



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



**Audit of the Office of Justice
Programs Developing Knowledge
About What Works to Make
Schools Safe Grant Awarded to the
Pharr San Juan Alamo
Independent School District
Pharr, Texas**

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
DEVELOPING KNOWLEDGE ABOUT
WHAT WORKS TO MAKE SCHOOLS SAFE GRANT
AWARDED TO THE PHARR SAN JUAN ALAMO
INDEPENDENT SCHOOL DISTRICT
PHARR, TEXAS**

EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ) Office of the Inspector General completed an audit of a grant awarded by the Office of Justice Programs (OJP), to the Pharr San Juan Alamo Independent School District (PSJA ISD) in Pharr, Texas. PSJA ISD was awarded \$4,137,035 under Grant Number 2014-CK-BX-0015 to learn more about how personnel, programs, and activities contribute to school safety. As of October 18, 2016, PSJA ISD had drawn down \$1,729,424 of the total grant funds awarded.

The objectives of this audit were to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

We examined PSJA ISD's policies and procedures, accounting records, and financial and progress reports, and found that PSJA ISD did not comply with essential award conditions related to the use of award funds and sub-recipient monitoring. Specifically, PSJA ISD charged unallowable consultant and travel costs to the award, and did not have any written policies and procedures for acquiring and monitoring sub-recipients. As a result of these deficiencies, we identified \$52,200 in unallowable costs.

Our report contains two recommendations to OJP which are detailed later in this report. Our audit objectives, 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 PSJA ISD officials and have included their comments in the report, as applicable. In addition, we requested a response to our draft audit report from PSJA ISD and OJP, and their responses are appended to this report in Appendices 3 and 4. Our analysis of the responses, as well as the summary of actions necessary to close the recommendations can be found in Appendix 5 of this report.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
DEVELOPING KNOWLEDGE ABOUT
WHAT WORKS TO MAKE SCHOOLS SAFE GRANT
AWARDED TO THE PHARR SAN JUAN ALAMO
INDEPENDENT SCHOOL DISTRICT
PHARR, TEXAS**

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
DEVELOPING KNOWLEDGE ABOUT
WHAT WORKS TO MAKE SCHOOLS SAFE GRANT
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INDEPENDENT SCHOOL DISTRICT
PHARR, TEXAS**

The U.S. Department of Justice (DOJ) Office of the Inspector General completed an audit of a grant awarded by the Office of Justice Programs (OJP), National Institute of Justice (NIJ), to the Pharr San Juan Alamo Independent School District (PSJA ISD) in Pharr, Texas. PSJA ISD was awarded \$4,137,035 under Grant Number 2014-CK-BX-0015 on September 30, 2014. The grant project period started on October 1, 2014, and ends on September 30, 2017.

The PSJA ISD award was funded under the Developing Knowledge About What Works to Make Schools Safe, or the Comprehensive School Safety Initiative grant program. Funding through this program supports learning more about how personnel, programs, and activities contribute to school safety. Specifically, this initiative includes providing local schools with personnel or safety equipment to enhance safety and perceptions of safety, bringing together researchers and practitioners to better understand the predictors of and best responses to school violence, assessing technologies and strategies for increasing school safety without creating adverse unintended consequences, enhancing national school safety data collection mechanisms, and implementing research programs in local schools to test various approaches to enhancing school safety.

The Grantee

Located in Hidalgo County, Texas, PSJA ISD is a tri-city public school district offering a pre-kindergarten through twelfth grade curriculum. PSJA ISD caters to a 32,000 student body and is focused on graduating all students. PSJA ISD's mission is to develop, in collaboration with the home and community, the potential of all learners to become participating and productive members of society. The district accomplishes this by providing a comprehensive quality instructional program that is equitable and accessible to all.

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

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

The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

Program Performance and Accomplishments

We reviewed progress reports, the award solicitations and grant documentation, and interviewed grantee officials to determine whether PSJA ISD demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed the progress reports to determine if the reports were accurate. Finally, we reviewed PSJA ISD's compliance with the special conditions identified in the award documentation.

