



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



Audit of the Office of Justice Programs Grant Awarded to the Housing Authority of Plainfield Plainfield, New Jersey

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
GRANT AWARDED TO
THE HOUSING AUTHORITY OF PLAINFIELD
PLAINFIELD, NEW JERSEY**

EXECUTIVE SUMMARY*

The Department of Justice Office of the Inspector General (OIG), Audit Division, has completed an audit of the Office of Justice Programs (OJP), Office of Juvenile Justice and Delinquency Prevention grant, number 2010-DD-BX-0525, awarded to the Housing Authority of Plainfield (Plainfield). The \$250,000 congressionally-directed grant was awarded to Plainfield with the objectives of reducing street gang recruitment activities and the causes of gang violence by providing positive alternative activities and family support to at-risk youth and providing in-school and afterschool-based, community outreach and summer programs.

The objective of this audit was to assess performance in the key areas of grant management that are applicable and appropriate for the grant under review. We found that Plainfield received the grant funds and forwarded that funding to a third party Program Director whom Plainfield did not properly monitor. Although we were provided limited documents, neither Plainfield nor the Program Director provided sufficient documentation to support grant expenditures and grant-related activity. Additionally, we were not provided with a listing of grant expenditures from an adequate accounting system.

Through our assessment of the documentation provided and the totality of the circumstances described herein, we found that Plainfield was in material non-compliance with the essential grant conditions we tested. Specifically, Plainfield: (1) lacked accountability over federal funds, (2) lacked documentation to support the grant expenditures claimed on the financial reports, (3) lacked documentation to support the grant drawdowns, (4) did not properly monitor the grant budget, (5) did not properly monitor its contractors or consultants, and (6) did not maintain documentation to support its progress reports or report on its performance metrics. As a result of these deficiencies and Plainfield's inability to provide basic accounting data, we questioned the expended portion of the entire grant totaling \$244,233 as unsupported.

* Redactions were made to the full version of this report for privacy reasons. The redactions are contained only in Appendix 3, the grantee's response, and are of individuals' names or information that would enable an individual to be identified.

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INTRODUCTION

The Department of Justice Office of the Inspector General, Audit Division, has completed an audit of an Office of Justice Programs (OJP), Office of Juvenile Justice and Delinquency Prevention (OJJDP) grant awarded to Housing Authority of Plainfield (Plainfield), located in Plainfield, New Jersey. The grant was a fiscal year 2010 Byrne Congressionally Mandated Earmark grant, award number 2010-DD-BX-0525. As shown below, OJP awarded Plainfield \$250,000 under the grant.

Table 1
OJP Grant to Plainfield

Award Number	Award Start Date	Award End Date	Award Amount
2010-DD-BX-0525	7/1/2010	6/30/2011	\$250,000

Source: Office of Justice Programs

The stated purpose of the grant was: (1) to reduce street gang recruitment activities and the causes of gang violence by providing positive alternative activities and family support to at-risk youth; and (2) to provide in-school and afterschool-based, community outreach and summer programs.

Office of Justice Programs

OJP, within the Department of Justice, provides the primary management and oversight of the grant we audited. According to its website, OJP provides innovative leadership to federal, state, local, and tribal justice systems by disseminating state-of-the-art knowledge and practices across America, and providing grants for the implementation of these crime fighting strategies. Because most of the responsibility for crime control and prevention falls to law enforcement officers in states, cities, and neighborhoods, the federal government can be effective in these areas only to the extent that it can enter into partnerships with these officers. Therefore, OJP does not directly carry out law enforcement and justice activities. Instead, OJP works in partnership with the justice community to identify the most pressing crime-related challenges confronting the justice system and to provide information, training, coordination, and innovative strategies and approaches for addressing these challenges.

Office of Juvenile Justice and Delinquency Prevention

OJJDP, within OJP, provides national leadership, coordination, and resources to prevent and respond to juvenile delinquency and victimization. OJJDP supports states and communities in their efforts to develop and implement effective and coordinated prevention and intervention programs and to improve the juvenile

justice system so that it protects public safety, holds offenders accountable, and provides treatment and rehabilitative services tailored to the needs of juveniles and their families.

Housing Authority of Plainfield

According to its website, the Housing Authority of Plainfield's mission is to continue to develop resources that support Plainfield's low-income community by collaborating with a network of community services providers and other public agencies to better serve the community and to enhance home ownership opportunities for income eligible residents. The Housing Authority of Plainfield is a governmental, public corporation created under federal and state housing laws. It is governed by a board of commissioners which is essentially autonomous but is responsible to U.S. Department of Housing and Urban Development and the State of New Jersey, Department of Community Affairs.

The purpose of the grant was to reduce street gang recruitment activities and the causes of gang violence by providing positive alternative activities and family support to at-risk youth. The grant objectives were to be achieved by utilizing a combination of in-school and afterschool-based, community outreach and summer programs. According to the award documentation, the overall goals of the program were to:

- provide positive alternative activities designed to deter gang recruitment and youth violence through in-school and after-school programming;
- communicate with at-risk youth and gang members to reduce gang recruitment activities and gang violence through direct interaction on the streets;
- continue to maintain an on-going presence in the community in order to foster a belief among at-risk youth and gang members that there are people committed to them by building partnerships with community service organizations, corporations and local government;
- educate the community at-large about the issues and root causes that result in gang recruitment, involvement and violence through public speaking activities;
- cooperate with other youth-serving agencies in an effort to assist with one-on one court mandated counseling sessions; and
- provide parenting sessions in an effort to increase parenting skills and problem solving abilities.

Our Audit Approach

We attempted to test compliance with what we considered to be the most important conditions of the grant. Unless otherwise stated in our report, we applied the OJP Financial Guide as our primary criteria during our audit. The OJP Financial Guide serves as a reference manual assisting award recipients in their fiduciary responsibility to safeguard award funds and ensure that funds are used appropriately and within the terms and conditions of the grant. Additionally, the OJP Financial Guide cites applicable Office of Management and Budget (OMB) criteria and the Code of Federal Regulations that we also considered in performing our audit. We intended to test Plainfield's:

- **Internal Control Environment** to determine whether the financial accounting system and related internal controls were adequate to safeguard award funds and ensure compliance with the terms and conditions of the grant.
- **Grant Expenditures** to determine whether the costs charged to the grant were allowable and adequately supported.
- **Reporting** to determine if the required periodic Federal Financial Reports and Progress Reports were submitted on time and accurately reflected grant activity.
- **Drawdowns** to determine whether requests for reimbursement, or advances, were adequately supported, and if Plainfield managed grant receipts in accordance with federal requirements.
- **Budget Management and Control** to determine whether Plainfield adhered to the OJJDP-approved grant budget for the expenditure of funds.
- **Monitoring of Contractors** to determine whether Plainfield had taken appropriate steps to ensure that contractors complied with requirements of the grant.
- **Program Performance and Accomplishments** to determine whether Plainfield achieved grant objectives, and to assess performance and grant accomplishments.
- **Program Income** to determine if Plainfield program income was properly accounted for and applied to the award.
- **Compliance with Other Grant Requirements** to determine if Plainfield complied with all of the terms and conditions specified in the grant award document.

