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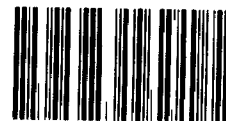
UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

APRIL 12, 1984

B-202245

The Honorable Ike F. Andrews
Chairman, Subcommittee on Human Resources
Committee on Education and Labor
House of Representatives



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Dear Mr. Chairman:

Subject: Youth Advocacy Grant Audits (GAO/GGD-84-43)

This letter is one of a series which will address the concerns in your April 29, 1983, request about the manner in which the Office of Juvenile Justice and Delinquency Prevention, Department of Justice, is implementing the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5601 et seq.). In response to one of your concerns, we reviewed the fiscal year 1983 audits of youth advocacy grants by the Department of Justice. You asked us to determine (1) the circumstances surrounding the audit and subsequent resolution of audit findings involving the grant to Coleman Children and Youth Services in San Francisco, California, and (2) whether there has been a pattern of selective audits of other grants which might constitute harassment.

We studied the policies and procedures for initiating, executing, and resolving audits of grant programs and the circumstances leading to audits of the Coleman grant and all other Office of Juvenile Justice and Delinquency Prevention grants in fiscal year 1983. We discussed the audits with the Office grant monitors and top management officials, grant program management, and the Department of Justice auditing office. Our work was performed at the Office of Juvenile Justice and Delinquency Prevention in Washington, D.C., and was done in accordance with generally accepted government auditing standards.

We found no evidence of impropriety by Office officials or Justice Department auditors who initiated, executed, or resolved the audits of youth advocacy grants, including the Coleman grant. Additionally, we found that the selection of these grants for audit, the execution of the audits, and the subsequent activity to resolve audit findings were proper and in accordance with Justice Department policy.

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Advocacy Grant Audits

The Office of Management and Budget's Circulars A-102 and A-110 establish audit requirements for federal grant recipients. The Circulars require federal grant recipients to obtain independent audits of their programs' financial operations at least every 2 years. These audits should include an assessment of each program's compliance with applicable federal laws and regulations and are usually performed by either a private or nonfederal government auditor.

The Justice Department performs audits for the Office of Juvenile Justice and Delinquency Prevention and relies as much as possible on the independent audits of grantee operations. The Justice Department audits grantees only if (1) requested by the program office that awarded the grant, (2) requested by another federal or state agency, (3) information is obtained that indicates improper grantee expenditures, (4) a prior audit of grantee activities indicated serious problems, or (5) grant operations have been terminated. After the Justice Department issues an audit report, the program grant monitor (the Office of Juvenile Justice and Delinquency Prevention for these advocacy grants) is required to resolve all questioned costs with the grantee.

In January 1983 the Office of Juvenile Justice and Delinquency Prevention requested the Justice Department to audit the 17 grants in its Youth Advocacy Program. Program participants actively support and represent youth interests in efforts to improve the juvenile justice system. The Office Administrator told us he initiated this action because he had information from reviewing grant files and from staff visits to grantees (including the Coleman project) indicating that some grantees may have been violating their grant agreements by spending federal funds on political lobbying activities. The Justice Department did not have enough staff to perform all 17 grant audits, so the Office Administrator, based on his judgment, specified the priority for auditing these grants. Ten grants were selected for audit in fiscal year 1983 based on the Administrator's list of priorities. Nine of the 10 audits have been completed. According to Office officials, the tenth grant cannot be audited by the Justice Department until records are obtained from the grantee. The Office is currently trying to obtain these records. As of February 1984, there were no plans to audit any other advocacy grantees in fiscal year 1984.

In four of the nine completed audits, no grantee expenditures were questioned. In the remaining five audits, nearly all of the questioned costs involved bookkeeping errors and missing documents needed to support expenditures. These

problems generally have been resolved without requiring large repayments by the grantees. (See enc. I.) The Office's resolution of these audits properly followed Department of Justice procedures.

