



Audit of the Bureau of Justice Assistance Grant
Awarded to the Kenton County Detention Center,
Covington, Kentucky



AUDIT DIVISION

20-116

SEPTEMBER 2020



Executive Summary

Audit of the Bureau of Justice Assistance Grant Awarded to the Kenton County Detention Center, Covington, Kentucky

Objectives

The Department of Justice (DOJ), Office of Justice Programs (OJP) awarded the Kenton County Detention Center (KCDC) a grant totaling \$300,000 under the Bureau of Justice Assistance Comprehensive Opioid Abuse Site-Based Program. The objectives of this audit were to determine whether costs claimed under the grants 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.

Results in Brief

KCDC demonstrated adequate progress in achieving its grant-related goals and objectives but did not comply with all special conditions of the OJP grant award. In addition, we found that KCDC and the Kenton County Fiscal Court should coordinate to enhance grant financial management by formalizing policies and procedures associated with its process to track expenditures. These entities should also formalize policies and procedures and enhance internal controls to ensure that it appropriately and accurately accounts for all federal expenditures, as required by the Single Audit Act. Further, KCDC should ensure that it documents procedures related to grant requirements for budget management and control, conducting drawdowns and completing Federal Financial Reports (FFR).

Recommendations

Our report contains seven recommendations to OJP. KCDC and OJP responses to our draft audit report can be found in Appendix 2 and 3, respectively. Our analysis of these responses is in Appendix 4.

Audit Results

The purpose of the OJP grant was to support pre-arrest diversion programs through the distribution of naloxone and training, as well as to conduct a systemic review of the impact of these programs on the opioid epidemic in the Northern Kentucky Region. The project period for the grant was October 2017 through September 2020. As of March 31, 2020, KCDC drew down a cumulative amount of \$166,679 for the grant.

Program Performance – KCDC demonstrated adequate progress toward achieving the goals and objectives of the grant.

Special Conditions – KCDC was not in compliance with two special conditions of the grant.

Grant Financial Management – KCDC relied on the Fiscal Court for grant financial management. However, the Fiscal Court implemented a manual process to account for salary and fringe benefit expenses related to the grant and this process did not provide for necessary internal controls to ensure that KCDC accurately and completely accounted for grant funds. Moreover, KCDC and the Fiscal Court did not have policies and procedures to ensure compliance with grant requirements for budget management, drawdowns, and FFR.

Single Audit – During our review period, we found that the Fiscal Court submitted single audit reports that contained errors and excluded information. We believe that these issues occurred because of inadequate internal controls for verification and review of federal awards and expenditures and lack of formalized policies and procedures.

Budget Management and Control – The Fiscal Court, on behalf of KCDC, did not monitor grant transactions to ensure expenditures were in line with the OJP-approved budget amounts by category. We believe this was due to inadequate coordination between KCDC and the Fiscal Court, as well as the Fiscal Court's lack of training and guidance on DOJ grant requirements.

Federal Financial Reports – KCDC submitted ten FFR during our scope, of which eight contained inaccurate financial information.

**AUDIT OF THE
BUREAU OF JUSTICE ASSISTANCE GRANT
AWARDED TO THE KENTON COUNTY DETENTION CENTER,
COVINGTON, KENTUCKY**

TABLE OF CONTENTS

INTRODUCTION.....	1
The Grantee.....	1
OIG Audit Approach	2
AUDIT RESULTS	3
Program Performance and Accomplishments.....	3
Program Goals and Objectives	3
Required Performance Reports.....	5
Compliance with Special Conditions	5
Grant Financial Management	7
Single Audit	8
Grant Expenditures	9
Budget Management and Control	10
Drawdowns.....	11
Federal Financial Reports	11
CONCLUSION AND RECOMMENDATIONS	13
APPENDIX 1: OBJECTIVES, SCOPE, AND METHODOLOGY.....	14
APPENDIX 2: THE KENTON COUNTY DETENTION CENTER’S RESPONSE TO THE DRAFT AUDIT REPORT.....	17
APPENDIX 3: THE OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT AUDIT REPORT.....	20
APPENDIX 4: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT	24

**AUDIT OF THE
BUREAU OF JUSTICE ASSISTANCE GRANT
AWARDED TO THE KENTON COUNTY DETENTION CENTER,
COVINGTON, KENTUCKY**

INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of a Comprehensive Opioid Abuse Site-Based Program (COAP) grant awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance, to Kenton County Detention Center (KCDC) in Covington, Kentucky. KCDC was awarded one cooperative agreement totaling \$300,000, as shown in Table 1.¹

**Table 1
Grants Awarded to KCDC**

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2017-AR-BX-K043	OJP	09/22/2017	10/1/2017	9/30/2020	\$300,000
Total:					\$300,000

Source: OJP’s Grants Management System

According to OJP, funding through the COAP was developed as part of the Comprehensive Addiction and Recovery Act legislation to provide financial and technical assistance to states, units of local government, and Indian tribal governments to plan, develop, and implement comprehensive efforts to identify, respond to, treat, and support those impacted by the opioid epidemic.

The Grantee

KCDC is a correctional facility located in Covington, Kentucky. KCDC has a 125-bed licensed residential treatment program for men and women through which it provides in-jail cognitive and behavioral therapy for detoxification, stabilization, and maintenance in conjunction with medication-assisted treatment. According to KCDC, its mission is to strive to make the detention center a community institution that exercises fiscal responsibility, reasonable conditions of confinement, service to the people, and an unwavering commitment to public safety. As a Department within Kenton County, KCDC relies on the Kenton County Fiscal Court (Fiscal Court) to perform financial management and oversight. The Fiscal Court’s Treasury Office administers the financial management system and is responsible for the County’s compliance with single audit requirements.

¹ Although this award is a cooperative agreement, we refer to it as a grant throughout the report and note that cooperative agreements – as compared to grant agreements – generally require substantial involvement from the federal government.