Our report indicates where our audit work was limited due to the limited documentation made available by Plainfield. Although the documentation provided was limited, we were able to determine that there were significant deficiencies in Plainfield's management of the grant. Where applicable, we also test for compliance in the area of matching funds. However, for this grant, we determined that matching funds were not required.

FINDINGS AND RECOMMENDATIONS

COMPLIANCE WITH ESSENTIAL GRANT REQUIREMENTS

Although we were provided limited documents, neither Plainfield nor the Program Director provided sufficient documentation to support grant expenditures and grant-related activity. From our review of the limited documentation provided, we found Plainfield: (1) lacked accountability over federal funds, (2) lacked documentation to support the grant expenditures claimed on financial reports, (3) lacked documentation to support grant drawdowns, (4) did not properly monitor the grant budget, (5) did not properly monitor contractors or consultants, and (6) did not maintain documentation to support its progress reports or performance metrics. As a result of these deficiencies, and Plainfield's inability to provide basic accounting data, we question \$250,000 in grant funds.² These conditions, including the underlying causes and potential effects on program performance, are further discussed below.

Overview

The original grant application was submitted as the Youth Alternative Gang Initiative by Plainfield and the Tomorrow is Today Foundation as a joint initiative. According to its website, Tomorrow is Today was a nonprofit organization, located in Washington D.C., dedicated to bringing economic growth and community empowerment to disadvantaged youth and their families.³ The administrator of Tomorrow is Today was designated as the Program Director for the overall initiative while the award was made to Plainfield.

Plainfield's Executive Director told us financial and programmatic responsibility were delegated to the Program Director because she helped obtain the grant and had what the Executive Director believed to be a good relationship with OJP. The Executive Director told us Plainfield also delegated additional administrative responsibility to the Program Director because the Plainfield's grant administration staff was overburdened by having to manage Department of Housing and Urban Development grants.

In March 2014, we initiated an audit of this grant awarded by OJP to Plainfield totaling \$250,000 based on deficiencies identified in the fiscal year (FY) 2011 Single Audit and the inability to resolve the questioned costs. Following our regular audit process, we requested financial documentation from Plainfield necessary to conduct our audit. The documentation requested included, but was not limited to, detailed and summary accounting records for all expenditures

² In February 2015, Plainfield returned \$5,767 in grant funds that had been drawn down during the grant period but were not expended.

³ We accessed Tomorrow is Today's website (<http://tomorrowistoday.org/aboutus.html>) on April 16, 2014; however, the website has since been removed.

charged to the grant, including documentation supporting quarterly financial status reports and all drawdown requests. According to Plainfield officials, they were unable to provide the documentation requested because the records were retained by the Program Director who was not a Plainfield employee.

A Plainfield official told us that Plainfield had tried for several years without success to obtain similar documentation. The official told us that the Program Director did not provide Plainfield with either accurate financial reports which could demonstrate how the grant complied with its approved budget, or complete and accurate financial source documentation that supported the grant's financial reporting and drawdowns.

Due to Plainfield's inability to provide critical financial documentation, we suspended our audit and issued a request for information letter on April 17, 2014. The request for information letter informed Plainfield that if it was unable to provide the financial documentation, we would question the entire grant as unsupported.

Neither Plainfield nor the Program Director provided all of the documentation in our request for information. Most significant to our audit effort, was Plainfield's failure to provide a list of grant-related transactions and bank statements reflecting grant activity. Instead, the Program Director provided some summary financial documents in an attempt to support the drawdowns, and this submission included incomplete source documentation. As a result, we determined that Plainfield was unable to support grant expenditures and grant-related activity and we question the full amount of the grant.

Internal Control Environment

To develop an understanding of the financial and accounting systems and related internal controls Plainfield used to ensure it complied with the terms and conditions of the grant, we interviewed Plainfield officials and requested financial reporting and accounting system data to determine if controls were adequate to separately account for and maintain grant funds. Plainfield distributed grant funds directly to the Program Director who did not use Plainfield's accounting system or processes. Plainfield could not prove that proper controls, such as adequate separation of duties, were executed over the financial operations concerning DOJ grant funds.

Single Audit Review

We reviewed Plainfield's Single Audit to determine if control weakness related to the grant were identified. We found Plainfield's FY 2011 Single Audit had an unaddressed monetary finding related to the grant.⁴ Plainfield's FY 2011 Single

⁴ In FY 2011, a single audit was required for grantees that expended \$500,000 or more in federal funding in a fiscal year. While the audited DOJ grant was for less than \$500,000, Plainfield also expended federal funds from other sources and its total federal expenditures exceeded \$500,000 in FY 2011. As a result, Plainfield was subject to the single audit requirement.

Audit found Plainfield did not have a financial management and reporting system in place that maintained effective control of federal funds specific to the grant we audited. According to the single audit report, the finding resulted from the Program Director not having a financial management and reporting system in place to meet the federal requirements. In addition, the report stated that Plainfield did not have a system in place to monitor and regulate drawdowns made by the Program Director.

The single audit determined, based on information provided by the Program Director as of December 31, 2011, that the entire grant had been drawn down, expenditures totaled \$155, 505, and a cash balance of \$5,788 remained with the program. The report concluded that the drawdowns exceeded reported expenditures by \$94,495, which was reported as questioned costs. Additionally, the audit found that the Program Director overrode a managerial control established by Plainfield that required the submission of accurate cost documentation prior to drawdowns being made by the Program Director (see Drawdown Section for a complete description). Plainfield's 2012 Single Audit noted these issues as a repeat finding because Plainfield had yet to address the finding. A Plainfield official told us the issues remain because the Program Director has not provided Plainfield with the necessary financial documentation to close the finding.

Lack of Accountability over Federal Funds

In accepting this grant, Plainfield was required to exercise effective control and accountability for all grant funding. Specifically, the OJP Financial Guide requires grantees to have an accounting system and related internal controls to adequately safeguard grant funding and assure that it is used solely for authorized purposes. The control weaknesses we identified, listed below, impaired Plainfield's ability to adequately safeguard assets and maintain effective control and accountability over federal funds:

- We found essential grant oversight activities lacked segregation of duties. The Program Director was responsible for grant drawdowns, approving invoices, authorizing grant payments, preparing and submitting grant financial and progress reports, and selecting consultants and contractors, and preparing the approved grant budget.
- We identified transactions from our review of the limited supporting documentation that had evidence of conflicts of interest that were prohibited by Code of Federal Regulations §66.36 (3). We also found the Program Director held a financial interest in a company that was included in the grant application. We identified evidence that the company received, among other payments, a lump-sum payment of \$25,000, but due to the condition of the grant documentation, we could not confirm these payments.

