



Audit of the Office of Justice Programs Regional
Information Sharing Systems Grants Awarded to
the Middle Atlantic – Great Lakes Organized Crime
Law Enforcement Network,
Newtown, Pennsylvania



AUDIT DIVISION

20-090

AUGUST 2020



Executive Summary

Audit of the Office of Justice Programs Regional Information Sharing Systems Grant Awarded to the Middle Atlantic – Great Lakes Organized Crime Law Enforcement Network, Newtown, Pennsylvania

Objectives

The Office of Justice Programs (OJP) awarded the Middle Atlantic - Great Lakes Organized Crime Law Enforcement Network (MAGLOCLN) a grant, and its supplement, totaling \$10,090,177 for the Regional Information Sharing Systems program. 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 whether MAGLOCLN demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

As a result of our audit, we concluded that MAGLOCLN demonstrated adequate progress towards achieving the award's stated goals and objectives and that required performance reports were generally accurate. In addition, we found that MAGLOCLN complied with grant requirements related to budget management, drawdowns, federal financial reports, and program income. However, we determined that MAGLOCLN charged unallowable expenditures totaling \$6,196, which included \$2,000 that was unsupported. We also noted that MAGLOCLN needs to update its confidential funds policy with regards to allowable charges and confidential fund file documentation. In addition, MAGLOCLN needs to update its procurement policy for contracting.

Recommendations

Our report contains six recommendations to improve MAGLOCLN's grant management. We requested a response to our draft audit report from MAGLOCLN and OJP, which can be found in Appendix 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

The purposes of the OJP grant we reviewed were to "support the Regional Information Sharing Systems program to enhance the capabilities of local, state, federal, and tribal law enforcement, and other criminal justice agencies through MAGLOCLN support services and resources that facilitate communication, cooperation and coordination necessary to identify, target, and remove criminal conspiracies and activities spanning multi-jurisdictional, multistate, and, sometimes, international boundaries." The project period for the grant was from August 2018 through July 2020. As of February 12, 2020, MAGLOCLN drew down a cumulative amount of \$6,911,585 for the grant.

Program Goals and Accomplishments – Based on our review, there were no indications that MAGLOCLN was not adequately achieving the stated goals and objectives of the grant. We also found that, based on our progress report testing, the accomplishments described in the progress reports generally matched the supporting documentation and were submitted to OJP timely.

Confidential Fund Expenditures – We identified \$4,196 in unallowable costs charged to the grant for confidential funds paid for ineligible services and recommend that OJP remedy these expenditures.

Contractual Expenditures – We determined that MAGLOCLN's process of procurement lacked five essential components of criteria listed within its own policies and procedures, the DOJ Financial Guide, and the Code of Federal Regulations. Therefore, we recommend that OJP ensure that MAGLOCLN update and implement procurement policies and procedures in accordance with the DOJ Grants Financial Guide and 2 C.F.R. §200.320.

Other Direct Costs – Finally, we found association fees that were not in the approved budget and not appropriately supported. We recommend that OJP remedy the \$2,000 of unallowable costs for the dues paid to the association, which we also found to be unsupported because MAGLOCLN could not provide evidence of the services provided.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
REGIONAL INFORMATION SHARING SYSTEMS GRANT
AWARDED TO THE MIDDLE ATLANTIC - GREAT LAKES
ORGANIZED CRIME LAW ENFORCEMENT NETWORK
NEWTOWN, PENNSYLVANIA**

TABLE OF CONTENTS

INTRODUCTION.....	1
The Grantee - MAGLOCLEN	1
OIG Audit Approach	2
AUDIT RESULTS	3
Program Performance and Accomplishments.....	3
Program Goals and Objectives	3
Required Performance Reports.....	4
Compliance with Special Conditions	4
Grant Financial Management	4
Single Audit	5
Grant Expenditures	5
Confidential Funds Costs.....	5
Contractual Costs	6
Other Direct Costs	8
Budget Management and Control	9
Drawdowns.....	9
Federal Financial Reports	9
Program Income.....	9
CONCLUSION AND RECOMMENDATIONS	11
APPENDIX 1: OBJECTIVES, SCOPE, AND METHODOLOGY.....	12
APPENDIX 2: SCHEDULE OF DOLLAR-RELATED FINDINGS	14
APPENDIX 3: MIDDLE ATLANTIC – GREAT LAKES ORGANIZED CRIME LAW	

ENFORCEMENT NETWORK'S RESPONSE TO THE DRAFT AUDIT REPORT	15
APPENDIX 4: OFFICE OF JUSTICE PROGRAMS' RESPONSE TO THE DRAFT AUDIT REPORT.....	19
APPENDIX 5: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT	23

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
REGIONAL INFORMATION SHARING SYSTEMS GRANT
AWARDED TO THE MIDDLE ATLANTIC - GREAT LAKES
ORGANIZED CRIME LAW ENFORCEMENT NETWORK
NEWTOWN, PENNSYLVANIA**

INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of one grant, and its supplement, awarded by the Office of Justice Programs (OJP) under the Regional Information Sharing Systems (RISS) program to the Middle Atlantic - Great Lakes Organized Crime Law Enforcement Network (MAGLOCLN) in Newtown, Pennsylvania. MAGLOCLN was awarded a total of \$10,090,177, as shown in Table 1.

**Table 1
Grants Awarded to MAGLOCLN**

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2018-RS-CX-0006	OJP	07/27/2018	08/01/2018	07/31/2019	\$5,010,424
2018-RS-CX-0006 Supplement 1	OJP	07/18/2019	08/01/2018	07/31/2020	\$5,079,753
Total:					\$10,090,177

^a MAGLOCLN was awarded a supplement to the 2018 grant with the same Grant Award Number, 2018-RS-CX-0006, and we treated that award as a part of the same grant award program for our audit.

