of the OIG draft Report that “we determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10%”.

c. $216,469 in unallowable personnel costs

d. $48,830 in unallowable fringe benefit costs

URI Management Response

URI does not concur with these findings and recommendations. URI believes these expenses are allowable and reimbursable. URI’s responses to these unallowable personnel costs and unallowable fringe benefit costs are grouped below by similar nature of the finding.

Per OIG Audit report page 8:

“In order to ensure compliance with the OJP Financial Guide, the URI must submit a Grant Adjustment Notice (GAN) when making changes to the organization or staff with primary responsibility of implementing the award. We determined the URI did not submit any GANs and used award funding to pay personnel costs for positions not identified in the approved budgets for the cooperative agreements and charged the awards more than the budget allowed.”

Each exhibit includes details on why we believe the expenses are allowable.
2. Remedy the $227,985 in unsupported costs resulting from:

a. $236 of unsupported travel costs

URI Management Response

URI does not concur with these findings and recommendations. URI believes these expenses are allowable and reimbursable.

<table>
<thead>
<tr>
<th>Account Description</th>
<th>Transaction Description</th>
<th>Dollar Value</th>
<th>Transaction Date</th>
<th>Check No.</th>
<th>Amount Questioned (Unsupported)</th>
<th>Reason Questioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out-Of-State Travel</td>
<td></td>
<td>51,323.93</td>
<td>7/22/2010</td>
<td></td>
<td>44.42</td>
<td>receipts missing</td>
</tr>
<tr>
<td>Out-Of-State Travel</td>
<td></td>
<td>555.80</td>
<td>9/20/2010</td>
<td>1016571</td>
<td>191.40</td>
<td>airfare not supported by receipt</td>
</tr>
</tbody>
</table>

- **$44.42 Exhibit 2**
  - Parking fee $5.50 is listed on his personal credit card statement. URI agrees the copy of the statement with the redacted lines in black make it difficult to read but it is legible. The original receipt is not the best quality and the photocopies are less legible, but it was documented with his TEV.
  - Airline bag fee $25 for June 19, is listed on his personal credit card statement. URI agrees the copy of the statement with the redacted lines in black is difficult to read but it is legible.
  - Gas charge of $13.92, the TEV has checkmark next to the item on the TEV, this indicates the Controller’s staff reviewed the receipt. According to the auditor this receipt is now missing.

- **$191.40 Exhibit 4**
  - Copy of the Delta electronic ticket receipt for $191.40 for flights from Boston to Atlanta.
b. $130 of unsupported computer supplies

**URI Management Response**

URI does not concur with this finding and recommendation. URI believes these expenses are allowable and reimbursable.

<table>
<thead>
<tr>
<th>Account Description</th>
<th>Transaction Description</th>
<th>Dollar Value</th>
<th>Transaction Date</th>
<th>Check No.</th>
<th>Amount Questioned (Unsupported)</th>
<th>Reason Questioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Supplies</td>
<td>JP Morgan</td>
<td>$120.05</td>
<td>7/29/2011</td>
<td>NONE</td>
<td>$120.05</td>
<td>Incomplete Supporting Documentation</td>
</tr>
</tbody>
</table>

- APC BR100G Power-Saving Back-UPS for $129.25, Exhibit 14.
  - Item was purchased from Amazon on URI PCARD. The OIG auditors are disallowing the expense because no proof of delivery is on file. In Exhibit 14 is copy of the final details for the order stating it was shipped. Enclosed is also a picture of the item at URI. PCARD holder makes the purchase, verifies the transaction in PeopleSoft is valid and the item has been received then allocates it to the correct chartfield string and account number. PCARD Administrator for the PCARD holder reviews the transaction and approves the purchase in PeopleSoft. Once the PCARD administrator approves the purchase, the transaction will be posted in PeopleSoft for the Department, Principal Investigator, and Office of Sponsored Projects to view the transaction in the PeopleSoft Grant Module and reports. URI believes the PCARD holder followed existing policies.

c. $180,150 in unsupported personnel costs
d. $47,470 in unsupported fringe benefit costs

**URI Management Response**

URI does not concur with these findings of unsupported questioned costs.

Per OIG Audit report page 8:

"We also found all three budgets allowed for a Technical Programmer, but the URI charged the awards for a Technical Programmer, two Informational Technologists, a Lead Informational Technologist and on occasion all three positions were paid with the cooperative agreement funds. In addition, we also identified expenditures with no justification or support allocated to personnel and fringe benefit costs."

See management response to recommendation 1 c and d above which reviews all of the Personnel and Fringe questioned costs. Recommendation 2 duplicates many of these costs claiming they are unsupported.
3. Ensure the URI properly identifies publications in line with award requirements and provide these publications to the program manager prior to disbursement.

**URI Management Response**

URI concurs with the recommendation “ensure URI properly identifies publications in line with award requirements”.

For all future publications, Principal Investigator will include the required language as recommended in any Office of Justice Programs awards:

“This project was supported by Award No. ________ awarded by the National Institute of Justice, Office of Justice Programs, U.S. Department of Justice. The opinions, findings, and conclusions or recommendations expressed in this publication/program/exhibition are those of the author(s) and do not necessarily reflect those of the Department of Justice.”

