

# EXAMINING MISMANAGEMENT IN OFFICE OF JUSTICE PROGRAMS GRANTMAKING

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## HEARING BEFORE THE SUBCOMMITTEE ON GOVERNMENT OPERATIONS OF THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM HOUSE OF REPRESENTATIVES ONE HUNDRED FOURTEENTH CONGRESS SECOND SESSION

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## CONTENTS

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Hearing held on July 14, 2016 .....	Page 1
WITNESSES	
The Hon. Michael E. Horowitz, Inspector General, U.S. Department of Justice	
Oral Statement .....	4
Written Statement .....	6
Ms. Beth McGarry, Principal Deputy Assistant Attorney General for Office of Justice Programs, U.S. Department of Justice	
Oral Statement .....	13
Written Statement .....	15
Ms. Gretta Goodwin, Acting Director, Homeland Security and Justice, U.S. Government Accountability Office	
Oral Statement .....	20
Written Statement .....	22
Mr. Jeffrey Sedgwick, Ph.D., Executive Director, Justice Research and Statis- tics Association	
Oral Statement .....	44
Written Statement .....	47



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Thursday, July 14, 2016

HOUSE OF REPRESENTATIVES  
SUBCOMMITTEE ON GOVERNMENT OPERATIONS  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM  
*Washington, D.C.*

The subcommittee met, pursuant to call, at 2:14 p.m., in Room 2247, Rayburn House Office Building, Hon. Mark Meadows [chairman of the subcommittee] presiding.

Present: Representatives Meadows, Walberg, Carter, and Plaskett.

Mr. MEADOWS. All right. The Subcommittee on Government Operations will come to order. And without objection, the chair is authorized to declare a recess at any time.

I want to thank you once again for the delay and for your graciousness with that.

Obviously, the Office of Justice Programs, or OJP, as it is commonly referred to, is the largest of three departments—of the Department of Justice grantmaking entities. OJP gave out more than \$4 billion in fiscal year 2015, with about \$1.2 billion issued for State, local, and tribal law enforcement, plus another \$251 million for the juvenile justice initiatives.

That is a lot of the programs and a whole lot of money. There is no doubt that grants can provide an important resource to State and local government entities, allowing them to do important work in many areas, including crime prevention and reduction of recidivism. The Office of Justice Programs has a responsibility to effectively manage its grants program, and it is our job in Congress to make sure that OJP is carrying out its responsibility and spending the taxpayer dollars responsibly and effectively.

Over the last decade, OJP has made improvements in its grantmaking process, thanks in no small part to the oversight provided by GAO and the Inspector General. We are here today to discuss those improvements and also to discuss the status of some of the open recommendations made by both GAO and the Inspector General.

While OJP has made progress in its grant management, the Inspector General's reports and audits show that there is still room for improvement. For example, the IG published a report last year that found that OJP's grant money was used to build two correctional facilities that were at least 250 percent larger than they needed at an excess cost of some \$32 million. This was a \$70 million grant to the Navajo Division of Public Safety to plan and con-

struct a tribal justice facility, and somewhere along the way the plans changed, and there was a massive increase in the size and scope of that facility.

One of the facilities had an approved plan for a 42-bed prison that ended up, they ended up building a facility that had 132 beds. This, despite having an average jail occupancy between 14 and 22 inmates a month. The other facility, with averages of 7 to 11 inmates, ended up with 80 beds.

They built these buildings so big that they do not have enough money to fully staff them. They sit there today largely empty, a \$70 million price tag for nearly empty prisons.

Look, my issue here is not about the grant itself. I can tell you that in my district there have been the deployment of some of these grants in effective ways. But it is blatantly mismanaged taxpayer dollars, plain and simple, that we have to address, and here is the question I would like to get to today.

Are we actually managing these grants at a sufficiently detailed level to achieve results, prevent waste, fraud, and abuse, or are we just checking the boxes? And so I am interested to hear from all of our witnesses today on the many issues presented by the DOJ's grant management and the progress that has been made and the progress that still needs to be made.

And so, with that, I would like to now recognize my good friend, the gentlewoman from the Virgin Islands, Ms. Plaskett, for her opening remarks.

Ms. PLASKETT. Thank you so much, Mr. Chairman.

And good afternoon to all of you. Thank you for attending this Subcommittee on Government Operations.

I want to thank you, Mr. Chairman, for holding today's hearing to highlight very important office at the Department of Justice, that being the Office of Justice Programs. Currently, OJP oversees 7,000 active grants, some of which are mandated by Congress, totaling more than \$7.5 billion.

As a former prosecutor and also an official at the Department of Justice where, working under the Deputy Attorney General's office, I oversaw some of OJP's work, I know firsthand what an important partner OJP is to our local and State governments by providing resources for training, coordination, and equipment to support law enforcement efforts. OJP funds are used to support anti-gang initiatives, bulletproof vest purchases, and programs to counter spousal or child abuse and trafficking, human trafficking.

These grants make a difference in people's lives. Just 2 weeks ago, OJP reported that the Internet Crimes against Children's Task Force, funded through OJP grant program, arrested more than 1,300 suspected child predators. Last fall, OJP announced the addition of five cities to the Violence Reduction Network, a collaborative program between DOJ and cities which have contributed to the arrest of criminals suspected of violent crimes, such as sexual assault and homicide.

As part of its own oversight, OJP assesses the risk of all grant applicants and grantees to identify any high-risk grantees that may require additional controls or corrective actions. In fact, OJP actually exceeds the 10 percent statutory goal for conducting exten-

sive monitoring of grant dollars, and less than 1 percent of grants are currently considered as high risk.

To supplement its internal efforts, OJP relies on the Office of the Inspector General. Independent audits of grantees and review of OJP grant management, like those conducted by the Inspector General and the Government Accountability Office, which are here with us this afternoon, have aided the office in making improvements to its management processes.

While the both the IG and GAO—that is a lot of acronyms there—have singled out specific grant programs for concern in recent years, OJP has acted in good faith to implement corrective recommendations and close out those cases. As a result of IG recommendations, OJP has taken significant steps to change its policies and procedures, clarify or issue guidance, put in place performance control, and remedy unallowable costs.

For example, OJP has requested Treasury send a collection notice to recruit unsupported expenditures from one grantee and has offered individualized technical assistance to all grantees under the DNA Backlog Reduction Program as it works to update its program guidance.

In 2012, GAO found that DOJ needed to put into place better controls to reduce the risk of duplication of grant awards, including OJP grants. As a result, DOJ granting agencies now coordinate with one another to ensure that grantees are not unnecessarily receiving duplicative awards.

OJP's improvements to its grant management controls over the past decade have been welcomed by grant applicants and recipients. For example, OJP created the Office of Audit Assessment and Management in fiscal year 2007 to conduct audits of OJP processes and risk assessments of grant programs, oversee program monitoring, and create policies to improve OJP grant management.

Since then, applicants report experiencing better communication of the grant peer review process, receiving a more transparent and timely review of the strengths or weaknesses of the grant proposal, and have frequent communication about grant requirements and policy changes. These changes make OJP—and OJP are lowering the risk to taxpayers. But there is always room for improvement.

It is essential for OJP to continuously evaluate its programs with the IG and with GAO for lessons learned and to identify ways to improve its oversight and monitoring of grant programs to ensure that funding is effectively and efficiently used by grant recipients. I look forward to hearing from today's witnesses about their observations and suggestions for assisting OJP and this subcommittee in conducting robust oversight of these grant dollars, which are vital to our State and local partners.

Thank you.

Mr. MEADOWS. I thank the ranking member for her comments and well thought out delivery.

And so, as I enter into this, I just want to thank all of you for coming. I will hold the record open for 5 legislative days for any Member who would like to submit a written statement.

Mr. MEADOWS. We will now recognize our panel of witnesses. Pleased to welcome the Honorable Michael Horowitz—welcome back—Inspector General of the Department of Justice.

Ms. Beth McGarry, Principal Deputy Assistant Attorney General of the Office of Justice Programs at the Department of Justice. Welcome.

Ms. Gretta Goodwin, a Ph.D., Acting Director of Justice and Law Enforcement Issues on the Homeland Security and Justice team at the Government Accountability Office. Welcome.

And Mr. Jeffrey Sedgwick, Ph.D., Executive Director of the Justice Research and Statistics Association.

Welcome to you all, and pursuant to committee rules, all witnesses will be sworn in before they testify. So if you would please rise and raise your right hand.

Do you solemnly swear or affirm that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth?

[Response.]

Mr. MEADOWS. Thank you.

Let the record reflect that all witnesses answered in the affirmative.

And in order to allow time for discussion, please limit your oral testimony to 5 minutes. However, your entire written statement will be made part of the record.

And so, Mr. Horowitz, I recognize you for 5 minutes.

#### **WITNESS STATEMENTS**

##### **STATEMENT OF HON. MICHAEL E. HOROWITZ**

Mr. HOROWITZ. Thank you, Mr. Chairman, Ranking Member Plaskett, members of the subcommittee. Thank you for inviting me to testify today.

From fiscal year 2011 through fiscal year 2015, OJP awarded over \$10 billion in grants to thousands of recipients. During that same time period, the OIG issued approximately 100 audits of OJP grant awards, containing about 700 recommendations and identifying approximately \$100 million in dollar-related findings.

In fiscal year 2015 and 2016, Congress additionally authorized the department to issue over \$5 billion in Crime Victims Fund awards, with the vast majority likely to be OJP grants. This significant increase in CVF grants requires OJP to have sufficient controls and oversight in place to ensure that those funds are used appropriately. We are currently conducting a risk assessment of OJP's management of CVF grants in light of this funding increase, and we're also auditing CVF grantees and subgrantees' use of these funds.

Over the past several years, OJP and the department have made positive strides in improving their grants management, including implementing online grants management training, enhancing its management of high-risk grantees, and consolidating grant rules promulgated—that had been promulgated separately by three DOJ grantmaking agencies into a consolidated department grants financial guide.

While these advances are encouraging, protecting taxpayer funds from mismanagement and misuse remains one of the most significant challenges facing the department. The department must undertake robust efforts to ensure that the billions it gives out in



grants are appropriately spent and that the public receives the expected return on its investment.

Our past work has identified several instances where the department grant monitoring was too limited and where site visits were too few. In particular, we found breakdowns in monitoring subgrantees to ensure that they are fulfilling all grant conditions. It's also important for the department to develop a results-oriented performance measures approach to ensure the grant programs are meeting their intended goals and producing a measurable outcome.

Such measures are critical for the department to effectively assess which grant program should receive valuable taxpayer funds. In addition to our audit work, the OIG conducts grant-related investigations into possible fraud, embezzlement, and conflicts of interest. In the past 5 fiscal years, those investigations resulted in 13 criminal convictions and more than \$6 million in restitution and recoveries.

Our office participates in other efforts to improve grant management and reduce fraud across the Federal Government. I chair the Grant Fraud Working Group of the Financial Fraud Enforcement Task Force, a diverse coalition of IG offices and executive branch agencies. The working group looks to improve our ability to investigate and prosecute grant fraud matters. It played a key role in developing grant fraud training for special agents, Government prosecutors, and auditors. The working group also serves as an information-sharing platform regarding best practices and our ongoing data analytics efforts.