Source: OJP's Grants Management System

Funding through OJP's RISS program offers a variety of services and support to law enforcement agencies including secure information sharing and a communications system for regional information sharing between local, state, federal, and tribal law enforcement and other criminal justice agencies, critical analytical and investigative support services, and event de-confliction to enhance officer safety. RISS supports efforts against organized and violent crime, gang activity, drug activity, terrorism, human trafficking, identity theft, and other regional priorities. RISS supports thousands of local, state, federal, tribal law enforcement and other criminal justice agencies in their efforts to successfully resolve criminal investigations and ensure officer safety.

The Grantee - MAGLOCLN

MAGLOCLN was founded in 1981 and is one of six RISS centers. The Middle Atlantic-Great Lakes region consists of Delaware, District of Columbia, Indiana, Maryland, Michigan, New Jersey, New York, Ohio, Pennsylvania, and the Canadian Provinces of Ontario and Quebec. Within this region, over 1,500 law enforcement and criminal justice agencies are members of MAGLOCLN and benefit from a

variety of services and resources provided by the center. MAGLOCLEN's goal is to "enhance the capabilities of local, state, federal, and tribal law enforcement and other criminal justice agencies through its support services and resources that facilitate communication, cooperation and coordination necessary to identify, target, and remove criminal conspiracies and activities spanning multi-jurisdictional, multistate and, sometimes, international boundaries."

MAGLOCLEN was performing the services related to RISS grants for the grant awardee, The Pennsylvania Office of Attorney General (PA OAG), until February 2017, when MAGLOCLEN became a non-profit corporation. MAGLOCLEN completed the then current grant awarded to PA OAG under an agreement between the two parties and became the sole grantee of any subsequent RISS grant awards as of July 1, 2017. MAGLOCLEN is funded exclusively by Congress through the U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance.

During the time of our audit, MAGLOCLEN employed 40 personnel that performed services in 4 units, including the: (1) Equipment Unit, which provides audio, video, and photographic enhancement services for member agencies; (2) Analytical Unit, which coordinates interagency communication and criminal information exchange among member law enforcement and criminal justice agencies; (3) Field Operations and Training Unit, which assists member law enforcement and criminal justice agencies with requests for services; and (4) Fiscal Operations, Human Resources, and Administrative employees that perform day-to-day operations.

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

Program Goals and Objectives

The goals for the award included enhancing the capabilities of local, state, federal, and tribal law enforcement and criminal justice agencies. This was to be accomplished through support services and resources that facilitated communication, cooperation, and coordination necessary to identify, target, and remove criminal conspiracies and activities spanning multi-jurisdictional, multistate and, sometimes, international boundaries. MAGLOCLLEN planned on achieving this goal by increasing the number of members, services, or dollars in each of its eight objectives. Table 2 provides the amounts for each program objective for the quarters audited.

Table 2
Members/Services/Dollars per Program Objective Provided

Objective	Jul – Sept 2018	Oct – Dec 2018	Jan – Mar 2019	Apr – Jun 2019
1. Member Agencies	1,550	1,550	1,543	1,543
2. Intelligence Services Provided	660,080	709,545	796,928	764,808
3. Tactical and Strategic Intelligence Provided	508	292	1,390	338
4. Technical Support and Equipment Loans Provided	2,859	1,779	2,708	2,863
5. Investigative Support Funding (Confidential Funds)	None Requested	\$2,500	\$3,625	\$4,507
6. Field Liaison/Law Enforcement Coordinator Services Provided	3,513	2,548	2,582	1,801
7. Information Sharing and Training Events	48	30	48	74
8. Officer Safety Deconfliction Services	2,969	2,714	2,896	3,069

Source: MAGLOCLLEN

We reviewed performance documentation associated with each of the eight objectives and found that while the number of participating agencies remained about the same over the period, there were increases in services and funding

provided to member agencies in most of the objective areas. Based on our review, MAGLOCLLEN was able to demonstrate adequate progress achieved towards the grant goal and objectives.

Required Performance Reports

According to the DOJ Grants Financial Guide, award recipients should ensure that documentation is available to support all data collected for each performance measure specified in the program solicitation. We tested 10 performance measures from 2 of the 4 most recent progress reports submitted for each quarter to verify the information in the reports, including field service activities, available database records, and equipment loans. We determined that MAGLOCLLEN was able to adequately support each product or service from our sample. In addition, we determined that MAGLOCLLEN submitted accurate and timely progress reports.

Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the grant award. We evaluated the special conditions for the grant and selected a judgmental sample of the requirements that are significant to performance under the grant and are not addressed in another section of this report. We evaluated 6 of the 48 special conditions for the award: (1) Completion of OJP financial management and grant administration training, (2) Audits - effects of failure to address audit issues, (3) Use of federal funds - No lobbying, (4) Confidential Funds Certificate, (5) Web Site Notice of Federal Funding and Disclaimer, and (6) Limit on use of grant funds for grantees' employees' salaries. Based on our sample, we did not identify any instances of MAGLOCLLEN violating the special conditions reviewed.

Grant Financial Management

According to the DOJ Grants Financial Guide, all grant recipients are required to establish and maintain adequate accounting systems and financial records and accurately account for funds awarded to them. We conducted interviews with financial staff, examined policy and procedures, and inspected grant documents to determine whether MAGLOCLLEN adequately safeguarded the grant funds we audited. We also reviewed MAGLOCLLEN's FY 2018 Single Audit Report to identify internal control weaknesses and significant non-compliance 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.