OIG Audit Approach

The objectives of this audit were to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives, and to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. 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 (FFR). The scope of our audit covered KCDC's grant activities between October 2017 and March 2020.

We tested compliance with what we consider to be the most important conditions of the grant. 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.

AUDIT RESULTS

Program Performance and Accomplishments

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

Program Goals and Objectives

OJP awarded COAP Grant Number 2017-AR-BX-K043 to KCDC to provide naloxone kits, safety equipment, specialized training, and connections to community treatment providers in eight counties of the Northern Kentucky Region: Boone County, Kenton County, Campbell County, Grant County, Gallatin County, Carroll County, Owen County, and Pendleton County.² These treatment providers offered overdose prevention and pre-arrest diversion programs to their communities. Through this grant, KCDC set out to achieve the following goals:

- (1) conduct systematic analysis of available data on law enforcement calls for service, as well as data about naloxone administrations, and document the impact of the opioid epidemic based on local, regional, or state-level data;
- (2) demonstrate a multi-disciplinary, collaborative approach to address the needs of individuals with a history of opioid misuse designed to reduce the number of overdose deaths and/or increase treatment and recovery engagement among overdose survivors; and
- (3) develop and implement strategies to identify and provide treatment and recovery support services to "high frequency" utilizers of criminal justice and social services systems who have a history of opioid misuse.

In order to accomplish these goals, KCDC established deliverables that generally entailed supporting its research partner, Northern Kentucky University (NKU), in analyzing the impact of these overdose prevention and pre-arrest diversion services on the opioid epidemic at the local, regional, and state-levels. In addition, KCDC established deliverables to provide training and distribute naloxone throughout the Northern Kentucky region.

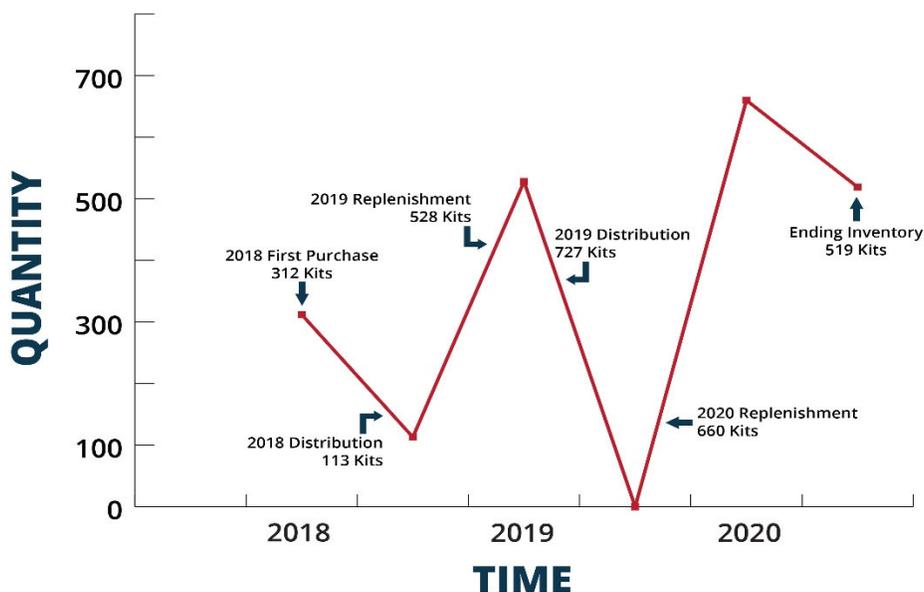
During our audit, we found that KCDC demonstrated progress to achieving the objectives of the grant. KCDC collaborated with its research partner, NKU to implement a phased approach for undertaking a systematic analysis of available data on law enforcement calls for service, as well as data about naloxone administrations in order to evaluate the impact of overdose prevention in Northern Kentucky. These entities collaborated to develop a data collection tool, identify existing data on diversion and naloxone distribution programs, and conduct a

² Naloxone is a prescribed medication that can reverse an opioid drug overdose, and when administered during an overdose, blocks the effects of opioids on the brain and restores breathing.

systematic analysis of the data to determine programmatic outcomes and events. As a result of these efforts, by April 2019, NKU produced two annual reports. In general, these reports provided information on preliminary results related to streamlined access to treatment, as well as an analysis for the most effective overdose prevention and pre-arrest diversion program strategies employed in Northern Kentucky. KCDC and NKU officials stated that they plan to release a final report prior to the end of the grant period.

In addition, we found that through the OJP grant, KCDC developed training and established a system to purchase, track, and distribute naloxone to various pre-arrest diversion programs and law enforcement entities throughout Northern Kentucky, as well as to relevant individuals being released from county detention centers. We reviewed KCDC’s naloxone distribution records from October 2018 through March 2020, which included KCDC’s paper distribution records, naloxone invoices, and inventory tracking and distributions spreadsheets. As of March 2020, KCDC had purchased 1,500 naloxone kits and distributed 981 throughout the Northern Kentucky region. Table 2 illustrates KCDC’s distribution progress over time and its remaining inventory of kits to be distributed by October 1, 2020, or the end of the grant period.

Table 2
KCDC Naloxone Inventory and Distribution
as of March 2020



Source: OIG Depiction based on KCDC Inventory Records

In addition to distributing 981 naloxone kits, KCDC created, launched, and managed a program to train and incentivize law enforcement agencies and county governments to expand existing pre-arrest diversion and naloxone distribution programs. According to its training records, as of March 2020, KCDC conducted 4 training sessions that included over 100 attendees.

Required Performance Reports

According to the DOJ Grants Financial Guide, a recipient should retain all data supporting reported performance measures. In order to verify the information in KCDC's performance reports, we reviewed two semiannual progress reports that accounted for the entirety of the 2019 calendar year.

