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# Office of Audit, Assessment, and Management



## Fiscal Year 2007 Report

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*March 2008*



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# **Introduction and Background**

Fiscal Year (FY) 2007 was the first year of operation for the Office of Audit, Assessment, and Management (OAAM), and a year of great achievement for the Office. This report highlights the work OAAM has done in close collaboration with, or in support of the Office of Justice Programs (OJP) and the Office of Community Oriented Policing Services (COPS) to improve operating efficiency and effectiveness, as well as to enhance programmatic oversight for the Department of Justice (DOJ) grant-making agencies.

## **Introduction**

Section 1158 of Public Law 109-162, The Violence Against Women and Department of Justice Reauthorization Act of 2005, established OAAM within DOJ. In December 2006, the Attorney General delegated OAAM leadership authority to the Assistant Attorney General for Justice Programs. Congress approved a subsequent revision to the OJP organizational chart to include OAAM in April 2007, and the OAAM internal organizational design was approved by the Acting Associate Attorney General in August 2007.

Throughout the OAAM organizational approval process, OJP worked diligently to achieve the requirements of the Act through the Program Review Office (PRO) and the Grants Policy Office (GPO), which were established to strengthen internal controls, improve grant oversight procedures, and generally to meet OAAM legislative requirements. Following the approval of the OAAM organizational structure, the staff and functions of the PRO and GPO were moved under the OAAM umbrella.

## **Organizational Overview**

OAAM is now comprised of three components: the Program Assessment Division (PAD), the Audit and Review Division (ARD), and the Grants Management Division (GMD).

- The PAD is charged with carrying out assessments, comprised of performance and compliance reviews, of DOJ grant programs to identify programmatic and policy successes as well as areas in need of improvement or enhanced oversight. PAD also provides leadership and oversight for OJP and COPS monitoring efforts.
- The ARD retains the same responsibilities of the former PRO, including Circular A-123-required internal control testing and external audit coordination, as well as management of the High Risk Grantee designation process and grantee Single Audit resolution.
- Similarly, the GMD maintains the responsibilities of the former GPO, including the streamlining and standardization of grants management policies and procedures, improving processes that support the grant-making process, and maintaining business ownership of the Grant Management System (GMS).

This organizational structure best positions OAAM to manage, oversee, and support improvements to DOJ performance-based grant management capabilities as well as DOJ general operating policies and procedures.



# Program Review

## Grant Monitoring and Risk Assessment

Recognizing the need for an increased emphasis on performance-based grant management for DOJ, Congress authorized OAAM to assess grants representing “not less than 10 percent of the aggregate amount of money awarded under all such grant programs” to report on grantee compliance and grant effectiveness. The cornerstone of this assessment is a strong grant monitoring approach to ensure that grantees are managing funds appropriately, achieving critical programmatic objectives, and receiving the technical assistance they need to accomplish their goals.

While OAAM is charged, in an oversight capacity, with reviewing and assessing DOJ grants and grant programs, direct responsibility for monitoring grantees and supporting them in carrying out their public safety programs rests with OJP bureaus and program offices (offices), and COPS.

In FY 2007, OAAM convened a working group of representatives from OJP offices and COPS to review existing monitoring practices and develop a more comprehensive, standard monitoring approach across offices. The products and accomplishments of OAAM and the OJP/COPS Grant Monitoring Working Group are listed below.

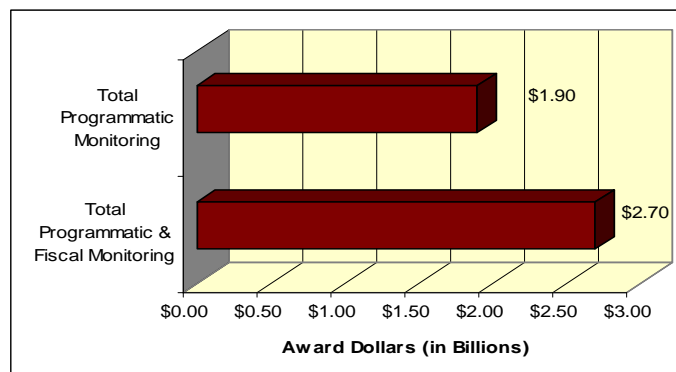
### ***Grant Monitoring Plan Creation***

In January 2007, OAAM published the first OJP/COPS Monitoring Plan jointly developed by OJP offices, the Office of the Chief Financial Officer (OCFO), and COPS that included scheduled programmatic and fiscal monitoring site visits for FY 2007. The plan was created to hold offices accountable for oversight of their grant programs, as well as to ensure that each office has the information needed to coordinate monitoring activities to the maximum extent possible.