Based on our review, we found that MAGLOCLLEN's FY 2018 Single Audit Report identified one issue that related to the award in our audit. We also determined that MAGLOCLLEN charged unallowable and unsupported costs to the award, and that it could improve its policies and procedures related to Confidential Funds and Contractual Cost Expenditures. These deficiencies are discussed in more detail in the Single Audit, Confidential Funds, Contracts, and Other Direct Costs Expenditures sections, respectively.

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 must have a "single audit" performed annually covering all federal funds expended that year.¹

MAGLOCLLEN's 2018 Single Audit Report identified one finding that there was no segregation of duties, as it relates to cash disbursements. The same individual who approved the purchase order and/or supporting invoice for cash disbursements, signed the check in 20 out of the 45 selections sampled. MAGLOCLLEN agreed with the finding in its response and stated that it would implement policies and procedures prohibiting this practice in the future. During our audit, we noted that MAGLOCLLEN had updated its written policies to address this matter. We requested a listing of all equipment purchase orders from August 2019 through December 2019 and sampled all three that were provided. Based on our testing, we determined that MAGLOCLLEN has addressed the aforementioned issue in its policies and procedures and is adhering to them.

Grant Expenditures

MAGLOCLLEN's approved budget included personnel, fringe benefits, travel, equipment, contracts, supplies, other direct costs, and confidential funds. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of 54 transactions totaling \$344,027. We reviewed documentation, accounting records, and performed verification testing related to grant expenditures. As discussed in the following sections, we identified \$6,196 in unallowable questioned costs, \$2,000 in unsupported questioned costs, and made three management improvement recommendations. We did not identify issues related to the following costs: (1) personnel, (2) fringe benefits, (3) travel, (4) equipment, and (5) supply expenditures.

Confidential Funds Costs

As part of our sample, we reviewed four confidential funds transactions totaling \$10,196 of the \$15,632 charged to this category to ensure that these expenditures were used in accordance with internal policy and applicable criteria, and that the expenditures were allocable, allowable, reasonable, necessary, and supported. According to the DOJ Grants Financial Guide, confidential funds can be used for the purchase of services, equipment, or specific information. MAGLOCLLEN's

¹ On December 26, 2014, the Uniform Guidance superseded OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization. Under OMB Circular A-133, which affected all audits of fiscal years beginning before December 26, 2014, the audit threshold was \$500,000.

internal policy, developed by the Policy Board, does not allow the use of confidential informants, so the guidance regarding the purchase of specific information was not applicable.

Two of the confidential fund expenditures in the amount of \$4,196 were unallowable because they did not meet the definitions in the DOJ Grants Financial Guide for purchase of services or purchase of evidence.² These were the only two transactions that we identified for this purpose and MAGLOCLN officials stated that it discontinued the use of confidential funds for this purpose in May of 2019. These two transactions were for services provided by an outside organization to analyze evidence (cell phones) that were obtained by member law enforcement organizations in the course of an ongoing investigation. MAGLOCLN officials approved the transactions as a purchase of services, but later stated that the wrong selection was made to describe the request and that it should have been for evidence. We determined that these transactions were not a purchase of service because they did not include the need for travel or transportation, leases, business fronts, automobiles, aircrafts, boats, or similar items to create an appearance of affluence and/or meals, beverages, entertainment, or similar expenses for undercover purposes. Likewise, we determined that these transactions were not purchases of evidence because there was no actual purchase of evidence, since the evidence was already in the custody of the member agency.

As a result, we identified \$4,196 in unallowable expenses. Therefore, we recommend that OJP remedy the \$4,196 in unallowable expenses related to confidential funds paid for ineligible services. In addition, we recommend that OJP ensures MAGLOCLN updates its policies and procedures to ensure the appropriate types of expenditures for confidential funds are clearly defined.

In addition, we found that MAGLOCLN did not follow its internal policies regarding the appropriate support for confidential fund expenditures in its files. Specifically, we found there was missing documentation that we requested during our audit, including two Receipt for Inter-Agency Disbursement Payee documents that demonstrate that the funds were received by the member agency, and two Receipts for Evidence/Contraband Forms that describe the evidence purchased. Due to the monetary nature of this type of cost category, we recommend OJP ensures MAGLOCLN update and implement policies and procedures to include all required documentation in the confidential funds disbursement files.

Contractual Costs

We reviewed 10 contractual transactions totaling \$23,779 of the \$258,412

² The DOJ Grants Financial Guide states, "Purchase of Services (P/S). This category includes travel or transportation of a non-Federal officer or an informant; the lease of an apartment, business front, luxury-type automobile, aircraft or boat, or similar effects to create or establish the appearance of affluence; and/or meals, beverages, entertainment, and similar expenses (including buy money, flash rolls, etc.) for undercover purposes, within reasonable limits." It also states that, "Purchase of Evidence (P/E). This category is for purchase of evidence and/or contraband, such as narcotics and dangerous drugs, firearms, stolen property, counterfeit tax stamps, and so forth, required to determine the existence of a crime or to establish the identity of a participant in a crime."

expended in this category, to ensure these expenditures were awarded and accounted for in accordance with internal policy and applicable criteria, and that the expenditures were allocable, allowable, reasonable, necessary, and supported. MAGLOCLLEN retained three of the contracts for information resources, copiers, and one with an aerial image company from its time as an organization within the PA OAG. We identified seven additional contracts that included payroll services, vehicle leases, fleet fuel, fleet repair, fleet insurance, accounting services, and legal services.