In concluding, I want to thank the committee for its support, bipartisan support of the IG Empowerment Act. The bill contains several important provisions that will assist Inspectors General in conducting effective oversight, including of grant awards.

For example, the bill ensures that IGs will have timely and unimpeded access to agency and grant recipient records. It allows OIGs to match data across agencies to help uncover improper payments and wasteful spending, which will improve our ability to detect grant fraud and uncover duplicative grant awards, and it provides OIGs with the testimonial subpoena authority, which will be a particularly helpful tool in enabling IGs to gain critical evidence when conducting civil and administrative grant fraud investigations.

I very much appreciate the House of Representatives passing the legislation, and I hope that the Senate will take action soon so that all Inspectors General are able to conduct their important work effectively.

Thank you, and I look forward to answering any questions.

[Prepared statement of Mr. Horowitz follows:]

Mr. Chairman, Congressman Connolly, and Members of the Subcommittee:

Thank you for inviting me to testify about the Department of Justice (Department) Office of the Inspector General's (OIG) oversight of grants awarded by the Department's Office of Justice Programs (OJP). As my Office has demonstrated in its past and current work, the OIG is committed to conducting strong oversight of OJP grant programs to ensure that grant funds are effectively and appropriately used and that grantees achieve measurable outcomes.

From Fiscal Year (FY) 2011 through FY 2015, the Department awarded over \$13 billion in grants. Of that amount, over \$10 billion was awarded by OJP to thousands of government and non-government recipients. During that same time period, the OIG issued approximately 100 audits of grants awarded by OJP containing about 700 recommendations and identifying approximately \$100 million in dollar-related findings, which have included both questioned costs and funds that we found could have been put to better use.

In addition, the Department is authorized to award a substantial amount of grant funds with distributions from the Crime Victims Fund (CVF). In FY 2015, Congress authorized the Department to distribute over \$2.3 billion from the CVF, which is approximately 3 times more than what was authorized in FY 2014. In FY 2016, Congress again expanded this amount to over \$3 billion. While this funding goes to a variety of Department programs, the majority of it is used for OJP grants. This significant increase requires OJP to have sufficient controls and oversight to ensure that the funds are used appropriately. We currently are auditing the risks associated with OJP's management of the increase in the amount of funds available for distribution from the CVF, and we are implementing our risk-based strategy to audit CVF grantees' and sub-grantees' use of these funds.

Over the past several years, OJP and the Department have made positive strides in improving their grants management, including implementing online grants management training, enhancing its management of high-risk grantees, and combining the individual grant rules promulgated by each of the three DOJ grant-making agencies into a consolidated Department Grants Financial Guide. Additionally, in response to reports by the OIG and the Government Accountability Office (GAO), the Department has reported that it has taken actions to address duplication and poor coordination among the Department's three grant-making components – OJP, the Office of Community Oriented Policing Services (COPS), and the Office on Violence Against Women (OVW). Specifically, the GAO reports that the Department has performed an assessment to better understand the extent to which its grant programs overlap, implemented a tool to continuously monitor and assess the degree of overlap among its programs, and decided to implement an integrated shared services platform called GrantsNet to harmonize DOJ grant processes. The GAO report can be found on the GAO website here: <http://www.gao.gov/products/GAO-12-517>.

### **Grant Management Challenges Facing the Department**

Every year, we issue our report of the top management and performance challenges facing the Department. Protecting taxpayer funds from mismanagement and misuse is one of the challenges that we identified in our most recent report, which can be found on our OIG website at: <https://oig.justice.gov/challenges/>. The Department must undertake robust efforts to ensure that the billions it gives out in grants are appropriately spent and that the public receives the expected and desired return on its investment. Further, the Department must find new and better ways to interact with funding recipients to ensure that funds are expended for their stated purposes. Our past work has identified several instances when Department components exercised limited monitoring of grants and conducted few site visits. Additionally, we have found breakdowns in monitoring at the subgrantee level, when grant recipients distributed funds to third parties and did not adequately ensure that these subgrantees fulfilled the grant conditions. At the most extreme end of the spectrum, the OIG's Fraud Detection Office has pursued criminal investigations uncovering embezzlement, improper consultant payments, and conflicts of interest, affirming the need for vigilance in these areas.

Another challenge that the Department continues to face relates to its ability to measure and evaluate the performance of grant recipients. To ensure grant programs are meeting their intended goals and producing a measurable outcome, the Department must continue to develop results-oriented performance measures. These results-oriented measures are critical for the Department to effectively assess which grant programs should receive valuable taxpayer funds. An example that I often cite, although not recent, involved our audit of grants OJP awarded to two local law enforcement agencies that, in whole or in part, supported their use of Unmanned Aircraft Systems (UAS), also known as drones. We found that OJP did not require UAS award recipients to demonstrate that they could receive authorization from the Federal Aviation Administration (FAA) to operate UAS or that UAS use was legal in their jurisdiction. In addition, OJP did not require the two award recipients to report specific data necessary to measure the success of UAS testing, or to use or share the results of their programs with the Department. In fact, we found the two jurisdictions spent \$234,000 in DOJ funds to buy drones that, due to both technical and regulatory limitations, ended up never being used operationally. The report can be found on our OIG website at: <https://oig.justice.gov/reports/2013/a1337.pdf>.

In addition, the OIG participates actively in other efforts to improve grant management and reduce fraud across the federal government. I chair the Grant Fraud Working Group of the Financial Fraud Enforcement Task Force, which consists of a diverse coalition from across the OIG community and Justice Department components like the Civil Division. This task force works to improve investigation and prosecution of grant-fraud matters. The Committee has played a key role in developing grant-fraud training for special agents, government attorneys, and auditors. For example, in January, members of our group coordinated and delivered live web-based training to over 95 attorneys, paralegals, and auditors from various United States Attorneys' Offices to make them better aware of the

risks and investigative tools in the grant fraud arena. The Grant Fraud Working Group has also served as an information sharing platform regarding pertinent legal decisions, best practices, and data analytics efforts. As an example, during a March 2016 Grant Fraud Working Group meeting, representatives from the Interagency Suspension and Debarment Committee addressed approximately 70 attendees about the utility and nuances of the suspension and debarment tool in grant fraud matters.

During the past several years, Grant Fraud Working Group members also worked closely with members of a Council of the Inspectors General on Integrity and Efficiency (CIGIE) working group and the Office of Management and Budget (OMB) regarding the implementation of the Uniform Grant Guidance, which was issued by OMB in December 2013. The Grant Fraud Working Group has worked to educate special agents, attorneys, and others about this important change to the guidance and describe how it impacts grant oversight and fraud investigative efforts.

#### **OIG Audits of OJP Grants**

While the OIG will continue to monitor the broad concerns with the Department's grant management efforts, the OIG will continue its robust oversight of the OJP grant management process and of grant recipients. I would like to highlight for the Subcommittee some examples of significant recent OIG reports demonstrating the nature and extent of our oversight of OJP grants.

***Navajo Division of Public Safety.*** In September 2015 we identified over \$35 million in questionable uses of grant funding and concerns relating to compliance with grant requirements in our audit of \$70 million awarded to the Navajo Division of Public Safety. The grants were intended to fund the design and construction of tribal justice facilities for the incarceration and rehabilitation of adult offenders subject to tribal jurisdiction. Most of the questioned costs were related to the construction of two correctional facilities that were built with capacities that were at least 250 percent larger than needed, and at an excess cost of more than \$32 million. We further found that OJP possessed the information necessary to identify the significant changes that expanded these projects' scope but did not take sufficient action to prevent the questionable spending. The excessive size of the correctional facilities also resulted in increased costs for operations and maintenance staffing, which are funded through the Department of the Interior's Bureau of Indian Affairs (BIA). However, BIA told us that, due to funding constraints, it can only provide 40 percent of requested funding for tribal corrections officers for the two facilities. Since the completion of our audit, one facility has been completed but has not yet opened due to construction issues. The other facility has been opened but only has staff to support 2 of the 11 constructed housing units for a maximum incarceration capacity of 24, thereby leaving it 82 percent vacant. The OIG made 9 recommendations to OJP, including that it remedy over \$32 million in unallowable expenditures associated with excessive building sizes and over \$290,000 in unallowable expenditures associated with unnecessary

planning grants. The report can be found on the OIG's website at the following link: <https://oig.justice.gov/reports/2015/g6015015.pdf>.

**Philadelphia Safety Net.** The OIG audited \$771,137 in OJP grant funding awarded to the non-profit Philadelphia Safety Net (PSN), to support PSN's "Goods for Guns" gun buyback initiative and to provide safety workshops for seniors. The audit identified \$479,183 in questioned expenses, representing 62 percent of total grant funds, which were unallowable, unsupported, or unreasonable. These questioned costs included \$346,394 for the PSN Executive Director's compensation and associated fringe benefits, which exceeded that approved by the PSN Board of Directors, were not based on the value of services rendered, were not adequately supported, and were used in support of fundraising activities in violation of grant rules. The questioned costs also included \$43,697 in rent and utilities paid for an underutilized building and unsupported costs, 363 unaccounted grocery store gift cards totaling \$36,300, which did not result in collected guns, and \$52,792 in payments to a consultant hired noncompetitively in violation of grant rules. The OIG made 11 recommendations to OJP to address these deficiencies. OJP agreed with the recommendations. In addition, both PSN and its Executive Director were suspended in December 2015 by the Department of Justice based on the audit findings, and both were ultimately debarred in February 2016 from receiving any federal funds until November 2018. The report can be found on the OIG's website at the following link: <https://oig.justice.gov/reports/2014/g7014001.pdf>.

**DNA Backlog Reduction Grantees' Reporting and Use of Program Income.** Earlier this year, we conducted an audit of the National Institute of Justice's (NIJ) management and oversight of DNA Backlog Reduction grantees' reporting and use of program income. NIJ, which is a component of OJP, awarded over \$302 million in grants to state and local governments during FY 2010 through FY 2013 to increase the ability of public DNA laboratories to process more DNA cases. State and local government grantees are allowed to generate income from their grant-funded services, but must put a portion of that income back into their grant budget to further reduce backlogged DNA cases. The OIG found that the NIJ is not adequately managing the income generated by DNA Backlog Reduction grantees. Specifically, the NIJ's process for identifying grantees that generate program income needs improvement. This would allow the NIJ to provide more effective oversight. In addition, the NIJ lacks procedures for following up with grantees that have the potential to generate program income. As a result, the NIJ is unable to determine whether grantees are in fact generating, accounting for, reporting, and appropriately using program income. We also found that the program income guidance from NIJ and OJP was unclear, resulting in grantee confusion. The OIG made four recommendations to NIJ in our report, including strengthening and enhancing the current process to ensure clear and consistent procedures to identify and monitor all grantees with the potential to generate program income; ensuring that its staff and all grantees receive training on the reporting of program income, including on the required and proper use of the program income calculator; improving formal written procedures for accurately reporting and verifying program income, including for any extension periods; and establishing policies and procedures to inform all grantees of decisions that may

impact grantees' reporting of program income. The report can be found on the OIG's website at the following link:  
<https://oig.justice.gov/reports/2016/a1615.pdf>.