### ***Grant Monitoring Quality Control***

OAAM conducted quarterly reviews of the OJP/COPS Monitoring Plan to evaluate monitoring progress against the Plan, as well as to assess site visit report quality. Figure 1 below illustrates the volume of monitoring activity OJP and COPS conducted in FY 2007 (in award dollars monitored).

**Figure 1. FY 2007 Monitoring Activity**





OAAM's quality review of FY 2007 site visit reports began with selecting a monitoring report sample. OAAM reviewed the reports to evaluate the following key elements that comprise a quality monitoring report:

- Quality of the compliance review contained in the report;
- Level of analysis provided in identifying successes, potential issues, and recommendations for improvement; and,
- General report quality, such as details on why and when the visit was conducted, key participants, and a description of site visit activities conducted, etc.

OAAM's quarterly review and resulting compliance score cards showed that, while OJP offices and COPS monitored over 20 percent of their total award dollars, there is room for improvement in the quality of monitoring activities, or at a minimum, an opportunity for improvement in the *quality of reporting* on monitoring activities.

OAAM is committed to working with OJP and COPS to improve the level of monitoring and quality of monitoring reports. The first step in this process was to create a standard monitoring tool in FY 2007 (for use beginning October 1, 2007).

### ***Grant Monitoring Tool***

Based on feedback from the OJP/COPS Grant Monitoring Working Group, OAAM developed common monitoring procedures and a common monitoring report format for use in FY 2008. With the release of a new, robust Grant Manager's Manual (GMM) chapter in August 2007, OAAM made it possible for grant managers to monitor grants and cooperative agreements consistently across offices, while preserving the flexibility to monitor diverse programs and grant types effectively. To accomplish the standards and requirements for on-site monitoring, OAAM and the Working Group developed a standard Grant Monitoring Tool (GMT) which is mandatory for FY 2008 full monitoring site visits<sup>1</sup>.

The GMT requires grant managers to review all grants against a set of 28 standard review categories to determine administrative and financial compliance with grant management policies, procedures, and regulatory requirements, as well as to evaluate the programmatic progress and success of efforts funded through the grant. The intent of the GMT is to increase oversight of OJP grant programs by helping to ensure that the funds awarded to grantees are being properly managed and that grant objectives are being met. The GMT also places emphasis on analysis and follow-up of monitoring findings by grant managers and provides standard templates for site visit reports and site visit-related activities and findings.

By using the GMT, OJP will be able to demonstrate increased oversight of its programs, better track promising practices, resolve identified issues observed in its monitoring activities, and ultimately further develop OJP's capacity to better serve its grantees.

### ***Risk Assessment***

OAAM, working with the OJP/COPS Monitoring Working Group, also rolled out the Grant Assessment Tool (GAT) in FY 2007 to provide a common, organized framework and methodology for systematically and objectively assessing risk associated with grants and/or grantees. By using the GAT, OJP and COPS can work to ensure that grantees most in need of

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<sup>1</sup> COPS will continue to use the monitoring module embedded in their COPS Management System (CMS) to complete monitoring checklists and reports. This system contains similar information and analysis requirements to the GMT.



assistance are aided through an on-site monitoring visit. The GAT was used to assist in the development of the OJP/COPS FY 2008 monitoring plan.

The monitoring assessment process involves assigning a monitoring priority level to individual grants based on a standard set of criteria. This is intended to help grant managers prioritize monitoring activities based on potential vulnerabilities with the goal of fostering consistency across the OJP offices and COPS. Rollout of the GAT demonstrates OAAM's commitment to improving oversight and assistance capabilities at all stages of the grant management life cycle.

To manage FY 2008 changes effectively and successfully implement them across OJP as well as COPS, OAAM held formal and informal training sessions on both the GMT and the GAT for over 150 grant managers in FY 2007.