Program Goals and Objectives

According to the project narrative for Grant Number 2014-CK-BX-0015, the program will address the high number of discipline and violence referrals that undermine school safety and educational effectiveness in the district's seven high schools and eight middle schools. The program will target intermediate outcomes of systemic school-wide supports and enhanced behavioral support among school staff; and student outcomes of reduced problem behaviors and discipline referrals, increased social skills, and academic engagement.

The progress reports identify more specific program goals of improving student engagement and attitudes towards academics, increasing student attendance, increasing student academic achievement and performance, reducing students' problem behaviors and discipline referrals, and improving staff perceptions of school safety and positive climate.

Based on our review, there were no indications that PSJA ISD was not adequately achieving the stated goals and objectives of the grant.

Progress 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. In order to verify the information in progress reports, we judgmentally selected a sample of 12 performance measures from the 2 most recent reports submitted for each grant. We then traced the items to supporting documentation maintained by PSJA ISD.

Based on our progress report testing, we did not identify any instances where the accomplishments described in the required reports did not match the supporting documentation.

Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the award. We evaluated the special conditions for the grant and selected a judgmental sample of six requirements that are significant to performance under the grant.

Based on our review, we found that PSJA ISD was not in compliance with special condition 30, which requires that any consultant rate in excess of \$650 per day be approved by OJP. We address this issue in further detail and make a recommendation in the Contractor and Consultant Costs section of this report.

Grant Financial Management

According to the OJP Financial Guide, all grant recipients and sub-recipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess the PSJA ISD's financial management of the grant covered by this audit, we reviewed PSJA ISD's Single Audit Report for the year ending fiscal year (FY) 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 inspected grant documents to determine whether PSJA ISD adequately safeguards the grant funds we audited. Finally, we performed testing in the areas that were relevant for the management of this grant, as discussed throughout this report.

Based on our review, we identified weaknesses in PSJA ISD's grant financial management. Specifically, we found that PSJA ISD charged unallowable consultant and other direct costs to the award. Additionally, we found that PSJA ISD did not have specific language in its written policies and procedures that addresses acquiring and monitoring of sub-recipient. These issues are discussed in more detail in the Contractor and Consultant Costs, Other Direct Costs, and Monitoring of Sub-recipients sections of this report.

Based on the above information, we have concluded that grant financial management related to the use of award funds, along with written policies and procedures could be improved. As a result, we made two recommendations to OJP to improve these deficiencies.

Grant Expenditures

For Grant Number 2014-CK-BX-0015, PSJA ISD's approved budget included the categories personnel, fringe benefits, travel, equipment, supplies, contractors and consultants, and other costs. To determine whether costs charged to the

awards were allowable, supported, and properly allocated in compliance with award requirements, we tested all salaries and fringe benefits transactions totaling \$123,286 for two non-consecutive pay periods. We also tested 50 contract, consultant, and other direct cost transactions totaling \$727,622. We reviewed documentation, accounting records, and performed verification testing related to grant expenditures. As discussed in the following sections, based on our review, we identified \$52,200 in total unallowable costs.¹

Personnel Costs

As a part of our sample, we reviewed payroll transactions totaling \$123,286, which included all salary and fringe benefits expenditures for 2 non-consecutive pay periods. To determine if labor charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the award. We determined that the payroll costs for the periods we tested were computed correctly, properly authorized, accurately recorded, and properly allocated to the grant.

Contractor and Consultant Costs

As a part of our sample, we reviewed 15 contractor and consultant transactions totaling \$114,000, to determine if charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the awards. In addition, we determined if rates, services, and total costs were in accordance with those allowed in the approved budgets.