The language included in the Publication by the PI:

“This work was supported by a grant from the U.S. Department of Justice’s National Institute of Justice Electronic Crimes Research and Development program – Grant # 2011-FD-CX-K011.”

URI does not concur with the finding “ensure URI provide these publications to the program manager prior to disbursement”. PI did send a copy of the report prior to the paper being presented to Program Manager on October 19, 2012. The Publication was presented on October 25, 2012. URI will continue to provide any publication to program manager prior to releasing, Exhibit 16.

4. Ensure the URI develops policies and procedures to ensure that all award requirements are met.

**URI Management Response**

URI does concur with this recommendation. URI will work towards developing a policy or procedure for PIs to comply with reporting requirements and deadlines. The URI Office of Sponsored Projects will continue to remind PIs when reports are due, that submission of reports
is an important aspect of fulfilling the award conditions and may request PIs notify Office of Sponsored Projects when they submit their reports.

5. Ensure the URI develops and implements policies and procedures for the Grant Module to ensure proper control of the module.

**URI Management Response**

URI does not concur with the finding and recommendation.

Per OIG Audit report page 5:

"After reviewing URI policies and procedures and interviewing a URI official, we found the URI has limited policy and procedures related to the Grant Module. The existing procedures for their financial system do not define the roles and responsibilities for those using the Grant Module and the permissions granted to users and we could not verify what controls exist in the module. Without clear defined roles and responsibilities there is a higher risk that award requirements are not met and funds can be mismanaged."

PeopleSoft (PS) Grant module is a separate module in the PeopleSoft ERP Financial System. The purpose of the grant module is to assist in monitoring and managing grant activities, budgets, milestones, dates, etc. Access security in PeopleSoft modules is built-on defined "permission lists/user roles" based on the URI employee's job title and their department. Example security roles for the PS Grants module:

- Office of Sponsored Projects (OSP) is assigned - U_FGM_OSP_GENERAL_USER
- Sponsored & Cost Accounting (SC&A) is assigned - U_FGM_SCA_GENERAL_USER
- Departments and PI - Inquiry only is assigned - U_FGM_PORTAL_DEPT

Actual financial transactions such as payroll, accounts, payable, journal entries, award billing, PCARD, etc. are fed into the grants module from the source system, the general ledger. No financial transactions are generated by the grants module. If a Principal Investigator (PI) or their staff wants to access the Grant Portal for their awards, they are required to complete a PeopleSoft Security Form. Controller's Office Financial System Team is the only staff authorized to grant permissions and assign roles in the PeopleSoft Financial system. PeopleSoft is an extremely complex ERP system.

6. Ensure the URI develops policies and procedures to ensure award expenditures paid with a purchase card, for other than travel, are approved prior to purchase to ensure proper approval of expenditures charged to awards.

**URI Management Response**

URI does not concur with this finding and recommendation that Purchase Card transactions require pre-approval, since URI has strict internal control processes in place to review transactions as required by Circular A-21 and Uniform Guidance.

Per OIG Audit report page 5:

"In addition, the URI used purchase cards for award expenditures. According to a URI official, the Controller's office instituted the purchase card program and removed the prior approval of award expenditures by the Office of Sponsored Projects. As a result,
the approval of award expenditures charged to a purchase card (with the exception of travel expenses) did not happen until after the fact when a spreadsheet of transactions was provided to the Office of Sponsored Projects who was responsible for pulling a sample of transactions to verify.

However, according to a URI official, sample testing of the expenditures has not been done in several months due to a lack of resources.”

PCARD holder must complete a PCARD Application form, which is approved by their supervisor. PCARD holder makes the purchase, verifies the transaction in PeopleSoft is valid, the item was received then allocates it to the correct chartfield string and account number. PCARD Administrator for the PCARD holder reviews the transaction and approves the purchase in PeopleSoft. Once the PCARD administrator approves the purchase, the transaction will be posted in PeopleSoft, for the Department, Principal Investigator, and Office of Sponsored Projects to view the transaction in the PeopleSoft Grant Module Portal and reports. At the end of the month, the PCARD holder completes the month-end reconciliation form for all transactions, PCARD Administrator approves reconciliation and the Controller’s PCARD staff audits the month-end package. If there are any questionable purchases, the Controller’s PCARD staff will inquire more information from the PCARD holder and/or PCARD administrator or if the transaction is on a grant, they will notify OSP to review if expense is allowable on the grant.

PCARD program is for small dollar transactions. For the awards audited, there was only one non-travel expense PCARD transaction from Amazon in July 2011 for $129.95, Exhibit 14.

Each PCARD has a transaction dollar limit, monthly dollar limit and purchases are only allowed for approved Merchant Category Codes (MCC). If a transaction falls outside of these parameters, it is denied by JP Morgan Chase and Controller’s PCARD staff is notified.

All research purchases require a written explanation to be entered in the PeopleSoft PCARD module. Attaching scanned documents and receipts is strongly encouraged. Since the PCARD office tracks violations, if a PCARD holder violates the PCARD policy and procedures, the holder’s card may be canceled indefinitely for major violations.