## **Program Assessment**

While improvements to the OJP and COPS grant management and monitoring strategy are critical to improving oversight capabilities and enhancing grant performance, individual grant review is only one component of performance-based management. Effective program management also requires a cumulative view of grants and projects to assess the aggregate impact of federal funding for public safety and criminal justice programs and initiatives at the state and local levels. OAAM provides this view through the program assessment function.

### ***Program Assessment Function***

Program assessment, often referred to as "performance auditing" or "performance review," is a systematic, methodological approach to collecting, integrating, and analyzing programmatic information to measure performance against intended outcomes. In creating a program assessment function, OAAM serves as an institutional vehicle for studying programs and providing vital programmatic information and feedback to decision-makers and stakeholders.

Using grantee-generated reporting, grant monitoring documentation, performance measurement data, and other primary data sources, OAAM conducts a variety of analyses (e.g., cost-benefit analyses, trend analysis, etc.) to assess program performance and grantee compliance. This analysis also generates critical performance information which will inform future policy, budget, and funding decisions.

### ***Implementation Activity***

Recognizing the clear need for a comprehensive performance management strategy, OAAM began work in FY 2007 to establish the program assessment function. However, because the OAAM organizational structure, and therefore the program review function, was not approved until August 2007, OAAM was not able to assign resources to this function until the last quarter of the fiscal year.

Nevertheless, OAAM quickly moved to create capacity, and advertised several program analyst positions during the final months of the fiscal year. OAAM also met with DOJ leadership on several occasions to further define the program review function and associated operating procedures. With these foundational elements in place, OAAM will embark on an aggressive schedule of program assessment activity in FY 2008.



# Internal Controls

## Financial Management Internal Controls

The Office of Management and Budget (OMB) Circular A-123 requires that Federal agencies annually update and document significant business processes that affect financial reporting, identify the key internal controls pertaining to those processes, and conduct testing of the key controls to ensure effectiveness and compliance.

OAAM is responsible for ensuring OJP's compliance with OMB Circular A-123, Appendix A, *Management's Responsibility for Internal Control*. During FY 2007, OAAM updated all of OJP's significant business processes and identified key internal controls within the various processes that impact accurate financial reporting. OAAM tested the key internal controls and determined that there were no significant or material weaknesses in OJP's internal controls that would impact financial reporting.

In addition to testing specific key internal controls as required by OMB Circular A-123, Appendix A, OAAM also conducted reviews of OJP's travel and purchase card programs, in compliance with OMB Circular A-123, Appendix B, *Improving the Management of Government Charge Card Programs*. The reviews were directed at determining the level of OJP's compliance with Federal travel and purchase card regulations. OAAM identified a few areas where controls could be strengthened to ensure effective oversight of proper charge card usage, and reported areas requiring improvement. These areas were promptly addressed by OCFO and OJP's Office of Administration.

Further, in compliance with OMB Circular A-123, Appendix C, *Requirements for Effective Measurement and Remediation of Improper Payments*, OAAM conducted a risk assessment of OJP's grantee and vendor payments to determine whether there were any programs that were at risk of "significant erroneous payments." OMB defines "significant erroneous payments" as erroneous payments in a program exceeding both 2.5 percent of program payments and \$10 million. Based on the testing conducted by OAAM, OJP reported that none of its programs were at significant risk of erroneous payments.

## Information Technology Internal Controls

During FY 2007, OAAM conducted a comprehensive review of information technology controls and made recommendations to assist the Office of the Chief Information Officer (OCIO) in improving information technology internal controls. OAAM also closely monitored the status of the implementation of the recommendations, and as a result, OJP successfully eliminated the material weakness in information technology identified in the FY 2005 and 2006 financial statement audits.

## Audit Follow-Up

One of the key factors in a strong internal structure is prompt action on audit findings and recommendations. OAAM worked with various OJP offices and obtained closure of 18 open Office of Inspector General (OIG) and Government Accountability Office (GAO) audit recommendations. During FY 2008, OAAM will expand its audit follow-up efforts and assume responsibility for audit follow-up on OJP grantee audits conducted by the OIG. OAAM will also assume responsibility for audit follow-up on audits of DOJ grantees conducted in compliance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



## **Grantee Compliance**

### ***High Risk Policy Order***

To enhance OJP's grants management process, OAAM developed an OJP-wide order to coordinate activity for grantees that may be designated as high risk. The Order outlines the responsibilities of OJP personnel in addressing high risk grantees to ensure a coordinated and consistent approach.