**John R. Justice Grant Program.** The John R. Justice (JRJ) grant program was designed to encourage qualified attorneys to choose careers as prosecutors and as public defenders, and to continue in that service by providing student loan repayment assistance. In our audit, we found that the Bureau of Justice Assistance (BJA), an OJP component that runs the program, had granted almost \$500,000 to state administering agencies that remained unspent on attorney awards when the grant periods closed. The audit also identified approximately \$650,000 in additional unspent funds that could be put to better use. This included over \$370,000 that the BJA awarded to U.S. territories that had not demonstrated a need or ability to implement the JRJ program and did not appear to have spent any of their JRJ funding during their first 2.5 years in the program on awards to attorneys. In addition, the OIG identified at least 288 attorneys who received over \$1.2 million in JRJ awards; yet as of February 2014, OJP had received just over 10 percent in repayments that could be tied to individuals leaving the JRJ program early. The audit found that BJA needed to improve its administration of this grant program by monitoring JRJ funds more closely to identify states that are not using their awarded funds; implementing an enforcement mechanism adequate to ensure that states comply with the requirement to submit beneficiary service agreements; identifying a comprehensive list of participants who have left the program and determining the amount of repayments they owe the federal government; clarifying and circulating guidance on the responsibilities of the BJA, states, and beneficiaries when a beneficiary exits the JRJ program; and developing a formal process for submitting and evaluating repayment waivers. The report can be found on the OIG's website at the following link:  
<https://oig.justice.gov/reports/2014/a1423.pdf>.

#### **Continuing OIG Audit Work on OJP Grants**

**National Presidential Conventions.** We continue our vigorous oversight of grants awarded by OJP for the National Presidential Conventions. For example, we recently initiated statutorily-required audits of over \$90 million in grants awarded for law enforcement activities at the Republican and Democratic national conventions in Cleveland, Ohio; and Philadelphia, Pennsylvania, respectively. We will be reviewing the costs claimed under these grants to determine whether they were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants. We issued similar audits for the Democratic and Republican conventions held in 2012, which found that both cities were reimbursed for some labor costs that were not adequately supported or unallowable under the terms and conditions of the grants. For the 2016 conventions, we will carefully review how these grant funds were spent and assess whether proper accounting systems and internal controls were in place to track the use of funds.

***Tribal Justice Infrastructure Program.*** As part of our continuing efforts to oversee grant funds awarded to Native Americans and tribal organizations, we are auditing the Tribal Justice Infrastructure Program (TJIP), which funds the planning and construction of new, or renovation of existing, tribal justice facilities and community-based alternatives to help prevent and control jail overcrowding due to alcohol and other substance abuse-related crime. We are assessing OJP's management and oversight of the funding provided under the TJIP, including the contracting activities of grantees; and determining the extent of OJP's cooperation and coordination with the BIA to ensure efficient and effective correctional services in Indian Country.

***Office of Juvenile Justice and Delinquency Prevention Formula Grants.*** We are also conducting reviews pertaining to OJP and its grant management processes. For example, we are auditing the Office of Juvenile Justice and Delinquency Prevention (OJJDP) Title II Formula Grants Program, which provides funding directly to states, territories, and the District of Columbia to help implement comprehensive state juvenile justice plans based on needs studies for delinquency prevention and intervention efforts, as well as juvenile justice system improvements. The objectives include assessing compliance with Juvenile Justice and Delinquency Prevention Act protections and requirements.

#### **OIG Investigations of Grant Fraud**

While our grant-related audits identify programmatic concerns and uncover waste, the OIG also conducts investigations where there is possible fraud and misconduct in order to help prevent and deter such conduct. For the past 5 fiscal years, the OIG closed nearly 50 grant-related investigations that resulted in 13 convictions, and more than \$6.1 million in restitution and recoveries. For example, earlier this year Big Brothers Big Sisters of America Corporation (Big Brothers) agreed to pay the United States \$1.6 million to settle allegations related to false claims in connection with a DOJ grant program. This investigation was initiated in response to findings in an OIG audit of Big Brothers. Our investigation found that Big Brothers violated DOJ regulations and guidelines by commingling grant funds with general operating funds, failing to segregate expenditures to ensure that the funds for each grant were used as intended, and failing to maintain internal financial controls to safeguard the proper use of grant funds with respect to three grants awarded, totaling over \$23.1 million, by the Department from 2009 to 2011. In addition to the settlement, Big Brothers has agreed to institute a strict compliance program that requires the organization to engage in regular audits, both internally and by independent auditors, and employ risk assessment tools to detect abuses that might otherwise go undetected.

In another grant-related OIG investigation, two employees of the Alameda Heights Outreach Center in Dallas, Texas pleaded guilty to federal program theft and misprision of a felony. The employees admitted that they fraudulently obtained and intentionally misapplied approximately \$75,000 in grant funds received from the OJJDP and created fictitious student records to indicate that Alameda Heights was mentoring youths in accordance with the grant so they could continue receiving

funds. The employees were sentenced to 3 years of probation and ordered to pay \$75,000 in restitution after pleading guilty.

In concluding, I would like to thank this Committee for its bipartisan efforts to get the Inspector General Empowerment Act (H.R.2359) passed in the House of Representatives. The IG Empowerment Act contains important provisions that are crucial for OIGs to conduct effective oversight, including of grant awards. For example, the bill ensures that federal Inspectors General have timely and unimpeded access to agency records. Only with such access can OIGs conduct meaningful and effective oversight. In addition, the bill allows OIGs to match data across agencies to help uncover improper payments and wasteful spending, which will improve our ability to detect grant fraud and to uncover duplicative grant awards. The bill also provides OIGs with testimonial subpoena authority, which will be a particularly helpful tool for OIGs investigating potential misuse of grant funds. Currently, the only means that OIGs have for obtaining testimony from an employee of a grant recipient with relevant evidence is if the witness either voluntarily agrees to the interview or if a federal prosecutor accepts the case for criminal prosecution, opens a grand jury investigation, and subpoenas the witness to testify before the grand jury. By authorizing testimonial subpoena authority, the IG Empowerment Act allows OIGs to gain critical evidence in non-criminal investigations, such as civil and administrative enforcement actions, from recalcitrant witnesses who know about a serious misuse of grant funds. I appreciate the support of the House of Representatives in passing the IG Empowerment Act, and I hope that the Senate will take action soon to ensure all Inspectors General can conduct their important oversight work effectively.

I will be pleased to answer any questions that the Subcommittee may have.



Mr. MEADOWS. Thank you, Mr. Horowitz, and I want to thank you for your continuing work. As you know, the Inspectors General provide a critical role in a number of scenarios, and it is always good to have you before this committee.

Ms. McGarry, you are recognized for 5 minutes.

#### **STATEMENT OF BETH MCGARRY**

Ms. MCGARRY. Thank you, Chairman Meadows, and thank you, Congresswoman Plaskett and distinguished members of the committee.

I am pleased to have this opportunity to discuss the Office of Justice Programs' commitment to rigorous oversight of its grants program and our collaboration with the Department of Justice Office of the Inspector General and the Government Accountability Office. These collaborations strengthen and support OJP's grant oversight process.

I am Beth McGarry, the Principal Deputy Assistant Attorney General for OJP. Prior to my service in this position, I was an Assistant United States Attorney and a career Deputy Assistant Attorney General at OJP.

Every day across the country, OJP grantees do amazing work, preventing and controlling crime, administering justice, and assisting crime victims. For example, two of our justice reinvestment initiative States, Georgia and North Carolina, have both reduced their prison populations and reinvested the cost savings to add community probation and parole officers and intervention and treatment programs.

We are honored to call the recipients of these 7,000 grants partners, and we take very seriously our responsibility to be vigilant stewards of taxpayer dollars as we manage the public funds behind these grants.

Key to these efforts is OJP's Office of Audit Assessment and Management, which was stood up in 2007. OAAM establishes a stronger oversight structure for OJP's multi-billion dollar grant programs. With congressional support and through OAAM's leadership, OJP has implemented a robust framework of oversight across its grants programs.

Congress also requires OJP to conduct comprehensive monitoring of not less than 10 percent of total award dollars. Demonstrating its commitment to this requirement, OJP consistently exceeds this 10 percent level each fiscal year. In fiscal year 2015, OJP monitored 20 percent of award dollars, completing in-depth programmatic and financial monitoring twice the amount required by law.

Given the magnitude of the oversight required, it is essential that we focus monitoring efforts on grants where there is the most risk to Federal resources. To accomplish this, OJP uses a risk-based assessment and analytic approach to oversight. This approach entails analyzing myriad criteria during both the grant application and post award phases.

In addition, OJP developed rigorous monitoring standards and procedures to ensure that grant awards are assessed, the information collected is analyzed, and determinations made regarding the

grantees' performance on all programmatic, financial, and administrative requirements of award.

OJP recognizes that we must consider potential risk before individual grants are awarded. Last year, OJP implemented an enhanced pre-award risk process. Based on this analysis, OJP's program offices implemented actions to manage or mitigate and identify potential risks to the Government by requiring increased oversight and financial training.

Once awarded, OJP assesses grants against more than two dozen risk factors and determines the appropriate monitoring plan. At a minimum, each grant award undergoes a desk review once a year. Informed by the annual desk reviews and quarterly risk-based assessment, OJP conducts in-depth programmatic and financial monitoring of selected grantees.

We are honored that the Association of Government Accountants cited OJP's model as a best practice and that other Federal agencies and the OIG have requested OJP's assistance to replicate our risk-based model. For grants recipients deemed high risk, OJP provides extensive monitoring and in many cases intensive technical assistance. When warranted, we freeze grantee funds or refer the grantee for investigation by the OIG.

The OIG is a critical part of the Federal oversight framework. OJP works as a liaison between the OIG and the grant recipient to ensure that the findings identified in the OIG audit reports are corrected properly. OJP also uses the audit reports to strength our internal controls and grant monitoring.

Also we work with the GAO to strengthen our programs. Preventing wasteful duplication in Government programs is a critical priority for DOJ and OJP. The department's three grantmaking components collaborate closely on the development and implementation of grant programs. Each year, the grant programs conduct an assessment to determine the risk of overlap. Through this collaboration, we ensure that our tribal grants are not duplicate but support complementary justice purposes.

OJP values transparency in our grant operations. We have a dynamic Web site, where we post all of our solicitations, grant awards, the DOJ financial guide, and grant information.

I look forward to working with the subcommittee to ensure that our programs and activities meet the high standards that you expect of us and that the American people deserve. Thank you again for this opportunity, and I look forward to your questions.

[Prepared statement of Ms. McGarry follows:]

**Statement of Beth McGarry**  
**Principal Deputy Assistant Attorney General, Office of Justice Programs**  
**U.S. Department of Justice**  
**Before the House Committee on Oversight and Government Reform**  
**Subcommittee on Government Operations**

**OJP Oversight Hearing**  
**Thursday, July 14, 2016**

Chairman Meadows, Ranking Member Connolly, and distinguished Members of the Subcommittee, thank you for allowing me to speak here today. I appreciate the opportunity to discuss the Office of Justice Programs' (OJP) rigorous oversight of our grants and cooperative agreements, and our collaboration with the DOJ Office of Inspector General (OIG) and the Government Accountability Office (GAO). These collaborations strengthen and support OJP's ongoing grant oversight process. I am Beth McGarry, the Principal Deputy Assistant Attorney General for OJP. Prior to this position, I was a career employee at the Department of Justice, including work as an Assistant United States Attorney and at OJP.