Coleman Project Audits

The Coleman Children and Youth Services grant was first audited in early 1982 because Justice Department officials wanted to obtain information about many ongoing juvenile justice and community anticrime grant operations. The Office was not involved in selecting this grantee for audit. The first audit covered grant operations from April 1980 through March 1982. The audit report issued in July 1982 contained no significant findings. The audit workpapers show that during the exit conference, at the conclusion of the audit, a number of problem areas were discussed with the grantee. The Justice Department auditor decided that the problems discussed were not significant and since the grantee agreed to resolve all of these problems, none were noted in the audit report.

In January 1983, a member of the Administrator's staff, as part of a week-long, multistate trip which involved attendance at a juvenile judges conference and visits to two other grantees, spent part of one day at the Coleman project. The Office Administrator told us that the purpose of this unannounced visit was to become familiar with the Coleman project and to see how well it was meeting its objectives.

In February 1983, the Justice Department, responding to the Office of Juvenile Justice and Delinquency Prevention's request to audit certain youth advocacy grants, began a second audit of the Coleman project. The second audit covered the same period as the prior audit as well as the additional operations from April through December 1982. The report on the second audit was issued in March 1983 and questioned about \$56,000 of expenses for various reasons such as the lack of required documentation and inadequate contracting controls. After obtaining additional information and documentation from the grantee, the Office has concluded that \$927 in expenses should be repaid. Many of the questioned costs resulted from problems which had been discussed in the earlier audit but had not been resolved by the grantee.

Agency Comments

In reviewing our draft report the Department of Justice made only one comment, noting that the January 1983 trip to the Coleman Project by a member of the Administrator's staff

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was for part of one day rather than parts of two days. We have revised the report accordingly. (See enc. II.)

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We would be pleased to meet with you or your staff if you desire any additional information on this matter. As arranged with your office, we are sending copies of this report to the Attorney General and the Administrator, Office of Juvenile Justice and Delinquency Prevention. Copies will also be sent to other interested parties who request them.

Sincerely yours,



William J. Anderson
Director

Enclosure

Results Of Fiscal Year 1983
Youth Advocacy Grant Audits

<u>Grantee</u>	<u>Grant award</u>	<u>Cost questioned in audit</u>	<u>Repayment required^a</u>
Youth Policy and Law Center Madison, WI	\$ 987,598	\$70,163	\$ -0-
Coleman Children and Youth Services San Francisco, CA	635,308	56,430	927
Governor's Council on Children and Youth Raleigh, NC	959,535	19,946	400
Advocates for Children of New York Long Island City, NY	1,001,180	5,003	5,003 ^b
Oregon Youth Work Alliance Salem, OR	996,252	2,799	282
Greater Boston Legal Services Boston, MA	874,721	-0-	-0-
Youth Advocacy Initiative Columbus, OH	792,315	-0-	-0-
New Directions for Young Women Tucson, AZ	696,731	-0-	-0-
Arkansas Advocates for Children and Families Little Rock, AR	536,348	-0-	-0-
National Conference of Black Lawyers New York, NY	616,691	Unknown ^c	Unknown ^c

^aMost questioned costs involved bookkeeping errors or missing documents and were resolved without repayment.

^bOverpaid to a contractor, collectable by grantee.

^cGrantee records needed for audit by the Justice Department are being sought by the Office of Juvenile Justice and Delinquency Prevention.



U.S. Department of Justice

March 27, 1984

Washington D C 20530

Mr. William J. Anderson
Director
General Government Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Anderson:

This letter responds to your request to the Attorney General for the comments of the Department of Justice (Department) on your proposed letter report to Congressman Ike F. Andrews entitled "Youth Advocacy Grant Audits."

The Department has reviewed the report and has only one comment to offer relating to a member of the Administrator's staff visiting the Coleman Project in January 1983, as discussed in the second full paragraph on page 3 of the report. To the best of his recollection, the representative from the Administrator's office spent part of one day at the Coleman Office and not parts of two days.

We appreciate the opportunity to provide our comments on the report while in draft form. Should you have need for any additional information, please feel free to contact me.

Sincerely,

Kevin D. Rooney
Assistant Attorney General
for Administration