- The Program Director overrode a Plainfield managerial control designed to ensure grant funds were deposited directly into Plainfield's bank account and instead had grant funds deposited in an alternate bank account.
- We found no evidence that the grant's budget was monitored in accordance with the approved budget.
- We were unable to identify where the Program Director deposited grant funds in some instances.
- The Program Director could not provide a transaction detail report which listed all grant funded transactions.

As a result of the above referenced control deficiencies combined with additional findings discussed in this report, we concluded that all grant funds were unsupported, and we recommend that Plainfield remedy \$244,233 in unsupported grant funds and enhance its policies to ensure it has accountability over federal funds.⁵

Grant Expenditures

Plainfield's approved budget allocated \$250,000 to the personnel, fringe benefits, contractors, travel, supplies and other miscellaneous expenses budget categories. We were unable to test grant expenditures to determine if they were allowable, reasonable, allocable, necessary to the project, and in compliance with the funding requirements within the OJP Financial Guide because the Program Director did not provide a list of grant-funded transactions or bank statements. As a result, we were unable to obtain a universe of grant transactions or verify that grant expenditures were actually made and supported.

Because of these limitations and Plainfield's inability to sufficiently support grant expenditures, we question the entire grant, less \$5,767 that Plainfield returned to OJP. The remaining balance of \$244,233 is questioned as unsupported (see Internal Control Section). We recommend that Plainfield develop policies and procedures that ensure it maintains accounting records that support grant transactions as well as the related bank statements.

Reporting

Federal Financial Reports

The financial aspects of grants are monitored through Federal Financial Reports (FFRs). According to the OJP Financial Guide applicable at the time of the grant, FFRs are designed to describe the status of a program's funds and should be submitted within 30 days of the end of the most recent quarterly reporting period on a calendar basis throughout the life of a grant. Grant funding requests

⁵ Plainfield returned \$5,763 in unused funds in February 2015.

(drawdowns) or future awards will be withheld if reports are not submitted or are delinquent. The OJP Financial Guide also requires grantees report actual expenditures and unobligated liquidations as incurred for the quarterly reporting period. We reviewed the submitted FFRs for timeliness and accuracy.

Plainfield submitted four required FFRs for the grant. We were unable to verify that the grant expenditures reported on the FFRs were accurate because of the absence of a list of grant-funded transactions, as well as Plainfield's failure to provide a reconciliation of the grant expenditures reported on the FFR with the financial supporting documentation for the grant expenditures. In addition, on the final FFR for the period ending June 30, 2011, the Program Director certified that all the funds were spent. However, in February 2015, Plainfield returned \$5,767 in unused grant funds, thereby indicating that the FFR was not accurate.

We also determined the Program Director submitted three of the four FFRs late. We were unable to determine why the FFRs were late. Untimely and unsupported FFRs impair OJP's ability to monitor the grant's progress. We recommend that Plainfield develop policies and procedures that ensure the FFRs submitted are timely and accurate.

Progress Reports

OJP requires awardees to complete and submit progress reports as a means to monitor the performance of award-funded programs. Progress reports should describe the status of the project, a comparison of actual accomplishments to the objectives, or other pertinent information. According to the OJP Financial Guide, progress reports are to be submitted within 30 days after the end of the reporting periods, June 30 and December 31. Funds or future awards will be withheld if reports are not submitted or are delinquent.

We found that Plainfield was required to submit two progress reports for the grant. One progress report was submitted 182 days late while the other was submitted on time. The progress reports were prepared and submitted by the Program Director and the first report was considered late because the submitted report did not include the required performance measures. In addition, we were unable to assess the accuracy of the statistics provided in Plainfield's progress reports because Plainfield did not retain the supporting documentation and the Program Director also did not provide documentation during our fieldwork. When progress reports are not submitted timely and not supported with adequate documentation, OJP and Plainfield's ability to determine if a grant met its accomplishments is impaired. We recommend that Plainfield develop policies and procedures to ensure that it submits timely progress reports and maintains documentation that supports the programmatic accomplishments claimed within the progress reports.

Drawdowns

The term drawdown is used to describe the process by which a recipient requests and receives funds under a grant award agreement. The OJP Financial Guide establishes the methods by which the awarding agency makes payments to grantees. The methods and procedures for payment are designed to minimize the time that elapses between the transfer of funds by the awarding agency and the disbursement of funds by the grantee. Grantees may be paid in advance, provided they maintain procedures to minimize the time between the transfer of funds by the awarding agency and the disbursement of funds by the grantee. The OJP Financial Guide recommends that funds be drawn to handle disbursements to be made immediately or within 10 days.

In our audit, we were unable to assess whether Plainfield complied with OJP Financial Guide requirements in making its drawdowns. In response to our April 17, 2014, request for information, the Program Director provided us with financial summaries which were intended to support drawdown requests.⁶ However, the documentation provided by the Program Director did not include a list of transactions that included both the dates and amounts of the transactions, so we were unable to determine if the drawdowns were for transactions that were for reimbursements or for transactions that were to be made within 10 days. In addition, the summary documents provided did not match the amount drawn down. Plainfield also returned \$5,767 in unused funds in February 2015, confirming that the funds drawn down were not expended.

We were not provided with bank statements that, we believe, would have enabled us to determine if grant funds were deposited into the appropriate bank account. Moreover, bank statements would have permitted the assessment of whether the drawdowns were supported by grant transactions. When grantees do not retain documentation that supports drawdown requests, its ability to demonstrate compliance with the OJP requirements is impaired. We recommend Plainfield ensure drawdowns follow OJP Financial Guide's minimum cash on hand policy and are adequately supported.

Program Director Override of Managerial Drawdown Control

A Plainfield official told us that the Program Director was initially responsible for conducting grant drawdowns and the drawdowns were deposited into a joint account held by Plainfield and Tomorrow is Today. The Plainfield official told us the Program Director was to provide Plainfield with periodic financial reports that showed the amount of the grant spent along with documentation that supported the expenditures. The Plainfield official became concerned when the Program Director was unable to provide detailed source documentation that supported financial summaries submitted to Plainfield. Based on the Plainfield official's concerns, the

⁶ In response to our Request for Information Letter the Program Director provided support for 10 drawdowns, while the 2010-DD-BX-0525 grant's payment history reported 13 drawdowns were made.

official told us Plainfield assumed responsibility in December 2010 for conducting grant drawdowns and the Program Director was supposed to request reimbursement for grant expenditures from Plainfield rather than directly drawing down funds into its bank account.

We were told by the Plainfield official that the Program Director deviated from their agreed upon drawdown procedure and in February 2011, the Program Director submitted documentation to OJP that enabled grant funds to be drawdown directly into the Program Director's bank account in the name of an organization she operated outside of Tomorrow is Today. We asked Plainfield officials what corrective actions were taken to ensure that grant funds were again deposited in Plainfield controlled bank account. We were told that no action was taken because Plainfield's Executive Director felt that the grant was accomplishing its program objectives. Permitting grant funds to be drawdown directly into a non-program related bank account places federal funds at risk for fraud, waste, and abuse. We recommend Plainfield enhance its policies and procedures to ensure that grant drawdowns are only performed by authorized Plainfield personnel and deposited in appropriate bank accounts.