As the Committee is aware, OJP's mission is to provide leadership, resources and solutions for creating safe, just and engaged communities. We emphasize close and productive relationships with a broad array of stakeholders in the criminal and juvenile justice fields. This mutual support, and the resources available from OJP to bolster our criminal and juvenile justice systems and victim services, are of critical importance in these challenging times.

OJP recognizes its responsibility to be a vigilant steward of taxpayer dollars and we continuously focus on effectively managing public funds. For the last decade, we have constantly improved and strengthened OJP's internal controls, developed and refined our risk management, and strengthened our oversight and monitoring.

Key to these efforts is OJP's Office of Audit, Assessment and Management (OAAM). Congress created OAAM to ensure compliance and proper internal controls through the oversight and review of grant management activities, grant programs and financial processes. Through OAAM's leadership, OJP has developed and implemented a strong framework of oversight to ensure accountability and mitigate the risk of waste, fraud and abuse of the billions of taxpayer dollars OJP awards in grants each fiscal year.

OJP fulfills its grant oversight and monitoring duties through a variety of mechanisms, including ongoing communication directly with grantees, routine review of grantee progress and financial reports, formal programmatic and financial monitoring, grantee audit resolution follow-up, training and technical assistance, and targeted outreach to high-risk or at-risk grantees. OJP consistently exceeds its statutory requirement to conduct comprehensive monitoring of not less than 10% of total award dollars. In FY 2015, OJP completed programmatic in-depth (on-site or remote) monitoring of nearly 800 grants totaling \$1.1 billion, twice the amount required by law. In addition, OJP's Office of the Chief Financial Officer (OCFO) conducted on-site financial

monitoring of 482 grants totaling \$951 million, and 433 financial desk reviews totaling more than \$461 million.

With the challenge of monitoring over 7,000 active grant awards, OJP uses a risk assessment and data analytic approach to oversight. This approach entails analyzing a myriad of risk criteria during both the grant application and post-award phases. In addition, OJP has developed rigorous monitoring standards and procedures, to ensure that all aspects and activities of a grant award are assessed, the information collected is analyzed and determinations are made regarding the grantee's performance on all programmatic, financial and administrative requirements of the award. The following provides specific information on OJP's oversight process.

#### Pre-Award Risk Process

OJP recognizes that we must consider potential risks before individual grants are awarded. In addition to the peer review of competitive grant applications, OJP has enhanced its comprehensive risk based model to further identify and manage pre-award risk. In fiscal year (FY) 2015, we implemented an enhanced pre-award risk process, as required under the new Office of Management and Budget (OMB) Uniform guidance (2.C.F.R. Part 200). Before OJP makes a grant award, we consider an applicant's history of performance and financial capability. Based on the results of this analysis, OJP's program offices must implement actions to manage or mitigate an identified potential risk to the government, such as increased oversight and required financial training.

#### Enhanced Risk-Based Model for Oversight and Monitoring

On a quarterly basis, OJP also employs a risk-based, data analytics driven approach to identify active grantees that pose a risk to DOJ. Based on the analysis, OJP prioritizes its grant monitoring activities. OJP assesses grants against more than two dozen risk factors to evaluate the programmatic, financial and administrative characteristics of the grants. To ensure continued improvement of its risk-based conceptual framework, each year OJP uses audit findings and analysis of monitoring data to identify new and/or refine existing risk factors. We are honored that the Association of Government Accountants cited OJP's risk-based model as a best practice and that other federal agencies and the DOJ OIG request OJP's assistance to replicate our risk-based model in other entities.

#### Programmatic Monitoring

OJP monitors all of its nearly 7,000 active grant awards through annual programmatic desk reviews. These reviews allow grant managers to check for progress towards goals and objectives and compliance with programmatic and administrative requirements. Program managers also use these desk reviews to determine if more training, technical assistance or oversight is needed.

Informed by the annual desk review and quarterly risk-based assessment, OJP conducts in-depth programmatic monitoring, both on-site and remotely, of selected grantees each year. In-depth programmatic monitoring is an extensive review of the grantee's activities. It involves

assessing and verifying, through source documentation, that grant activities are consistent with the proposed project activities, award goals and objectives are being accomplished, and award terms and conditions and other administrative and reporting requirements are being met.

#### Financial Monitoring

In addition to the programmatic monitoring carried out by the OJP program offices, OJP's Office of the Chief Financial Officer (OCFO) conducts desk reviews of grants to assess key items that may be indicators of non-compliance with the DOJ Financial Guide. OCFO also conducts in-depth monitoring, both on-site and remotely, to examine the grantee's accounting system, internal controls, and related policies and procedures, to ensure that OJP funds are being appropriately tracked and used for the purpose for which the funds were awarded. Additionally, OCFO analyzes samples of grant-related expenditures to ensure costs are allowable, allocable, reasonable, necessary and adequately supported. OCFO uses the results of the risk-based analysis and financial monitoring to provide focused financial training and technical assistance to individual grantees. OCFO also provides comprehensive on-line and in-person grant financial management training to DOJ grantees.

#### Grantee Audits

In addition to grant monitoring, OJP relies heavily on independent audits of individual grantees. Pursuant to OMB guidance, OJP grantees that expend more than \$750,000 during a fiscal year must have audits performed by an independent Certified Public Accountant firm. Approximately 1,300 OJP grantees (35%) are required to have independent audits. These audits are commonly referred to as single audits.

With respect to the interplay or collaboration between OJP and OIG, the OIG conducts audits of DOJ/OJP grant recipients, and issues reports to document the results of their audits, including any recommendations and questioned costs. Grant audits conducted by the OIG are extensive in scope and, like all government audits, must adhere to detailed methodologies and requirements, as prescribed in the Government Auditing Standards (i.e., GAO's Yellow Book). OJP is not directly involved in conducting OIG audits of its grant recipients. However, the OIG performs program and or grant audits based upon their own risk based selection criteria and referrals from OJP.

OJP views the OIG as a critical partner of OJP in identifying fraud, waste and abuse of taxpayer dollars. OJP closely coordinates with grantees and partners with the OIG to address issues identified in grant audits and to timely resolve outstanding audit recommendations. In FY 2015, OJP closed 208 single audit and 23 OIG grant audit reports. This represented the closure of 620 recommendations cited in these reports. Among the closed reports:

- 71 percent of the \$11.1 million in questioned costs identified by the OIG were ultimately supported by grantees or determined to be allowable and/or approved.
- 13 percent, or \$1.4 million, were found to be unallowable or unsupported costs and were returned to DOJ.

- 16 percent were duplicate costs identified in other OIG audit reports, or were not related to direct DOJ awards.

OJP closely reviews and leverages the results of all audits to determine ways to strengthen our own grant monitoring, including improving policies and procedures, grant management training and oversight processes.

#### High-Risk Grantee Management

DOJ's high-risk grantee process enables OJP to target increased oversight to where it is most needed. DOJ designates grantees as "high-risk" when we identify significant issues through desk reviews, programmatic or financial monitoring or audits. High-risk grantees must make timely changes to address their identified issues. We provide extensive monitoring and, in many cases, intensive technical assistance to the high-risk grantee. When warranted, DOJ will freeze grantee funds or refer the grantee for OIG investigation. Throughout this process, we work with high-risk grantees to make sure they understand the steps they need to take to address their non-compliance with grant conditions. In FY 2015, DOJ worked with 125 grantees designated as high risk. Currently, 116 entities are designated as high-risk, of which 27 have active awards with OJP. DOJ grantees are designated as high-risk of which 27 have active grants with OJP.

#### Training and Technical Assistance

OJP has broadened its training requirements for grantees to ensure recipients understand administrative, financial and programmatic requirements and types of grant funds misused, and are aware of potential fraud. For example, OJP held three in-person Financial Management Training Seminars for grantees this year, and the fourth training is being held this week. For the first time, OJP will offer advanced grant financial management training, which is scheduled for October and November 2016. DOJ's on-line grants financial management training has further increased the accessibility of such training to DOJ grantees. Key financial and grant management officials are required to take training, particularly in cases when issues are identified through monitoring, auditing, or the high-risk designation process. In FY 2015, 587 participants successfully completed OJP's on-line grant financial management training, 154 participants attended OJP's in-person financial training seminars, and an additional 576 participants attended special ad hoc training sessions customized to their needs. OJP staff also participate in grant fraud prevention and detection training provided bi-annually by the OIG's Fraud Detection Office.

OJP also provides extensive technical assistance to grantees to help address audit issues and establish adequate financial policies and procedures, particularly in small non-profit organizations and local and tribal agencies with limited administrative capacity.

#### Reducing Duplication

Preventing unnecessary and wasteful duplication in government programs is a critical priority for the Department and OJP. The Department's grant making components – OJP, the Office of Community Oriented Policing Services (COPS Office) and the Office on Violence

Against Women (OVW) – closely collaborate on the development and implementation of grant programs. Prime examples of such coordination among the components, as well as other federal agencies, include the Coordinated Tribal Assistance Solicitation, Defending Childhood Initiative, National Forum on Youth Violence Prevention, Neighborhood Revitalization Initiative, Supportive Schools Discipline Initiative and the Interagency Reentry Council.

Annually, all DOJ grant components conduct an assessment to analyze the extent of overlap among grant programs and examine the risk of duplication at the grant level associated with these programs. Information gained from this examination is used to enhance coordination among complementary programs (such as developing joint programs or consolidating funding solicitations), leverage resources across components and/or collaborate on award decisions to avoid unnecessary duplication.

In an effort to align business processes, eliminate redundancies in grants management system functions and services, and achieve efficiencies across the grant making components, DOJ is implementing the Justice Grants Services Network (GrantsNet) program, which is designed to deliver a shared solution for the DOJ grant management community, supporting both internal and external users. GrantsNet will support the entire lifecycle management of a grant through a combination of shared modules based on enterprise business processes. DOJ has identified eleven modules as being in scope for GrantsNet, with the potential for additional modules to be identified in the future. As DOJ develops the modules in GrantsNet, the components are unifying and aligning their grants processes on a single system. To date, GrantsNet has launched a conference cost reporting module, a grants assessment module, a peer review module and a payment system with a unified vendor table. The next module to be launched is a unified audit module. Additionally, GrantsNet will support a single entry point for applicants and grantees of OJP, OVW and COPS Office, reducing the administrative burden on external users and providing an improved user experience.

OJP's goal is a fair and effective justice system, one that has the confidence of the citizens it serves. We believe strongly that our success ultimately depends on our responsible stewardship of the funds with which we have been entrusted. I look forward to working with the Subcommittee to ensure that our programs and activities meet the high standards that you expect of us and that the American people deserve.

Thank you again for this opportunity, and I look forward to taking your questions.

Mr. MEADOWS. Thank you so much for your testimony, and thank you for your service.

Ms. Goodwin, you are recognized for 5 minutes.

