RECOVERY ACT

Office of Audit, Assessment, and Management
Post-Award Performance and Risk Management Plan
April 2009

This document contains the Post-Award Performance and Risk Management Plan that the Office of Audit, Assessment, and Management (OAAM) will implement to support the Office of Justice Programs (OJP) and the Office of Community Oriented Policing Services (COPS Office*), in the management and oversight of programs, projects, and activities funded through or required by the American Recovery and Reinvestment Act (the Recovery Act). Beginning in FY 2010, this plan will be re-evaluated frequently and updated as needed.

While direct responsibility for implementing, managing, and overseeing Recovery Act programs, projects, and activities rests with OJP program offices, the COPS Office, and grant recipients, OAAM is well positioned to perform critical coordination and oversight functions to ensure that the goals of the Recovery Act are met within a framework of accountability and that the risk of waste, fraud, error, or abuse is mitigated.

The activities outlined in this plan were developed to address the oversight and management requirements set forth in the Recovery Act and outlined in the Office of Management and Budget (OMB), "Implementing Guidance for the American Recovery and Reinvestment Act of 2009," for the oversight of Recovery Act funds. Activities carried out under this plan will address the explicit elements of risk outlined in the OMB guidance using prescribed strategies in the strategic, operational, and reporting risk objective areas. In addition, OAAM will incorporate the guidelines for combating grant fraud and improving the grant management process issued by the National Procurement Fraud Task Force and the Department of Justice Office of the Inspector General (OIG).

I. Collaboration and Reporting

> *Department of Justice OIG and U.S. Government Accountability Office (GAO) Coordination*. OAAM will continue to act as the audit liaison for OJP offices, coordinating all OIG and GAO activities related to audits of operations and grants. Specific to the Recovery Act, OAAM has proactively engaged the OIG to consult

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* OAAM has oversight responsibility for COPS Office programmatic monitoring efforts and conducts assessments of COPS Office grant programs to review program performance and grantee compliance, as required by Public Law 109-162, Section 3712h.

on methods to prevent the risk of waste, fraud, and abuse in the grant award process. For the duration of the Recovery Act post-award period, OAAM will meet routinely with the OIG to discuss programmatic progress and implementation issues, as well as to discuss strategies for improving grant program management. OAAM will also coordinate its assessment and oversight activities to maximize effectiveness and eliminate overlap with OIG and GAO efforts.

Pre-Award Recovery Act Implementation Report. OAAM has advised OJP offices when appropriate and throughout the Recovery Act grant pre-award process on effective grant making and grant oversight practices, to include the preparatory, risk mitigation activities outlined in Section 3.8 of the OMB implementing guidance. For example, OAAM has collaborated with OJP offices to create a single Recovery Act grant solicitation template; worked with the Office of the Chief Information Officer to prepare the Community Partnership Grant Management System (CPGMS) to accept a significantly increased number of grant applications; and commented on special conditions that will apply to Recovery Act grantees. Following the pre-award process, OAAM will summarize actions taken to meet the goals of the Recovery Act in the pre-award phase, and compile a list of relevant documentation, such as peer review scores and award decision memoranda, and ensure that these documents are appropriate and properly filed for future reference, per OJP policy.

Facilitation and Compilation of Performance Reporting Requirements. As OMB finalizes the reporting requirements for Recovery Act grants, OAAM, as the business owner of CPGMS, is prepared to ensure that Recovery Act reporting requirements are met, which may include designing accurate queries for posting key required data on Recovery.gov, depending on the prescribed grantee reporting method. In addition, OAAM will work with the Office of the Chief Financial Officer (OCFO) to track progress against the accountability measures outlined in Section 3.7 of OMB's implementing guidance.

OAAM has also coordinated and submitted comments to the Department of Justice and OMB on the OMB-proposed grant performance progress report. Once the final guidance and standard reporting formats and mechanisms are issued by OMB, OAAM will implement the progress report as part of the OJP post-award process in CPGMS.

OJP Recovery Act Performance Board. OAAM will capitalize on the Recovery Act working group after the pre-award period, moving to a post-award focus on coordinating performance management and reporting activities. Much like the current working group, membership will be composed of representatives from OJP program offices, the OCFO, and the Office of the General Counsel. This group will identify performance or performance management issues and make recommendations to solve or mitigate those issues.

II.   Internal Controls and General Oversight Capabilities

Agency Risk. OMB's Recovery Act implementing guidance requires agencies to identify internal control risks and identify risk areas specific to their agency.

1) OMB Circular A-123 Review. OAAM conducts a comprehensive annual review for nearly 100 of OJP's critical business processes in the areas of financial management, information technology, and grant management and makes recommendations to enhance and strengthen internal controls as required by OMB Circular A-123, "Management's Responsibility for Internal Control." In FY 2009, OAAM will augment the established A-123 review process by conducting expedited testing of a subset of business processes that are performed in direct support of Recovery Act implementation, such as the grant award and monitoring processes and various budget execution processes. OAAM has expedited OMB Circular A-123 efforts and will promptly coordinate corrective actions to remedy or strengthen areas where there is an identified opportunity for waste, fraud, or abuse.

2) OAAM has completed an assessment of its strategic, operational, and reporting capabilities, against elements derived from and cross-walked with Section 3 of OMB's implementing guidance to identify high-risk activities. OAAM will monitor these cross-cutting programmatic oversight and internal control risks and prescribe methods of addressing or rectifying these risks.