Purchase Card Policy http://web.uri.edu/healthy/policies/ includes an appendix for Grant purchases on page 23.

7. Ensure the URI properly updates its policies and procedures when changes occur and ensures that its policies match instructions listed in related forms.

URI Management Response

URI does not concur with the finding and recommendation.

Per OIG Audit report page 5:

“The URI’s Purchase Card Manual describes the proper use of the purchase card including what can or cannot be purchased with the card. The April 2009 Purchase Card Manual in effect during the award periods identified that the purchase card was not to be used to pay for travel expenses, including lodging and transportation. However, the current version of the Purchase Card Manual dated September 2015 states that effective January 1, 2009 an individual’s purchase card may be used for travel expenses including lodging and transportation. We asked URI officials about
the differences in the policies and were told that the change to the purchase card policies related to travel expenses was communicated to the URI community in March and October 2009. Nevertheless, the URI Purchase Card Manual was not updated to reflect these changes until the September 2015 revision. We also found that the Purchase Card Manual identifies that purchase cards are issued to a specific person and can only be used by that person.

URI believes the auditors are misinterpreting the URI Purchase Card Policy http://web.uri.edu/controller/purchase_card/. According to the URI Purchase Card Policy:

**Potential Cardholders**

The PCARD is available to University employees, paid through the state payroll system, upon the approval of their Dean, Director or Department Head, and President’s delegated authorized signer (Vice President/Vice Provost or Provost). This card is issued only to those authorized to make purchases on the University's behalf. Each card is issued to a specific person, who assumes responsibility for authenticating the validity of charges incurred.

**IMPORTANT:** PCARDs are assigned by the University to specific individuals and may be used only by that individual.

The policy has a restriction that only the cardholder can authorize charges on their PCARD that are for the benefit of the University. A PCARD holder can authorize charges for department, departmental employees, etc. if it is within their signature authority. PCARD holder is not allowed to give their PCARD to another employee in order for them to charge an expense on the PCARD.

The Purchase Card Policy is for the typical PCARD holders and outlines what is allowable and not allowable. According to the URI Purchase Card Policy, under Restrictions / Non-Allowable Expenditures it states:

* **Other Exceptions:** At times there may be a benefit to the University to expand the use of the card to make purchases which may require an exception to the list above. Exceptions to these restrictions may be granted on a case by case basis upon the approval of the Controller. An exception request with detailed justification for business purpose should be emailed to PCARD@etal.uri.edu.

URI Controller approved an exception to the Purchase Card Policy for travel expenses if the PCARD holder completed a Travel Addendum Form, Exhibit 15.

URI established a “Travel Addendum” to allow travel related costs to be charged on approved PCARD holder accounts. This was an exception basis only for card holders who were frequent travelers. URI first established the travel addendum as a pilot program to see if there were any issues. URI found the Travel Addendum to be effective and rolled it out to more users so employees would not have to pay certain travel costs out of pocket and then submit for reimbursement. URI Controller’s Office informed the Departmental Fiscal Staff of this option in March and October 2009.
8. Ensure the URI enforces existing travel policy to ensure travel costs are properly approved, justified, and supported by receipts.

URI Management Response

URI does not concur with this finding and recommendation.

Per OIG Audit report page 5 and 6:

"However, we found that a purchase card was used to pay for travel expenses for an employee who did not have a purchase card. The Purchase Card Manual does not include procedures for how to pay for expenses for non-card holding employees."

"We also found inconsistencies in the URI's travel policy and between the policy and instructions in the travel authorization request form. The travel authorization request form employees use to identify travel expenses included instructions which stated that conference registration fees should be paid with a purchase card or the traveler's personal funds and the traveler must comply with the travel policy. However, both the current travel policy and previous versions identify that conference registrations are to be paid by purchase card or prepayment by the accounting office. Inconsistencies in policies and procedures can cause confusion and potential misuse of funds."

URI policies or forms do not instruct employee to pay conferences with personal funds. URI encourages staff to utilize their employee PCard or their Department's PCard, to pay for conferences instead of having Accounting Office set up vendors for a one-time transaction and process the payment. If the Accounting Office processes the payment, the vendor needs to submit a W-9 form to be entered into PeopleSoft for payment.

Per URI TAR Instructions [http://web.uri.edu/controller/forms/]

- Registration – conference fees should be paid by traveler or department using PCard

Per URI Travel Policy [http://web.uri.edu/controller/policies/]

VIII. CONFERENCE FEES/REGISTRATIONS

The preferred method of paying a conference or registration fee is by the employee PCard. An approved TAR must be in place before paying a conference or registration fee. Indicate on the TAR that the fee(s) will be paid on a PCard and indicate the PCard holder name in the Comments section. If you do not have a PCard, process the fees on an invoice voucher for prepayment. Attach 2 copies of the conference/registration form and forward to the General Accounting Office along with the approved TAR at least 15 days prior to the due date. No guarantee can be made if the invoice voucher is received after 15 days. Employee can personally pay cost, provide original receipts and request reimbursement on TEV.

9. Ensure the URI implements policies and procedures to ensure that only personnel listed in OJP approved award budget are charged to the related OJP cooperative agreements.