Budget Management and Control

OJP approved a detailed budget for the grant-funded program. The OJP Financial Guide requires that recipients spend award funding according to defined budget categories. However, to meet unanticipated program requirements, recipients are permitted to move up to 10 percent of the total award between approved budget categories. Transfers between approved budget categories in excess of 10 percent of the total award must be approved in advance by the awarding agency. In addition, the OJP Financial Guide requires that all grantees should establish and maintain program accounts which will enable, on an individual basis, separate identification and accounting for funds applied to each budget category included within the approved award.

Plainfield was not able to provide evidence that it had adequate controls or complied with its approved budget. Neither Plainfield nor the Program Director was able to provide a financial summary document that showed the amount that was spent for each approved budget category. In particular, the Program Director did not provide evidence that an accounting system was established for the grant to properly account for the grant in accordance with budget categories as required by the OJP Financial Guide. As a result, we were unable to conduct a comparison between budgeted and actual cost categories. When transactions are not classified to approved budget categories, management does not know if a grant is in compliance with the 10 percent budget deviation criteria or if the grant is meeting its objectives. We recommend that Plainfield develop policies and procedures that ensure it maintains financial systems that assign transactions to approved budget categories.

Monitoring of Contractors

According to the OJP Financial Guide, recipients should ensure that they monitor organizations under contract in a manner that is in compliance with their overall financial management requirements. Plainfield's approved budget allocated \$81,000, or 32 percent, of the budget to the contractual budget category. However, the limited summary accounting data and contract information for the contractors limited our ability to assess whether these expenditures were allowable. From the limited documentation provided, we received:

- a contract for only 1 of 14 contractors identified on the Program Director's list of contractors paid from grant funds.
- no evidence of competition or justification to award sole source contracts.
- documentation indicating that the Program Director authorized payment to a contractor in which the Program Director held a financial interest, which was in violation of conflict of interest standards.
- contractor invoices which were not supported by time and effort reports.

When contractors are not adequately monitored the implementation of the grant's program objectives is placed at risk as well as the risk for fraud waste and abuse increases. We recommend that Plainfield develop and implement comprehensive contractor monitoring policies and procedures.

Program Performance and Accomplishments

According to the grant application, the mission of the program was to reduce gang recruitment activities and the causes of gang violence by providing positive alternative activities and family support for at-risk youth. The mission was to be achieved by utilizing a combination of in-school and after-school-based, community outreach and summer programs. The application also identified specific measurable objectives including: (1) 60 percent of students served in the after-school program will improve their grade point average by one letter grade by the end of the 2011/2012 academic year, and (2) decrease the number of discipline referrals and suspensions by 25 percent in the same period.

In its final progress report, Plainfield reported that there was a 67 percent decrease in gang related shooting deaths within the program's target area. In addition, the report cited that there were 67 youths enrolled in the program who completed 9,360 service hours. However, the completion of service hours was not identified as the mission of the grant-funded program and participants were, in fact, paid. In addition, neither Plainfield nor the Program Director were able to provide support for these results. Furthermore, the progress reports did not report on the measurable objectives identified in the application and no documentation on the achievement of these objectives was available.

Program Income

According to the OJP Financial Guide, all income generated as a direct result of an agency-funded project shall be deemed program income. This income may be used to further the program objectives or refunded to the Federal Government. Additionally, program income may only be used for allowable program costs and must be expended prior to additional OJP drawdowns, program income must be used for the purposes of and under the conditions applicable to the award, and unless specified by the awarding agency, program income must be used as earned and expended as soon as possible.

During our audit, we obtained documentation that showed that participants may have paid fees to participate in the program. However, there was no mention of program income in the grant application, none was reported in the FFRs we reviewed, and we found no indication that Plainfield received any fees from the program.

Compliance with Other Grant Requirements

In addition to the general grant requirements, we usually test for compliance with the terms and conditions specified in the grant award documents. The grant award contained 17 special conditions. Except for the issues noted in the other sections of this report, we were unable to assess Plainfield's compliance with these special conditions due to the lack of available documentation.

Conclusion

We found that Plainfield was in material non-compliance with grant requirements because it did not provide adequate fiscal oversight of the grant we audited. We found that Plainfield lacked accountability over federal funds as Plainfield was unable to provide a list of grant transactions, supporting documentation for FFRs submitted, evidence of budget monitoring, or adequate support for grant drawdowns. Moreover, we concluded that Plainfield failed to adequately monitor contractors. As a result of these deficiencies and Plainfield's inability to provide basic accounting data, we questioned \$244,233, or the entire amount of expended grant funds, as unsupported.⁷

Recommendations

We recommend that OJP:

1. Remedy \$244,233 in unsupported grant funds.
2. Ensure Plainfield develops and implements policies and procedures that ensure accountability over federal funds.

⁷ Plainfield returned \$5,767 in unused funds in February 2015.

3. Ensure Plainfield develops and implements policies and procedures that ensure it maintains a list of grant transactions and related bank statements.
4. Ensure Plainfield develops and implements policies and procedures that ensure it submits timely and accurate financial reports.
5. Ensure Plainfield develops and implements policies and procedures to ensure that it submits timely and accurate progress reports and maintains documentation that supports the programmatic accomplishments claimed within the progress reports.
6. Ensure Plainfield's drawdowns follow OJP Financial Guide's minimum cash on hand policy and are adequately supported.
7. Ensure Plainfield develops policies and procedures that ensure drawdowns are performed by authorized personnel.
8. Ensure Plainfield develops policies and procedures which ensure it maintains financial systems that assign transactions to approved budget categories.
9. Ensure Plainfield develops and implements comprehensive contractor monitoring policies and procedures.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of the audit was to assess performance in the key areas of grant management that were applicable and appropriate for the grant under review. These areas included: (1) internal control environment, (2) drawdowns, (3) grant expenditures, (4) budget management and control, (5) financial status and progress reports, (6) program performance and accomplishments, (7) post grant end-date activities, (8) property management, (9) program income, (10) monitoring of subgrantees and contractors, and (11) special grant requirements. We determined that matching costs were not applicable to this award.

We conducted this audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Despite the limited documentation available, we believe that our assessment of the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit concentrated on, but was not limited to, the 2010-DD-BX-0525 grant which had funds obligated on August 11, 2010. This grant totaled \$250,000 in OJP funding and as of September 1, 2011, Plainfield drew down \$250,000 of the award.⁸ We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audited against are contained in the applicable Code of Federal Regulations and OMB Circulars cited in the OJP Financial Guide and the award documentation for the grant.