The DOJ Grants Financial Guide states that grant recipients should have internal controls over grant activities, including the use of grant funds in contracting for services. We determined that MAGLOCLLEN accounted for its contractual expenditures in accordance with most of its internal policy and criteria, and all expenditures sampled were allocable, allowable, reasonable, necessary, and supported. However, MAGLOCLLEN has a policy that the Business Manager prepare cost or price analysis when more than one vendor is identified that can meet the terms of the contract. Despite this, during our testing we found no evidence in the contract files of this occurring. Therefore, we conducted our own analysis to determine if the expenditures were reasonable by obtaining quotes for similar providers of services or products and concluded that they were.

We determined that MAGLOCLLEN's procurement process lacked the following four essential components of criteria listed within the DOJ Grants Financial Guide and the Code of Federal Regulations (C.F.R.):

- maintaining detailed records for its procurement files,³
- properly vetting potential contractors,⁴
- demonstrating evidence of compliance with the four circumstances that allow sole source contracts to be awarded.⁵
- MAGLOCLLEN is awarding contracts by applying small purchase procedures

³ The DOJ Grants Financial Guide requires recipients or subrecipients of awards to have records that detail the history of all procurements that must be maintained and should include but not limited to: 1) Rationale for the method of procurement; 2) Selection of contract type; 3) Contractor selection and/or rejection process; and 4) Basis for contract prices.

⁴ The DOJ Grants Financial Guide states as an award recipient or subrecipient you must: 1) Have a documented process to check for organizational conflict of interest with potential contractors; 2) Have a process in place to ensure that contracts are not awarded to contractors or individuals on the List of Parties Excluded from Federal Procurement and Non-procurement Programs; and 3) Perform a System for Award Management (SAM) review of potential contractors or individuals.

⁵ The DOJ Grants Financial Guide states that Non-Federal entities may conduct noncompetitive proposals (or, sole source procurement) by procurement through solicitation from only one source when one or more of the following circumstances apply: (1) The item or service is available only from a single source; (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation; (3) DOJ or the pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or (4) After solicitation of a number of sources, competition is determined to be inadequate.

and is not obtaining price or rate quotes from a number of sources.⁶

These issues may lead to either non-advantageous pricing and unnecessary spending of federal funding, unfair procurement practices for awarding contracts, or entering into contracts with conflicts of interest or with those contractors who may be barred from performing on contracts with the U.S. Government. MAGLOCLLEN officials stated that under the PA OAG, the state had a formal competitive bidding processes, but since MAGLOCLLEN transitioned to a non-profit organization, it has not provided price or cost data as noted above. MAGLOCLLEN officials also agreed to update its processes to address the non-compliance issues we identified. Therefore, we recommend that OJP ensures MAGLOCLLEN updates and implements the procurement policies and procedures to be in compliance with the DOJ Grants Financial Guide and 2 C.F.R. §200.320.

Other Direct Costs

In 2019 and 2020, the OIG performed work related to OJP's RISS grants awarded to Rocky Mountain Information Network in Phoenix, Arizona. As a result of that work we questioned as unallowable and unsupported the grant funds that were used to pay professional dues to the RISS Director's Association (RDA).⁷ In addition to the audit report, the OIG issued a Management Advisory Memorandum recommending that OJP examine the total amount of RISS funding provided to the RDA by the six RISS Centers, since its inception, to include a determination on how the RISS funds provided to the RDA were used. The OIG also recommended that OJP consider requiring the RISS Centers to stop funding the RDA.⁸

This prior audit experience provided a basis upon which we reviewed 10 of MAGLOCLLEN's other direct cost transactions, totaling \$47,686 of the \$545,913 expended in this category, to ensure that these expenditures were purchased and accounted for in accordance with internal policy and applicable criteria; and that the expenditures were allocable, allowable, reasonable, necessary, and supported. These transactions included membership fees, registration fees, generator maintenance, building lease, and telecommunications.

We determined that the majority of other direct cost expenditures we reviewed were used and accounted for in accordance with MAGLOCLLEN's internal policy and applicable criteria. However, we did identify two RDA membership fees in the amount of \$2,000. We consider the \$2,000 paid to the RDA during the scope of our audit unallowable questioned costs because the expenditures were not in the approved budget. We received a memo from the RDA to OJP dated November 6,

⁶ 2 C.F.R. §200.320 (b) states that if small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

⁷ Audit Report GR-60-19-014, Audit of the Office of Justice Programs Regional Information Sharing Systems Grants Awarded to Rocky Mountain Information Network, Phoenix, Arizona issued in September 2019 can be located at <https://www.oversight.gov/sites/default/files/oig-reports/g6019014.pdf>.

⁸ Management Advisory Memorandum 20-006, Concerns Identified in the Office of Justice Programs Regional Information Sharing Systems Grants issued in November 2019 can be located at <https://oig.justice.gov/reports/2019/a20006.pdf>

2019, which stated that, "No funds from federally awarded grants or program income will be accepted from the RISS Centers for the corporation's operations or its membership dues." We recommend that OJP remedy the \$2,000 in unallowable other direct costs for dues paid to the RISS Directors Association. Further, we determined that the funds were commingled, and therefore also consider the \$2,000 as unsupported questioned costs. Therefore, we recommend that OJP remedy the \$2,000 in unsupported questioned costs for dues paid to the RISS Directors Association.

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 found that MAGLOCLLEN adhered to requirements governing grant budget management and controls, as MAGLOCLLEN tracked actual expenditures by budget category and did not transfer funds between categories in excess of 10 percent.

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. As of February 12, 2020, MAGLOCLLEN had drawn down a total of \$6,911,585 from Grant Number 2018-RS-CX-0006. To assess whether MAGLOCLLEN managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. We did not identify significant deficiencies related to the recipient's process for developing drawdown requests.

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 MAGLOCLLEN submitted timely and accurate Federal Financial Reports, we compared the four most recent reports to MAGLOCLLEN's accounting records for the grant. We determined that quarterly and cumulative expenditures for the reports reviewed were filed timely and accurate.