## **Grants Management**

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### **Enhanced Grant Management Skills and Capabilities**

#### ***Grant Manager's Manual***

OAAM maintains OJP's Grant Manager's Manual (GMM) which documents policies and procedures for the administration and management of all OJP grants and grant programs. In FY 2007, OAAM published a revision of the GMM to align it with the OJP Financial Guide. The Financial Guide provides OJP grant recipients and subrecipients with financial management requirements to aid them in fulfilling their fiduciary responsibility to safeguard grant funds and ensure that funds are used for the purposes for which they were awarded. In an effort to ensure GMM changes, new policies, and themes were communicated and implemented, OAAM held OJP-wide GMM training for over 400 grant managers, staff accountants, and other OJP employees.

#### ***Grant Manager Performance Plans***

OAAM also drafted a model Grant Manager Performance Work Plan (PWP) for FY 2008. The PWP addresses all critical elements outlined in the GMM and establishes specific, measurable, achievement-based criteria for effective grants management, by which performance of OJP grant management staff will be evaluated. The PWP is intended to increase accountability of OJP staff and improve team and organizational performance by creating a results-oriented work environment for those individuals responsible for oversight of federal grant dollars.

#### ***Grant Management Training***

OAAM further developed its commitment to developing grant management skills and capabilities by providing a two-day course on basic grant management principles and effective monitoring techniques, during which 30 new grant managers were trained. In addition, OAAM distributed a survey to OJP grant managers in an effort to capture grant manager training needs. OAAM used survey results to develop a Grants Management Training Program for FY 2008. The program has been designed to provide grants management staff with the knowledge, skills, tools, and resources needed to successfully perform job functions and meet professional development goals. One component of the training program is planned specifically for new grant management staff to provide a comprehensive foundation in grant management concepts and OJP-specific procedures. In addition to introducing the broad concepts of grant management, the program includes associated functional skills training and subject matter seminars.





### ***GMS Certification Training***

In coordination with OCIO, OAAM implemented the first session of the GMS certificate training which was designed to give OJP staff the tools needed to be proficient in managing their workload in GMS. Weekly training sessions were held and each of the GMS modules, such as the Application Processing, Progress Reports, Grant Adjustment Notices (GANs), and Grant Monitoring modules were discussed. Users were provided with step-by-step directions to complete various tasks in GMS as well as an overview of DOJ/OJP grant management policies. In order to receive a certificate of completion, participants were required to attend each of the four sessions on GMS modules, as well as a GMS overview session. In FY 2007, 271 OJP staff participated in these weekly trainings and 24 grant managers completed the certification program.

### ***Enterprise Reporting Tool***

In FY 2007, OAAM worked with OCIO to develop management reports using the Enterprise Reporting Tool (ERT). These reports allow for greater transparency into OJP's grant management process. For example, OJP management can now track grant management workload and processing times for grant adjustment notices (GANs), closeouts, and progress reports. Reports detailing grantee drawdown amounts and the most recent grantee progress and financial status reports provide grant managers with information for effectively managing grantee compliance with OJP requirements. Through these enhanced reporting capabilities, OJP is able to report the following successes for FY 2007:

- *Grant Adjustment Notices.* OJP requires a GAN for any programmatic, administrative, or financial change associated with a grant. Examples of changes that would require a GAN include: change in the point of contact or authorizing official for a grant, request for a no-cost extension of the grant period, or altering the programmatic activities of a grant. In FY 2007, OJP processed 15,498 GANs in GMS compared to 8,010 GANs processed in GMS in FY 2006<sup>2</sup>. In FY 2007, the average time it took to process a GAN in GMS was 17 days, compared to the 26 days it took to process a paper GAN.
- *Progress Reports.* OJP requires grantees to submit either semi-annual or annual progress reports. Within these reports, grantees describe the status of meeting the objectives set forth in the approved application. In December 2006, OAAM implemented progress report enhancements in GMS enabling grantees to submit reports directly into GMS. In fiscal year 2006, OJP received 11,522 progress reports. In fiscal year 2007, OJP received 18,416 progress reports. This is an increase of over 60 percent.

### ***Financial Monitoring Module***

In FY 2007, the Financial Monitoring Module was deployed. This module automates the financial monitoring performed by the OCFO and OAAM. The module manages assignments, workflow, tickler reminder dates, and attachments for the following types of audits: single audits, final grant audits, for-profit audits, and audit confirmations.