URI does not concur with these findings (reviewed in 1.c. above) and recommendations that URI implements policies and procedures to ensure that only personnel listed in OJP approved award budget(s) are charged to the related OJP cooperating agreements.
Per OIG Audit report page 8:

“In order to ensure compliance with the OJP Financial Guide, the URI must submit a Grant Adjustment Notice (GAN) when making changes to the organization or staff with primary responsibility of implementing the award. We determined the URI did not submit any GANs and used award funding to pay personnel costs for positions not identified in the approved budgets for the cooperative agreements and charged the awards more than the budget allowed. All three cooperative agreement budgets allowed for one or two graduate students to be paid on an hourly basis using the URI graduate student allowable rate. However, we found the URI hired two employees as Graduate Assistants multiple times, who were paid on a stipend/contract basis and on multiple occasions in addition to other employees paid with award funding as graduate students. We also found all three budgets allowed for a Technical Programmer, but the URI charged the awards for a Technical Programmer, two Informational Technologists, a Lead Informational Technologist and on occasion all three positions were paid with the cooperative agreement funds. In addition, we also identified expenditures with no justification or support allocated to personnel and fringe benefit costs.”

Office of Sponsored Projects staff review awards and communicate with all sponsors on a regular basis when there are significant changes to awards that require agency approval.

URI submitted proposals according to the OJP’s Instructions for Budget Detail Worksheet, under (A) Personnel, it states the following:

“A. Personnel – List each position by title and name of employee, if available. Show the annual salary rate and the percentage of time to be devoted to the project. Compensation paid for employees engaged in grant activities must be consistent with that paid for similar work within the applicant organization. Include a description of the responsibilities and duties of each position in relationship to fulfilling the project goals and objectives”

URI believes a GAN for budget modifications was not required based on OJP Financial Guide 2009 and 2011 language:

“Movement of dollars between approved budget categories without a GAN is allowable up to ten percent of the total award amount (the ten percent rule), provided there is no change in project scope.”

The changes to grants did not exceed 10% and scope was not changed. Per OIG Draft Report page 9:

“We determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10%.”

For OJP, URI will continue to submit a GAN for personnel and fringe related changes when those changes exceed 10% of the budget category and when there are changes in scope and/or changing the primary organization (URI) changing the primary staff (PI).
10. Ensure the URI implements policies and procedures that are in compliance with federal regulations relating to compensation for personal services for employees working on multiple award programs or cost activities.

URI Management Response

URI does not concur with these findings and recommendations.

Per OIG Audit report page 8 and 9:

"We also determined the URI failed to document employee time and effort reporting in accordance with OJP requirements."

"The URI lacks policies and procedures relating to the compensation for personal services for employees working on multiple award programs or cost activities. The potential for fraud, waste, and abuse of award funding is increased without accurate and properly completed effort certification reports. Therefore, we recommend that OJP ensure the URI implements policies and procedures that are in compliance with federal regulations relating to compensation for personal services for employees working on multiple award programs or cost activities."

URI complies with our approved Disclosure Statement DS-2 for effort certification reports. According to Circular OMB-A21 https://www.whitehouse.gov/omb/circulars_a021_2004#:~:text=Section%20C.,Basis%20of%20Considerations.,14(a) Disclosure statement it states: "Educational institutions that received aggregate sponsored agreements totaling $25 million or more subject to this Circular during their most recently completed fiscal year shall disclose their cost accounting practices by filing a Disclosure Statement (DS-2)." (d) "Educational institutions are responsible for maintaining an accurate DS-2 and complying with disclosed cost accounting practices."

URI is in compliance with our approved DS-2 section 2.5.2 "Salary and Wage Cost Accumulation System" for the various employees categories. Pages II-9 to II-10. URI complete DS2 is posted on website http://web.uri.edu/controller/sponsored_cost_accounting/.

11. Ensure the URI implements controls related to award closeout monitoring including drawdown requests.

URI Management Response

URI does not concur with the finding and recommendation:

Per OIG Auditors draft report page 10:

"According to the OJP Financial Guide, within 90 days of the end of the award:
(1) recipients must request final reimbursement (drawdown) of Federal expenditures made within the approved project period in conjunction with the final SF-425; (2) the final SF-425 (Federal Financial Report (FFR) must be submitted by the recipient to the awarding agency; and (3) the submission of the final SF-425, final progress report, and an invention report [if applicable - in this case a technical report] by the end of the 90-day period. Once an administrative closeout begins, the recipient is unable to draw any additional funds on the award."
We found the following: (1) the URI did not request the final drawdown for each cooperative agreement within the approved project period and (2) for two of the three awards, Cooperative Agreement Numbers 2009-FD-CX-K215 and 2011-FD-CX-K011, the final progress reports were submitted outside of the allowable closeout period.

We determined the URI lacked written policies and procedures on award closeout, submitted the final close-out reports late for all the cooperative agreements resulting in the special condition to be removed late and the last drawdown was requested late. However, because OJP accepted the reports and removed the special condition OJP allowed the late drawdown to occur.”

URI did not complete the drawdowns within in the 90 days due to late report submission which is addressed in management response to recommendation 4 above.