For this grant program, OJP used its Performance Measurement Tool (PMT) that provides grantees with a templated questionnaire related to a variety of COAP-specific performance measures. In general, the only quantitative data that KCDC provided to OJP through these progress reports was the number of training events that occurred during each semi-annual review period. We reviewed KCDC's supporting documentation and verified that KCDC provided four total training events, as identified in these progress reports. However, we also found that KCDC's progress reports contained inconsistencies and appeared to be lacking certain missing information. When we asked KCDC about these issues with the information provided to OJP, officials stated that the OJP progress reports included many questions that did not fall within the objectives of the KCDC grant and were therefore unanswered. KCDC's Program Director stated that the larger academic reports developed by the NKU researcher provided a much more holistic viewpoint of KCDC's overall efforts. While these reports were provided to OJP, the questionnaires in PMT did not specifically incorporate this information.

We asked the OJP Grant Manager about the inconsistencies in the KCDC progress reports and if this was identified during their review of the information. The Grant Manager stated that some of the missing information was due to OJP transitioning to a new version of the PMT questionnaire beginning October 1, 2019, and the old and new questionnaire not easily aligning. Therefore, while all data is captured in the PMT system, OJP aggregated the information KCDC provided into one report for its Grant Management System (GMS), but did not annotate that in GMS. The Grant Manager also stated that KCDC has a targeted strategy of training and data analysis, which is what OJP would expect it to report in the PMT. As a result, the Grant Manager was not concerned about the inconsistencies with the information that KCDC provided in its progress reports and did not believe that KCDC was out of compliance with this grant requirement. Based upon this position from OJP and the evolving nature of the reporting infrastructure, we do not take issue with KCDC's actions related to PMT responses.

Compliance with Special Conditions

Special conditions are grant and grantee-specific terms and conditions that are included with the award. We reviewed the special conditions for the grant and selected a judgmental sample of the requirements that are significant to performance under the grant. We evaluated KCDC's compliance with the following three special conditions:

- (1) complete required OJP financial management and grant administration trainings by the recipient's Point of Contact (POC) and all Financial Points of Contact (FPOCs);

(2) compliance with the requirements of 28 C.F.R. Part 46 and all OJP policies and procedures regarding the protection of human research subjects, including obtaining Institutional Review Board (IRB) approval, if appropriate, and subject informed consent; and

(3) inclusion of language in agreements or contracts with subrecipients and contractors that guarantees OJP's royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use (in whole or in part, including in connection with derivative works), for federal purposes: (a) any work subject to copyright developed under an award or subaward, and (b) any rights of copyright to which a recipient or subrecipient purchases ownership with federal support.

We identified an issue related to KCDC's compliance with the special condition that the POC and all FPOCs complete required OJP financial management and grant administration trainings. KCDC designated the Program Director as both the POC and FPOC for the grant and submitted confirmation to OJP that this individual completed the required training. OJP relied on this information during its verification of KCDC's compliance with this Special Condition. However, during our audit, we found that KCDC's Program Director was responsible for the programmatic aspects of the grant, while an official within the Fiscal Court Treasury's Office was responsible for the financial management of the grant. As of March 2020, this Fiscal Court official had not completed the required OJP training. We informed officials at KCDC and the Fiscal Court of this issue and the Fiscal Court official stated that they would complete the required OJP training. We also conferred with OJP officials who stated all individuals with financial responsibilities should take the required training. We believe that this lack of training and awareness for grant requirements affected KCDC and the Fiscal Court's ability to effectively oversee grant funds. Specifically, as discussed later in the report, we found deficiencies in KCDC and the Fiscal Court's financial and budget management, as well as their process for reporting information on Federal Financial Reports (FFR). Therefore, we recommend that OJP coordinate with KCDC to ensure all POCs complete required OJP financial management and grant administration training.

Regarding compliance with the special condition related to protecting human research subjects, we found that through its coordination with NKU, KCDC satisfied the requirement. KCDC contracted with NKU to obtain and analyze regional data to determine the gap between when an overdose occurs and when someone can get into treatment in order to reduce the number of fatalities in Northern Kentucky as a direct result of opioid overdoses. To that end, through the grant, NKU would receive aggregate and secondary data associated with the population affected by the opioid epidemic. We were provided with evidence that NKU submitted an application for the research to the NKU IRB for approval prior to beginning the study. According to records provided by the grantee, the NKU IRB found that the process used to extract source data and provide it to NKU for research purposes did not contain specific identifying information or involve vulnerable populations. Therefore, the IRB approved the NKU application with an exemption from continued IRB review.

For the last special condition we reviewed, we found that KCDC's contract with NKU did not include appropriate copyright language related to OJP's guarantee to royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others use (in whole or in part, including in connection with derivative works), for federal purposes. Therefore, we recommend that OJP ensure KCDC incorporates this language in its contract with NKU.

Grant Financial Management

According to the DOJ Grants Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess KCDC's financial management of the grant, we interviewed financial staff from the Kenton County Fiscal Court's Treasury's Office, examined policies and procedures, and inspected grant documents to determine whether KCDC adequately safeguarded OJP grant funds. We also reviewed KCDC's recent Single Audit Reports to determine if there were any internal control weaknesses or significant noncompliance issues related to federal awards. Finally, we performed testing in the areas that were relevant for the management of this grant, as discussed throughout this report.

As previously mentioned, the Kenton County Fiscal Court was responsible for the financial management of the OJP grant funds awarded to KCDC. We found that while the Fiscal Court had financial policies and procedures in place for purchasing, accountable property, contract award management, and payroll, this guidance did not account for certain federal grant requirements, such as federal budget management, drawing down federal grant funds, and procedures for compiling information and submitting federal financial reports. Additionally, during our review of payroll policies and procedures issued by the Fiscal Court, we found that this document contained official bank login information for transmitting the direct deposit file to the bank. We believe that the inclusion of this information in a general policy document not only increases the County's risk to fraud, waste, and abuse; but illustrates the need for increased internal controls over sensitive financial information. We brought this to the attention of the Fiscal Court official who removed the information from the policy document.