We found that PSJA ISD paid a consultant \$3,000 per day, which exceeds the maximum allowable consulting rate of \$650 per day. According to a PSJA ISD official, the grant application clearly stated that the consultant was charging \$3,000 per day and it was approved by NIJ with no further justification needed. However, according to special condition 30, approval of this award does not indicate approval of any consultant rate in excess of \$650 per day. A detailed justification must be submitted to and approved by the OJP program office prior to obligation or expenditure of such funds. The PSJA ISD official also stated that the \$3,000 per day includes travel, travel days, travel time, preparation, and support to the district. However, PSJA ISD did not provide us any documentation to substantiate that claim. Further, neither the contract nor the invoices for the consultant indicated that the \$3,000 per day included travel and preparation expenses. As a result, we identified \$49,350 in unallowable consulting fees, which is the amount in excess of the maximum consultant rate for the expenditures we reviewed. Therefore, we recommend OJP remedy the \$49,350 in unallowable contractor and consultant costs related to consultant payments in excess of the maximum federal rate.

¹ Throughout this report, differences in the total amounts are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded.

Other Direct Costs

As a part of our sample, we reviewed 35 other direct cost transactions totaling \$613,622. Based on our analysis, we identified 4 unallowable transactions totaling \$2,850 for travel expenses, including a registration fee, for a trip that was not included in the approved budget or a Grant Adjustment Notice (GAN). Therefore, we recommend OJP remedy the \$2,850 in unallowable other direct costs.

Monitoring of Sub-recipients

According to the OJP Financial Guide, sub-awards are used when the intent is to have another organization help carry out a portion of the scope of work described in the award application. Award recipients are required during the program period to monitor the sub-recipient's use of federal funds. As part of the sub-recipient monitoring process, recipients need to develop systems, policies, and procedures to ensure that sub-recipient activities are conducted in accordance with federal program and grant requirements, laws, and regulations.

We found that PSJA ISD had one sub-award to Stanford Research Institute (SRI) - the grant project's independent investigative research team - who is responsible for data collection and reporting for the award. We found that PSJA ISD did not have specific language in its written policies and procedures that addresses acquiring and monitoring of sub-recipients. One PSJA ISD official stated that its purchasing manual does not specifically mention sub-recipients; however, sub-recipients are addressed separately on a case-by-case basis. She also stated that SRI had been treated as a contractor and was monitored through phone calls, e-mails, and reviews of progress being made on the grant objectives and deliverables. PSJA ISD also developed checklists to document SRI's activities. Although PSJA ISD appears to adequately monitor SRI via phone calls, e-mails, and other methods, it should strengthen its oversight of sub-recipients by adding written language to existing policies and procedures. Therefore, we recommend OJP ensure that PSJA ISD develop written policies and procedures for acquiring and monitoring sub-recipients.

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 grant recipient must initiate a GAN 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 grant expenditures to the approved budgets to determine whether PSJA ISD 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 grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. According to the Finance Coordinator, PSJA ISD draws down grant funds on a reimbursement basis. As of October 18, 2016, PSJA ISD had drawn down a total of \$1,729,424 from the audited award. To assess whether PSJA ISD managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records.

During this audit, we did not identify significant deficiencies related to the recipient's process for developing drawdown requests. However, we identified deficiencies related to individual grant expenditures that resulted in unallowable questioned costs. We address those deficiencies in the Grant Expenditures section in this report.

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 financial report as well as cumulative expenditures. To determine whether PSJA ISD submitted accurate Federal Financial Reports, we compared the four most recent reports to PSJA ISD's accounting records for grant 2014-CK-BX-0015.

We determined that quarterly and cumulative expenditures for the reports reviewed were generally accurate. However, we found that two reports did not match the accounting records. The Finance Coordinator stated that some charges were posted after she already submitted the reports. Therefore, due to the timing of expenditures posting to the general ledger, we did not take issue with this or make a recommendation.

Conclusion

The objectives of this audit were to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. We assessed PSJA ISD's program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports. Based on our audit testing, we identified \$52,200 in unallowable costs related to contractor and consultant costs and other direct costs. In addition, we found that PSJA ISD did not have written policies and procedures for acquiring and monitoring sub-recipients. As a result, we made two recommendations to OJP to address these deficiencies.

Recommendations

We recommend that OJP:

1. Remedy the \$52,200 in unallowable costs related to:
 - a. \$49,350 in unallowable contractor and consultant costs related to consultant payments in excess of the maximum federal rate.
 - b. \$2,850 in unallowable other direct costs.
2. Ensure that PSJA ISD develop written policies and procedures for acquiring and monitoring sub-recipients.