Funds were not available to draw on OJP’s website until the final reports were accepted by OJP. Consequently, URI could not draw the final funds until OJP lifted the restriction. URI did submit draft SF-425s within the 90 day close out period. The final SF-425 was submitted once the final drawdown was completed.

Per OIG Auditors draft report page 10:

“we did not identify significant deficiencies related to the recipient’s process for developing drawdown requests and concluded drawdowns were made by URI on a reimbursement basis”

Due to the reasons above, URI does not concur with finding below, per OIG Auditors draft report page 11:

“Nevertheless when awardees fail to properly manage and minimize the time elapsed between the receipt of funds and disbursement of those funds for award eligible expenditures; the risk of fraud, waste and abuse of funds increases.”

Grant spending occurred within the grant’s stated period of performance. Drawdowns were made on the reimbursement basis, and the only reason for the late drawdown was the late submission of reports.

Thank you for allowing the University of Rhode Island the opportunity to comment and respond to the draft audit report. If you need additional information or have any questions, please contact me.

Sincerely,

Sharon B. Bell, CPA, CFE, CGMA
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MEMORANDUM TO: David M. Sheeren
Regional Audit Manager
Denver 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, National Institute of Justice, Cooperative Agreements Awarded to the University of Rhode Island, Kingston, Rhode Island

This memorandum is in reference to your correspondence, dated August 12, 2016, transmitting the above-referenced draft audit report for the University of Rhode Island (URI). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains 11 recommendations and $266,374 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. We recommend that OJP remedy the $266,200 in unallowable costs resulting from:
   a. $456 of unallowable travel costs.
   b. $446 of unallowable advertising costs.
   c. $216,469 in unallowable personnel costs.
   d. $48,830 in unallowable fringe benefit costs.

OJP agrees with all subparts of this recommendation. We will coordinate with URI to remedy the $266,200 in questioned costs, related to unallowable costs associated with travel ($456), advertising ($446), personnel ($216,469), and fringe benefits ($48,830) that were charged to cooperative agreement numbers 2009-FD-CX-K215, 2011-FD-CX-K011, and 2012-MU-CX-K002.

Some costs were questioned for more than one reason. Net questioned costs exclude duplicative amounts.
2. We recommend that OJP remedy the $227,985 in unsupported costs resulting from:
   a. $236 of unsupported travel costs.
   b. $130 of unsupported computer supplies.
   c. $180,150 in unsupported personnel costs.
   d. $47,470 in unsupported fringe benefit costs.

OJP agrees with all subparts of this recommendation. We will coordinate with URI to remedy the $227,985 in questioned costs, related to unsupported costs associated with travel ($236), computer supplies ($130), personnel ($180,150), and fringe benefits ($47,470) that were charged to cooperative agreement numbers 2009-FD-CX-K215, 2011-FD-CX-K011, and 2012-MU-CX-K002.

3. We recommend that OJP ensures that the URI properly identifies publications in line with award requirements and provides these publications to the program manager prior to disbursement.

OJP agrees with this recommendation. We will coordinate with URI to obtain a copy of written policies and procedures, developed and implemented, to ensure that future publications comply with the award requirements and are provided to OJP for review and approval prior to disbursement.

4. We recommend that OJP ensures that the URI develops policies and procedures to ensure that all award requirements are met.

OJP agrees with this recommendation. We will coordinate with URI to obtain a copy of written policies and procedures, developed and implemented, to ensure that all award requirements are met.

5. We recommend that OJP ensures that the URI develops and implements policies and procedures for the Grant Module to ensure proper control of the module.

OJP agrees with this recommendation. We will coordinate with URI to obtain a copy of written policies and procedures, developed and implemented, to ensure proper controls are clearly defined and enforced for users of its Grant Module.

6. We recommend that OJP ensures that the URI develops policies and procedures to ensure award expenditures paid with a purchase card, for other than travel, are approved prior to purchase to ensure proper approval of expenditures charged to awards.

OJP agrees with this recommendation. We will coordinate with URI to obtain a copy of written policies and procedures, developed and implemented, to ensure that purchase card expenditures which involve Federal funds, for other than travel, are individually received and approved prior to purchase.
7. We recommend that OJP ensures that the URI properly updates its policies and procedures when changes occur and ensures that its policies match instructions listed in related forms.

OJP agrees with this recommendation. We will coordinate with URI to obtain a copy of written policies and procedures, developed and implemented, for maintaining updated policies and procedures. Specifically, we will work with URI to ensure that their policies, procedures, and related forms are timely and accurately updated, whenever processes change.

8. We recommend that OJP ensures that the URI enforces existing travel policy to ensure travel costs are properly approved, justified, and supported by receipts.

OJP agrees with this recommendation. We will coordinate with URI to obtain evidence that it monitors its existing travel policy to ensure that travel costs are properly approved, justified, and supported by actual receipts.

9. We recommend that OJP ensures that the URI implements policies and procedures to ensure that only personnel listed in OJP approved award budget are charged to the related OJP cooperative agreements.

OJP agrees with this recommendation. We will coordinate with URI to obtain a copy of written policies and procedures, developed and implemented, to ensure that only personnel listed in OJP approved award budgets are charged to the related OJP awards.