During the audit, we found that the Fiscal Court's process for monitoring grant-related expenditures included manual procedures to identify, calculate, and track grant expenditures. The Fiscal Court maintained a general ledger for the grant, but it did not track salary and fringe benefit grant expenditures within the ledger. According to a Fiscal Court official, the Fiscal Court developed an internal spreadsheet to manually identify and track these grant expenses. However, this manual process for tracking salary and fringe benefit expenditures was not formalized in policy and did not incorporate a step to verify the accuracy of the manual identification and calculation of these expenses.

Additionally, we found that specifically for this grant, the KCDC Program Director coordinated with the Fiscal Court to conduct certain finance-related grant management tasks, including grant reporting, budget management, and

drawdowns. However, there were no documented procedures detailing these procedures and coordination with the Fiscal Court. In addition, there was not a designated back-up individual to perform these responsibilities for the KCDC Program Director.

We informed KCDC and Fiscal Court officials about these issues. In response, the officials stated the expenditure tracking process is in compliance with the guidance issued by the Kentucky Department of Local Government (DLG), which is the standard that Kenton County uses for financial and budget management.³ While we understand that the Fiscal Court relied upon DLG guidance as its financial policy, these standards do not detail the specific processes the Fiscal Court implemented within its financial management structure, to include the aforementioned process used to account for salary and fringe benefit grant expenditures. Moreover, the DLG guidance does not include all DOJ grant requirements, of which the Fiscal Court official was not aware because they did not take the required OJP Financial Management training.

We believe that Fiscal Court's manual process for tracking grant-related personnel expenses does not provide for necessary internal controls to ensure that KCDC is accurately and completely accounting for grant-related expenditures. Therefore, we recommend that the OJP ensure that KCDC and the Fiscal Court have implemented and disseminated policies and procedures documenting its procedures for grant financial management, including its process for tracking all grant-related expenditures.

Single Audit

Non-federal entities that receive federal financial assistance are required to comply with the *Single Audit Act of 1984*, as amended. The Single Audit Act provides for recipients of federal funding above a certain threshold to receive an annual audit of their financial statements and federal expenditures. Under 2 C.F.R. 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), such entities that expend \$750,000 or more in federal funds within the entity's fiscal year (FY) must have a "single audit" performed annually covering all federal funds expended that year.

We reviewed the most recent Single Audit Reports filed by the Kenton County Fiscal Court, which included reports for FYs 2015, 2017, and 2019, and found deficiencies in the Fiscal Court's process for monitoring and reporting federal funding. Specifically, in its 2019 report the Fiscal Court omitted two federal grants from the Schedule of Expenditures of Federal Awards (SEFA). As a result, the 2019 Single Audit Report did not include a total of \$479,922 of federal expenditures associated with the two federal awards. Additionally, the 2019 Single Audit Report erroneously categorized the OJP grant awarded to KCDC as a pass-through award rather than a grant made directly from OJP to KCDC. Further, all three of the Single Audit Reports we reviewed were not submitted on time, and when we

³ DLG is an institution designed to aid and support local government officials and communities in the performance of their duties and improve the lives of their citizens.

queried the Federal Audit Clearinghouse (FAC) for the Fiscal Court’s historical Single Audit Reports, we found that its last five reports were submitted late.

When we informed the Fiscal Court about these issues we were told that the individual responsible for identifying all federal awards and expenditures mistakenly omitted the two federal grants from the 2019 Single Audit Report. In regards to filing the Single Audit Reports late, a Fiscal Court official stated that in 2016, the audit firm that was hired to complete the Single Audit did not complete the work and, as a result, the Fiscal Court had to pursue other means to ensure that a Single Audit was conducted. Consequently, this official stated that the 2016 late report impacted the timeliness of the subsequent Single Audit Report submissions. We also spoke with the independent auditor who performed the FY 2019 audit, and this individual indicated that the firm was accountable for the late 2019 report. The auditor also stated that the report erroneously excluded the late reporting as a finding.

We believe that the issues identified related to the Fiscal Court’s single audits were due to inadequate internal controls for verification and review of federal awards and expenditures. The lack of these internal controls is made more significant by the Fiscal Court’s lack of formalized policies and procedures to track federal expenditures that should be incorporated into the SEFA and the Fiscal Court’s reliance on a manual process for compiling this information. As result, we recommend that OJP ensure that the Fiscal Court establishes procedures to ensure that it complies with the Single Audit Act requirements and to evaluate the impact of any findings on KCDC’s federal award.

Grant Expenditures

For KCDC’s OJP grant, the approved budget included salaries, fringe benefits, travel, equipment, supplies, and contractual. The following table provides an overview of KCDC’s budgeted and actual expenditures by category.

Table 3
OJP-Approved Budget and KCDC Expenses
as of March 2020

Budget Category	OJP-Approved Budget	KCDC Expenses
Salaries	\$48,000	\$39,172
Fringe	\$12,960	\$13,140
Travel	\$10,632	\$6,843
Equipment	\$668	\$0
Supplies	\$138,578	\$63,868
Contractual	\$89,162	\$50,769
Total	\$300,000	\$173,792

Source: OJP Grant Management System and KCDC’s Accounting Records

To determine whether costs charged to the award were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample

of transactions. This sample included 72 transactions totaling \$131,424 and covered all budget categories associated with KCDC's expenses at the time of our fieldwork. We reviewed documentation and accounting records, and we performed verification testing related to these grant expenditures. We did not identify any issues related to salaries, travel, supplies, and contractual costs. However, we found \$714 in unsupported costs related to fringe benefits, as described below.