In conducting our audit, we tested Plainfield's grant activities in the areas cited above. In addition, we reviewed the internal controls of Plainfield's financial management system specific to the management of DOJ grant funds during the grant period under review. However, we did not test the reliability of the financial management system as a whole and reliance on computer based data was not significant to our audit objectives. We were unable to perform tests of source documents to assess the accuracy and completeness of reimbursement requests and FFRs because such documents were not provided.

As discussed in the report, because of the lack of key documents and Plainfield's inadequate level of monitoring to ensure compliance with laws and regulations, we concluded that Plainfield was noncompliant with the grant agreement.

⁸ Plainfield returned \$5,763 in unused funds in February 2015.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS:⁹	AMOUNT	PAGE
Unsupported Costs		
Unsupported grant funds	\$ 244,233	8
TOTAL QUESTIONED COSTS	<u>\$244,233</u>	

⁹ Questioned Costs are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

HOUSING AUTHORITY OF PLAINFIELD RESPONSE TO THE
DRAFT AUDIT REPORT¹⁰

HOUSING AUTHORITY OF PLAINFIELD

510 East Front Street
Plainfield, New Jersey 07060
Telephone No. (908) 769-6335
Fax (908) 941-1227
www.hap-nj.org

COMMISSIONERS:

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Randall M. Wood
Executive Director

Dan S. Smith, Esq.
Counsel

February 22, 2016

BY U.S. MAIL AND E-MAIL

AT [REDACTED]

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

**Re: Draft Audit Report
dated December 15, 2015
Related to Grant Number
2010-DD-BX-0525**

Dear Mr. Puerzer:

This is the response of the Housing Authority of Plainfield (the "Authority") to the above-captioned Draft Audit Report. In making this response, we believe that the Authority has followed the instructions and procedures provided by the Department.

We have also enclosed with this letter the management representation letter from the Authority, dated February 22, 2016.

We note that, based upon extensions granted by the Department, this response is due by February 23, 2016. We are very grateful for this additional time, which has permitted the Authority to conduct a very detailed and thoughtful effort to address the issues involved. As you will understand after

¹⁰ Attachments to the recipient's response were not included in this final report.

review of the below information, the one impediment to the Authority's being able to respond to the Draft Audit Report and otherwise close out all aspects of this Grant is the lack of cooperation from the "Program Director". This issue will be pursued with all vigor by the Authority, independently of the resolution of the Draft Audit Report. The Authority intends to use all legal remedies available to it in order to confront this problem.

When the Department determines that the Draft Audit Report can be made final and released to the public, the Authority intends to provide it immediately thereafter to [REDACTED] and demand that she address the issues raised. We intend to make her responsible for the deficiencies in accounting for the expenditure of funds and recover anything which can not be ultimately justified.

Background

The Authority applied for and received this Grant with the lead provided by [REDACTED] and her firm, [REDACTED] Inc., which offered its expertise as the primary support to undertake the Grant responsibilities. Indeed, at a meeting held in Washington, D.C. with the Department representatives and the Executive Director of the Authority to discuss Grant implementation, it was suggested that the Authority take the guidance of [REDACTED] and let her take the lead in this effort.

In addition, Ms. [REDACTED] and a [REDACTED] [REDACTED] at the time the Grant was awarded, was heavily involved in the day to day activities of the Grant. Unfortunately, Ms. [REDACTED] is now deceased and can not speak for the activities or the Authority's oversight. Furthermore, the records of the Authority might not be in the form necessary to satisfy the technical standards applied to the Draft Audit, but the Authority believes that it has provided substantial evidence that the results of the purpose of the Grant were achieved and the funds were properly expended to achieve these results.

In retrospect, it is now clear that this was a mistake. Documents were submitted which gave [REDACTED] more authority

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and discretion than any non-employee of the Authority should have been given. When the Authority revised its procedures with respect to the Grant to remove financial responsibilities from [REDACTED], she unilaterally responded by retaking the financial authority in contravention of Authority intentions. The Authority understands that this does not remove ultimate responsibility for Grant administration from its shoulders, but it is offered to explain the struggle in which the Authority has had to engage, in order to address the audit concerns of the Department ever since.

The Authority believes that, once it placed its concerted focus on this problem, it has been able to establish that the vast bulk of the Grant funds were expended correctly. However, there is no question that all the technical requirements of the Grant administration process can not be documented in the manner that the Department expected.

On March 3, 2015, the Authority provided a letter to the Office of Audit, Assessment and Management of the Department, enumerating new procedures concerning subrecipients, which it had established to address concerns which were identified during the stages of the audit process conducted by the Department. A copy of this letter has been attached as Attachment 1. Attached to that letter was the Subrecipient Monitoring Procedures adopted by the Authority. These procedures are attached as Attachment 2. Thereafter, by Resolution of the Board of Commissioners of the Authority, adopted on March 31, 2015, the Authority issued its Grant Operational Procedures, a six page document which has been attached as Attachment 3.

These procedure materials reflect the effort made a year ago to ensure that the Authority conduct itself going forward in the manner described in the bulk of the Draft Audit Report Recommendations. The Authority believes that these steps satisfy the bulk of the Recommendations. In addition, as a result of the action taken already by the Authority, the Office of Audit, Assessment and Management of the Department has determined that the questioned costs amounted to \$94,495 and that the procedures described above would permit the closure of the procedural portion of its review.

Based upon the most recent response of September 17, 2015 from the Office of Audit, Assessment and Management of the

Mr. Thomas O. Puerzer
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Department, it is the understanding of the Authority that this Office of the Department has requested closure of the procedural portion of their outstanding recommendation. The questioned costs in the lower amount of \$94,495 have not been fully resolved.

Our Fee Accountant has worked diligently for years to provide the greatest amount of documentation about Grant expenditures. Indeed, his efforts are what led the Office of Audit, Assessment and Management to reduce the questioned costs to \$94,495. Subsequently, he has prepared additional documentation for review by that Office, which he believes reduces the questioned costs to \$74,727.27. Please see the Summary of Costs he prepared, Attachment 4.

Moreover, there is substantial documentation reflecting that the remaining questioned costs have been properly expended, but the degree of documentation has not been satisfactory to the extent required by the OIG auditors. Nevertheless, our Fee Accountant believes that the information provided is substantial and responsive. The Office of Audit, Assessment and Management, to the extent of all but \$94,495, has concurred.

With respect to the \$94,495 of questioned costs, during 2014, the Office of Audit, Assessment and Management of the Department conducted an audit of this Grant. All documentation provided to us by the subrecipient, or by her accountant, was turned over to the Department of Justice auditors. Additionally, we were informed that the subrecipient provided additional support and documentation related to the \$94,495 of unsubstantiated costs. To date we have not been informed of or provided with any additional information related to these costs. As such, we can not provide any further analysis until the additional information is shared with the Authority.