10. We recommend that OJP ensures that the URI implements policies and procedures that are in compliance with federal regulations relating to compensation for personal services for employees working on multiple award programs or cost activities.

OJP agrees with this recommendation. We will coordinate with URI to obtain a copy of written policies and procedures, developed and implemented, to ensure that compensation for personal services for employees working on multiple award programs or cost activities are in compliance with Federal regulations.

11. We recommend that OJP ensures that the URI implements controls related to award closeout monitoring, including drawdown requests.

OJP agrees with this recommendation. We will coordinate with URI to obtain a copy of written policies and procedures, developed and implemented, to ensure that adequate controls are in place to monitor closeout of the award, including requests for drawdowns.

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.
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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 the University of Rhode Island (URI) and Office of Justice Programs (OJP). The URI’s response is incorporated in Appendix 3 and OJP’s response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP concurred with our recommendations, and as a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendation:

1. Remedy the $266,200 in unallowable costs resulting from:
   a. $456 of unallowable travel costs.
   b. $446 of unallowable advertising costs.
   c. $216,469 in unallowable personnel costs.
   d. $48,830 in unallowable fringe benefit costs.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with URI to remedy the unallowable questioned costs.

The URI did not concur with our recommendation. In its response the URI commented on the individual transactions for each category we questioned as unallowable.

The URI stated, in its response, it believes the questioned costs for travel and advertising are allowable and reimbursable and submitted additional documentation with its response. We are removing $485 from the unallowable questioned costs for travel and advertising since the additional documentation provided supported these costs.

However, the URI Travel policy, dated October 1, 2009, states it is the requirement of the traveler to obtain receipts for all travel and attach them to the TEV even if the travel was prepaid using the University’s travel card. The Policy also states the URI use per diem rates from the General Services Administration (GSA) for federally funded awards. The Policy does not state it is URI practice to deduct meals based on time of travel, as the URI indicates in its response. According to the GSA website, travelers receive 75 percent of the per diem amount for the first and last day of travel. Additionally, the URI documentation provided with its response did not show that an employee registered for or attended a conference, but that the employee traveled only to attend a 2-hour meeting with the Principal.
Investigator (PI). Therefore, we believe the travel costs for this individual were in addition to the travel costs approved in the budget.

The URI stated, in its response, that changes to positions not related to the URI’s organization or the Principle Investigator would not require a Grant Adjustment Notice (GAN). However, the URI identified positions other than the PI as direct personnel that would charge personnel costs and fringe benefits to these awards in the approved budgets. If there are any deviations from these positions, URI is required to submit a GAN to OJP for budget modification to include any positions that were not included in the approved budgets for this award. Therefore, we believe personnel and fringe benefit costs not identified in the budget are unallowable.

We understand the budgets submitted to OJP for the awards were estimates. However, personnel costs made up the majority of these awards and changes in personnel affect the performance of the awards. We believe because of the uncertainty of the personnel and time required, at the start of the awards, the URI should have submitted updated budgets to OJP for approval once the PI determined who would work on the awards and in what capacity. The OJP Financial Guides highlight that for recordkeeping purposes and audit documentation, it is advised to submit a GAN even if the proposed budget modification is less than 10 percent of the total award amount; as it also provides the Program Grant Manager with notification. We are removing $23,536 from unallowable personnel and fringe benefit costs because we determined the additional documentation the URI submitted with its response supported these costs.

We believe $417 of travel costs, $193,921 of personnel costs, and $47,843 of fringe benefits costs, totaling $242,181 are still unallowable.

This recommendation can be closed when we receive documentation demonstrating that the $242,181 in remaining unallowable costs for travel, personnel, and fringe benefits have been remedied.

2. **Remedy the $227,985 in unsupported costs resulting from:**

   a. $236 of unsupported travel costs.
   b. $130 of unsupported computer supplies.
   c. $180,150 in unsupported personnel costs.
   d. $47,470 in unsupported fringe benefit costs.

**Resolved.** OJP concurred with our recommendation. OJP stated in its response it will coordinate with URI to remedy the unsupported questioned costs.

The URI did not concur with our recommendation. In its response the URI commented on the individual transactions for each category we questioned as unsupported.
The URI stated in its response that it believes the questioned costs for travel and computer supplies are allowable and reimbursable. The URI agreed that the documentation provided during the audit for travel costs was difficult to read. We are removing $353 in unsupported costs for travel and computer supplies because the additional documentation the URI submitted with its response provided support for these costs. However, the additional documentation did not include a receipt or other support for a transaction for gas; the URI stated in its response, the receipt was reviewed when the Travel Expense Voucher (TEV) was approved. Therefore, we are removing this cost from the unsupported travel costs because we deem the amount to be immaterial. The URI Travel Policy, dated October 1, 2009, states that all original receipts must be attached in order for the TEV to be reimbursed. Any travel expenses that are not properly documented will not be reimbursed. We believe the URI should ensure that all receipts are attached to a traveler’s TEV and properly maintained.