KCDC stated in its budget narrative that one part-time Project Coordinator will be required to manage day-to-day operations of the grant project. KCDC specified that this individual would devote 50 percent, or 20 hours per week, of their time to the grant, and that KCDC would use grant funds to pay for 50 percent of the cost of this individual's salary and fringe benefits. During our salary and fringe benefit testing, we verified that the Fiscal Court generally charged the grant for the correct costs for this individual's salary and fringe benefits. However, the Fiscal Court could not provide supporting documentation for the July 2019 fringe benefits costs charged to the grant. In addition, we found that the Fiscal Court inadvertently charged the grant for 100 percent of the fringe benefit costs for the August 2019 expenditures. As a result, the Fiscal Court charged the grant \$714 in fringe benefits costs that were unsupported.

We consider this amount of unsupported costs to be immaterial; therefore we are not questioning them. However, we believe that the error in fringe benefit expense calculation occurred because KCDC did not have formalized policies and procedures for its manual payroll process, and did not have necessary internal controls in place to detect an error in its grant-related salary and fringe benefits expenditure calculations that were done manually, as noted previously in the Grant Financial Management section of this report.

Budget Management and Control

According to the DOJ Grants 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 Grant Adjustment Notice (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 OJP grant expenditures to the approved budgets and determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent. However, we found that the Fiscal Court did not track expenditures by OJP-approved budget categories. In turn, the Fiscal Court followed the Kentucky DLG's "County Budget Preparation and State Local Finance Officer Policy Manual," which prescribes a process to compare County expenditures to budgeted amounts. To comply with this policy, the Fiscal Court maintained a spreadsheet of grant expenditures sorted by County-specified budget categories. During our review of this spreadsheet, we found that the Fiscal Court aggregated salary and fringe expenses into a singular category and did not include all OJP-approved grant budget categories.

When we brought this to the Fiscal Court's attention, we were told that the Fiscal Court was unaware of the OJP-specific budget categories and requirements. We believe that this occurred for two reasons: (1) the KCDC Program Director responsible for administering the OJP grant developed the grant budget independent of the Fiscal Court and did not sufficiently coordinate this information with the Fiscal Court, and (2) the lead official at Fiscal Court did not complete the required OJP Financial Management training. Therefore, the Fiscal Court did not have the correct information to ensure that it complied with the DOJ requirement. We recommend that OJP ensure that KCDC implements procedures to ensure that it provides the Fiscal Court with necessary information to monitor budget expenditures by federal grant-approved categories.

Drawdowns

According to the DOJ Grants 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. Additionally, DOJ guidance states that recipients should develop written procedures for cash management of funds to ensure that Federal cash on hand is kept at or near zero. As noted above, KCDC policies for financial management did not include procedures for grant drawdowns. According to the KCDC Program Director, KCDC prefers to conduct drawdowns on a monthly basis. When conducting a drawdown, KCDC coordinates with the Fiscal Court to determine the amount of reimbursable expenses incurred during the time period. According to a Fiscal Court official, this process requires the Fiscal Court to develop spreadsheets containing total expenses and compile the corresponding receipts to account for the total amount of funds spent by KCDC on the grant. The Fiscal Court sends these spreadsheets and supporting documents to the Program Director who facilitates the drawdown.

To assess whether KCDC managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. As of March 31, 2020, KCDC had drawn down a total of \$166,679 in award funds. KCDC's last drawdown during this time period occurred on March 16, 2020, and KCDC's total recorded expenses at that time were \$169,895 meaning the expenditures for the grant during the time period exceeded the drawdown amount. Although the drawdown process did not result in KCDC receiving excess federal funds, KCDC did not have formalized policies and procedures for conducting drawdowns. Therefore, we recommend that OJP ensure KCDC implements and adheres to written drawdown and cash management policies and procedures for grant funds that are compliant with all DOJ accounting requirements.

Federal Financial Reports

According to the DOJ Grants 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

KCDC submitted accurate FFR, we reviewed all reports covering the periods of October 2017 through March 2020 and compared them to the Fiscal Court’s accounting records. The following table provides an overview of our review of FFR submitted by KCDC.

Table 4
Federal Financial Reports

Reporting Period	Expenditures Reported on FFR	Expenditures Recorded in Accounting Records	Difference
10/01/2017 – 12/31/2017	\$0	\$2,476	\$2,476
01/01/2018 – 03/31/2018	\$0	\$7,795	\$7,795
04/01/2018 – 06/30/2018	\$0	\$6,294	\$6,294
07/01/2018 – 09/30/2018	\$0	\$22,098	\$22,098
10/01/2018 – 12/31/2018	\$75,620	\$36,956	(\$38,664)
01/01/2019 – 03/31/2019	\$4,710	\$4,710	\$0
04/01/2019 – 06/30/2019	\$3,740	\$15,715	\$11,975
07/01/2019 – 09/30/2019	\$53,636	\$53,332	(\$303)
10/01/2019 – 12/31/2019	\$14,635	\$14,938	\$303
01/01/2020 – 03/31/2020 ⁴	\$0	\$9,477	\$9,477
Total:	\$152,341	\$173,792	\$21,451

Source: OJP’s Grants Management System and KCDC’s Accounting Records

As reflected above, we found that as of March 2020 the aggregate amount identified on the FFR was \$21,451 less than KCDC’s actual expenses. When we spoke with the KCDC and Fiscal Court officials who submitted the FFR, we were informed that the October 2017 through December 2018 report was submitted as an aggregate of all expenses that had occurred between October 2017 through December 2018. A Fiscal Court official also stated that the FFR for April 2019 through June 2019 was erroneous because it did not include expenses from April 2019. Further, this official said that the reports for the periods ending in June and October 2019 were inaccurate due to a transaction coding error that was discovered and subsequently corrected in the accounting system. We believe that these discrepancies were also the result of KCDC not having written policies and procedures for preparing and submitting FFR. The Fiscal Court official agreed that a formal policy and procedure would have helped prevent these errors. Therefore, we recommend that the OJP work with KCDC to enhance its policies and procedures for preparing and submitting FFR.

