



OVERSIGHT OF DEPARTMENT OF JUSTICE EXPENDITURES RELATED TO HURRICANE KATRINA

U.S. Department of Justice
Office of the Inspector General
Audit Division

Audit Report 06-11
February 2006

MEMORANDUM FOR REGINA B. SCHOFIELD
ASSISTANT ATTORNEY GENERAL
OFFICE OF JUSTICE PROGRAMS

FROM: GLENN A. FINE
INSPECTOR GENERAL

SUBJECT: Oversight of Department of Justice Expenditures
Related to Hurricane Katrina
Memorandum Audit Report

The Dallas Regional Audit Office has completed a limited scope audit of the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA). The objective of the audit was to determine if BJA implemented appropriate internal controls and procedures for the Hurricane Katrina relief grants awarded in September 2005.

This audit was conducted in coordination with the President's Council on Integrity and Efficiency (PCIE) as part of its examination of relief efforts provided by the federal government in the aftermath of Hurricanes Katrina and Rita. As such, a copy of the report will be forwarded to the PCIE Homeland Security Working Group, which is coordinating the Inspectors General review of this important subject.

BACKGROUND

BJA's mission is to provide leadership and services in grant administration and criminal justice policy development to support local, state, and tribal justice strategies to achieve safer communities.

Prior to Hurricane Katrina, BJA had awarded 29 Edward Byrne Memorial Justice Assistance Grants (JAG) to state and local governments that were subsequently affected by that hurricane. BJA had also received four

applications for new JAG grants from entities in Louisiana and Mississippi. These grants and grant applications were unrelated to Hurricane Katrina. BJA officials told the Office of the Inspector General (OIG) that after Hurricane Katrina they began looking for additional funds that could be used to assist law enforcement agencies in the affected areas and identified approximately \$5 million in unobligated funds.¹ A senior management official from BJA stated that OJP's Office of General Counsel reviewed JAG program requirements and opined that the unobligated grant funds identified by BJA could be used for Katrina disaster relief. BJA subsequently provided 29 supplemental JAG awards to the state and local governments that had existing JAG grants prior to Hurricane Katrina and awarded 4 new grants to the state and local governments that had submitted JAG grant applications before the hurricane struck (see Attachment III). As a result, a total of 33 disaster relief grants were awarded for \$5,000,003 (see Attachment I).

JAG funds are available to provide additional personnel, equipment, supplies, contractual support, training, technical assistance, and information systems for criminal justice, including any one or more of the following areas:

- law enforcement programs;
- prosecution and court programs;
- prevention and education programs;
- corrections and community corrections programs;
- drug treatment programs; and
- planning, evaluation, and technology improvement programs.

BJA'S AWARD PROCESS

A BJA senior management official told the OIG that the 33 disaster relief awards were made based on applications submitted by the state and local governments prior to the hurricane. Because JAG grants do not require risk or needs assessments, BJA personnel did not perform these assessments prior to awarding the disaster relief grants.

To expedite the award process, BJA personnel took electronic information from the initial JAG applications and copied it into new applications to be used for the Hurricane Katrina awards. A BJA senior management official told the OIG that, in BJA's judgment, any other approach to the award process would have been impossible because the state and local

¹ The unobligated \$5 million was from fiscal year 2005 Local Law Enforcement Block Grant (LLEBG) funds. The Consolidated Appropriations Act of 2005 merged the LLEBG and the Edward Byrne Memorial formula grant programs into JAG.

governments within the impacted areas no longer had the necessary infrastructure to submit an application through the regular process. Additionally, the BJA senior management official told the OIG that BJA used emergency declaration charts presented on the Federal Emergency Management Agency's website to determine which states or local governments could be awarded disaster relief funds. The official said that BJA used a straight population formula to calculate how the awards were allocated because detailed data necessary to calculate a JAG distribution was not available for all local governments affected by the disaster.²

According to the BJA official, if BJA had to reevaluate the allocation of funds today, the distribution would be significantly different. He told the OIG the original distribution was based on the data available at the time. He noted that, based on data available 1 month later, it became apparent to BJA that a greater need existed in some areas than others. However, this same official did not offer any specifics on how BJA would have changed the allocation of grant funds.