We explained in our response to Recommendation 1 that we understand the budgets submitted to OJP for the awards were estimates. However, personnel costs made up the majority of these awards and changes in personnel affect the performance of the awards. We believe because of the uncertainty of the personnel and time required, at the start of the awards, the URI should have submitted updated budgets to OJP for approval once the PI determined who would work on the awards and in what capacity. In addition, if there are any deviations from positions identified in the approved budgets, the URI is required to submit a GAN to OJP for a budget modification. Therefore, we believe personnel and fringe benefit costs not identified in the budget are unsupported. We are removing $14,344 in unsupported personnel and fringe benefit questioned costs because the additional documentation the URI submitted with their response provided support for these costs.

We believe $166,742 of personnel costs and $46,534 of fringe benefits costs, totaling $213,276 are still unsupported.

This recommendation can be closed when we receive documentation supporting that the $213,276 in remaining unsupported expenditures has been remedied.

3. **Ensure the URI properly identifies publications in line with award requirements and provide these publications to the program manager prior to disbursement.**

**Closed.** This recommendation is closed. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with URI to obtain a copy of written policies and procedures, developed and implemented, to ensure that future publications comply with the award requirements and are provided to OJP for review and approval prior to disbursement.
The URI partially concurred with our recommendation and stated in its response that for all future publications, the Principle Investigator will include the required language as recommended by OJP awards. During our fieldwork and at our audit closeout meeting with URI, we requested documentation related to the publications, but the URI did not provide documentation supporting its coordination with OJP. However, in the additional documentation the URI submitted with its response, it provided an email between the Principal Investigator and the OJP program manager evidencing that it provided the publication to OJP prior to presenting the publication at an international conference. Nevertheless, the URI stated in its response it will continue to provide any publications to the program manager prior to releasing.

We reviewed the URI’s response and documentation and determined that these actions adequately address our recommendation.

4. **Ensure the URI develops policies and procedures to ensure that all award requirements are met.**

   *Resolved.* OJP concurred with our recommendation. OJP stated in its response it will coordinate with the URI to obtain a copy of written policies and procedures, developed and implemented, to ensure that all award requirements are met.

   The URI also concurred with our recommendation. The URI stated it will work towards developing a policy or procedure for Principle Investigators to comply with reporting requirements and deadlines. In addition, the URI Office of Sponsored Projects will continue to remind Principle Investigators when reports are due and that the Office of Sponsored Projects may request Principle Investigators to provide notification when they submit their reports.

   This recommendation can be closed when we receive a copy of the policy that addresses adherence to award requirements.

5. **Ensure the URI develops and implements policies and procedures for the Grant Module to ensure proper control of the module.**

   *Resolved.* OJP concurred with our recommendation. OJP stated in its response that it will coordinate with URI to obtain a copy of written policies and procedures, developed and implemented, to ensure proper controls are clearly defined and enforced for users of its Grant Module.

   The URI did not concur with our recommendation. The URI stated access security in PeopleSoft modules is built based on defined permission lists/user roles based on the URI employee’s job title and their department. However, we presented this issue to the URI during our audit and at our audit closeout meeting and requested documentation that would evidence adequate controls for the Grant Module. However, the URI did not provide documentation during
the audit or with its response supporting that permissions are documented and who is authorized access of the module. As a result, this recommendation remains open.

This recommendation can be closed when we receive a copy of written policy and procedures that address user permissions and access controls for the Grant Module.

6. **Ensure the URI develops policies and procedures to ensure award expenditures paid with a purchase card, for other than travel, are approved prior to purchase to ensure proper approval of expenditures charged to awards.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the URI to obtain a copy of written policies and procedures, developed and implemented, to ensure that purchase card expenses which involve Federal funds, for other than travel, are individually received and approved prior to purchase.

The URI did not concur with our recommendation and detailed in its response the procedures for using a purchase card. In its response URI identified that a purchase card holder makes the purchase, verifies the transaction and allocates the expense to the award. These procedures do not include approval of the expense by a supervisor prior to a card holder making the purchase. The URI stated that all research purchases require a written explanation to be entered in the Purchase Card Module and encourages but does not require scanned documents and receipts in the module. The URI did not provide us with the written explanation for the purchase card transaction for the awards or show the approval of the expense in the Purchase Card Module.

This recommendation can be closed when we receive a copy of policies and procedures that support purchases are approved prior to expenditures charged to awards.

7. **Ensure the URI properly updates its policies and procedures when changes occur and ensures that its policies match instructions listed in related forms.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the URI to obtain a copy of written policies and procedures, developed and implemented, for maintaining updated policies and procedures. Specifically, OJP will work with the URI to ensure that their policies, procedures, and related forms are timely and accurately updated, whenever processes change.

The URI did not concur with our recommendation and stated in its response that we misinterpreted their Purchase Card Policy and the that the URI Controller approved an exception to the Purchase Card policy for travel
expenses if the card holder completed a Travel Addendum form. We reviewed
the Purchase Card Manual, dated April 29, 2009, in effect during the award
periods. This version identified that the purchase card was not to be used for
travel expenses and using the purchase card for travel expenses was limited to
registration costs only for grant purchases. The Purchase Card Manual dated
September 2015, did include an update to the travel exceptions which allowed
purchase card users to use their card for travel expenses with an approved
travel addendum form, effective January 1, 2009. However, the URI did not
update its written policy to reflect these changes. The changes were not
updated in its written policy until the September 2015 version, 6 years later.