#### **STATEMENT OF GRETTA GOODWIN**

Ms. GOODWIN. Chairman Meadows, Ranking Member Plaskett, I am pleased to be here today to discuss GAO's work examining the Department of Justice's grant program practices.

Grants are an important tool the Federal Government uses to provide program funding to State and local governments. In fiscal year 2016, it is expected that the Federal Government will provide States and localities more than \$650 billion in grants to fund a wide range of public policies, some related to criminal justice.

DOJ has three granting agencies, which provide grants that support victims assistance, technology and forensics, juvenile justice, mental illness and substance abuse, policing, and other activities. My testimony today summarizes the progress DOJ and its largest granting agency, the Office of Justice Programs, or OJP, have made in addressing 17 recommendations from earlier GAO studies.

I will highlight our key findings and the agency's efforts to address them in the following three areas—DOJ's overall grant administration practices, OJP's management of the Bulletproof Vest Partnership Program, and OJP's management of the Victims of Child Abuse Act grant program, or VOCA.

With respect to DOJ's overall grant management, in 2012, we examined the extent to which overlap existed across DOJ grant programs and whether that contributed to the risk of unnecessary duplication, whether DOJ had taken steps to reduce overlap and the potential for unnecessary duplication, and how DOJ used monitoring and assessment to determine grant program effectiveness, as well as how it used the results to enhance its grant programs.

We found that DOJ had not assessed its grant programs to identify overlap, nor had DOJ routinely coordinated grant awards to avoid unnecessary duplication. We also reported that DOJ could take steps to better assess the results of its grant programs.

We made eight recommendations to DOJ to enhance its overall grant administration practices. DOJ has implemented seven and is making progress on the final recommendation related to codifying new policies and procedures.

We also assessed how well OJP managed its Bulletproof Vest Partnership Program, which I'm going to refer now as the body armor program. In 2012, we examined the efforts OJP had underway to support State and local law enforcement's use of body armor, the extent to which there were controls in place to manage and coordinate these efforts, as well as factors related to body armor's use and effectiveness and the steps OJP had taken to address them.

We found that OJP could enhance grant management controls and better ensure consistency in its program requirements by improving grantee accountability, reducing the risk of grantee non-compliance, and ensuring consistency in its efforts to promote law enforcement officer safety.

We made five recommendations to OJP to address each of these areas. OJP has implemented all five.



Finally, in our assessment of OJP's management of VOCA grants, in 2015 we reported on the extent to which OJP had ensured the timely expenditures of VOCA grant funding and assessed the performance of VOCA grantees. We found that OJP had several administrative review and approval processes in place that contributed to delays in grantees' ability to begin spending their award funds.

We also found that OJP did not have complete data to assess VOCA grantees' performance against the measures it had established. We made four recommendations to OJP, and as of this July, one has been implemented. OJP is making progress on the three remaining recommendations, which relate to examining its administrative processes and project length and establishing and enforcing clear program requirements.

As you know, GAO annually conducts recommendation follow-up. So we will continue to monitor the implementation of our recommendations to DOJ and OJP.

Chairman Meadows, Ranking Member Plaskett, and members of the subcommittee, this concludes my remarks. I'm happy to answer any questions you have.

[Prepared statement of Ms. Goodwin follows:]

## GAO Highlights

Highlights of GAO-16-306T, a testimony before the Subcommittee on Government Operations, Committee on Oversight and Government Reform, House of Representatives

### Why GAO Did This Study

OJP is DOJ's largest grant-making agency, with multiple bureaus and offices and a fiscal year 2016 enacted discretionary budget of about \$1.8 billion. OJP provides grants that support victims' assistance, policing, and a range of other activities. GAO's prior work on DOJ and OJP grants management has identified a number of approaches that could enhance the effectiveness, oversight, and accountability of grant administration practices. These include improving tracking and evaluating performance, streamlining grants management processes, and strengthening internal controls.

This testimony highlights DOJ's efforts to address prior recommendations from three GAO reports related to: (1) DOJ's overall grant administration practices, (2) OJP's management of the body armor program, and (3) OJP's management of the Victims of Child Abuse Act grant program. These reports were issued from 2012 through 2015. To prepare these reports, GAO analyzed key DOJ documents, interviewed DOJ officials, and reviewed grantee files. GAO also obtained selected recommendation status updates from DOJ through early July 2016. For recommendation updates, GAO reviewed DOJ documentation and held discussions with agency officials.

### What GAO Recommends

In prior reports, GAO made 17 recommendations to DOJ to enhance department-wide and OJP-specific grant administration. DOJ has implemented 13 of them, and is taking steps to address the remaining 4 recommendations.

View GAO-16-306T. For more information, contact Gretta L. Goodwin at (202) 512-8777 or goodwin@gao.gov.

July 14, 2016

## DOJ GRANTS MANAGEMENT

### Justice Has Made Progress Addressing GAO Recommendations

#### What GAO Found

In three reports issued from 2012 through 2015, GAO made 17 recommendations to the Department of Justice (DOJ) related to improving grants management. Specifically, these recommendations related to enhancing the department's overall grant administration practices, as well as enhancing the management of two specific grant programs that DOJ's Office of Justice Programs (OJP) administers: the Bulletproof Vest Partnership (BVP) program for law enforcement body armor, and the Victims of Child Abuse Act (VOCA) program for children's advocacy centers. As of early July 2016, DOJ and OJP have implemented 13 of these recommendations, and they have actions underway to address the rest.

**DOJ's Overall Grant Administration Practices.** In July 2012, GAO found that DOJ had not assessed its grant programs department-wide to identify overlap—which occurs when multiple agencies or programs have similar goals, engage in similar activities or strategies to achieve them, or target similar beneficiaries. GAO also found that DOJ did not routinely coordinate grant awards to avoid unnecessary duplication, which occurs when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries without being knowledgeable about each other's efforts. Further, GAO reported that DOJ could take steps to better assess the results of all the grant programs it administers. As result, GAO made 8 recommendations to DOJ to enhance its overall grant administration practices. DOJ has implemented 7 as of early July 2016, and is making progress on the final recommendation related to codifying new policies and procedures.

**OJP's Management of the BVP program.** In February 2012, GAO found that OJP's Bureau of Justice Assistance could enhance grant management controls and better ensure consistency in BVP grant program requirements by improving grantee accountability in the use of funds for body armor purchases, reducing the risk of grantee noncompliance with program requirements, and ensuring consistency across its efforts to promote law enforcement officer safety. As a result, GAO made 5 recommendations to OJP. OJP has implemented all 5.

**OJP's Management of the VOCA program.** In April 2015, GAO found that OJP's Office of Juvenile Justice and Delinquency Prevention (OJJDP) had several administrative review and approval processes in place that contributed to delays in grantees' ability to begin spending their award funds. For example, for the 28 VOCA grants awarded from fiscal years 2010 through 2013, grantees had expended less than 20 percent, on average, of each grant they received during the original 12-month project period. In particular, GAO found that OJJDP's processes for reviewing grantees' budgets and conference planning requests were contributing to delays in grantees' ability to begin spending their funds. GAO also found that OJJDP did not have complete data to assess VOCA grantees' performance against the measures it had established because the tools it used to collect this information did not align to the measures themselves. As a result, GAO made 4 recommendations to OJP. OJP has implemented 1 as of early July 2016, and is making progress on the 3 recommendations related to examining its administrative processes and project period length and establishing and enforcing clear requirements.

United States Government Accountability Office

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Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee:

I am pleased to be here today to discuss our prior work examining the Department of Justice's (DOJ) grant administration practices, with particular attention to the management of grants within DOJ's largest grant-making agency (granting agency), the Office of Justice Programs.

Grants are an important tool that the federal government uses to provide program funding to state and local governments. In fiscal year 2016, the federal government is expected to provide states and localities more than \$666 billion in grants to fund a wide range of public policies related to health care, transportation, income security, criminal justice, and education. Approximately \$2.4 billion of DOJ's fiscal year 2016 appropriation is available to fund grants across its three granting agencies—the Office of Justice Programs (OJP), the Office on Violence Against Women (OVW), and the Community Oriented Policing Services (COPS) Office. OJP is the largest of these three, with multiple bureaus and offices. It operates with an enacted discretionary budget of about \$1.8 billion in fiscal year 2016 and more than 750 authorized positions. Its mission is also far reaching, with grants supporting gang reduction efforts, advocacy centers for victims of child abuse, research related to teen dating violence, and initiatives related to protecting law enforcement officers with body worn cameras and bulletproof vests, also known as body armor.

In our prior work on grants management efforts across the government, we have identified various strategies intended to address challenges to grants management effectiveness, oversight, and accountability. These include tracking and evaluating performance, including increasing the transparency of grants spending; streamlining grants management processes; enhancing collaboration among intergovernmental participants and nonprofit entities; improving oversight by strengthening internal controls and improving the single audit process; and recognizing that building sufficient capacity may involve significant costs or tradeoffs. Our recommendations on DOJ and OJP grants in particular reflect the importance of these approaches.

My testimony today summarizes DOJ and OJP's progress addressing more than a dozen recommendations from earlier GAO reports. In particular, I will highlight our key findings, recommendations, and the department's efforts to address prior recommendations in three areas:

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1. DOJ's overall grant administration practices,
  2. OJP's management of the Bulletproof Vest Partnership (BVP) program, and
  3. OJP's management of the Victims of Child Abuse Act (VOCA) grant program.

My statement is based on three reports that we issued from February 2012 through April 2015, as well as information DOJ and OJP provided from September 2012 through early July 2016 on their progress in implementing recommendations from those reports.<sup>1</sup> A table summarizing the status of DOJ's and OJP's progress is included in appendix I. For our past work on the department's overall grant administration practices, we assessed DOJ's fiscal year 2010 announcements of grant award funding; categorized them according to key justice areas to identify any overlap; and interviewed DOJ officials about their grant making practices, systems, and assessment methods. Further, we interviewed officials from 11 states receiving DOJ grants, selected, in part, for the amounts and types of funding received. Though not generalizable, these interviews provided officials' perspectives on funding. For our February 2012 work on BVP grants, we reviewed information on OJP's efforts and interviewed officials from OJP, 6 vest manufacturers, 2 laboratories, 3 law enforcement associations, 10 state and local jurisdictions, and 12 stakeholders in and outside of government—which we selected based, in part, on their size and location. We also examined literature on key factors affecting body armor's use and effectiveness and reviewed OJP's efforts to address these factors. For our April 2015 report on VOCA grants, we analyzed OJP documentation—such as program guidelines, grantee progress reports, and expenditure data—from fiscal years 2010 through 2013. Additionally, we interviewed OJP officials and the universe of VOCA grantees about their experiences with the program. Further

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<sup>1</sup>See GAO *Justice Grant Programs: DOJ Should Do More to Reduce the Risk of Unnecessary Duplication and Enhance Program Assessment*, GAO-12-517 (Washington, D.C.: July 12, 2012); GAO, *Law Enforcement Body Armor: DOJ Could Enhance Grant Management Controls and Better Ensure Consistency in Grant Program Requirements*, GAO-12-353 (Washington, D.C.: Feb. 15, 2012); GAO *Victims of Child Abuse Act: Further Actions Needed to Ensure Timely Use of Grant Funds and Assess Grantee Performance*, GAO-15-351 (Washington, D.C.: Apr. 29, 2015). A fourth report related to the status of recommendations from GAO-12-353 is also of relevance. See GAO, *Law Enforcement Body Armor: Status of DOJ's Efforts to Address GAO Recommendations*, GAO-14-610R (Washington, D.C.: May 14, 2014).