AUDIT METHODOLOGY AND RESULTS

We conducted the audit in accordance with Government Auditing Standards and included such tests of internal controls, procedures, and documentation as were considered necessary to accomplish the audit objective. In addition, we reviewed the September 30, 2005, memorandum issued by the Controller, Office of Federal Financial Management, Office of Management and Budget, which delineates nine actions that federal agencies may take to provide administrative relief for grantees affected by Hurricanes Katrina and Rita. We determined that we did not need to alter our planned audit procedures because, at that time, the memorandum did not apply to the BJA grants included in our audit.

To determine if BJA followed existing internal control procedures in awarding the 33 Hurricane Katrina disaster relief grants, we judgmentally selected a sample of 17 grant awards, including the 5 highest-dollar grants, that totaled \$3,290,184 or 66 percent of the funds awarded (see Attachment II for details).

² JAG grants are formula grants based generally on population and crime statistics. "The JAG formula includes a *state allocation* consisting of a minimum base allocation with the remaining amount determined on population and Part 1 violent crime statistics, and a *direct allocation* to units of local government. Once the state allocation is calculated, 60 percent of the funding is awarded to the state and 40 percent to eligible units of local government. State allocations also have a *variable pass through* requirement to locals, calculated by the Bureau of Justice Statistics from each state's crime expenditures."

We requested all grant files (including prior LLEBG grants) for the grantees selected for review. We also asked BJA to identify grantees with holds placed on grant funds.³ We reviewed Financial Status Reports, monitoring and site visit reports, and all correspondence in the files. Based on the results of our review, we determined:

- BJA personnel told us that they believed 8 monitoring reports existed for the 17 grantees sampled. However, BJA could only provide monitoring reports for 6 of the grantees (see Attachment IV).
- Of the 17 grantees tested, 4 had not submitted the required Financial Status Reports. However, a hold had not been placed on either the initial JAG grant or the supplemental disaster relief grants for three Louisiana agencies – the St. Charles Parish Sheriff’s Office, St. Tammany Parish Sheriff’s Office, and the Lafourche Parish Sheriff’s Office. While a hold had been placed on the initial JAG award for the City of Moss Point, Mississippi, a hold had not been placed on the supplemental disaster relief award for this grantee.
- Although not in our sample, we determined that holds had been placed on the initial JAG awards to the Jefferson Davis Parish Sheriff’s Office, Louisiana, and Jones County, Mississippi, because these grantees had not submitted the required Financial Status Reports. However, holds had not been placed on the supplemental disaster relief grants for these two grantees.

BJA officials stated that it was not necessary to place holds on the supplemental disaster relief grants for the Jefferson Davis Parish Sheriff’s Office, Louisiana, and Jones County, Mississippi, because the OJP computer system automatically places a hold on grant funds when a grantee fails to submit a Financial Status Report. An OJP financial official confirmed the fact that the grant payment systems were programmed to automatically place a hold on grant funds when a Financial Status Report is not submitted and that supplemental grants funds would be included in that hold. When an automatic hold is in place, the grant payment systems deny a grantee’s request to draw down funds. However, a previous OIG audit found that the payment systems do not always function as intended.⁴ According to the audit report, for 31 percent of the OJP grants audited, grantees were able to draw down funds during periods for which a current Financial Status Report had not been submitted.

³ A hold is a restriction placed on subsequent awards until the grantee complies with reporting requirements. BJA is responsible for notifying OJP’s Office of the Comptroller to place a hold on funds.

⁴ Department of Justice, Office of the Inspector General, Audit Report Number 05-18, *Administration of Department of Justice Grants Awarded to Native American and Alaska Native Tribal Governments*, March 2005.