This recommendation can be closed when we receive concurrence from the URI
that they will update their policies and procedures when changes occur.

8. **Ensure the URI enforces existing travel policy to ensure travel costs are
properly approved, justified, and supported by receipts.**

**Resolved.** OJP concurred with our recommendation. OJP stated in its response
that it will coordinate with the URI to obtain evidence that it monitors its
existing travel policy to ensure that travel costs are properly approved,
justified, and supported by actual receipts.

The URI did not concur with our recommendation and stated in its response
that URI policies or forms do not instruct employees to pay for conference
registrations with personal funds. However, both the Travel Authorization
Request Form (TAR) used by employees who charged travel expenses to the
awards, and the current TAR form the URI provided a link to in its response,
identifies under instructions: “2) Registration fees and lodging should be paid
with [a purchase] card or personal funds.”

Additionally, in its response to Recommendation 1, the URI commented on the
justification form for rental cars. The URI stated in its response that URI policy
requests a rental car justification at the time the TAR is processed; however,
this is not always feasible because the need for an auto rental is not always
known at the time the TAR is completed. However, an employee who charged
travel costs to the awards, including a rental car, did include rental car costs on
the approved TAR, but the TAR did not include a completed car rental
justification form. The URI Travel Policy, dated October 1, 2009, clearly states
that a car rental justification must be submitted with a TAR explaining the need
for a rental car. The Car Rental Justification Form included in the policy and the
current form on the URI website clearly identifies that the form must be
attached to a completed TAR when a rental car is needed.

We noted under Recommendation 1, that an expense for gas was still
unsupported because the URI did not provide documentation to support this
expense. The URI Travel Policy dated October 1, 2009, states that all original
receipts must be attached in order for the TEV to be reimbursed. Any travel
expenses that are not properly documented will not be reimbursed.
This recommendation can be closed when we receive documentation from the URI to support that they have revised the TAR form instructions to reflect Travel Policy procedures and we receive concurrence from the URI that they will ensure employees submit car rental justification forms when rental cars are needed and ensure receipts are kept for all travel expenses charged to awards.

9. Ensure the URI implements policies and procedures to ensure that only personnel listed in OJP approved award budgets are charged to the related OJP cooperative agreements.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the URI to obtain a copy of written policies and procedures, developed and implemented, to ensure that only personnel listed in OJP approved award budgets are charged to the related OJP awards.

The URI did not concur with our recommendation and stated in its response the URI submitted proposals according to the OJP Budget Detail Worksheet and it does not believe a GAN for budget modifications was required because the changes did not exceed 10 percent. While the URI completed the Budget Detail Worksheet, the worksheet is an estimate before the award has been received. While the OJP Financial Guide requires GANs for changes of 10 percent or more, it also requires GANs to approve significant changes in scope, as well as changes in key personnel. Further, we believe adding additional personnel to those approved in the budget after an award has started is an important change that affects performance of the awards; especially since personnel costs made up the majority of the award budgets. Such reporting has implications for the grantee’s compliance with suspension and debarment grant requirements.

This recommendation can be closed when we receive documentation to support that the URI has policies and procedures to ensure that only personnel listed in approved budgets are charged to awards or a GAN is submitted when additional personnel are added to awards.

10. Ensure the URI implements policies and procedures that are in compliance with federal regulations relating to compensation for personal services for employees working on multiple award programs or cost activities.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the URI to obtain a copy of written policies and procedures, developed and implemented, to ensure that compensation for personal services for employees working on multiple award programs or cost activities are in compliance with Federal regulations.

The URI did not concur with our recommendation and stated in its response that the URI complied with their approved Disclosure Statement for effort
certification reports. While the URI has an approved Disclosure Statement for effort certification reports, it is still required to follow the OJP Financial Guide requirements, as indicated by Special Condition 1 in the acceptance documents for each award. If other criteria applicable to the URI conflicts with OJP Financial Guide requirements, the URI should consult with the program manager for the awards on how to proceed. The URI did not provide any documentation to support discussions with the program manager for the awards regarding OJP Financial Guide requirements.

This recommendation can be closed when we receive evidence to support that the URI has either discussed and come to an agreement with OJP on the effort certification criteria within its Disclosure Statement or we receive documentation to support that the URI has policies and procedures in place related to employees working on multiple awards that are in compliance with OJP Financial Guide requirements.

11. Ensure the URI implements controls related to award closeout monitoring including drawdown requests.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the URI to obtain a copy of written policies and procedures, developed and implemented, to ensure that adequate controls are in place to monitor closeout of the award, including requests for drawdowns.

The URI did not concur with our recommendation and stated in its response that the URI did not complete the drawdowns within the 90 days due to late report submission. In its response to Recommendation 4, the URI agreed to work towards developing a policy or procedure for Principle Investigators to comply with reporting requirements and deadlines. We believe that if URI had an award closeout monitoring policy and procedures in place it may have prevented the late report submissions and late drawdown requests.

This recommendation can be closed when we receive documentation that supports the URI has policies and procedures for award closeout monitoring, including drawdown requests in place.
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