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details on the scope and methodology for the previously issued reports are available within each of the published reports.

To determine DOJ's and OJP's progress in implementing the recommendations from our prior work, we reviewed DOJ and OJP documentation and held follow-up discussions with agency officials. We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

Federal financial assistance to state and local governments, for-profit and nonprofit organizations, tribal jurisdictions, and educational institutions can take the form of discretionary grants, formula grants, cooperative agreements, and payment programs, which all are generally referred to as grants. Grant programs are generally created by statute and funded through annual appropriations. As such, Congress has a central role in determining the scope and nature of federal financial assistance programs. In addition, the Office of Management and Budget establishes general guidance that governs administration of all such federal financial assistance. DOJ has flexibility in how to administer assistance that is discretionary in nature.

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## DOJ Grants Management

Through its three granting agencies, DOJ provides grants that support victims' assistance, technology and forensics, juvenile justice, mental illness and substance abuse, policing, and a range of other activities. The funding can be provided for direct services or for technical assistance, research, and data collection.

In general, the grants that OJP, OVW, and the COPS Office award will follow a similar life cycle, including pre-award, award, implementation, and closeout stages. During the pre-award and award stages, the granting agencies announce the funding opportunity with a solicitation, receive and review applications, and make the award decision and notification. In the implementation stage, the granting agencies disburse payment and oversee the use of funds. After the end date of a grant, the granting agencies engage in a closeout process that should ensure each recipient has met all of the grant's financial requirements, returned any

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unused funds, and provided final reports. Effective internal control systems are important at each stage in the life cycle; however, the grants management practices occurring during the implementation stage are key to ensuring that awards are being implemented as intended and that grantees are compliant with statutory or regulatory requirements as well as any applicable policy guidelines. OJP's Office of Audit, Assessment, and Management (OAAM) serves as the central source of grants policy for OJP and the COPS Office programs, as well as any other DOJ grant program the Attorney General considers appropriate, and OJP's Office of the Chief Financial Officer provides fiscal policy guidance and financial monitoring of grantees for all three agencies.

Our prior work has examined DOJ's grant administration practices overall and the specific management of two OJP discretionary grant programs—those that support law enforcement body armor and those that support victims of child abuse.

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#### The BVP Program

As we reported in 2012, nearly 60 law enforcement officers were killed in 2010 as a result of firearm-related assaults. Data also showed that body armor had saved the lives of more than 3,000 law enforcement officers since 1987.<sup>2</sup> Recognizing body armor as an effective tool in helping to protect law enforcement officers, OJP—through its Bureau of Justice Assistance (BJA) and its National Institute of Justice (NIJ)—has implemented initiatives, such as direct grants to states and localities to support their body armor use, as well as research and testing for compliance with standards to continuously improve body armor effectiveness.

With respect to grants, OJP has two separate programs that support, either directly or indirectly, state and local law enforcement's body armor purchases: (1) the Bulletproof Vest Partnership (BVP) program, and (2)

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<sup>2</sup>Body armor for law enforcement applications includes ballistic-resistant and stab-resistant body armor—usually worn in the form of a vest—that provides coverage and protection primarily for the torso.

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the Edward Byrne Justice Assistance Grant (JAG) program.<sup>3</sup> The BVP program offers grants on a competitive basis to state and local law enforcement agencies to assist in their purchasing of ballistic-resistant and stab-resistant body armor that complies with NIJ body armor standards. Currently, funds available for the BVP program are awarded to each qualifying unit of local government with fewer than 100,000 residents and any remaining funds available are awarded to other qualifying applicants.<sup>4</sup> Appropriations for BVP funding are provided under "no-year authority," but the BVP program gives state and local jurisdictions 2 years to use their awards. The program has generally funded, on a reimbursable basis, up to 50 percent of the cost of the body armor a jurisdiction procures with its available BVP funds.<sup>5</sup> As we reported in 2012, from the inception of the BVP program in fiscal year 1999 through fiscal year 2011, the program awarded about \$340 million to help state and local jurisdictions procure nearly 1 million vests to protect their law enforcement officers.

As we reported in 2012, the JAG program is the leading source of federal justice funding to state, tribal, and local jurisdictions. Appropriations for JAG funding also are provided under no-year authority and the JAG program gives state and local jurisdictions 4 years to use their awards. JAG funds can support a range of program areas, and among other things, grantees can use JAG funding to procure body armor. As we reported in 2012, from fiscal years 2006 through 2011, the JAG program awarded about \$4 billion to grantees for a variety of criminal justice activities, including body armor purchases.

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<sup>3</sup>DOJ created the BVP program following enactment of the Bulletproof Vest Partnership Grant Act of 1998. See Pub. L. No. 105-181, 112 Stat. 512 (1998). DOJ established the JAG program following enactment of the Violence Against Women and Department of Justice Reauthorization Act of 2005, which merged the Edward Byrne Memorial State and Local Law Enforcement Assistance Program with the Local Government Law Enforcement Block Grants program. See Pub. L. No. 109-162, § 1111, 119 Stat. 2960, 3094-3102 (2006).

<sup>4</sup>See 42 U.S.C. § 3796f(g).

<sup>5</sup>See GAO-12-353 for more details concerning statutory authority and specific provisions of the BVP program.

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**The VOCA Grant Program** OJP administers the VOCA grant program through its Office of Juvenile Justice and Delinquency Prevention (OJJDP). The grants are designed to help improve the investigation and prosecution of child abuse cases, largely by providing funding, training, and technical assistance to Children's Advocacy Centers (CAC) throughout the nation. CACs are child-friendly facilities in which law enforcement, child protection, prosecution, mental health, medical, and victim advocacy professionals work together to investigate abuse, help children heal from abuse, and hold offenders accountable. As we reported in 2015, there were 777 CACs nationwide in 2014 that collectively served about 322,000 child victims of physical and sexual abuse. OJJDP has traditionally awarded the VOCA grants to large national and regional nonprofit organizations, which are charged with providing training and technical assistance to local CACs and state chapters—organizing bodies for CACs within states. As we reported in 2015, from fiscal years 2010 through 2013, OJJDP awarded about \$74 million in funding under five VOCA grant programs established in response to the Victims of Child Abuse Act.<sup>6</sup>

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<sup>6</sup>See Pub. L. No. 101-647, §§ 211-214, 104 Stat. 4789, 4792-94 (1990) (codified as amended at 42 U.S.C. §§ 13001-04) (authorizing the grant programs). See also GAO-15-351 for a complete description of the distinct VOCA grant programs funded.



**DOJ Has Implemented Seven of Our Eight Recommendations for Enhancing Overall Grants Management**

In July 2012, we reported on the extent to which (1) overlap existed across DOJ grant programs and how it contributed to the risk of unnecessary duplication in grant awards, (2) steps DOJ had taken to reduce overlap and the potential for unnecessary duplication in its grants awards, and (3) how DOJ used monitoring and assessment to determine grant program effectiveness and used the results to enhance its grant programs.<sup>7</sup> We found that DOJ had not assessed its grant programs to identify overlap and that DOJ did not routinely coordinate grant awards to avoid unnecessary duplication. We also reported that DOJ could take steps to better assess the results of its grant programs.<sup>8</sup> Stemming from our findings, we made 8 recommendations to DOJ, 7 of which have been implemented as of early July 2016.

**Recommendation 1: Conduct an assessment to better understand the extent to which grant programs overlap with one another and determine if grant programs may be consolidated to mitigate the risk of unnecessary duplication [implemented]**

In July 2012, we found overlap across DOJ's fiscal year 2010 grant solicitations. For example, in some instances, DOJ awarded funding to the same applicants for the same or similar purposes. We recommended that DOJ conduct an assessment to better understand the extent to which its grant programs overlap with one another and determine if grant programs may be consolidated to mitigate the risk of unnecessary duplication. In response, in December 2013, DOJ completed the first of a two-phase assessment to better understand the extent to which its grant programs overlap.

- In the first phase, a team of representatives from DOJ's three granting agencies completed a final report documenting the extent of overlap they identified across their respective grant programs.

<sup>7</sup>Overlap occurs when multiple granting agencies or programs have similar goals, engage in similar activities or strategies to achieve them, or target similar beneficiaries. Duplication occurs when two or more granting agencies engage in the same activities or provide the same services to the same beneficiaries. Duplication thus stems from overlap. When granting agencies do not identify overlap, assess its impact, or coordinate their activities in acknowledgment of the overlap, there is a heightened risk of unnecessary duplication because one granting agency may not be knowledgeable of the ways in which its funding decision duplicates another's.

<sup>8</sup>We first reported on duplication and overlap across DOJ grant programs in February 2012. See GAO, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap, and Fragmentation, Achieve Savings, and Enhance Revenue*, GAO-12-342SP (Washington, D.C.: Feb. 28, 2012). We expanded on this work and published GAO-12-517 in July of that year.

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- In March 2016, OJP's OAAM completed the second phase of the assessment, which focused on the grant programs previously identified in phase one as potentially overlapping and included an assessment of any unnecessary duplication.

DOJ also developed an automated tool to continuously monitor and assess the degree of overlap among its programs. In fiscal year 2015, DOJ used this tool to compare the three granting agencies' annual solicitations and analyze the extent of overlap in four key areas: 1) subject matter, 2) activities, 3) target beneficiaries, and 4) eligible recipients. According to DOJ officials, findings from this analysis should help them enhance coordination among complementary programs (such as developing joint programs or consolidating funding solicitations); leverage resources across components; and/or collaborate on award decisions to avoid unnecessary duplication. DOJ plans to continue using this tool in fiscal year 2016 and annually thereafter with planning grant programs and coordinating activities. As a result, DOJ is better positioned to determine if consolidation of its programs may be warranted to mitigate unnecessary duplication risk.

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**Recommendation 2:**  
Coordinate within and among granting agencies before awarding grants and establish written policies and procedures to govern this coordination  
[open]

In July 2012, we found that DOJ's three granting agencies were not coordinating within and among themselves on a consistent basis to review potential or recent grant awards before awarding grants. Therefore, we recommended coordination among granting agencies to review the potential for overlapping grant awards, and for DOJ to establish policies and procedures to codify relevant coordination practices and help ensure they continue to occur. DOJ has taken some steps in response to this recommendation but its policies are not yet final. For example:

- In July 2014, DOJ said that OJP made its existing data infrastructure available to allow DOJ's granting agencies to access DOJ-wide applications and grant award data. Additionally, according to DOJ, the DOJ-wide Grants Management Challenges Workgroup, comprised of officials from all three of DOJ's granting agencies, continues to meet to share information and develop consistent practices and procedures in a wide variety of grant administration and management areas.
- In February 2015, DOJ told us that OJP has taken the lead on drafting procedures for collaboration and coordination among DOJ's granting agencies to address findings from the overlap study, and that these procedures were on target to be finalized in the spring of 2015. However, in August 2015, DOJ reported that, due to competing

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priorities, its efforts to develop and implement policies and procedures to govern grants management and support functions among the DOJ granting agencies had not progressed as originally planned.