Program Income

According to the DOJ Grants Financial Guide, all income generated as a direct result of an agency-funded project shall be deemed program income. This income

may be used to further the program objectives or refunded to the Federal Government. Additionally, program income may only be used for allowable program costs and must be expended prior to additional OJP drawdowns. We determined that MAGLOCLLEN charged member organizations dues for participating in and receiving services from the network. We reviewed how the dues were accounted for and used and found that program income was expended before any drawdowns were taken. We determined that program income was included in Grant Number 2018-RS-CX-0006's approved budget and was used to further the program objectives.

CONCLUSION AND RECOMMENDATIONS

As a result of our audit testing, we concluded that MAGLOCLLEN did not adhere to all of the grant requirements we tested but demonstrated adequate progress towards achieving the grants' stated goals and objectives. We did not identify significant issues regarding MAGLOCLLEN's performance reports, management of the award budget, drawdowns, Federal Financial Reports, or program income. However, we found that improvements should be made with regard to MAGLOCLLEN's supervision of confidential funds, contract procurement, and use of funds in certain cost categories. We provide six recommendations for OJP to address these deficiencies.

We recommend that OJP:

1. Remedy the \$4,196 in unallowable expenses related to confidential funds paid for ineligible services.
2. Ensure that MAGLOCLLEN updates its policies and procedures to ensure the appropriate types of expenditures for confidential funds are clearly defined.
3. Ensure that MAGLOCLLEN updates and implements policies and procedures to include all required confidential funds documentation in the disbursement files.
4. Ensure that MAGLOCLLEN updates and implements the procurement policies and procedures to be in compliance with the DOJ Grants Financial Guide and 2 C.F.R. §200.320.
5. Remedy the \$2,000 unallowable other direct costs for dues paid to the RISS Directors Association.
6. Remedy the \$2,000 in unsupported questioned costs for dues paid to the RISS Directors Association.

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 Office of Justice Programs (OJP) grants awarded to the Middle Atlantic - Great Lakes Organized Crime Law Enforcement Network (MAGLOCLN) under the Regional Information Sharing Systems program. MAGLOCLN was awarded \$10,090,177 under Grant Number 2018-RS-CX-0006 and its supplement, and as of February 12, 2020, had drawn down \$6,911,586 of the total grant funds awarded. Our audit concentrated on, but was not limited to July 27, 2018, the award date for Grant Number 2018-RS-CX-0006, through February 2020. The project period for Grant Number 2018-RS-CX-0006 ended on July 31, 2019, prior to the start of our audit.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of MAGLOCLN's activities related to the audited grants. 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 and its supplement. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The DOJ Grants Financial Guide, 2 C.F.R. §200.320, 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 MAGLOCLN'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 MAGLOCLLEN to provide assurance on its internal control structure as a whole. MAGLOCLLEN's management is responsible for the establishment and maintenance of internal controls in accordance with the DOJ Grants Financial Guide, 2 C.F.R. §200.320, and the award documents. Because we do not express an opinion on the MAGLOCLLEN's internal control structure as a whole, we offer this statement solely for the information and use of MAGLOCLLEN and OJP.

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

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.
Control Activity Principles	
	Management should design control activities to achieve objectives and respond to risks.
	Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
	Management should implement control activities through policies.
Information & Communication Principles	
	Management should use quality information to achieve the entity's objectives.

We assessed the design, implementation, and operational effectiveness of these internal controls at the time of our audit and identified deficiencies that we believe could affect MAGLOCLLEN's ability to effectively and efficiently operate, to facilitate reporting of accurate state financial performance information, and to ensure compliance with laws and regulations. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to aspects of 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.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs: ⁹		
Confidential Funds Costs	\$4,196	6
Other Direct Costs	<u>2,000</u>	8
Unallowable Costs	\$6,196	
Other Direct Costs	<u>\$2,000</u>	9
Unsupported Costs	\$2,000	
<i>Gross Question Costs</i>	\$8,196	
Less Duplicate Questioned Costs	<u>(2,000)</u>	
Net Questioned Costs	\$6,196	

⁹ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; 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, or contract ratification, where appropriate.

**MIDDLE ATLANTIC – GREAT LAKES ORGANIZED
CRIME LAW ENFORCEMENT NETWORK’S
RESPONSE TO THE DRAFT AUDIT REPORT¹⁰**

MAGLOCLN

Middle Atlantic Great Lakes Organized Crime Law Enforcement Network®

**140 Terry Drive, Suite 100
Newtown, PA 18940**

**Voice: 1-800-345-1322
Fax: 1-215-504-4926**



Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
Office of the Inspector General
U.S Department of Justice,
701 East Market Street Suite 2300
Philadelphia, PA 19106

Dear Mr. Puerzer,

The Middle Atlantic – Great Lakes Organized Crime Law Enforcement Network (MAGLOCLN) appreciates the opportunity to respond to the draft audit report your office prepared regarding the Office of Justice Programs Grant Number 2018-RS-CX-006 and 2018-RS-CX-006 Supplement 1. The following represents MAGLOCLN’s official response to the audit findings including our concurrence or nonconcurrence with the conclusions and the proposed actions or actions taken to address each of the recommendations contained herein.

- 1) Unallowable Expenses Related to Confidential Funds Paid for Ineligible Services – Amount, \$4,196.

During the course of two separate criminal investigations conducted by law enforcement agencies, MAGLOCLN was requested to provide funding to an outside organization for the purposes of extracting and analyzing evidence from cellular telephones. MAGLOCLN management approved the use of confidential funds for two expenditures totaling \$4,196. Although the agencies were already in possession of the evidence as noted by the auditor, the evidence was inaccessible because the investigators lacked the technology and technical expertise to access it. In retrospect, confidential funds should not have been used for this purpose since the expenditures did not meet the strict definition of either a purchase of evidence or purchase of services as outlined in the DOJ Grants Financial Guide.