As of December 2, 2005, only seven grantees had drawn down funds from the supplemental disaster relief awards totaling \$1,633,896. These drawdowns are approximately 33 percent of the \$5,000,003 awarded (see Attachment V). BJA does not maintain supporting documentation for grantee expenditures and the provisions of the supplemental grants allow a grantee to draw down funds in a lump sum prior to incurring grant-related expenses. Therefore, we confirmed that funds were drawn down, but could not determine how the funds were used.

CONCLUSION

While BJA was proactive in providing additional grant funding to grantees in the Hurricane Katrina affected areas, it has no assurance that funding is going to the areas of greatest need. In addition, our testing indicated that holds were not always placed on funds awarded to grantees who did not submit Financial Status Reports for previous grants. As a result, there was no “red flag” to alert BJA personnel that a potential grantee failed to comply with the requirements for previous grants.

RECOMMENDATION

For future disaster relief funding, we recommend that OJP perform an assessment of potential grantees to ensure that funding is provided to those with the greatest need. This assessment should also consider the grantee’s history in administering prior grants.



The overall status of the report is closed. We previously furnished you with copies of the draft report and requested written comments. Your comments are attached and were considered in finalizing the report.

If you have any questions or would like to meet to discuss the audit, please contact me on (202) 514-3435 or Robert J. Kaufman, Regional Audit Manager, Dallas Regional Audit Office, on (214) 655-5000.

Attachments (6)

cc: Paul J. McNulty
Acting Deputy Attorney General

Robert D. McCallum, Jr.
Associate Attorney General

Domingo S. Herraiz
Director
Bureau of Justice Assistance

LeToya A. Johnson
Audit Liaison
Office of Justice Programs

Richard P. Theis
DOJ Audit Liaison

Matt Jadacki
Assistant Inspector General
for Katrina Operations
Department of Homeland Security

DISASTER RELIEF GRANTS ISSUED BY THE OFFICE OF JUSTICE PROGRAMS

Grant No.	Award Date	Legal Name	State	Project Title	Award Amount
2005DJBX0699	9/2/2005	Louisiana Commission on Law Enforcement and Administration of Criminal Justice	LA	Hurricane Relief	\$593,059
2005DJBX1445	9/2/2005	City of New Orleans	LA	Hurricane Relief	\$536,106
2005DJBX0088	9/2/2005	Jefferson Parish Sheriff's Office	LA	Hurricane Relief	\$526,041
2005DJBX0527	9/2/2005	Mobile County Commission	AL	Hurricane Relief	\$464,501
2005DJBX0365	9/2/2005	Mississippi Department of Public Safety	MS	Hurricane Relief	\$312,895
2005DJBX0813	9/2/2005	Lafayette City-Parish Consolidated Government	LA	Hurricane Relief	\$226,967
2005DJBX0253	9/6/2005	City of Gulfport	MS	Hurricane Relief	\$223,123
2005DJBX0627	9/2/2005	St. Tammany Parish Sheriff's Office	LA	Hurricane Relief	\$220,007
2005DJBX1442	9/2/2005	Calcasieu Parish Sheriff's Department	LA	Hurricane Relief	\$214,504
2005DJBX0242	9/2/2005	Baldwin County Commission	AL	Hurricane Relief	\$181,730
2005DJBX0366	9/2/2005	Alabama Department of Economic And Community Affairs	AL	Hurricane Relief	\$168,070
2005DJBX0710	9/2/2005	Tangipahoa Parish Sheriff's Department	LA	Hurricane Relief	\$121,955
2005DJBX1438	9/2/2005	Jackson County Board of Supervisors	MS	Hurricane Relief	\$109,320
2005DJBX0084	9/2/2005	Lafourche Parish Sheriff	LA	Hurricane Relief	\$106,877
2005DJBX1045	9/2/2005	Ascension Parish Sheriff's Office	LA	Hurricane Relief	\$101,086
2005DJBX0555	9/2/2005	City of Hattiesburg	MS	Hurricane Relief	\$86,364
2005LBBX0003	9/2/2005	Iberia Parish Sheriff's Department	LA	Hurricane Relief	\$86,341
2005DJBX1545	9/2/2005	County of Jones, State of Mississippi	MS	Hurricane Relief	\$76,150
2005DJBX0187	9/2/2005	St. Bernard Parish	LA	Hurricane Relief	\$76,025
2005LBBX0004	9/2/2005	Terrebonne Parish Consolidated Government	LA	Hurricane Relief	\$61,769
2005LBBX0002	9/2/2005	Terrebonne Parish Sheriff's Office	LA	Hurricane Relief	\$61,769
2005DJBX0078	9/2/2005	St. Mary Parish Sheriff's Office	LA	Hurricane Relief	\$60,525
2005DJBX0322	9/2/2005	St. Charles Parish Sheriff	LA	Hurricane Relief	\$58,071
2005DJBX0193	9/2/2005	St. John the Baptist Parish Sheriff's Office	LA	Hurricane Relief	\$52,862
2005DJBX0438	9/2/2005	City of Bogalusa	LA	Hurricane Relief	\$51,215
2005DJBX0177	9/2/2005	Iberville Parish Sheriff's Office	LA	Hurricane Relief	\$37,688
2005DJBX0922	9/2/2005	Jefferson Davis Sheriff's Office	LA	Hurricane Relief	\$36,224
2005DJBX0691	9/2/2005	City of Pascagoula	MS	Hurricane Relief	\$30,000
2005DJBX0229	9/2/2005	City of Slidell	LA	Hurricane Relief	\$27,656
2005DJBX0523	9/2/2005	West Baton Rouge Sheriff's Office	LA	Hurricane Relief	\$25,375
2005DJBX0206	9/2/2005	St. James Parish Sheriff's Office	LA	Hurricane Relief	\$24,524
2005LBBX1000	9/2/2005	Covington County Sheriff's Office	MS	Hurricane Relief	\$23,455
2005DJBX1730	9/2/2005	City of Moss Point	MS	Hurricane Relief	\$17,749
		TOTAL			\$5,000,003