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<sup>2</sup> The GAN module was deployed in April 2006, therefore, the FY 2006 number only represents 5 months of activity in GMS. Prior to April 2006, GANs were processed manually.



## **Peer Review**

In FY 2007, OJP combined the peer review support contracts of each individual OJP office into a single OJP-wide contract to both streamline and standardize the peer review process resulting in a 20 percent reduction of OJP's peer review costs.

## **Business Process Improvement**

OAAM provided leadership in improving OJP's grant management business processes. In order to complete this goal, OAAM convened OJP-wide teams to evaluate existing business processes and develop recommendations for improving the efficiency and standardization of those processes. For each process, deliverables included developing a document outlining the as-is process, a recommendation document on how to improve the process, and when appropriate, a functional requirements document detailing the computer needs of internal/external users.

### ***Performance Measures***

An OJP-wide team documented and evaluated the process used to define, deploy, and manage performance measures throughout OJP. Recommendations were made to create a centralized and more standardized process, improve documentation of performance measures policies and procedures, and implement a robust automated system to eliminate inefficient manual processes and disparate systems in place today. In FY 2008, the team will develop a centralized catalog of performance measures to be used by OJP offices as well as creating a comprehensive policies and procedures guide.

### ***Earmarks***

An OJP-wide team documented the Earmark process and developed recommendations to enhance the process. The major recommendation was to create an OJP-wide database to track the Earmark application process. This would include a link to GMS once an Earmark recipient submitted an application. This was deployed in January 2008.

## **Enhancements for the Grantee Community**

Not only has OAAM made strides in improving grants management skills, capabilities, and monitoring activities, but the office has also made significant GMS enhancements to improve service to the grantee community. GMS is a fully-automated, paperless grants management system which allows OJP grantees to process and manage their grants effectively and accurately.

### ***GMS On-line Training Tool***

In order to meet the needs of OJP's grantee community, OAAM, in coordination with OCIO, developed the GMS on-line computer based training tool. Deployed in May 2007, the tool provides OJP grantees with a comprehensive curriculum to assist in managing their awards through GMS. The training provides step-by-step instructions on how to complete various tasks such as modifying the scope of their awards and submitting progress reports. At the end of FY 2007, the GMS on-line training tool had over 63,000 hits.

### ***Grant Closeouts***

In FY 2007, OAAM deployed the Grant Closeouts module in GMS. Now grantees have a "one stop shop" to manage their grants from application to the project's completion. GMS notifies



grantees 60 days before the grant expires, and again 30 days before the grant expires. The closeout module ensures that OJP and OVW grants are closed out effectively and efficiently and that any remaining funds are deobligated in a timely manner (within 180 days of the grant's end date). This year, GMS will be modified to prohibit grantees from drawing down funds after the end of the 90-day closeout period, if the grant has not already been closed.

COPS' system has a similar closeout capability, as CMS has functionality which prohibits grantees from drawing down grant funds after the end of the 90-day closeout period. Any unused grant funds for expired and closed COPS grants are deobligated within 6 months after the grant end date.

### ***Funding Freeze***

To encourage grantees to report programmatic progress in a timely fashion, OAAM implemented the funding freeze functionality within the GMS Progress Report module in FY 2007. The module temporarily freezes payments to an award recipient due to late submission of a progress report. After the award recipient submits a progress report and OJP approves it, the GMS module makes the funds available for drawdown. This new GMS feature, which complements the funding freeze for late financial status reports, has led to increased grantee accountability and compliance with grant program reporting requirements.

### ***Award Notification and Acceptance (ANA)***

In FY 2007, OAAM made enhancements to GMS' ANA module, which manages congressional stakeholder information and award notifications. Fax and email notifications of pending awards are forwarded to congressional stakeholders. Grantees receive an email notification of their award via the ANA module. The email directs grantees to go into GMS and download their award document, sign it, and fax the award document back to OJP.

## **Conclusion**

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OAAM's accomplishments outlined in this report represent the collective achievements for the first full year of operation. OAAM believes that the projects and deliverables planned for FY 2008 will meet the goals and objectives outlined in the Act. In FY 2008, OAAM will concentrate on hiring staff, completing its first assessments, maintaining strong internal controls, and continuing to oversee the implementation of DOJ grant management policies and procedures.