¹⁰ Attachments to this response were not attached in this final report.

MAGLOCLLEN concurs with the OIG findings that the expenditure of \$4,196 in confidential funds was an unallowable expense for ineligible services.

Proposed Action: Work closely with OJP and the RISS Program Manager to remedy these expenditures. MAGLOCLLEN agrees to adhere to its own internal policies and the DOJ Grants Financial Guide policies pertaining to the use of confidential funds for all future expenditures.

2) **MAGLOCLLEN Must Update its Policies and Procedures to Ensure the Appropriate Types of Expenditures for Confidential Funds are Clearly Defined.**

MAGLOCLLEN concurs with the OIG finding that its policies and procedures should be updated to ensure the appropriate types of confidential fund expenditures are clearly defined.

Actions Taken: MAGLOCLLEN management modified its internal policy related to the expenditure of confidential funds on June 11, 2020 to include revised definitions of the allowable expenditure types that reflect the language used in the DOJ Grants Financial Guide to eliminate ambiguity (Attachment 1).

Supervisory personnel directly responsible for the management of MAGLOCLLEN's confidential funds program have reviewed the revised policy and will adhere to it for all future expenditures.

3) **MAGLOCLLEN Must Update and Implement Policies and Procedures to Include All Required Confidential Funds Documentation in the Disbursement Files.**

MAGLOCLLEN concurs with the OIG findings that its internal policies and procedures should be updated to include specific requirements for confidential funds documentation be retained in the disbursement files.

Actions Taken: MAGLOCLLEN's Confidential Funds Policy was modified and subsequently implemented on June 11, 2020 to include a specific requirement for all supporting documentation related to the expenditures be kept in the disbursement file (Attachment 1). Additionally, MAGLOCLLEN management agrees to adhere to its existing policy requiring monthly audits of open confidential funds disbursement files to ensure receipts and other required documentation are properly archived.

4) MAGLOCLLEN Must Update and Implement Procurement Policies and Procedures to be in Compliance with the DOJ Grants Financial Guide and C.F.R. 200.320.

MAGLOCLLEN concurs with the OIG findings that it must update and implement procurement policies and procedures to ensure compliance with the DOJ Grants Financial Guide and applicable federal regulations.

Actions Taken: MAGLOCLLEN's Accounting Policies and Procedures were updated and subsequently implemented on June 15, 2020 to comply with the DOJ Grants Financial Guide and C.F.R. 200.230. Specifically, changes were made to the applicable procurement guidelines including: additional requirements to maintain detailed records in the procurement files; new procedures to ensure the proper vetting of potential contractors; and additional requirements for awarding sole source contracts. In addition to these modifications, MAGLOCLLEN agrees to adhere to its existing policy requiring the Business Manager to prepare and document cost or price analysis when more than one vendor is available to meet the terms of a contract (Attachment 2).

5) Remedy the \$2,000 Unallowable Other Direct Costs for Dues Paid to the RISS Directors Association.

6) Remedy the \$2,000 in Unsupported Questioned Costs for Dues Paid to the RISS Directors Association.

MAGLOCLLEN does not concur with the OIG findings of \$2,000 in unsupported questioned costs and unallowable other direct costs for dues paid to the RDA.

The RISS Directors Association (RDA) is a critical mechanism used to collectively represent the interests of the RISS Program as a whole. The first "Guiding Principle", identified in the RISS Adaptive Strategy is "Nationwide Name – Regional Focus". The RDA allows for six regionally focused geographically separate RISS Centers to collectively unite and conduct RISS Program-wide goals, objectives, policies, and direction. There are situations, relationships and agreement that require united RISS Program

leadership and direction to demonstrate support of RISS as a federally funded "Program," rather than six individual centers. The RDA achieves this necessary function.

The RDA serves as a critical element that has established national name recognition for the RISS Program, especially during the last decade. The results of this success include stronger federal law enforcement partnerships, a new FBI MOU (2017), and requests for RISS to participate on national forums i.e.; Global/CICC, DHS HSIN-Intel Governance Board, ODNI Advisory Board, etc. and special multi-regional information sharing initiatives specific to the law enforcement community. The nominal dues paid by each RISS center to sustain the RDA have helped create a national visibility for RISS' proven success and effectiveness.

Prior to the grant awards that are the subject of this audit, MAGLOCEN submitted a budget for approval which included a category entitled "Membership Dues", which was subsequently approved. After the award, numerous professional membership dues were paid for MAGLOCLEN staff members including the dues for the RDA in the amount of \$2,000. It is for these reasons MAGLOCLEN does not concur with the OIG findings of \$2,000 in unallowable costs for dues paid to the RDA. MAGLOCLEN acknowledges there was not a separate line item in the approved budget specifically for RDA dues.

As noted by the OIG in the audit report, the RDA changed their bylaws to prohibit the practice of accepting funds from federally awarded grant programs or program income from RISS Centers for RDA operations or membership dues.

Actions Taken: The RDA changed their bylaws to prohibit the practice of accepting funds from federally awarded grant programs or program income from RISS Centers for RDA operations or membership dues. Therefore, MAGLOCLEN will not pay future dues to the RISS Directors Association from grant or program income funds.

In closing, MAGLOCLEN will make necessary adjustments and comply with all required directives to successfully resolve the findings associated with this audit.