Source: Bureau of Justice Assistance

DISASTER RELIEF GRANTS - OIG JUDGMENTAL SAMPLE

Grant No.	Award Date	Legal Name	State	Project Title	Award Amount	
1	2005DJBX0699	9/2/2005	Louisiana Commission on Law Enforcement and Administration of Criminal Justice	LA	Hurricane Relief	\$593,059
2	2005DJBX1445	9/2/2005	City of New Orleans	LA	Hurricane Relief	\$536,106
3	2005DJBX0088	9/2/2005	Jefferson Parish Sheriff's Office	LA	Hurricane Relief	\$526,041
4	2005DJBX0527	9/2/2005	Mobile County Commission	AL	Hurricane Relief	\$464,501
5	2005DJBX0365	9/2/2005	Mississippi Department of Public Safety	MS	Hurricane Relief	\$312,895
6	2005DJBX0627	9/2/2005	St. Tammany Parish Sheriff's Office	LA	Hurricane Relief	\$220,007
7	2005DJBX0366	9/2/2005	Alabama Department of Economic And Community Affairs	AL	Hurricane Relief	\$168,070
8	2005DJBX0084	9/2/2005	Lafourche Parish Sheriff	LA	Hurricane Relief	\$106,877
9	2005LBBX0003	9/2/2005	Iberia Parish Sheriff's Department	LA	Hurricane Relief	\$86,341
10	2005LBBX0004	9/2/2005	Terrebonne Parish Consolidated Government	LA	Hurricane Relief	\$61,769
11	2005DJBX0322	9/2/2005	St. Charles Parish Sheriff	LA	Hurricane Relief	\$58,071
12	2005DJBX0177	9/2/2005	Iberville Parish Sheriff's Office	LA	Hurricane Relief	\$37,688
13	2005DJBX0229	9/2/2005	City of Slidell	LA	Hurricane Relief	\$27,656
14	2005DJBX0523	9/2/2005	West Baton Rouge Sheriff's Office	LA	Hurricane Relief	\$25,375
15	2005DJBX0206	9/2/2005	St. James Parish Sheriff's Office	LA	Hurricane Relief	\$24,524
16	2005LBBX1000	9/2/2005	Covington County Sheriff's Office	MS	Hurricane Relief	\$23,455
17	2005DJBX1730	9/2/2005	City of Moss Point	MS	Hurricane Relief	\$17,749
TOTAL						\$3,290,184
Source: OIG developed sample created from data provided in Appendix I						
					Total Award Amount	\$5,000,003
					Percent of Total Awards Tested (\$3,290,184 / \$5,000,003)	66%