Grantee and Grant Manager Training. OAAM will offer timely training and reference material to OJP staff and OJP grant recipients on issues particular to the Recovery Act. Specifically, OAAM plans to provide the following training opportunities to OJP staff and grantees:

- Grant Fraud Detection. Nine training sessions will be conducted by a representative from the Department of Justice OIG for OJP staff in April 2009.
- Effective Grant Monitoring. Ten training sessions over the course of two weeks will be offered for grant management staff in May 2009, which will coincide with the release of the new monitoring module in CPGMS.
- Grant Award Process. Six refresher training sessions are being offered on the grant award process in March and April 2009.
- Recovery Act Requirements for Grantees. An on-line training tool is under development that will focus on new Recovery Act certifications and special conditions, enhanced reporting requirements, and fraud detection and prevention. In addition, the OCFO is planning targeted trainings for Recovery Act grantees that will focus on risk-prone areas for all grantees, as well as those specific to or more likely for grantees funded by the Recovery Act.

OAAM will also devote a significant portion of its monthly grant management newsletter to educating staff on various facets and requirements of the Recovery Act. Likewise, OAAM will review and update the OJP Grant Manager's Manual, which documents policies and procedures for the administration and management of all OJP grant programs, with requirements specific to the Recovery Act or general requirements to further enhance grant oversight procedures.

OJP Performance Work Plan Addendum. OAAM is working with the OJP Office for Administration, Human Resources Division to develop an addendum to Performance Work Plans for staff and managers who directly or indirectly support the implementation and management of Recovery Act programs, projects, and activities. The addendum will include performance indicators that align with the accountability criteria delineated in OMB's Recovery Act guidance.

III. Grantee Oversight

Single and Grant Audits. As required by the OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," OAAM will continue to work with grantees to remedy issues identified through Single Audits and will ensure that grantees with egregious or persistent deficiencies are considered for inclusion on OJP's High-Risk Grantee list. OAAM will also monitor OMB additions and updates to Single Audit requirements and support OMB outreach or implementation efforts, as appropriate.

OAAM also anticipates an increase in OIG grant audit activity and will make appropriate adjustments to its workforce allocation to ensure prompt resolution of any audit findings related to Recovery Act funding.

Grant Risk Assessment Program. OAAM manages OJP's High-Risk Grantee list and is working to ensure that OJP program offices address a grantee's risk status during the grant award process. OAAM will ensure that OJP adds special conditions to the Recovery Act awards of funding recipients designated as High-Risk grantees that may necessitate actions such as increased monitoring and/or prohibitions on drawing funds until certain requirements are met. High-Risk grantees with egregious or persistent performance or compliance issues, long-standing open audits, or open criminal investigations will be awarded grants only with a strong supporting justification.

In addition to using the High-Risk Grantee list (a lag indicator of risk), OAAM will implement a program of proactive risk detection (or lead indicators of risk) using a two-pronged risk assessment approach:

1) OAAM will modify its Grant Assessment Tool to include grant assessment criteria specific to Recovery Act grants. Beginning in FY 2010, grant managers

will be required to assess their open grants against these criteria to address identified concerns and develop a monitoring plan.

2) OAAM will run quarterly reports on grantee metrics, such as reporting compliance and drawdown activity, to identify potentially, at-risk grantees in real time. OAAM will provide grantee metrics to program offices and work with the offices to perform the necessary follow-up with grantees.

Programmatic and Financial Grant Monitoring. OAAM will collaborate with program offices and OCFO to update programmatic and financial monitoring procedures to address Recovery Act requirements. In particular, OAAM will:

1) Work with representatives of the OJP/COPS Office Monitoring Working Group to develop additional guidance for monitoring grants awarded under the Recovery Act. At a minimum, these criteria will address requirements for assessing grantee reports and performance measures and detecting indicators of waste, fraud, and abuse. OAAM will distribute this guidance to all OJP/COPS Office program managers and analysts from the OCFO.

2) Work with program offices and OCFO to develop guidance and a monitoring plan for FY 2010 that will focus on monitoring Recovery Act grants.

3) Implement a site visit validation program for a sample of grants, covering all programs funded by the Recovery Act, to verify that program managers are following OJP/COPS Office monitoring guidelines and accurately reporting site visit conclusions. OAAM may accomplish this validation by accompanying program managers on site visits or by conducting independent, follow-up visits.

Performance Measurement and Management. OAAM will conduct program assessments of new grant programs and projects funded through the Recovery Act, such as the Office of Juvenile Justice and Delinquency Prevention's youth mentoring programs. Program assessments reports, much like performance audits, provide OJP leadership with valuable information on the short- and medium-term performance of grant programs and grantee compliance. Assessment reports also contain targeted recommendations for making program improvements or enhancing grant oversight practices.

As part of the program assessment function, OAAM will play a key role in measuring and reporting grantee performance data. In particular, OAAM will test the face validity of grantee-submitted performance measurement data and analyze performance trends. In addition, OAAM will continue to review program logic model feasibility, as well as measure program outputs and outcomes against these logic models as part of the program assessment objectives.

As a proactive measure, OAAM will provide technical assistance to OJP program offices and the COPS Office for enhancing their performance management strategies. This assistance could include training on logic model or performance measure development and data collection/validation.