



OFFICE OF THE INSPECTOR GENERAL

U.S. Department of Justice

(202) 514-3435 | oig.justice.gov

FOR IMMEDIATE RELEASE
September 22, 2016

DOJ OIG Releases Report on Grant-Funded Contracts Awarded by the Boys and Girls Clubs of America

The Department of Justice (DOJ) Office of the Inspector General (OIG) announced today the release of a report identifying significant contract management deficiencies in the Boys and Girls Clubs of America's (Boys and Girls Clubs) management of 45 contracts that it awarded to subcontractors and paid for using DOJ Office of Justice Program (OJP) grant funds. As a result, the DOJ OIG questioned \$2.9 million – or 93 percent – of the \$3.1 million expended through these 45 contracts from July 2008 through September 2013.

The specific findings in today's report include:

- **Sole source contracts:** The OIG found that the Boys and Girls Clubs awarded all 45 contracts on a "sole source" basis, which means that the Boys and Girls Clubs entered the contracts without first conducting an open, free, and fair contract competition. Sole source contracting is allowed, but only under certain circumstances and only when necessary. We found that, for most of these contracts, the Boys and Girls Club did not sufficiently establish the need to use sole source contracting. The deficiencies we found with these awards included insufficient or missing rationales for awarding contracts on a sole source basis; insufficient documentation showing how contract prices were determined; and sole-source justification documents that did not adequately show that only one contractor was available to provide the required services. These deficiencies led us to question \$2.9 million in contract expenditures as unsupported.
- **Disclosure of lobbying activities:** We found that the Boys and Girls Clubs and one of its contractors did not comply with several requirements concerning lobbying activities. Specifically, we found that the Boys and Girls Clubs and the contractor did not properly disclose all lobbying activities as required. We also found that the Boys and Girls Clubs did not require the same contractor to complete and submit required forms explicitly certifying that no appropriated funds had been used to pay for lobbying activity. Because we determined that no OJP funds were used to pay for lobbying activities, we did not question any costs on this basis.

- **Code of conduct and conflicts of interest requirements:** We determined that the employee code of conduct for the largest Boys and Girls Clubs' contractor, which received \$2.5 million in contracts during the period of our audit, was not in compliance with OJP requirements because it did not specifically address gifts or gratuities and family financial interests. We also found that the Boys and Girls Clubs did not consistently ensure that its staff and contractors were in compliance with rules pertaining to ethics and conflict of interest.
- **Payments to contractors:** We found that the Boys and Girls Clubs and its contractors generally retained sufficient documentation of specific billings and payments, although we questioned about \$75,000 in contract expenditures as unsupported or, in one instance of double billing, as unallowable. All of these expenditures were also questioned based on the inadequate sole-source justifications described above.

In today's report, we make 11 recommendations to OJP to improve oversight of grant-funded contracts awarded by the Boys and Girls Clubs of America, and to address the \$2.9 million in questioned costs. OJP agreed with the 11 recommendations. The Boys and Girls Clubs explicitly agreed with two recommendations in whole or in part, and either disagreed or did not explicitly agree with the remaining recommendations.

The report released today is available on the OIG's website at the following link: <https://oig.justice.gov/reports/2016/g4016004.pdf>.