⁴ OJP’s Grant Management System automatically generated FFR for grant recipients that did not file their March 31, 2020, FFR due to COVID-19.

CONCLUSION AND RECOMMENDATIONS

KCDC demonstrated adequate progress towards achieving the grant's stated goals and objectives. However, KCDC should improve compliance with grant special conditions. Moreover, the Fiscal Court, in conjunction with KCDC, should enhance its grant financial management to incorporate stronger internal controls and to ensure compliance with DOJ requirements. We found that deficiencies in grant financial management and lack of formalized policies and procedures resulted in non-compliance with Single Audit Act requirements, as well as insufficiencies in accounting for grant requirements related to budget management, drawdowns, and reporting information through FFR. We provide seven recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Coordinate with KCDC to ensure all POCs complete required OJP financial management and grant administration training.
2. Ensure KCDC incorporates language in its contract with NKU to guarantee OJP's royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others use (in whole or in part, including in connection with derivative works), for federal purposes.
3. Ensure KCDC and the Fiscal Court have implemented and disseminated policies and procedures documenting all grant-related responsibilities, including those performed by the Program Director, and designating a back-up position for these tasks.
4. Ensure that the Fiscal Court establishes procedures to ensure that it complies with the Single Audit Act requirements and to evaluate the impact of any findings on KCDC's federal award.
5. Ensure that KCDC implements procedures to ensure that it provides the Fiscal Court with necessary information to monitor budget expenditures by federal grant approved categories.
6. Ensure KCDC implements and adheres to written drawdown and cash management policies and procedures for grant funds that are compliant with all DOJ accounting requirements.
7. Ensure that KCDC enhances its policies and procedures for preparing and submitting FFRs.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objectives of this audit were to determine whether costs claimed under the grants 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.

Scope and Methodology

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 Office of Justice Programs (OJP), Bureau of Justice Assistance, grant awarded to the Kenton County Detention Center (KCDC) under the Comprehensive Opioid Abuse Site-Based Program. KCDC was awarded \$300,000 under grant number 2017-AR-BX-K043, and as of March 16, 2020, KCDC had drawn down \$166,679 of the total grant funds awarded. Our audit concentrated on but was not limited to grant activities between October 2017 and March 2020.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of KCDC'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 DOJ 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 the Fiscal Court'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 were verified with documentation from other sources.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of KCDC and the Fiscal Court to provide assurance on its internal control structure as a whole. KCDC and the Fiscal Court management are responsible for the establishment and maintenance of internal controls in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. §200. Because we do not express an opinion on KCDC’s internal control structure as a whole, we offer this statement solely for the information and use of KCDC and the OJP.⁵

In planning and performing our audit, we identified the following internal control components and underlying internal control principles as significant to the audit objective(s):

Internal Control Components & Principles Significant to the Audit Objectives	
Control Environment Principles	
	Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives.
Risk Assessment Principles	
	Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
Control Activity Principles	
	Management should design control activities to achieve objectives and respond to risks.
	Management should implement control activities through policies.
Information & Communication Principles	
	Management should internally communicate the necessary quality information to achieve the entity’s objectives.
Monitoring Principles	
	Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.

We assessed the operating effectiveness of these internal controls and identified deficiencies that we believe could affect KCDC’s ability to effectively and efficiently operate, to correctly state financial information, and to ensure

⁵ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

compliance with requirements. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

THE KENTON COUNTY DETENTION CENTER'S RESPONSE TO THE
DRAFT AUDIT REPORT⁶



LEADING FROM THE FRONTIER TO THE FUTURE

Carol S. Taraszka
Regional Audit Manager
Chicago Regional Audit Office
Office of the Inspector General
500 W Madison St. Suite 1121
Chicago, IL
312-886-6349

Dear Ms. Taraszka,

Kenton County Fiscal Court appreciates the opportunity to respond to the draft audit report prepared by your office regarding the Office of Justice Programs Comprehensive Opioid Abuse Site-based Program, Grant Number 2017-AR-BX-K043. The following represents Kenton County Fiscal Court's response, concurrence and proposed actions to address each of the recommendations contained in the audit.

1. **Coordinate with KCDC to ensure all POCs complete required OJP financial management and grant administration training.**

***KCFC Response:** Kenton County Fiscal Court concurs with this recommendation. A GAN to change the FPOC has been submitted. Both the POC and the new FPOC have completed the required OJP financial management and grant administration training.*

2. **Ensure KCDC incorporates language in its contract with NKU to guarantee OJP's royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others use (in whole or in part, including in connection with derivative works), for federal purposes in.**

***KCFC Response:** Kenton County Fiscal Court concurs with this recommendation. An amendment to the original contract with NKU has been submitted, reviewed and approved by the Kenton County Attorney. The amendment page (Attachment 1) is awaiting required signatures due no later than October 9th, 2020.*

1840 Simon Kenton Way, Suite 5100 — Covington, Kentucky 41011 — www.kentoncounty.org

⁶ Attachments referenced in this response were not included in the final report.



3. **Ensure KCDC and the Fiscal Court have implemented and disseminated policies and procedures documenting all grant-related responsibilities, including those performed by the Program Director, and designating a back-up position for these tasks.**

***KCFC Response:** Kenton County Fiscal Court concurs with this recommendation and is currently developing a procedure to implement. This will include backup positions as well as the responsibilities related to each person/position completing the grant work. These policies and procedures will be implemented within the next 6 months.*

4. **Ensure that the Fiscal Court establishes procedures to ensure that it complies with the Single Audit Act requirements and to evaluate the impact of any findings on KCDC's federal award.**

***KCFC Response:** Kenton County Fiscal Court concurs with the recommendation. KCFC has begun formalizing procedures to ensure compliance with Single Audit Act requirements and to evaluate the impact of any findings on federal awards. These policies and procedures will be implemented within the next 6 months.*