On a monthly basis, the Authority received reconciliations from an independent accountant summarizing individual draw downs with Grant expenses. The Authority requested and received copies of all student participation payments from an outside payroll service, as well as copies of invoices and cancelled checks supporting speakers, events, supplies, food, lodging and many other program related expenses. All of these documents were provided to the auditors, along with the analysis made by

the independent accountant of expenditures which we used to report the Grant expenditures.

Subsequently, I wrote both to Mr. [REDACTED] of your office and to Mr. [REDACTED] in Washington requesting any material in their possession which could be used to provide additional support for our submissions or to take action with respect to [REDACTED]. To date, we have not received any information.

Two statements in the Draft Audit Report provided particular concern to the Authority. First, we are not aware of any intention to charge fees to participate in the program. If any fees were charged to participants, we are not aware of this. Please provide us with the documentation you have obtained to reflect this possibility, so that we can pursue this aspect. Second, while we are aware that a company related to the Program Director submitted an invoice for \$25,000 to conduct an evaluation report, an independent third party conducted the evaluation report. Please see the Grant Evaluation Report Executive Summary which has been attached as Attachment 5.

Recommendations 2 through 9

We have reviewed the nine recommendations shown on page 14 of the Draft Audit Report. Recommendations 2 through 5 and 7 through 9 address the need to ensure that the Authority develop policies and procedures with respect to various grant activities. Recommendation 6 addresses the need to follow appropriate drawdown procedures. As a general response to these recommendations, the Authority concurs with them. The Authority has already taken action to develop and implement such policies and procedures going forward, as has been described above.

Recommendation 1

The heart of the problem for the Authority is the directive contained in Recommendation 1 of the Draft Audit Report to "remedy \$244,233.00 in unsupported grant funds". This number has been derived by taking the total amount of the original Grant and reducing it by \$5,767.00, which has been refunded to the Department. This refund reflected the remaining balance on hand in the accounts of the Authority with respect to the Grant. The Authority can not concur with this recommendation. In order

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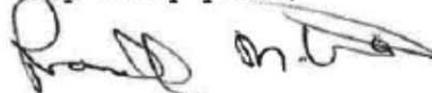
to address the basis for this position, the Authority prepared the above background to review the history of this Grant and facts related to the prior audit activities which have occurred.

Based upon this review set forth above, it is the position of the Authority that the vast bulk of the Grant funds are supported by available information, although perhaps not all in the form and manner that the recommended policies and procedures might have facilitated if previously implemented as recommended. In light of these circumstances, the unsupported grant funds amount should be reduced to at most \$74,727.27.

We believe there is an alternative solution to address Recommendation 1. The materials provided to the auditors, which are not available to the Authority, should be provided to the Authority. The documentation which has been provided to the Department should be evaluated again to confirm its support for the position of the Authority. The lower unsupported funds amount should be considered. And then a meeting should be held with me and my staff, our Fee Accountant and our Special Counsel to review the entire matter.

The Authority appreciates the professionalism and courtesy which the Department has afforded to the Authority. We hope that this response proves helpful, and we stand ready to address the next steps which you direct.

Very truly yours,



Randall M. Wood
Executive Director

cc: U.S. Department of Justice
Office of Justice Programs
Office of Audit, Assessment,
and Management
Audit and Review Division
Attention: Linda Taylor
810 7th Street, N.W.
Washington, D.C. 20531
Provided electronically at
[REDACTED]

OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT
AUDIT REPORT



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

February 25, 2016

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

FROM: /s/
Ralph E. Martin
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Grant Awarded to the Housing Authority of Plainfield, Plainfield, New Jersey*

This memorandum is in reference to your correspondence, dated December 15, 2015, transmitting the above-referenced draft audit report for the Housing Authority of Plainfield (Plainfield). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **nine** recommendations and **\$244,233** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations directed to OJP are restated in bold and are followed by our response.

1. We recommend that OJP remedy \$244,233 in unsupported grant funds.

OJP agrees with the recommendation. We will coordinate with Plainfield to remedy the \$244,233 in questioned costs that were charged to Grant Number 2010-DD-BX-0525.

- 2. We recommend that OJP ensure Plainfield develops and implements policies and procedures that ensure accountability over Federal funds.**

OJP agrees with the recommendation. We will coordinate with Plainfield to obtain a copy of written policies and procedures, developed and implemented, to ensure that Federal funds are properly accounted for and controlled.

- 3. We recommend that OJP ensure Plainfield develops and implements policies and procedures that ensure it maintains a list of grant transactions and related bank statements.**

OJP agrees with the recommendation. We will coordinate with Plainfield to obtain a copy of written policies and procedures, developed and implemented, to ensure that grant transactions and related bank statements are maintained for future auditing purposes.

- 4. We recommend that OJP ensure Plainfield develops and implements policies and procedures that ensure it submits timely and accurate financial reports.**

OJP agrees with the recommendation. We will coordinate with Plainfield to obtain a copy of written policies and procedures, developed and implemented, to ensure that future Federal Financial Reports are accurately prepared, and timely submitted to the U.S. Department of Justice (DOJ).

- 5. We recommend that OJP ensure Plainfield develops and implements policies and procedures to ensure that it submits timely and accurate progress reports and maintains documentation that supports the programmatic accomplishments claimed within the progress reports.**

OJP agrees with the recommendation. We will coordinate with Plainfield to obtain a copy of written policies and procedures, developed and implemented, to ensure that future semi-annual progress reports are accurately prepared, timely submitted, and based on documentation which supports the reported grant accomplishments.

- 6. We recommend that OJP ensure Plainfield's drawdowns follow DOJ Financial Guide's minimum cash on hand policy and are adequately supported.**

OJP agrees with the recommendation. We will coordinate with Plainfield to obtain a copy of written policies and procedures, developed and implemented, to ensure that future drawdowns of Federal grant funds are adequately supported and based on the actual expenditures incurred, or the minimum amount needed for disbursements to be made immediately, or within 10 days.

7. **We recommend that OJP ensure Plainfield develops policies and procedures that ensure drawdowns are performed by authorized personnel.**

OJP agrees with the recommendation. We will coordinate with Plainfield to obtain a copy of written policies and procedures, developed and implemented, to ensure that drawdowns of Federal grant funds are only performed by authorized Plainfield personnel.

8. **We recommend that OJP ensure Plainfield develops policies and procedures which ensure it maintains financial systems that assign transactions to approved budget categories.**

OJP agrees with the recommendation. We will coordinate with Plainfield to obtain a copy of written policies and procedures, developed and implemented, to ensure that all grant-related transactions are tracked by approved budget categories, within its financial accounting system.

