



DEPARTMENT OF JUSTICE | OFFICE OF THE INSPECTOR GENERAL

## PANDEMIC RESPONSE REPORT

**20-079**

JULY 2020

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Interim Report - Review of the Office of  
Justice Programs' Administration of CARES Act  
Funding

AUDIT DIVISION



## Interim Report - Review of the Office of Justice Programs' Administration of CARES Act Funding

On March 27, 2020, U.S. Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which provided over \$2 trillion in funding intended to strengthen the national response to the COVID-19 global pandemic. Of this amount, approximately \$1.007 billion was appropriated to the Department of Justice (DOJ), with \$850 million (84 percent of the total) allocated to DOJ's Office of Justice Programs (OJP) to award grants for the purposes of preventing, preparing for, and responding to the Coronavirus.<sup>1</sup>

OJP's Bureau of Justice Assistance (BJA) issued a solicitation for the Coronavirus Emergency Supplemental Funding grant program (CESF) on March 30, 2020. All CARES Act funding appropriated to OJP will be awarded through the CESF, which aids eligible states, U.S. territories, the District of Columbia, units of local government, and tribes. Pursuant to the CARES Act, CESF award allocations are based proportionally on OJP's 2019 Edward Byrne Memorial Justice Assistance Grant Program (JAG) allocations.

The DOJ Office of the Inspector General (OIG) is reviewing OJP's administration of CARES Act funding. Our preliminary objectives are to assess OJP's efforts to: (1) distribute Coronavirus award funding in a timely and efficient manner, and (2) review pre-award activities to determine if Coronavirus awards were made in accordance with applicable laws, regulations, and other guidelines.

Table 1. CESF Total Dollars Awarded by Week



(in millions, cumulative); Source: OJP

OJP's CESF solicitation was initially open from March 30, 2020, through May 29, 2020. During that time, OJP awarded \$669 million of the \$850 million appropriated under the CARES Act. OJP continues to review applications, and additional awards will be made in the weeks and months ahead.

The OIG's oversight of CARES Act funding will be conducted in several phases, and we will issue focused interim reports to provide transparency to the public and ensure OJP is able to review and respond to areas of potential risk in a timely manner. This report covers OJP's actions during the solicitation's open period. Generally, we noted that OJP has distributed CESF funding quickly and in accordance with CARES Act requirements. We also identified two areas of concern specific to the CESF program which, if addressed in a proactive manner, may mitigate the potentiality of fraud or wasteful spending in the long term. These issues are discussed in detail below.

<sup>1</sup> OJP provides federal leadership, grants, training, technical assistance, and other resources to improve the nation's capacity to prevent and reduce crime, assist victims, and enhance the rule of law by strengthening the criminal and juvenile justice systems.

## An Unprecedented Challenge

The CARES Act provided over \$2 trillion in “fast and direct” economic assistance across the United States.<sup>2</sup> The urgent public health need to ensure the funding is distributed in an exceptionally timely manner presents unprecedented challenges. The influx of unexpected funding, absent the public health crisis and exigency, is similar to that received by many entities under the American Recovery and Reinvestment Act of 2009 (ARRA).<sup>3</sup> While OIG oversight found OJP generally managed JAG-related ARRA awards appropriately, audits of specific ARRA grants identified deficiencies in the grantees’ use of JAG funds (for both ARRA and non-ARRA awards) in the areas of internal control environment, grant expenditures, property management, monitoring of subrecipients, reporting, and program performance.<sup>4</sup>

OJP has taken steps to provide guidance to both BJA staff and CESF eligible applicants. For example, OJP provided internal training specific to the CESF to BJA staff on April 1, 2020, just 2 days after the CESF solicitation was posted, and has created

### Examples of Permissible Uses of CESF Funds

- ✓ Overtime
- ✓ Equipment (including law enforcement and medical personal protective equipment)
- ✓ Hiring
- ✓ Training
- ✓ Supplies (such as gloves, masks, sanitizer)
- ✓ Travel expenses (particularly related to the distribution of resources to the most impacted areas)
- ✓ Addressing the medical needs of inmates in state, local, and tribal prisons, jails, and detention centers.