Respectfully,



Douglas J. Burig
Executive Director
MAGLOCLEN

Attachment 1

Attachment 2

**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

June 25, 2020

MEMORANDUM TO: Thomas O. Puerzer
Regional Audit Manager
Philadelphia 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, Regional Information Sharing Systems Grant Awarded to the Middle Atlantic - Great Lakes Organized Crime Law Enforcement Network, Newtown, Pennsylvania*

This memorandum is in reference to your correspondence, dated June 2, 2020, transmitting the above-referenced draft audit report for the Middle Atlantic - Great Lakes Organized Crime Law Enforcement Network (MAGLOCLLEN). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **six** recommendations and **\$6,196¹** in net 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 \$4,196 in unallowable expenses related to confidential funds paid for ineligible services.

OJP agrees with the recommendation. We will review the \$4,196 in questioned costs, charged to Grant Number 2018-RS-CX-0006, and will work with MAGLOCLLEN to remedy, as appropriate.

¹ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate costs.

2. We recommend that OJP ensure that MAGLOCLLEN updates its policies and procedures to ensure the appropriate types of expenditures for confidential funds are clearly defined.

OJP agrees with the recommendation. In its response to the Draft Audit Report, MAGLOCLLEN provided a copy of written policies and procedures, developed and implemented, to ensure that the appropriate types of expenditures for confidential funds are clearly defined (see Attachment 1). In addition, MAGLOCLLEN provided documentation to support that the procedures were distributed to staff responsible for managing Federal funds (see Attachment 2). We believe these procedures adequately address this recommendation. Accordingly, the Office of Justice Programs requests closure of this recommendation.

3. We recommend that OJP ensure that MAGLOCLLEN updates and implements policies and procedures to include all required confidential funds documentation in the disbursement files.

OJP agrees with the recommendation. In its response to the Draft Audit Report, MAGLOCLLEN provided a copy of written policies and procedures, developed and implemented, to ensure that all required confidential funds documentation is included in the disbursement files (see Attachment 1). In addition, MAGLOCLLEN provided documentation to support that the procedures were distributed to staff responsible for managing Federal funds (see Attachment 2). We believe these procedures adequately address this recommendation. Accordingly, the Office of Justice Programs requests closure of this recommendation.

4. **We recommend that OJP ensure that MAGLOCLLEN updates and implements the procurement policies and procedures to be in compliance with the DOJ Grants Financial Guide and C.F.R. 200.320.**

OJP agrees with the recommendation. In its response to the Draft Audit Report, MAGLOCLLEN provided a copy of its revised procurement policies and procedures, to ensure compliance with the Department of Justice (DOJ) Grants Financial Guide and C.F.R. § 200.320 (see Attachment 3). In addition, MAGLOCLLEN provided documentation to support that the procedures were distributed to staff responsible for managing Federal funds (see Attachment 3). We believe these procedures adequately address this recommendation. Accordingly, the Office of Justice Programs requests closure of this recommendation.

5. **We recommend that OJP remedy the \$2,000 unallowable other direct costs for dues paid to the RISS Directors Association.**
6. **We recommend that OJP remedy the \$2,000 in unsupported questioned costs for dues paid to the RISS Directors Association.**

OJP agrees with each of these recommendations. During its examination of open awards under the Regional Information Sharing Systems (RISS) Program, OJP's Bureau of Justice Assistance (BJA) determined that the grant funds that the six RISS Centers paid to the RISS Directors Association (RDA), including the \$2,000 in funds from Grant Number 2018-RS-CX-0006, were expended on a number of unallowable items; and that the RDA did not properly track the funds by award number, as required by the DOJ Grants Financial Guide. As a result, BJA is working with the six RISS Centers to recover grant funds associated with the RISS Program.

In addition, in a November 6, 2019 letter to BJA, the RDA stated that the RISS Directors convened in October 2019, and agreed to discontinue using grant funds for RDA dues. Accordingly, the RDA bylaws were amended on November 14, 2019, to prohibit the use of Federal grant funds, or associated program income, from the RISS Centers, for RDA operations or membership dues (see Attachment 4).

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: 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

Michael Costigan
Acting Director
Bureau of Justice Assistance

Tracey Trautman
Principal Deputy Director
Bureau of Justice Assistance

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

The OIG provided a draft of this audit report to OJP and MAGLOCLEN. MAGLOCLEN's response is incorporated in Appendix 3 and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. MAGLOCLEN concurred with recommendations 1 through 4 but did not concur with recommendations 5 and 6. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation for OJP:

1. Remedy the \$4,196 in unallowable expenses related to confidential funds paid for ineligible services.

Resolved. OJP agreed with our recommendation and stated in its response that it will review the \$4,196 in questioned costs related to confidential funds paid for ineligible services and will work with MAGLOCLEN to remedy, as appropriate.

MAGLOCLEN concurred with our finding related to \$4,196 in questioned costs related to confidential funds paid for ineligible services. In its response, MAGLOCLEN stated that in retrospect, confidential funds should not have been used for extracting and analyzing evidence from cellular telephones as the expenditures did not meet the strict definition of either a purchase of evidence or purchase of service as outlined in the DOJ Grants Financial Guide.

This recommendation can be closed when we receive documentation that OJP has remedied the \$4,196 in unallowable questioned costs.

2. Ensure that MAGLOCLEN updates its policies and procedures to ensure the appropriate types of expenditures for confidential funds are clearly defined.

Closed. OJP agreed with the recommendation and stated in its response that MAGLOCLEN provided a copy of written policies and procedures, developed and implemented, to ensure that the types of expenditures for confidential funds are clearly defined. In addition, MAGLOCLEN provided documentation to support the procedures were distributed to staff responsible for managing federal funds. OJP requested closure of this recommendation because it believes the procedures adequately address this recommendation.