APPENDIX 1

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this audit were to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish this objective, we assessed performance in the following areas of grant 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This was an audit of the OJP grant awarded to the PSJA ISD under the Developing Knowledge About What Works to Make Schools Safe, or the Comprehensive School Safety Initiative grant program. OJP awarded \$4,137,035 under Grant Number 2014-CK-BX-0015, and as of October 18, 2016, PSJA ISD had drawn down \$1,729,424 of the total grant funds awarded. Our audit concentrated on, but was not limited to September 30, 2014, the award date for Grant Number 2014-CK-BX-0015, through November 18, 2016, the last day of our fieldwork. The audited award was still ongoing at the time of our review.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of PSJA ISD's activities related to the audited grant. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit charges, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grant 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, DOJ Grants Financial Guides, and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System as well as PSJA ISD'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.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs:²		
<u>Unallowable Costs</u>		
Contractor and Consultant Costs	\$49,350	4
Other Direct Costs	2,850	5
<i>Total Unallowable Costs</i>	<i>\$52,200</i>	
Net Questioned Costs	\$52,200	

² **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

APPENDIX 3

PHARR SAN JUAN ALAMO INDEPENDENT SCHOOL DISTRICT RESPONSE TO THE DRAFT AUDIT REPORT³



PHARR-SAN JUAN-ALAMO ISD
Office of Superintendent

Daniel P. King, PhD, *Superintendent of Schools*

May 18, 2017

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

VIA Electronic Mail at: David.M.Sheeren@usdoj.gov

**Re: Response to Draft Audit Report for Pharr San Juan Alamo Independent School District
Make School Safe Grant**

Dear Mr. Sheeren,

This letter constitutes Pharr San Juan Alamo Independent School District's (PSJA ISD's) response to the draft audit report, dated April 27, 2017, issued by the U.S. Department of Justice (DOJ), Office of the Inspector General (OIG), Denver Regional Audit Office to the Office of Justice Programs (OJP), related to audit Grant Number 2014-CK-BX-0015. As detailed below, PSJA ISD disagrees with the determination of questioned costs. PSJA ISD generally agrees to comply with the requested corrective actions.

We appreciate the opportunity to comment on the Draft Audit Report and reserve the opportunity to respond further to any final report as may be issued.

Contractor and Consultant Costs

The draft audit report contains two recommendations and \$52,200 in questioned costs. \$49,350 of those questioned costs relates to payments made to Safe & Civil Schools. The draft report indicates that PSJA ISD's agreement with Safe & Civil School should have been subject to "special condition 30" included in the Award Document for the grant, which specifies that approval of the award does not indicate approval of any consultant rate in excess of \$650 per day. For any consultant rates in excess of \$650 per day, a detailed justification must be submitted to and approved by the OJP program office prior to obligation or expenditure of such funds.

START COLLEGE NOW! COMPLETE EARLY! GO FAR!

601 E. Kelly St., Pharr, TX 78577 P: (956) 354-2000 F: (956) 354-3000 www.psjaisd.us
It is the policy of Pharr-San Juan-Alamo ISD not to discriminate on the basis of sex, disability, race, color, religion, national origin or age.

³ Attachments to this response were not included in this final report.

PSJA ISD's agreement with Safe & Civil Schools is not subject to special condition 30 because Safe & Civil Schools is not an individual consultant. Rather, as affirmed by National Institute of Justice (NIJ) program staff, the contract with Safe & Civil Schools is a contract for services (specifically, professional development training in behavior management to multiple school sites) with a company that provides similar training services to other schools and districts nationwide. The Senior Grants Management Special at NIJ who reviewed PSJA ISD's grant application stated that she did not question the costs because: "'Safe & Civil Schools' is not an individual. Individual (named) consultants can receive a maximum of \$650 per day plus travel. This entity was approved as a subcontract or procurement contract. Had the budget narrative called this entity an individual consultant [she] would have questioned it . . ." See Exhibit A. Safe & Civil Schools is not an individual consultant but rather a company that used a team of people to provide cross-cutting services to PSJA ISD at numerous schools. As such, Safe & Civil Schools should not be subject to special condition 30 and would not be required to seek approval for its rate. PSJA followed proper federal procurement procedures in contracting with Safe & Civil Schools. See Exhibit B. Therefore, the \$49,350 paid to Safe & Civil Schools was reasonable for the services provided and consistent with the terms and conditions of the grant.