and posted a list of Frequently Asked Questions on its public website.<sup>5</sup>

We also reviewed OJP’s anticipated programmatic oversight of the CESF program. For most grant programs, BJA requires award recipients to report, on a semi-annual basis, on the progress made towards meeting grant goals and objectives through its standard, seven-question progress report form. These reports collect information that includes, but is not limited to, grant accomplishments, problems or barriers encountered in implementing grant objectives, and activities planned for the next 6-month period. Collecting this information allows OJP to assess recipient progress towards meeting award objectives and to identify recipients who may be struggling to implement the goals of their awards. We asked OJP officials if BJA intended to require any additional information in its CARES Act reporting. OJP officials reported that BJA is currently in communication with OJP’s Office of Audit, Assessment, and Management, who in turn are working with the Office on Management and Budget to determine what, if any, additional oversight

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<sup>2</sup> U.S. Department of the Treasury, “The CARES Act Works for All Americans,” <https://home.treasury.gov/policy-issues/cares> (accessed May 27, 2020).

<sup>3</sup> American Recovery and Reinvestment Act of 2009, H.R. 1, 111th Cong. (2000).

<sup>4</sup> DOJ OIG, OJP Recovery Act and Non-Recovery Act Programs for Edward Byrne Memorial Justice Assistance Grants and Byrne Competitive Grants, Audit Report 10-43 (August 2010), <https://oig.justice.gov/reports/OJP/a1043.pdf> (accessed May 28, 2020), iv.

<sup>5</sup> OJP, “FY 2020 Coronavirus Emergency Supplemental Funding Program Frequently Asked Questions” <https://bja.ojp.gov/sites/g/files/xyckuh186/files/media/document/cesf-faqs.pdf>, (accessed May 27, 2020). OJP created this document based on questions it was receiving from the CESF applicant community, U.S. Congress, and others.

requirements are necessary. As part of our oversight of CARES Act funding, the OIG will review progress reports submitted for CESF awards to evaluate whether recipient activity appears responsive to the goals of the CESF.

### OIG Review of Approved Awards and Denied Applications

The CESF solicitation outlines application requirements, including all documents that must be submitted to receive a CESF award. Generally, these include standard application forms such as the budget narrative, which outlines how funding will be spent; the program narrative, which details the activities that will be carried out under the award; and other routine financial disclosures. We tested a sample of 30 awards to determine if all documentation required by the solicitation was included in approved grant applications and did not identify significant concerns with OJP’s initial review process.

Further, we reviewed a total of 51 awards to determine if the goals and objectives outlined in the program narrative appeared to be responsive to the goals and objectives of the CESF program. Again, we identified no instances of awards made that did not appear to reasonably address CESF program objectives. The OIG will continue reviewing award materials and conducting related oversight work as appropriate.

Finally, we reviewed 130 applications that were denied by OJP. Of the 130, we identified only 1 that was denied in error (.07 percent of the total). OJP reopened the application within hours of our inquiry, reviewed the application materials, and ultimately approved the award.

### CESF Award Recipients

As required by the CARES Act, BJA distributes CESF awards directly to states or U.S. territories (ranging from approximately \$1.5 million to Northern Mariana Islands to approximately \$58.5 million to the state of California), and to units of local government and tribes (local and tribal awards ranged from \$32,226 to approximately \$12.4 million) based on the FY 2019 JAG formula allocations. JAG formula allocations, and therefore CESF award allocations, are computed based on FBI violent crime data and U.S. Census Bureau population estimates, not COVID case data.<sup>6</sup> Therefore, as a result of the statutory requirement regarding the allocation of funding, some local awards have gone to areas with few reported positive COVID-19 test results as of May 2020, as shown below.