In early July 2016, the department reported that it had drafted policies and procedures and had sent them to management for signature. However, the policies and procedures are not yet final. Finalizing such policies and procedures will provide guidance to DOJ granting agencies to help ensure they take action to mitigate the risks of unnecessary duplication before finalizing award decisions.

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**Recommendation 3:**  
**Require its grant applicants to report all current or prospective federal funding sources when applying for DOJ grants *[implemented]***

In July 2012, we found that DOJ's three granting agencies were not routinely aware of other federal funding that their applicants had applied for during the pre-award phase because their applications generally did not require this information. Since DOJ had focused on monitoring for unnecessary duplication after grants were made, instead of before, officials made multiple grant awards to applicants for the same or similar purposes without always being aware of the potential for unnecessary duplication, or whether funding from multiple streams was warranted.

We recommended that DOJ require its grant applicants to report all current or prospective federal funding sources when applying for DOJ grants. In response in November 2014, DOJ officials informed us that OJP began requiring applicants to report all federal grants in support of identical cost items, and OVW requires reporting of grants with similar purposes. In addition, OJP, OVW and the COPS Office included language in their fiscal year 2015 grant solicitations which required grant applicants to disclose the receipt or potential receipt of other federal funding of a similar or identical nature. As a result, DOJ is better positioned to target limited financial resources before it finalizes new grant awards and enhance its ability to identify and mitigate the risk of unnecessary overlap and duplication.

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**Recommendation 4:**  
**Expand granting agencies'**  
**access to disparate grants**  
**management systems to**  
**enhance program**  
**coordination**  
**[implemented]**

In July 2012, we found that DOJ's granting agencies used separate grant management systems, a fact that limited award coordination. Specifically, OJP and OVW used one system, the Grants Management System (GMS), while the COPS Office used a separate system, called the COPS Management System (CMS). Use of these two systems limited the sharing of grant award information across the granting agencies because GMS and CMS were not linked and each agency had only been able to access the individual system it operated. For example, OJP and OVW could access information through GMS about grants awarded by each other, but they could not access CMS to see the grantees that had received COPS grants. As a result, DOJ's granting agencies were unable to use the two systems to inform themselves of all of the funding DOJ had awarded or was preparing to award to a recipient and consider this information before making additional awards.

We recommended that the Attorney General provide appropriate OJP and COPS Office staff with access to both GMS and CMS and appropriate OVW staff with access to CMS. In response, in July 2014, DOJ reported that while the granting agencies continued to work toward a more permanent shared solution for grants management, OJP and the COPS Office had jointly established an interim collaboration database with expanded agency access to grant information across agency lines. Specifically, this database provided OJP, OVW, and COPS Office grant managers' equal access from their respective office locations to examine the grant applications and grant awards that all three granting agencies processed from fiscal year 2010 through 2014. This database is updated no less than daily for OJP and OVW data using GMS as a source, and is updated monthly with COPS data from CMS. As a result of this expanded access, DOJ's granting agencies now have a mechanism to check what funding DOJ has awarded to a recipient before making a decision about awarding additional grant funds, a process which will improve coordination and help mitigate the risk of unnecessary grant award duplication.

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Recommendation 5:  
Assess the feasibility,  
costs, and benefits of  
moving to a single grants  
management system,  
including the steps needed  
to harmonize DOJ grant  
processes *[implemented]*

Given DOJ's use of separate grants management systems, in July 2012, we found that the three granting agencies were limited in their ability to share information on the funding they had awarded or were preparing to award to a grant recipient. We recommended that the Attorney General should, as part of DOJ's evaluation of its grant management systems, ensure that DOJ assess the feasibility, costs, and benefits of moving to a single grants management system, including the steps needed to harmonize DOJ grant processes, so that any variation in how the granting agencies manage their portfolios is not an encumbrance to potential system unification. In response, DOJ's granting agencies completed a study in August 2012 that documented each agency's grant making business requirements. In 2015, after considering several options, DOJ determined that the most appropriate solution to achieve harmonization across the granting agencies was to implement an integrated shared services approach, referred to as GrantsNet, which leverages existing DOJ systems, tools, and services. According to DOJ, GrantsNet addresses the major grants management activities, including grant assessment pre- and post-award, auditing, monitoring, programmatic and peer review of applications, conference cost reporting, and grants payment. Further, it uses a common platform to enhance granting agencies' collaboration and minimize risk of overlap and duplication at both the program and grant award levels. As a result, DOJ has enhanced information and data sharing and harmonized grant processes across its three granting agencies.

**Recommendation 6:**  
 Ensure the most timely  
 reporting possible of grant  
 award information to  
 USASpending.gov  
 according to established  
 guidelines *[implemented]*

In July 2012, we found that DOJ was not submitting grant award information in a timely manner to USASpending.gov, which is a single, searchable website containing key information about federal grants that both federal agencies and the grantees themselves provide.<sup>9</sup> Because the website does not permit grantee data entry until the cognizant federal agency first makes its data submissions, DOJ's delayed data entry resulted in grantees' delayed data entry. As a result, information was not available in a timely manner regarding the extent to which grantees sub-granted their award funds and for what purposes. In accordance with statutory requirements, the Office of Management and Budget established USASpending.gov to increase transparency and accountability in federal funding, such as grants. It also required agencies to submit grant award data to populate the site and to resolve any data discrepancies that the site's data validation tools identify within specified timeframes.

Our analysis showed that more than a quarter of the grant award information that DOJ submitted to USASpending.gov in fiscal year 2011 was rejected for data validation errors. Further, DOJ's error resolution and resubmission of the information took longer than the time frames allowed. We recommended that the Attorney General ensure the most timely reporting possible of grant award information to USASpending.gov according to established guidelines.

In response, in July 2014, DOJ officials reported closer adherence to these guidelines. Specifically, DOJ showed evidence that between January 2013 and July 2014 it had submitted all 28 of its reports to populate the website in accordance with existing parameters for timeliness, including those reports that were adjusted to resolve data errors. As a result of this timelier reporting, DOJ has facilitated data entry amongst its grantees and helped improve the transparency of overall award data.

<sup>9</sup>The Office of Management and Budget established USASpending.gov in 2007 to comply with the Federal Funding Accountability and Transparency Act (FFATA) of 2006. See Pub. L. No. 109-282, 120 Stat. 1186 (2006). FFATA required the office to ensure the existence and operation of a single searchable website that includes for each federal award: (1) the name of the entity receiving the award, (2) the amount of the award, (3) information on the award including transaction type and funding agency, (4) the location of the entity receiving the award and the primary location of performance under the award, and (5) a unique identifier of the entity receiving the award, among other information.

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<b>Recommendation 7:</b> Expand capacity to provide program assessments <i>[implemented]</i>	<p>In July 2012, we found that OAAM was overseeing monitoring of individual grantees' compliance and also conducting grant program assessments to gauge overall program effectiveness. However, program assessments yield richer information of the two approaches because they identify programmatic improvement areas. OAAM acknowledged that additional grant program assessments could be beneficial, but told us they lacked resources to conduct more.</p> <p>We recommended that DOJ assess whether OAAM could support additional program assessments, once it determined whether the office relies on an appropriate mix of program assessments and grant monitoring. In response, in February 2014, OAAM posted announcements to hire additional program analysts to support its Program Assessment Division. As of December 2015, DOJ had hired two additional analysts and brought them on duty specifically to expand the program assessment function. As a result, DOJ has enhanced its overall oversight and contributed to the improvement of its department-wide grant programs and operations.</p>
<b>Recommendation 8:</b> Assess the benefits of OAAM providing assessments for OVW as well as OJP and the COPS Office, and if feasible, extend OAAM's oversight to include OVW <i>[implemented]</i>	<p>In July 2012, we found that DOJ provided monitoring oversight and grant program assessments through OAAM for OJP and COPS Office grant programs, but did not provide program assessments for OVW grant programs.<sup>10</sup> As a result, OVW did not benefit from the monitoring oversight and grant program assessments, which included potential recommendations for improving grant programs that OAAM provided to the other granting agencies. We noted that OAAM program assessments could provide OVW with more substantive information on its grant programs, and we recommended that DOJ assess the benefits of OAAM providing assessments for OVW as well as OJP and the COPS Office. We also recommended that if DOJ determines that these assessments are a more cost effective approach for providing better insight into OVW grant program effectiveness than the current approach, the Attorney General should extend OAAM's oversight to include OVW. In response, DOJ reported that OAAM extended its oversight in February 2015 to</p>

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<sup>10</sup>The statute establishing OAAM gave the office authority specific to OJP and COPS, but also provided the Attorney General with discretion to expand OAAM's scope beyond the OJP and COPS Office programs to any other grant program considered appropriate. See 42 U.S.C. § 3712h.

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include OVW by adding an OVW assessment to its 2015 plan. Further, in March 2015, OAAM informed OVW that it would conduct an assessment of sexual assault victim services provided across programs to determine if OVW's recent efforts in prioritizing its provision of services to sexual assault victims have been successful. As a result, DOJ has enhanced its ability to better gauge program effectiveness

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**OJP Has  
Implemented All Five  
of Our  
Recommendations to  
Improve the BVP  
Program**

In February 2012, we reported on (1) the body armor efforts OJP had underway, (2) the extent to which OJP had designed controls to manage and coordinate these efforts, and (3) the factors that had affected body armor's use and effectiveness and steps OJP had taken to address them. We found that OJP could enhance grant management controls and better ensure consistency in grant program requirements by improving grantee accountability in the use of federal funds, reducing the risk of grantee noncompliance with program requirements, and ensuring consistency across its efforts to promote law enforcement officer safety. As a result, we made 5 recommendations to OJP, all of which have been implemented.

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**Recommendation 1:  
Deobligate undisbursed  
funds *[implemented]***

In February 2012, we found that BJA had not deobligated undisbursed funds from BVP program grant awards whose 2-year terms had ended, which is an important final point of accountability for grantees and allows agencies to identify and redirect funds to other priorities. To strengthen fund management, we recommended that OJP deobligate these undisbursed funds. In response, in May 2013, OJP reported that BJA had deobligated approximately \$31 million in undisbursed funding from BVP grants whose terms had ended. This total includes the undisbursed funding from BVP grants that were first awarded from fiscal years 2002 through 2009 that we identified in our February 2012 report, as well as undisbursed funds from fiscal year 2010 grants whose terms ended subsequent to the issuance of our report. Further, in May 2014, OJP officials told us that they had implemented a process to review all undisbursed funds on a yearly basis in order to routinely deobligate undisbursed BVP funds. These officials noted that, as a result of this process, in April 2014, BJA had deobligated an additional \$7.8 million in undisbursed funds from 3,283 awards whose terms had ended. As a result of these actions, OJP has enhanced fund management within the program.