However, even if the fees paid to Safe & Civil Schools is still considered unallowable consulting fees, PSJA ISD may, in the alternative, offset the disallowed costs with allowable indirect costs, which PSJA could have, but never claimed against the grant. Applying PSJA ISD's federally negotiated indirect cost rate of 1.627% would yield \$43,719 in available offsetting costs. See Exhibit C. Those costs are allowable to offset the questioned costs as stated on page 9 of the draft audit report.

Subrecipient Monitoring

The second recommendation of the draft audit report specified that PSJA ISD needs to develop written policies and procedures for acquiring and monitoring subrecipients. PSJA ISD agrees with this recommendation, and enhanced the existing controls for subrecipient monitoring. We have provided additional one on one training to staff on the usage of these forms. Per these instructions, attached are the subrecipient monitoring policies and procedures. See Exhibit D.

Travel Expenses

In addition, the audit report questions \$2,850 for travel expenses, including a registration fee, for a grant-related travel. The costs were adequately documented, reasonable, necessary and allocable to the award. The basis for questioning the costs was that the trip was not specifically included in the Grant Adjustment Notice. Notably, the costs were within PSJA's Travel cost category, and the trip would not require any adjustment to the budgeted amount for Travel. Accordingly, PSJA was not required to include the specific trip in a Grant Adjustment Notice, as PSJA was not adjusting its Travel cost category. The \$2,850 were within the approved budget and were allowable charges to the grant.

If OIG needs any additional documentation, please let us know.

A handwritten signature in black ink, appearing to read "Daniel King", is written over a horizontal line.

Dr. Daniel King
Superintendent
Pharr San Juan Alamo Independent School District
601 East Kelly
Pharr, TX 78577

cc: Linda Taylor, Lead Auditor
U.S. Department of Justice
Office of Justice Programs
Office of Audit, Assessment, and Management
Audit and Review Division
810 7th Street, N.W.
Washington, D.C. 20531
Linda.taylor2@usdoj.gov

**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

MAY 30 2017

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, Developing Knowledge About What Works to Make Schools Safe Grant Awarded to the Pharr San Juan Alamo Independent School District, Pharr, Texas*

This memorandum is in reference to your correspondence, dated April 27, 2017, transmitting the above-referenced draft audit report for the Pharr San Juan Alamo Independent School District (PSJA ISD). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **two** recommendations and **\$52,200** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. We recommend that OJP remedy the \$52,200 in unallowable costs related to:

a. \$49,350 in unallowable questioned contractor and consultant costs related to consultant payments in excess of the maximum federal rate.

OJP agrees with this subpart of the recommendation. We will review the \$49,350 in questioned costs, related to contractor and consultant costs in excess of the maximum Federal rate, that the PSJA ISD charged to Grant Number 2014-CK-BX-0015; and work with the PSJA ISD to remedy, as appropriate, any such costs determined to be unallowable.

b. \$2,850 in unallowable other direct costs.

OJP agrees with this subpart of the recommendation. We will review the \$2,850 in questioned costs, related to travel expenses charged to Grant Number 2014-CK-BX-0015; and work with the PSJA ISD to remedy, as appropriate, any such costs determined to be unallowable.

2. We recommend that OJP ensure that PSJA ISD develop written policies and procedures for acquiring and monitoring sub-recipients.

OJP agrees with this recommendation. We will coordinate with the PSJA ISD to obtain a copy of its written policies and procedures, developed and implemented, for acquiring and monitoring sub-recipients.