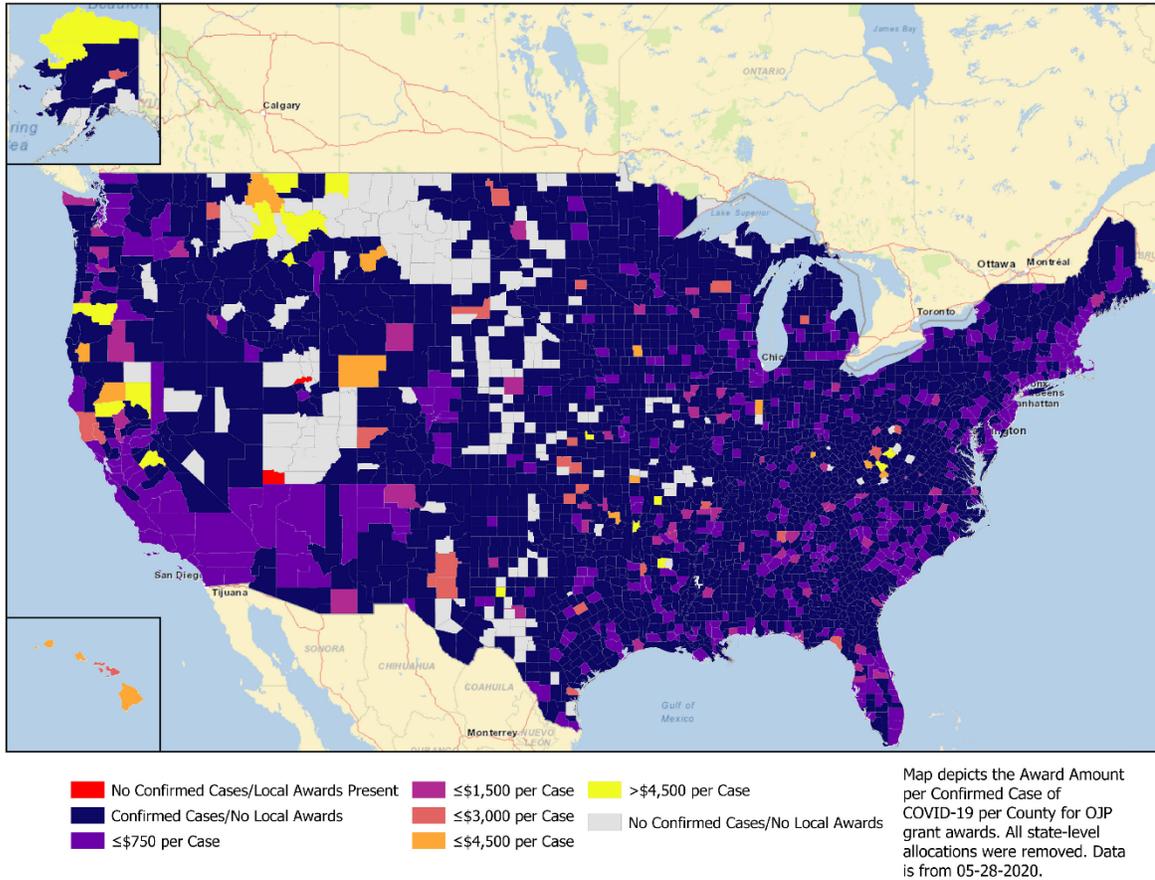
**Table 2. All States or Territories with Over \$1,000 in CESF funds per Confirmed Case (State and Local Awards as of May 28, 2020)**

| State or Territory                  | Total Amount Received | Amount Per Confirmed Case |
|-------------------------------------|-----------------------|---------------------------|
| Virgin Islands of the United States | \$2,932,867           | \$42,505                  |
| Guam                                | \$2,932,867           | \$17,151                  |
| Montana                             | \$4,610,396           | \$9,506                   |
| Alaska                              | \$3,821,742           | \$9,014                   |
| Hawaii                              | \$5,532,947           | \$8,552                   |
| West Virginia                       | \$5,417,193           | \$2,800                   |
| Wyoming                             | \$2,326,442           | \$2,656                   |
| Oregon                              | \$9,191,254           | \$2,249                   |
| Vermont                             | \$2,174,168           | \$2,232                   |
| Maine                               | \$4,037,917           | \$1,845                   |
| Idaho                               | \$4,622,121           | \$1,669                   |
| Arkansas                            | \$10,007,326          | \$1,531                   |
| Oklahoma                            | \$9,559,492           | \$1,524                   |
| South Carolina                      | \$12,531,762          | \$1,162                   |
| North Dakota                        | \$2,629,654           | \$1,060                   |

Source: CESF award data; Johns Hopkins case data

<sup>6</sup> Generally, the CESF formula allocation was approximately three times the amount each entity was eligible to receive under JAG in 2019 (e.g., if a recipient was eligible to receive \$100,000 under JAG, that recipient is eligible to receive \$322,000 under the CESF).