5. **Ensure that KCDC implements procedures to ensure that it provides the Fiscal Court with necessary information to monitor budget expenditures by federal grant approved categories.**

***KCFC Response:** Kenton County Fiscal Court concurs with the recommendation. A plan is being developed to include a formalized process for a monthly review of the grant financials with the POC and the FPOC. This review will take place before any drawdowns are submitted. This process will be implemented in the next month, no drawdowns will occur until after implementation.*



6. **Ensure KCDC implements and adheres to written drawdown and cash management policies and procedures for grant funds that are compliant with all DOJ accounting requirements.**

***KCFC Response:** Kenton County Fiscal Court concurs with the recommendation and will implement the necessary policies and procedures that are compliant with all DOJ accounting requirements, including the monthly review of all financials and drawdown requests by the POC and FPOC prior to submission. KCFC will enhance internal controls relating to drawdowns. These policies and procedures will be implemented within the next 6 months.*

7. **Ensure that KCDC enhances its policies and procedures for preparing and submitting FFRs.**

***KCFC Response:** Kenton County Fiscal Court concurs and is formalizing procedures for the preparation and submission of FFRs, to include who will be responsible for preparing the FFRs, how the FFRs will be calculated, what information will be used to calculate the FFRs, who the FFRs will be verified by and who will be responsible for submitting the FFRs. These policies and procedures will be implemented within the next month, prior to the FFR submission for the quarter ending 9/30/2020.*

Respectfully,

Roy D. Cox
Kenton County Treasurer

**THE OFFICE OF JUSTICE PROGRAMS RESPONSE
TO THE DRAFT AUDIT REPORT⁷**



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

September 22, 2020

MEMORANDUM TO: Carol S. Taraszka
Regional Audit Manager
Chicago Regional Audit Office
Office of the Inspector General

FROM: Ralph E. Martin
Director *Ralph E. Martin*

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Bureau of Justice Assistance Grant Awarded to Kenton County Detention Center, Covington, Kentucky*

This memorandum is in reference to your correspondence, dated August 21, 2020, transmitting the above-referenced draft audit report for the Kenton County Detention Center (KCDC). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **seven** recommendations and **no** 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 coordinate with KCDC to ensure all Point of Contacts complete required OJP financial management and grant administration training.**

OJP agrees with this recommendation. KCDC initially provided evidence that its Point of Contact (POC), who was also listed as the Financial POC (FPOC), completed the Department of Justice (DOJ)-sponsored Grants Financial Management Training course in January 2018, under Cooperative Agreement Number 2017-AR-BX-K043.. However, KCDC recently updated the FPOC in OJP's Grant Management System for this award, and provided evidence that the FPOC completed the DOJ-sponsored Grants Financial Management Training on August 28, 2020 (see Attachment). Accordingly, the Office of Justice Programs requests closure of this recommendation.

⁷ Attachments referenced in this response were not included in the final report.

- 2. We recommend that OJP ensure KCDC incorporates language in its contract with Northern Kentucky University to guarantee OJP's royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others use (in whole or in part, including in connection with derivative works), for Federal purposes.**

OJP agrees with this recommendation. We will coordinate with KCDC to obtain evidence that KCDC incorporated language in its contract with Northern Kentucky University, to guarantee OJP's royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use, for Federal purposes.

- 3. We recommend that OJP ensure KCDC and the Fiscal Court have implemented and disseminated policies and procedures documenting all grant-related responsibilities, including those performed by the Program Director, and designating a back-up position for these tasks.**

OJP agrees with this recommendation. We will coordinate with KCDC to obtain a copy of written policies and procedures, developed, implemented, and disseminated, to ensure that KCDC and the Fiscal Court have documented all grant-related responsibilities, including those performed by the Program Director, and have designated a back-up position for these tasks.

- 4. We recommend that OJP ensure that the Fiscal Court establishes procedures to ensure that it complies with the Single Audit Act requirements and to evaluate the impact of any findings on KCDC's Federal award.**

OJP agrees with this recommendation. We will coordinate with KCDC to obtain a copy of written policies and procedures, developed and implemented, to ensure that the Fiscal Court complies with the Single Audit Act requirements, and to evaluate the impact of any findings on KCDC's Federal award.

- 5. We recommend that OJP ensure that KCDC implements procedures to ensure that it provides the Fiscal Court with necessary information to monitor budget expenditures by Federal grant approved categories.**

OJP agrees with this recommendation. We will coordinate with KCDC to obtain a copy of written policies and procedures, developed and implemented, to ensure that the Fiscal Court is provided with the necessary information to monitor budgeted expenditures by Federal grant approved categories.

6. **We recommend that OJP ensure KCDC implements and adheres to written drawdown and cash management policies and procedures for grant funds that are compliant with all DOJ accounting requirements.**

OJP agrees with this recommendation. We will coordinate with KCDC to obtain a copy of written policies and procedures, developed and implemented, to ensure that its drawdown and cash management processes for Federal grant funds are compliant with all DOJ accounting requirements.

7. **We recommend that OJP ensure that KCDC enhances its policies and procedures for preparing and submitting FFRs.**

OJP agrees with this recommendation. We will coordinate with KCDC 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; and the supporting documentation is maintained for future auditing purposes.

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.

Attachment

cc: Katharine T. Sullivan
Principal Deputy Assistant Attorney General

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

LeToya A. Johnson
Senior Advisor
Office of the Assistant Attorney General

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

Tracey Trautman
Acting Director
Bureau of Justice Assistance

Kristen Mahoney
Deputy Director, Programs
Bureau of Justice Assistance

cc: Jonathan Foley
Associate Deputy Director
Bureau of Justice Assistance

Brenda Worthington
Associate Deputy Director
Bureau of Justice Assistance

Michael Bottner
Budget Director
Bureau of Justice Assistance

Amanda LoCicero
Budget Analyst
Bureau of Justice Assistance

Elizabeth White
Grants Management Specialist
Bureau of Justice Assistance

Leigh A. 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

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

Louise Duhamel
Acting Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number IT20200821175730

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

The Department of Justice Office of the Inspector General provided a draft of this audit report to the Kenton County Detention Center (KCDC) and the Office of Justice Programs (OJP) for review and comment. KCDC's response is incorporated in Appendix 2, and OJP's response is incorporated in Appendix 3 of this final report. In response to the draft audit report, OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. As discussed in more detail below, KCDC concurred with all seven recommendations.