NEW HURRICANE KATRINA AWARDS

Name	Amount
Iberia Parish Sheriff's Department, LA	\$86,341
Terrebonne Parish Consolidated Government, LA	61,769
Terrebonne Parish Sheriff's Office, LA	61,769
Covington County Sheriff's Office, MS	23,455

Source: Bureau of Justice Assistance

**GRANTEE LLEBG/DISCRETIONARY
MONITORING REPORTS PROVIDED**

Name
St. Charles Parish Sheriff, LA
Alabama Department of Economic and Community Affairs
Mobile County Commission, AL
Louisiana Commission of Law Enforcement and Administration of Criminal Justice
Iberia Parish Sheriff's Department, LA
Mississippi Department of Public Safety

Source: Bureau of Justice Assistance

ATTACHMENT V**DRAWDOWN ACTIVITY FOR GRANTEES AS OF 12/2/2005**

Name	Award Amount	Drawdown Amount
Louisiana Commission on Law Enforcement and Administration of Criminal Justice	\$593,059	\$593,059
Mobile County Commission, AL	464,501	414,441
St. Tammany Parish Sheriff's Office, LA	220,007	220,007
Alabama Department of Economic and Community Affairs	168,070	168,070
Tangipahoa Parish Sheriff's Department, LA*	121,955	121,955
City of Hattiesburg, LA*	86,364	86,364
Iberia Parish Sheriff's Department, LA	86,341	30,000
TOTAL	1,740,297	1,633,896

Source: Bureau of Justice Assistance

* Grantees were not included in the OIG Judgmental Sample.



U.S. Department of Justice

Office of Justice Programs

Office of the Assistant Attorney General

Washington, D.C. 20531

DEC 22 2005

MEMORANDUM TO: Guy K. Zimmerman
Assistant Inspector General for Audit

FROM: Cybele K. Daley
Acting Assistant Attorney General

SUBJECT: Draft Audit Report - Oversight of Department of Justice
Expenditures Related to Hurricane Katrina

This memorandum responds to the Office of the Inspector General's (OIG's) draft audit report issued on December 13, 2005, regarding internal controls and procedures implemented for the Hurricane Katrina relief grants awarded by the Office of Justice Programs' (OJP's), Bureau of Justice Assistance. The report contained one recommendation and no questioned costs. The recommendation is restated in bold below and is followed by OJP's response.

For future disaster relief funding, we recommend that OJP perform an assessment of potential grantees to ensure that funding is provided to those with the greatest need. This assessment should also consider the grantee's history in administering prior grants.

We agree that an assessment must be made to ensure that funding is provided to those with the greatest need. For the Hurricane Katrina assistance, BJA's assessment included reviewing the Federal Emergency Management Agency disaster declaration maps to determine the areas where funding would be most needed. This was the most up to date information available at the time to guide funding decisions that needed to be made immediately to ensure timely assistance.

In addition, we agree that past performance should be considered when awarding grants. However, the Hurricane Katrina grants were awarded under the Justice Assistance Grant program, a formula-based grant program. If the Hurricane Katrina grants were competitively awarded, past performance would have been a part of our assessment.

Thank you for the opportunity to review and provide comments on this draft audit report. If you have any questions regarding this response, please feel free to contact me on 202-307-5933, or LeToya Johnson, Director, Program Review Office.

cc: Beth McGarry
Acting Deputy Assistant Attorney General for Operations

Domingo S. Herraiz, Director
Bureau of Justice Assistance

LeToya A. Johnson, Director
Program Review Office