**Table 3. Local Awards in Relation to Confirmed COVID-19 Case Data  
(Local Awards Only as of May 28, 2020)**



Source: CESF award data; Johns Hopkins case data

**Table 4. Breakdown of Counties Depicted Above (Local Awards Only as of May 28, 2020)**

| Award Amount per Case | Number of Counties | Number of Confirmed Cases | Number of Grants | Total Award Amount |
|-----------------------|--------------------|---------------------------|------------------|--------------------|
| <= \$750 per Case     | 409                | 1,000,131                 | 710              | \$94,445,669       |
| <= \$1500 per Case    | 67                 | 14,737                    | 105              | \$15,063,305       |
| <= \$3000 per Case    | 27                 | 2,580                     | 43               | \$5,305,823        |
| <= \$4500 per Case    | 15                 | 938                       | 23               | \$3,155,733        |
| > \$4500 per Case     | 20                 | 269                       | 27               | \$2,076,139        |

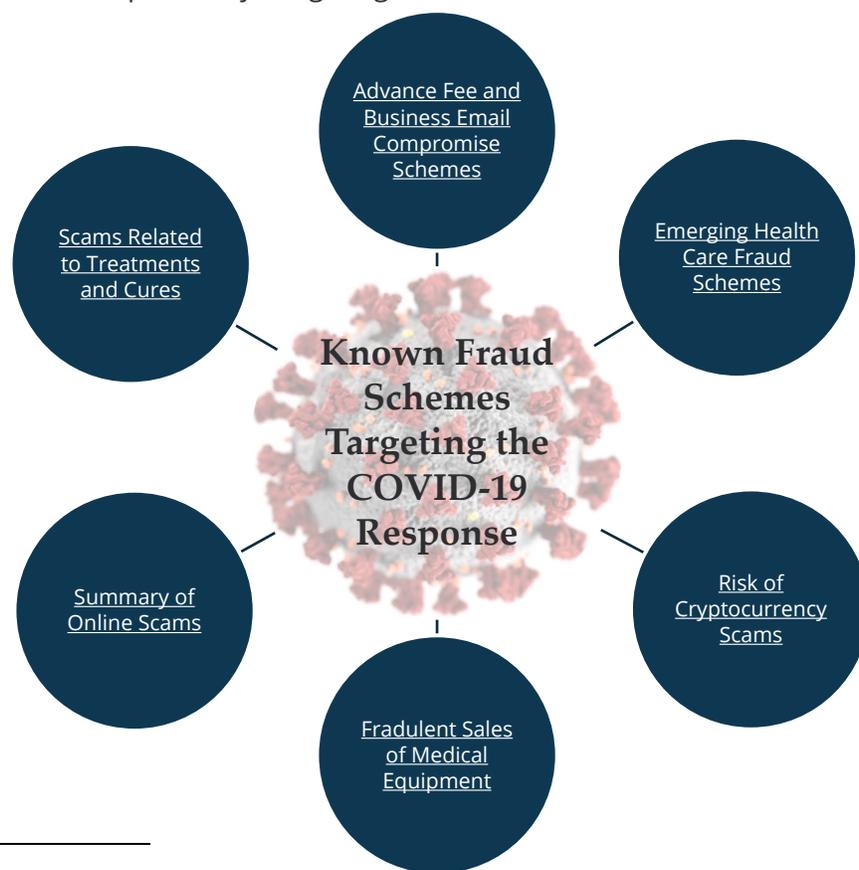
Source: CESF award data; Johns Hopkins case data

In and of itself, this is not an indicator that the funding will be used for unallowable purposes. For example, it remains unknown where future outbreaks of COVID-19 will appear, and preparing for or preventing an outbreak is allowable under the terms and conditions of the CEF (meaning an applicant may, for example, purchase equipment or supplies in anticipation of future cases regardless of whether COVID-19 had impacted an organization's area at the time of expense). However, OJP's CEF monitoring strategy may benefit if oversight protocols consider factors such as recipients who are in areas with few positive COVID-19 test results or deaths.