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

Lara Allen
Senior Advisor
Office of the Assistant Attorney General

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

Howard Spivak
Acting Director
National Institute of Justice

Jennifer Scherer
Deputy Director
National Institute of Justice

Portia Graham
Office Director, Office of Operations
National Institute of Justice

Renee Cooper
Director, Office of Grants Management
National Institute of Justice

cc: Barry Bratburd
Associate Director, Office of Operations
National Institute of Justice

Charlene Hunter
Program Analyst
National Institute of Justice

Laurie Bright
Grant Management Specialist
National Institute of Justice

Charles E. Moses
Deputy General Counsel

Silas V. Darden
Director
Office of Communications

Leigh Benda
Chief Financial Officer

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

Joanne M. Suttington
Associate Chief Financial Officer
Finance, Accounting, and Analysis 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

cc: OJP Executive Secretariat
Control Number IT20170427154427

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

The Department of Justice (DOJ) Office of the Inspector General (OIG) provided a draft of this audit report to the Pharr San Juan Alamo Independent School District (PSJA ISD) and Office of Justice Programs (OJP) for review and official comment. PSJA ISD's response is incorporated in Appendix 3 of this final report and OJP's response is incorporated as Appendix 4. OJP agreed with each recommendation contained in this report and discussed the actions necessary in order to address the recommendations. As a result, the report is resolved. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations to OJP:

- 1. Remedy the \$52,200 in unallowable costs related to:**
 - a. \$49,350 in unallowable questioned contractor and consultant costs related to consultant payments in excess of the maximum federal rate.**
 - b. \$2,850 in unallowable other direct costs.**

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with PSJA ISD to remedy the \$49,350 in unallowable contractor and consultant costs, and the \$2,850 in unallowable other direct costs.

For recommendation subpart a, PSJA ISD officials did not agree with our recommendation and stated that the contractor was a company and not an individual consultant subject to special condition 30 requiring OJP approval for any consultant rate in excess of \$650 per day. PSJA ISD officials also stated that the Senior Grants Management Specialist at the National Institute of Justice did not question the [proposed grant budget] costs because the contractor was listed as a company, not an individual consultant. As such, PSJA ISD does not believe OJP approval was required for the consultant rate in excess of \$650 per day. However, the consulting agreement provided by PSJA ISD specifically states that it is a contract for \$3,000 per day with an individual within the company. This individual consultant is named throughout the contract and the individual consultant's resume was the only resume included in the contract. Additionally, the invoices submitted to PSJA ISD clearly state that an individual consultant was conducting the training at a rate of \$3,000 per day, which violates award special condition 30 requiring that any consultant rate in excess of \$650 per day be approved by OJP.

This recommendation can be closed when we receive documentation demonstrating OJP has remedied the \$49,350 in unallowable contractor and consultant costs.

For recommendation subpart b, PSJA ISD officials did not agree with our recommendation and stated that the costs were adequately documented, reasonable, necessary, and allocable to the award. In addition, PSJA ISD officials stated that the costs were within PSJA's travel cost category and would not require any adjustment to the budgeted amount for travel. However, the questioned costs, which included a registration fee and travel expenses, were related to a conference that was not included in the approved budget or a Grant Adjustment Notice (GAN). As a result, these expenses are unallowable.

This recommendation can be closed when we receive documentation demonstrating OJP has remedied the \$2,850 in unallowable other direct costs.

2. Ensure that PSJA ISD develop written policies and procedures for acquiring and monitoring sub-recipients.

Closed. OJP agreed with our recommendation, and stated in its response that it will coordinate with PSJA ISD to obtain a copy of its written policies and procedures, developed and implemented, for acquiring and monitoring sub-recipients.

PSJA ISD officials agreed with this recommendation, and stated in its response that it enhanced the existing controls for sub-recipient monitoring. In addition, PSJA ISD provided additional one on one training to staff on the usage of the monitoring checklist and have provided sub-recipient monitoring policies and procedures.

We reviewed the new sub-recipient policies and procedures and determined that it adequately addresses our recommendation; therefore, this recommendation is closed.

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