9. **We recommend that OJP ensure Plainfield develops and implements comprehensive contractor monitoring policies and procedures.**

OJP agrees with the recommendation. We will coordinate with Plainfield to obtain a copy of written policies and procedures, developed and implemented, to ensure that Federal funds awarded to contractors are properly monitored.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Jeffery A. Haley, Deputy Director, Audit and Review Division, on (202) 616-2936.

cc: Maureen A. Henneberg
Deputy Assistant Attorney General
for Operations and Management

Anna Martinez
Senior Policy Advisor
Office of the Assistant Attorney General

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

Robert L. Listenbee
Administrator
Office of Juvenile Justice and Delinquency Prevention

Chryl Jones
Deputy Administrator
Office of Juvenile Justice and Delinquency Prevention

Shanetta Cutlar
Chief of Staff
Office of Juvenile Justice and Delinquency Prevention

Gregory Thompson
Senior Advisor
Office of Juvenile Justice and Delinquency Prevention

Amy Callaghan
Special Assistant
Office of Juvenile Justice and Delinquency Prevention

Angela Parker
Grant Program Specialist
Office of Juvenile Justice and Delinquency Prevention

Leigh Benda
Chief Financial Officer

Christal McNeil-Wright
Associate Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

Jerry Conty
Assistant Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

Aida Brumme
Manager, Evaluation and Oversight Branch
Grants Financial Management Division
Office of the Chief Financial Officer

Richard P. Theis
Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number IT20151216114102

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 Housing Authority of Plainfield (Plainfield) and the Office of Justice Programs (OJP). Plainfield's response is included as Appendix 3, and OJP's response is included as Appendix 4 of this final report. The following provides our analysis of the responses and summary of actions necessary to close the report.

Analysis of Housing Authority of Plainfield's Response

Plainfield concurred with eight of the nine audit report recommendations, and has taken sufficient action to close four of the recommendations.

In its response, Plainfield stated that its efforts to provide documentation in response to the draft report were impaired by the Program Director's lack of cooperation. Plainfield acknowledged that it was a mistake to give the Program Director the authority and discretion to administer the grant. Plainfield also acknowledged that the technical requirements of the grant administration process cannot be documented in the manner that the Department expected. In its response regarding the grant project's performance, Plainfield maintained that the grant achieved its purpose and that funds were properly spent to achieve that purpose. However, as explained in our audit report and acknowledged by Plainfield in its response, Plainfield could not provide documentation of those achievements, and did not maintain adequate financial documentation as agreed to when it accepted the award.

Plainfield also made reference to an audit by the Office of Justice Programs Office of Audit Assessment and Management (OAAM). While we are not aware of an audit performed by OAAM, Plainfield may be referring to Plainfield's FY 2011 Single Audit¹¹ conducted by an independent public accounting firm hired by Plainfield to meet its Single Audit Act requirements.¹² As part of the routine process for following up on Single Audits, OAAM follows up with Plainfield regarding implementation of the FY 2011 Single Audit report recommendations. The FY 2011 Single Audit reviewed

¹¹ Plainfield's FY 2011 Single Audit refers to the OMB Circular A-133 required audit that was issued to Plainfield on September 24, 2012 and was conducted by an independent public accounting firm for Plainfield's fiscal year that ended December 31, 2011.

¹² Under the *Single Audit Act of 1984*, as amended, and OMB Circular A-133 ("Audits of State, Local Governments, and Non-Profit Organizations") applicable in FY 2011, non-federal entities that expend \$500,000 or more in federal funds in a fiscal year must have a "Single Audit" performed, covering all federal funds expended that year. The purpose of a Single Audit is to ensure a recipient of federal funds is in compliance with federal requirements for how money can be used. Single audits are conducted by state and local government auditors, as well as independent public accounting firms. Each federal agency that gives out grants outlines specific items it feels are important for recipients to meet to ensure the successful management of the program and alignment with the legislative intent of the program. Specifically, the Single Audit looks at a sample of the recipient's financial records, financial statements, federal award transactions and expenditures, internal control systems, and the federal assistance it received during the audit period.

whether Plainfield's financial statements were free from material misstatements for the Fiscal Year ending December 31, 2011, and whether Plainfield's use of federal funds was in compliance with general grant requirements as well as criteria established for the specific federal funds tested. That audit resulted in the identification of \$94,495 in questioned costs from the DOJ grant. The FY 2011 Single Audit objectives, scope, and methodology were different from this OIG audit, and therefore differences exist in the amount of questioned costs between the two audits.¹³ In addition, the lower amount of questioned costs identified in the FY 2011 Single Audit do not remedy costs identified through this OIG audit because Plainfield has yet to provide adequate documentation to support our questioned costs. The methods to remedy the \$244,233 in OIG questioned costs will subsequently be discussed in more detail in the analysis of recommendation 1.

Plainfield also stated that it had not been provided additional information related to the \$94,495 in questioned costs, and indicated that the subrecipient may have provided the Department additional documentation in response to its Single Audit that was not shared with Plainfield. While the OIG ensured that all documentation that the subrecipient provided to us was also provided to Plainfield, we are not privy to information which may have been provided pursuant to the Single Audit. We note, however, that the full amount of the \$94,495 questioned in the Single Audit remains open and un-remedied to date.

Plainfield also requested that the OIG provide it with documentation related to our conclusion that program income may have been earned. To clarify, the draft report did not assert that Plainfield had program income, only that evidence of program income was provided to us during our audit and, as a result, such income may have existed. This conclusion is based on a document provided by Plainfield during our fieldwork indicating that payment was expected from participants in the program. We provided a copy of the document to Plainfield prior to the release of this final report.

Finally, in its response, Plainfield stated its concern regarding the draft report's disclosure that we identified evidence of a \$25,000 lump-sum payment, to a company with which the Program Director held a financial interest. The draft report concluded that payments to related parties constitute a conflict of interest, which is prohibited by grant rules. Plainfield confirmed in its response that a company related to the Program Director submitted an invoice, and Plainfield did not dispute the facts that we present in the draft audit report. However, Plainfield did not provide complete documentation supporting the payment to the evaluator; therefore we could not confirm who received payment for the evaluation. Plainfield also stated that an independent third party performed the evaluation report for which the payment was submitted. In its response, Plainfield offered a 5-page Microsoft Word document it represented as the report of evaluation, and this

¹³ The objective of this OIG audit was to assess performance in the key areas of grant management that were applicable and appropriate for the grant under review. Our audit concentrated on, but was not limited to, the 2010-DD-BX-0525 grant which had funds obligated on August 11, 2010. This grant totaled \$250,000 in OJP funding and as of September 1, 2011, Plainfield drew down \$250,000 of the award.

document identified a third party as the report preparer. The third party evaluator was not authorized by OJP within the grant budget. We also note that the report was not signed by any official as being authentic, no credentials for the unapproved third party was provided to us as evidence of its credibility as an evaluator of programs for at-risk youth, and the third party's website did not identify any experience in assessing such programs, but rather described the organization as focusing on providing professional leadership development services. Further, no additional support was provided to justify a \$25,000 cost for this report. Without proof of payment to an independent evaluator, and adequate support justifying the total costs, we maintain that the invoice and \$25,000 transaction provides evidence of a conflict of interest.