### COVID-19 Fraud Schemes

Finally, the DOJ OIG and others have identified multiple fraud schemes specifically targeting

funding made available through the CARES Act, some of which could directly impact OJP's CEF award recipients. OJP has publicly posted an advisory warning of scams targeting OJP's Office for Victims of Crime awards, but has not distributed similar guidance for the CEF.<sup>7</sup> In our judgment, the CEF program is also vulnerable to such scams, and we compiled a summary of known fraud schemes in the interactive graphic below. CEF recipients may benefit if OJP includes similar summary information on its CEF website. Further, considering the size of the CEF program and the likelihood that CEF award recipients may be the target of fraud schemes, OJP should consider providing regular updates of known fraud schemes to its CEF community.



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<sup>7</sup> OJP, "Office for Victims of Crime News and Features," November 8, 2019, <https://ovc.ojp.gov/announcement/fraud-alert-scammers-claiming-be-ovc>, (accessed May 28, 2020).

## Summary

In conclusion, our preliminary work indicates that OJP's administration efforts over CARES Act funding appear effective and appropriate as of May 29, 2020. However, OJP's CESF monitoring strategy may benefit if oversight protocols consider factors such as recipients who are in areas with few positive COVID-19 test results or deaths. Further, OJP should consider notifying the CESF recipient community, on a regular basis, of fraud schemes known to be targeting CARES Act funds.

We provided a draft copy of this interim report to OJP for review and comment. OJP's response to the draft is included in this report.



Report Fraud Related to Pandemic Relief Programs to:

- [The Department of Justice Office of the Inspector General](#)
- [The Disaster Fraud Hotline](#)
- [The Pandemic Response Accountability Committee](#)

## *OIG Oversight of CESF Funding: What's Next?*

1. We will continue to review awards made under the CESF to ensure costs appear allowable and that program activities appear responsive to the goals and objectives of the CESF.
2. We will continue to monitor areas of potential risk, including applicants from areas with little demonstrated COVID-19 impact to date.
3. We will review a sample from the first round of semi-annual progress reports submitted for CESF awards (due to OJP by July 30, 2020).
4. We will monitor and review, on a judgmental basis, actual drawdowns made under the CESF program.
5. We will review a judgmental sample of CESF recipient accounting records to determine if actual expenditures support activities outlined in grant application materials and appear responsive to CESF program goals.



U.S. Department of Justice

Office of Justice Programs

Office of the Assistant Attorney General

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Washington, D.C. 20531

July 1, 2020

MEMORANDUM TO: Michael E. Horowitz  
Inspector General  
United States Department of Justice

THROUGH: Jason R. Malmstrom  
Assistant Inspector General for Audit  
Office of the Inspector General  
United States Department of Justice

FROM: Katharine T. Sullivan   
Principal Deputy Assistant Attorney General

SUBJECT: Response to the Office of the Inspector General's Interim Report,  
*Review of the Office of Justice Programs' Administration of CARES Act Funding*

This memorandum provides a response to the Office of the Inspector General's (OIG), June 11, 2020 interim report entitled, *Review of the Office of Justice Programs' Administration of CARES Act Funding*. The Office of Justice Programs (OJP) appreciates the opportunity to review and comment on this first interim report which covers OJP's actions during the Coronavirus Emergency Supplemental Funding (CESF) Program solicitation's open period. Funding was provided to assist eligible states, U.S. territories, the District of Columbia, units of local government, and tribes in preventing, preparing for, and responding to the coronavirus.

The interim report contains no recommendations to OJP, but provides useful monitoring strategies to mitigate the potential for fraud, waste, and abuse as the Bureau of Justice Assistance begins its oversight of an additional \$850 million allocated to OJP<sup>1</sup>.

If you have any questions regarding this response, please contact Ralph E. Martin, Director, Office of Audit, Assessment, and Management, at (202) 305-1802.

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<sup>1</sup> Through June 24, 2020, OJP had made 1,813 awards totaling \$846.694.319.