Recommendations for OJP:

1. Coordinate with KCDC to ensure all POCs complete required OJP financial management and grant administration training.

Closed. OJP agreed with our recommendation. KCDC also concurred with our recommendation and stated in its response that it submitted a grant adjustment notice (GAN) to change the designation of the Financial Point of Contact (FPOC) to an official at the Fiscal Court. KCDC stated that both the Point of Contact (POC) and the new FPOC have completed the required OJP financial management and grant administration training.

In its response, OJP requested closure and stated that KCDC updated the FPOC in GMS and provided evidence that this individual completed the required OJP training on August 28, 2020. Upon OIG review and verification, this recommendation is closed.

2. Ensure KCDC incorporates language in its contract with Northern Kentucky University (NKU) to guarantee OJP's royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others use (in whole or in part, including in connection with derivative works), for federal purposes.

Resolved. OJP agreed with our recommendation and stated that it will to obtain evidence that KCDC incorporated language in its contract with Northern Kentucky University, to guarantees OJP's royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use, for federal purposes.

KCDC concurred with our recommendation. In its response, KCDC stated that it developed an amendment to the original contract with NKU, which has been reviewed and approved by the Kenton County Attorney. However, the amendment is currently awaiting additional required signatures.

This recommendation can be closed when receive evidence that KCDC has incorporated language in its contract with NKU to guarantee OJP's

royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others use (in whole or in part, including in connection with derivative works), for federal purposes.

3. Ensure KCDC and the Fiscal Court have implemented and disseminated policies and procedures documenting all grant-related responsibilities, including those performed by the Program Director, and designating a back-up position for these tasks.

Resolved. OJP agreed with our recommendation and stated that it will coordinate with KCDC to obtain a copy of written policies and procedures, developed, implemented, and disseminated to ensure that KCDC and the Fiscal Court have documented all grant-related responsibilities, including those performed by the Program Director, and have designated a back-up position for these tasks.

KCDC concurred with our recommendation. In its response, KCDC stated that it is currently developing revised policies and procedures that will describe grant management responsibilities to include the designation of backup positions.

This recommendation can be closed when received evidence that KCDC and the Fiscal Court have implemented and disseminated policies and procedures documenting all grant-related responsibilities, including those performed by the Program Director, and designating a back-up position for these tasks.

4. Ensure that the Fiscal Court establishes procedures to ensure that it complies with the Single Audit Act requirements and to evaluate the impact of any findings on KCDC's federal award.

Resolved. OJP agreed with our recommendation and stated that it will coordinate with KCDC to obtain a copy of written policies and procedures, developed and implemented ensure that the Fiscal Court establishes procedures to comply with the Single Audit Act requirements and to evaluate the impact of any findings on KCDC's federal award.

KCDC concurred with our recommendation. In its response, KCDC stated that it has begun formalizing procedures to ensure compliance with Single Audit Act requirements and to evaluate the impact of any findings on federal awards.

This recommendation can be closed when we receive evidence that that the Fiscal Court has established procedures to ensure that it complies with the Single Audit Act requirements and evaluated the impact of any findings on KCDC's federal award.

5. Ensure that KCDC implements procedures to ensure that it provides the Fiscal Court with necessary information to monitor budget expenditures by federal grant approved categories.

Resolved. OJP agreed with our recommendation and stated that it will coordinate with KCDC to obtain a copy of written policies and procedures, developed and implemented, to ensure that the Fiscal Court is provided with the necessary information to monitor budgeted expenditures by Federal grant approved categories.

KCDC concurred with our recommendation. In its response, KCDC stated that it is developing a formal process where the POC and the FPOC will conduct monthly reviews of grant financials. These reviews will take place before any drawdowns are submitted. KCDC estimated this revised process will be implemented in next month and stated that no drawdowns will occur until after implementation.

This recommendation can be closed when we receive evidence that KCDC has implemented procedures to ensure that it provides the Fiscal Court with necessary information to monitor budget expenditures by federal grant approved categories.

6. Ensure KCDC implements and adheres to written drawdown and cash management policies and procedures for grant funds that are compliant with all DOJ accounting requirements.

Resolved. OJP agreed with our recommendation and stated that it will coordinate with KCDC to obtain a copy of written policies and procedures, developed and implemented, to ensure that its drawdown and cash management processes for federal grant funds are compliant with all DOJ accounting requirements.

KCDC concurred with our recommendation. In its response, KCDC stated that it will implement policies and procedures that comply with all DOJ accounting requirements. KCDC will also implement a monthly review of all financials and drawdown requests prior to submission.

This recommendation can be closed when we receive evidence KCDC implemented and adheres to written drawdown and cash management policies and procedures for grant funds that are compliant with all DOJ accounting requirements.

7. Ensure that KCDC enhances its policies and procedures for preparing and submitting FFRs.

Resolved. OJP agreed with our recommendation and stated that it will coordinate with KCDC to obtain a copy of written policies and procedures, developed and implemented, to ensure that future FFR are accurately prepared and timely submitted; and the supporting documentation is maintained for future auditing purposes.

KCDC concurred with our recommendation. In its response, KCDC stated that it is formalizing procedures for preparing and submitting of FFR. These procedures will include the designation of an official responsible for preparing the FFR, instructions for conducting calculations, and designees for verifying and submitting the FFR.

This recommendation can be closed when we receive evidence that KCDC has enhanced its policies and procedures for preparing and submitting FFR.