Summary of Actions Necessary to Close Report

1. Remedy \$244,233 in unsupported grant funds.

Resolved. OJP agreed with our recommendation that Plainfield remedies \$244,233 in unsupported grant funds, therefore this recommendation is resolved.

In its response, Plainfield disagreed with our recommendation to remedy \$244,233 in unsupported grant funds. Plainfield maintained that the questioned costs should be reduced to \$74,727 as a result of Plainfield's fee accountant's analysis of available information. While Plainfield states that it believes it has established that the vast bulk of grant funds were expended correctly, it also acknowledges that the technical requirements of grant administration were not met in the manner that the DOJ expected. In support of its belief, Plainfield attached a one page financial summary to its response. However, missing from this analysis were the financial source documents to support it, including a list of grant-funded transactions that meets the financial management standards required for the award, as well as documentation that would evidence the source, application, and management of grant funds. As discussed in the report, we were unable to conduct transaction testing because a list of transactions and bank statements were not provided. Without this required documentation, which Plainfield agreed to maintain when it accepted the award, the actual application of grant funds cannot be assured, and we cannot conclude that Plainfield adhered to the grant terms. As a result we could not reduce the recommendation's questioned costs.

This recommendation can be closed when we receive and review documentation demonstrating that OJP has remedied \$244,233 in unsupported grant funds.

2. Ensure Plainfield develops and implements policies and procedures that ensure accountability over federal funds.

Resolved. OJP agreed with our recommendation and stated it will coordinate with Plainfield to ensure it implements policies and procedures that ensure accountability over federal funds.

In its response, Plainfield concurred with the recommendation and provided policies and procedures that, if followed, could help improve accountability over federal funds. Plainfield provided its Grant Operational Procedures which addressed the internal control issues raised in the Draft Report's Internal Control Environment section (See Report Page 7). The Grant Operational Procedures included provisions for separation of financial duties, ensured grant drawdowns conducted by Plainfield personnel and deposited into Plainfield's designated bank account, ensured that the grant budget was monitored, and ensured greater oversight of subrecipient financial activities.

We consider the Grant Operational Procedures to be a significant improvement to Plainfield's grant management. To ensure accountability over federal funds, Plainfield's policies should also ensure that it maintains a list of grant transactions and related bank statements, submits timely and accurate grant reports, and that its drawdown procedures adhere to grant requirements. As a result, this recommendation is resolved, and can be closed once we receive and review adequate documentation to close OIG recommendations 3-6.

3. Ensure Plainfield develops and implements policies and procedures that ensure it maintains a list of grant transactions and related bank statements.

Resolved. OJP agreed with our recommendation and stated it will coordinate with Plainfield to ensure it implements policies and procedures that ensure it maintains a list of grant transactions and related bank statements.

In its response, Plainfield concurred with the recommendation and provided its revised Grant Operational Procedures. These procedures, if implemented appropriately, would require subrecipients to maintain a detailed general ledger and retain bank statements, reconciliations, and all appropriate original record supporting grant expenses. In our judgment, the Grant Operational Procedures did not sufficiently address the recommendation because the Procedures did not require Plainfield to maintain a list of transactions and related bank statements, but solely its subrecipients.

This recommendation can be closed when we receive documentation that ensures Plainfield develops and implements policies and procedures that ensure it maintains a list of grant transactions and related bank statements.

4. Ensure Plainfield develops and implements policies and procedures that ensure it submits timely and accurate financial reports.

Resolved. OJP agreed with our recommendation and stated it will coordinate with Plainfield to ensure it develops and implements policies and procedures that ensure it submits timely and accurate financial reports.

In its response, Plainfield concurred with the recommendation. Plainfield provided its revised Grant Operational Procedures, however the procedures did not include procedures that will ensure Plainfield submits timely and accurate financial reports.

This recommendation can be closed when we receive documentation that demonstrates Plainfield has developed and implemented policies and procedures that ensure it submits timely and accurate financial reports.

5. Ensure Plainfield develops and implements policies and procedures to ensure that it submits timely and accurate progress reports and maintains documentation that supports the programmatic accomplishments claimed within the progress reports.

Resolved. OJP agreed with our recommendation and stated it will coordinate with Plainfield to ensure it develops and implements policies and procedures to ensure that it submits timely and accurate progress reports and maintains documentation that supports the programmatic accomplishments claimed within the progress reports.

In its response, Plainfield concurred with the recommendation and provided its revised Grant Operational Procedures, however the procedures did not include policies that will ensure the timely and accurate submission of progress reports, as well as record retention of the documentation that supports the programmatic accomplishments claimed within the progress reports.

This recommendation can be closed when we receive documentation that demonstrates Plainfield has developed and implemented policies and procedures to ensure that it submits timely and accurate progress reports and maintains documentation that supports the programmatic accomplishments claimed within the progress reports.

6. Ensure Plainfield's drawdowns follow OJP Financial Guide's minimum cash on hand policy and are adequately supported.

Resolved. OJP agreed with our recommendation and stated it will coordinate with Plainfield to ensure Plainfield's drawdowns follow OJP Financial Guide's minimum cash on hand policy and are adequately supported.

In its response, Plainfield concurred with the recommendation and provided its revised Grant Operational Procedures, however the procedures did not include policies that ensured drawdowns followed the OJP Financial Guide's minimum cash on hand policy and are adequately supported.

This recommendation can be closed when we receive documentation that demonstrates Plainfield's drawdowns follow the OJP Financial Guide's minimum cash on hand policy and are adequately supported.

7. Ensure Plainfield develops policies and procedures that ensure drawdowns are performed by authorized personnel.

Closed. OJP agreed with our recommendation and stated it will coordinate with Plainfield to ensure Plainfield develops policies and procedures that ensure drawdowns are performed by authorized personnel.

In its response, Plainfield agreed with our recommendation and provided its revised Grant Operation Procedures manual that includes policies to ensure that grant drawdowns are performed by personnel authorized by the Executive Director.

We consider this recommendation closed due to corrective action taken by Plainfield.

8. Ensure Plainfield develops policies and procedures which ensure it maintains financial systems that assign transactions to approved budget categories.

Closed. OJP agreed with our recommendation and stated it will coordinate with Plainfield to ensure Plainfield develops policies and procedures which ensure it maintains financial systems that assign transaction to approved budget categories.

In its response, Plainfield agreed with our recommendation and provided its revised Grant Operation Procedures that includes policies to ensure it maintains financial systems that assign transactions to approved budget categories.

We consider this recommendation closed due to corrective action taken by Plainfield.

9. Ensure Plainfield develops and implements comprehensive contractor monitoring policies and procedures.

Closed. OJP agreed with our recommendation and stated it will coordinate with Plainfield to ensure Plainfield develops and implements comprehensive contractor monitoring policies and procedures.

In its response, Plainfield agreed with our recommendation and provided its revised Grant Operation Procedures that included contractor monitoring policies and procedures.

We consider this recommendation closed due to corrective action taken by Plainfield.