



**DEPARTMENT OF JUSTICE AWARDS TO THE
NATIONAL DISTRICT ATTORNEYS ASSOCIATION**

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EXECUTIVE SUMMARY

The Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of 16 DOJ grants awarded to the National District Attorneys Association (NDAA). The NDAA is a professional organization that represents criminal prosecutors. Its members come from the offices of district attorneys, state's attorneys, attorneys general, and county and city prosecutors. The NDAA provides its services to prosecuting officials through publications, conferences, and training.

During our audit, we reviewed 16 active DOJ grants totaling more than \$16 million that were awarded by the Office of Justice Programs (OJP) and the Office on Violence Against Women (OVW). We conducted this audit to determine whether costs claimed under the grants were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the award. Unless otherwise stated in the report, we applied the OJP Financial Guide (Financial Guide) as our primary criteria.¹

As a result of our audit, we found that NDAA did not meet important DOJ grant reporting, expenditure tracking, and cost allocation requirements. The audit found that the NDAA submitted financial status reports to OJP and OVW detailing inaccurate expenditure activity, and the NDAA requested excessive grant funds.² Further, the NDAA did not follow standard accounting practices and did not maintain adequate internal controls to ensure compliance with grant requirements. For example, at the end of a uniform reporting period (which may be monthly, quarterly, or annually), a standard accounting practice is to "lock" the accounting period to prevent users from recording or modifying financial transactions for that period of time. The NDAA did not lock its accounting system for past accounting periods, which impaired its ability to ensure that it submitted accurate financial status reports, and increased the risk of fraudulent activities going undetected.

¹ The Financial Guide serves as a reference manual that assists award recipients in the fiduciary responsibility to safeguard award funds and ensure funds are used appropriately. Both OJP and the OVW require grantees to abide by the requirements in the OJP Financial Guide.

² OJP's Minimum Cash On Hand Requirements state that recipients should time their drawdown requests to ensure that federal cash on hand is the minimum needed for disbursements and reimbursements to be made immediately or within 10 days.

In addition to allowing personnel to post transactions after grant reporting periods had ended, NDAA officials told us that the computer server that maintained the general ledger used prior to September 30, 2006 “crashed” in July 2008, and the NDAA was unable retrieve the electronic general ledger. As a result, the NDAA lost a large amount of its financial data, some of which pertained to its DOJ awards.³

Our audit also found that NDAA charged to the 16 grants we reviewed over \$4 million in costs that we consider to be unsupported or unallowable. These unsupported and unallowable costs included the following:

- NDAA charged DOJ grants over \$39,000 in miscellaneous and indirect expenditures that were not included as cost categories on DOJ approved grant budgets.
- For OJP grant 2006-DD-BX-K272, NDAA’s supporting payroll documentation did not reconcile to its general ledger resulting in unsupported labor charges of over \$3,000.
- NDAA charged almost \$15,000 in salaries for positions that either were not in its approved budgets or were identified in approved budgets as “in-kind,” and consequently, should not have been paid for with grant funds.⁴
- NDAA had neither policies nor a method or formula for calculating the percentage of time its employees should charge to DOJ grants for holiday or personal leave. Therefore, we were unable to verify the accuracy or determine the reasonableness of over \$134,000 in charges for holiday and personnel leave.

³ The seven grants impacted by the server crash were: (1) 2001-GP-CX-K050, (2) 2004-WT-AX-K047, (3) 2004-DN-BX-K017, (4) 2005-MU-FX-K012, (5) 2006-DD-BX-K272, (6) 2006-CP-BX-K002, and (7) 2007-DD-BX-K042.

⁴ According to the Financial Guide, in-kind is the value of something received or provided that does not have a cost associated with it.

- NDAA allocated over \$9,000 in computer charges to two awards whose budgets did not include any approval to purchase computers with grant funds. The OJP Financial Guide states that computers are costs that require prior approval from the granting agency. NDAA was authorized two computers under grant number 2001-GP-CX-K050, but purchased five. NDAA was not authorized for computer purchases under grant number 2007-CI-FX-K005, but one computer was charged to the grant.
- NDAA's travel transactions totaling more than \$250,000 were not supported with adequate documentation, such as written travel authorizations, vouchers, or receipts and invoices. NDAA officials explained that many of the approvals for travel were given verbally. However, without written approval documenting the reason for travel, the potential for abusing grant funds increases. For instance, without written authorizations, we do not know whether the traveler was permitted to incur the expense on behalf of NDAA or if the travel was for an official grant purpose.
- NDAA appears to have misapplied and miscalculated its indirect cost rates, resulting in unsupported indirect expenses totaling nearly \$1.5 million.
- NDAA's pre-award costs for grant 2007-DD-BX-K042 did not correspond to costs approved by OJP. For example, the pre-award cost agreement specified \$38,900 in "Contractual" costs, but the actual pre-agreement contractual expenditures charged to the grant were over \$300,000. Additionally, although NDAA did not request approval for any overhead costs in the approved pre-award costs, we found that NDAA charged over \$47,000 for overhead expenses. NDAA further could not explain its basis for charging the grant 67.2 percent of all travel incurred during the pre-award time period. As a result, we could not confirm the validity of the pre-award travel charges, nor could we determine whether they were appropriate and within the scope of the grant's objectives. As a result of these irregularities, we questioned \$665,000 in pre-award costs charged to the grant as unsupported.

Our report contains 29 recommendations. We discussed the results of our audit with NDAA officials and have included their comments in the report as applicable.