MAGLOCLEN concurred with our finding and stated in its response that its management modified its internal policy related to the expenditure of

confidential funds on June 11, 2020, to include revised definitions of the allowable expenditure types that reflect the language used in the DOJ Grants Financial Guide to eliminate ambiguity. It also provided documentation reflecting the requirement that supervisory personnel, directly responsible for the management of MAGLOCLN's confidential funds program, review the revised policy and adhere to it in all future expenditures.

We reviewed the documentation provided and determined that the associated actions adequately address our recommendation. As a result, this recommendation is closed.

3. Ensure that MAGLOCLN updates and implements policies and procedures to include all required confidential funds documentation in the disbursement files.

Closed. OJP agreed with our recommendation and stated in its response that MAGLOCLN provided a copy of written policies and procedures, developed and implemented, to ensure that all required confidential fund documentation is included in the disbursement files. In addition, MAGLOCLN provided documentation to support that the procedures were distributed to staff responsible for managing federal funds. OJP requested closure of this recommendation because it believes the procedures adequately address this recommendation.

MAGLOCLN concurred with our finding and stated in its response that its Confidential Funds Policy was modified and implemented on June 11, 2020, to include a specific requirement that all supporting documentation, related to expenditures, be kept in the disbursement file. Additionally, its management agrees to adhere to its existing policy requiring monthly audits of open confidential fund disbursement files to ensure receipts and other required documentation are properly archived.

We reviewed the documentation and determined that these actions adequately address our recommendation. As a result, this recommendation is closed.

4. Ensure that MAGLOCLN updates and implements the procurement policies and procedures to be in compliance with the DOJ Grants Financial Guide and 2 C.F.R. §200.320.

Closed. OJP agreed with our recommendation and stated in its response that MAGLOCLN provided a copy of revised procurement policies and procedures that ensure compliance with the DOJ Grants Financial Guide and 2 C.F.R. §200.320. In addition, MAGLOCLN provided documentation demonstrating that the procedures were distributed to staff responsible for managing federal funds. OJP requested closure of this recommendation because it believes that MAGLOCLN has demonstrated that the procedures adequately address this recommendation.

MAGLOCLLEN concurred with our finding and stated in its response that its updated and implemented accounting policies and procedures comply with the DOJ Grants Financial Guide and 2 C.F.R. §200.320. Specifically, changes were made to the applicable procurement guidelines including: (1) additional requirements to maintain detailed records in the procurement files; (2) new procedures to ensure proper vetting of potential contractors; and (3) additional requirements for awarding sole source contracts. In addition to these modifications, MAGLOCLLEN agreed to adhere to its existing policy requiring the Business Manager to prepare and document cost price analysis when more than one vendor is available to meet the terms of a contract.

We reviewed the documentation provided and determined that the before stated actions adequately address our recommendation. As a result, this recommendation is closed.

5. Remedy the \$2,000 unallowable other direct costs for dues paid to the RISS Directors Association.

Resolved. OJP agreed with our recommendation and stated in its response that, during its examination of open awards under the Regional Information Sharing Systems (RISS) Program, OJP's Bureau of Justice Assistance (BJA) determined that the grant funds that the six RISS Centers paid to the RISS Directors Association (RDA), including the \$2,000 mentioned above, were expended on a number of unallowable items. BJA is working with the six RISS Centers to recover grant funds associated with these expenditures. In addition, in a November 6, 2019, letter to BJA, the RDA stated that the RISS Directors convened in October 2019 and agreed to discontinue using grant funds for RDA dues. The RDA by-laws were amended on November 14, 2019, to prohibit the use of Federal grant funds, or associated program income from the RISS Centers, for RDA operations or membership dues.

MAGLOCLLEN did not concur with our finding and stated in its response that prior to the grant awards that are the subject of this audit, MAGLOCLLEN submitted a budget for approval that included a category entitled "Membership Dues," which was subsequently approved. After the award, numerous professional membership dues were paid for MAGLOCLLEN staff members, including the dues for the RDA in the amount of \$2,000. However, MAGLOCLLEN acknowledged there was not a separate line item in the approved budget specifically for the RDA dues.

We disagree with MAGLOCLLEN's position because the payments to the RDA were neither included in the grant budget in the appropriate category, nor adequately disclosed. We consider the payments to the RDA, in effect, payments to a subrecipient that require MAGLOCLLEN to maintain close oversight of RDA spending of grant funding. As OJP indicated in its response, the RDA did not adequately track funding by grant award number and expended grant funding for unallowable items.

This recommendation can be closed when we receive documentation that OJP has remedied the \$2,000 in unallowable questioned costs.

6. Remedy the \$2,000 in unsupported questioned costs for dues paid to the RISS Directors Association.

Resolved. OJP agreed with our recommendation and stated in its response that, during its examination of open awards under the RISS Program, BJA determined that the grant funds that the six RISS Centers paid to the RISS Directors Association (RDA), including the \$2,000 mentioned above, were not properly tracked by award number. BJA is working with the six RISS Centers to recover grant funds associated with these expenditures. In addition, in a November 6, 2019, letter to BJA, RDA stated that RISS Directors convened in October 2019 and agreed to discontinue the use of grant funds for RDA dues. The RDA by-laws were amended on November 14, 2019, to prohibit the use of Federal grant funds, or associated program income, from the RISS Centers for RDA operations or membership dues.

MAGLOLEN indicated that it did not concur with this recommendation but did not support its disagreement in its response to the draft audit report. However, it also stated that it will not pay dues to the RDA in the future and will make necessary adjustments and comply with all required directives to successfully resolve the findings associated with this audit.

This recommendation can be closed when we receive documentation that the OJP has remedied the \$2,000 in unsupported questioned costs.