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**Recommendation 2:**  
**Expand information**  
**available to grantees on**  
**documentation retention**  
**requirements**  
*[implemented]*

In February 2012, we found that the BVP program rule requiring that grantees maintain documentation of their vest purchases for 3 years was not as well publicized as it could be. This requirement appeared in "frequently asked questions" guides and was provided when grantees called for technical assistance in administering their grants. However, the requirement did not appear in the grantee instructional manual or in the online system that grantees and BJA used to manage the grant funds, thus increasing the risk that grantees would not be aware of it. As a result, we recommended that OJP expand the information available to grantees on this requirement. In response, OJP reported that BJA began including information on the documentation retention requirement on the website for the BVP program and in the fiscal year 2012 BVP program application, which was issued in May 2012. In addition, the applications for fiscal years 2012, 2013, and 2014 required applicants to certify their acknowledgment and acceptance of the requirement. As a result, OJP has enhanced the information available to grantees and clarified the retention requirements.

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**Recommendation 3:**  
**Ensure consistency in**  
**JAG and BVP programs'**  
**body armor requirements**  
*[implemented]*

In February 2012, we found that the JAG program and the BVP program had different policies for the use and purchase of DOJ-funded body armor. Unlike the BVP program, the JAG program did not require that grantees purchasing body armor have policies in place mandating that officers wear the armor or that the grantees purchase body armor that is NIJ compliant. As a result, we recommended that OJP establish requirements within the JAG program that grantees using the money for body armor purchases have written mandatory wear policies in place and that they are permitted to purchase only body armor that is compliant with NIJ standards. In March 2012, OJP reported that BJA established requirements for JAG recipients purchasing body armor with fiscal year 2012 awards to certify that (1) they had a written mandatory wear policy in effect and (2) the body armor complied with applicable NIJ ballistic- or stab-resistant standards. As a result, OJP has ensured greater consistency across the programs.

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**Recommendation 4:**  
**Document pertinent**  
**monitoring procedures**  
*[implemented]*

In February 2012, we found that BJA grant managers had performed desk reviews, in which officials reviewed grant documentation off-site, to assess grantees' compliance with general programmatic requirements. However, BJA had not documented its procedures to monitor JAG grantees' compliance with the requirement prohibiting recipients from using JAG funds toward the match portion of any BVP grants they might also receive. As a result, we recommended that OJP document pertinent

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monitoring procedures. In April 2012, OJP reported that BJA began developing guidance for conducting and documenting desk review checks of compliance with JAG program requirements, and in October 2012, fully implemented these new procedures. At that time, OJP officials noted that the new guidance would aid BJA staff in completing their desk reviews for fiscal year 2013 and beyond. As a result, OJP has improved documentation of critical monitoring procedures.

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**Recommendation 5: Track the JAG grantees' stab-resistant body armor purchases *[implemented]***

In February 2012, we found that BJA had limited ability to see which JAG grantees intended to use their awards for body armor purchases. BJA, along with several other bureaus and offices within the department, used its GMS to track JAG spending across more than 150 specific categories. At the time of our report, each category was associated with a "project identifier." Although "bulletproof vest" was among the project identifiers, no project identifier existed that could be used for stab-resistant vests. As a result, we recommended that OJP establish a project identifier to track stab-resistant body armor. In February 2012, OJP reported that BJA added a project identifier called "Body Armor-Stab-Resistant" within GMS. As a result, OJP has improved its data collection capacity.

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**OJP Has Implemented One of Our Four Recommendations to Enhance VOCA Administration and Has Actions Underway to Address the Other Three**

In April 2015, we reported on the extent to which OJP's OJJDP (1) ensured the timely expenditure of VOCA grants and (2) assessed the performance of VOCA grantees. We found that OJJDP had several administrative review and approval processes in place that contributed to delays in grantees' ability to begin spending their award funds. We also found that OJJDP did not have complete data to assess VOCA grantees' performance against the measures it had established. As a result, we made 4 recommendations, and OJP has implemented 1 of these as of early July 2016.

**Recommendation 1:**  
Examine whether any administrative processes contribute to unnecessary delays in grantees' ability to expend VOCA funds within the established 12-month project period and make modifications to these processes as appropriate [*open*]

In April 2015, we found that OJJDP had several administrative review and approval processes in place that had contributed to delays in grantees' ability to begin spending their award funds. For instance, grantees could not access their funds until OJJDP had completed its internal review of grantees' budgets—a step that had taken more than 2 months, on average, after the grantees' project period had begun. Further, OJJDP's guidance on grant extensions was unclear and irregularly enforced. For example, one document stated that generally only one extension per award was permissible, while another stated that multiple extensions may be granted for up to a total of 5 years. OJJDP guidance further required grantees to submit a narrative justification with their requests. However, OJJDP approved 72 of 73 extension requests from fiscal years 2010 through 2013 without such justification.

We recommended that OJP examine its processes and, if appropriate, make modifications to prevent unnecessary delays in grantees' ability to expend VOCA funds within the established project period. In March 2016, OJP reported that OJJDP had not yet completed a study of its processes, but expected to do so by June 2016. OJP also explained that the study would document the current administrative processes; identify any inefficiencies, delays, or bottlenecks in the processes; and develop recommendations for new or improved processes as appropriate, keeping in mind potentially constraining factors, such as legal requirements, regulations, or impacts on other OJP offices and bureaus. Further, OJP stated that OJJDP would not issue a formal report, but rather planned to present a written summary of its analysis and resulting recommendations to its stakeholders, including other affected OJP program and business support offices. In early July 2016, OJP told us that OJJDP had recently completed the study in June and was working with OAAM, among others, to review the results and determine whether any administration changes would be needed. OJP also indicated that OJJDP plans to complete its review and draft a summary of its analysis and possible recommendations by October 2016 in order to discuss next steps with relevant internal parties. Examining the delays associated with its administrative review processes and clarifying and enforcing the extension policy for VOCA grants will help OJP ensure the effective administration and timely use of grant funds.

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**Recommendation 2:**  
Examine whether the current 12-month project period is realistic in light of any administrative processes that cause delay but cannot be modified and extend the project period if necessary [open]

In April 2015, we found that VOCA grant activities were not being completed within the time parameters OJJDP established for the grant program, and that this may affect the ability of grantees to complete their grant goals and objectives. Specifically, we found that for the 28 VOCA grants that OJJDP awarded from fiscal years 2010 through 2013, grantees had expended less than 20 percent, on average, of each grant they received during the original 12-month project period. In particular, we found that OJJDP's processes for reviewing grantees' budgets and conference planning requests were contributing to delays in grantees' ability to begin spending their funds.

We recommended that OJP examine whether 12 months is an appropriate project period length to ensure that VOCA grantees are well positioned to fully expend their grant funds. However, as of early July 2016, OJJDP had not yet completed its assessment of whether or not the 12-month project period is realistic and had not yet decided whether to extend the initial project period. Once OJJDP examines its administrative delays, makes any necessary changes, and reviews the original project period length, OJP will be better positioned to ensure that grantees have an appropriate period in which to expend VOCA grant awards.

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**Recommendation 3:**  
Establish and enforce clear requirements for approving no-cost grant extensions [open]

In April 2015, we found that OJJDP routinely approved VOCA grantees' requests for no-cost extensions to the original grant period, but often did so without adhering to extension approval guidelines, which we found to be inconsistent.<sup>11</sup> For example, one guidance document stated that generally only one extension per award would be permissible, while another stated that multiple extensions could be granted for up to a total of 5 years. Further, OJJDP guidance required grantees to submit a narrative justification with their requests. However, OJJDP approved 72 of 73 extension requests from fiscal years 2010 through 2013 without such justification.

We recommended that OJP establish and enforce clear requirements for OJJDP's provision of no-cost extensions. In response, in July 2015, OJP

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<sup>11</sup>By carrying over unexpended grant funds beyond the terms of their initial project periods, grantees use prior years' awards to pay for current activities. Thus, grantees may be delaying implementation of more recently approved planned projects and activities to improve the investigation, prosecution, and treatment of child abuse.

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reported that OJJDP would provide training to supervisors and grant managers not later than November 2015 to ensure that justifications supporting no-cost grant period extensions meet the requirements of the new DOJ Financial Guide, which was released in June 2015. In addition, OJP reported that OJJDP would review and update its internal grant management policies and procedures, as appropriate, and communicate all changes during OJJDP all-staff meetings. In March 2016, OJP reported that OJJDP had briefed supervisors in 2015 on the updated Financial Guide's guidance regarding grant extensions and provided documentation of e-mails that officials sent to all grantees and all OJJDP staff emphasizing the criteria for grant extension request submissions and grant extension approval guidance. In early July 2016, OJP reported that final steps to close this recommendation were contingent on ongoing analysis of the study OJJDP conducted on its administrative review processes and project period length. Establishing and enforcing clear requirements for approving no-cost grant extensions will better enable OJP to ensure that VOCA funds are being used in a timely manner to support those directly assisting victims of child abuse.

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**Recommendation 4:**  
**Enhance performance**  
**measurement practices**  
*[implemented]*

In April 2015, we found that OJJDP did not have the data necessary to assess VOCA grantees' performance because the measures it had established to assess performance did not fully align with the tools it had created to collect this information from grantees. We recommended that OJP ensure that the performance measures outlined in OJJDP's VOCA grant solicitations correspond to existing measures in its Data Collection and Technical Assistance Tool (DCTAT) and clarify to VOCA grantees that they are to report on such measures using the DCTAT system. If existing DCTAT measures do not provide ample coverage for the specific measures that the VOCA program wishes to collect when posting the solicitation, then we also recommended that OJP ensure that the VOCA program provides clear, written instruction requiring VOCA grantees to use their semiannual progress reports for reporting on the specific performance measures that the solicitation outlines that are not available in the DCTAT system.

In response, in July 2015, OJP reported that OJJDP would provide training to existing VOCA grantees on the collection and reporting of performance measurement data by July 31, 2015, and that OJJDP would train new VOCA grantees within the first year of receiving funding. In addition, OJP noted that OJJDP would conduct an extensive review of the performance measures in the fiscal year 2015 VOCA solicitations and would update the DCTAT system to include these performance measures

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for grantee submission, by December 31, 2015. In March 2016, OJP reported that OJJDP was developing training materials for staff and working with its contractor to ensure necessary changes were made to the DCTAT system—and that both the training and the changes would be in place by July 2016. In early July 2016, OJP provided documentation that OJJDP had updated its measures, revised DCTAT accordingly, and delivered the training to grantees. As a result of improvements to its performance measurement capacity, OJP is now better positioned to ensure that VOCA grant funds are being used effectively to support improvements in the investigation and prosecution of child abuse.

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Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

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#### GAO Contacts and Staff Acknowledgments

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## Appendix I: Status of Recommendations Related to the Department of Justice's (DOJ) Overall Grant Administration and the Office of Justice Programs' (OJP) Bulletproof Vest Partnership Act (BVPA) and Victims of Child Abuse Act (VOCA) Grant Programs

**Table 1: Status of Recommendations Related to DOJ's Overall Grant Administration and OJP's BVP and VOCA Grant Programs**

Recommendations	Implemented	Open
<b>Overall grant administration recommendations</b>		
1. Conduct an assessment to better understand the extent to which grant programs overlap with one another and determine if grant programs may be consolidated to mitigate the risk of unnecessary duplication	x	
2. Coordinate within and among granting agencies before awarding grants and establish written policies and procedures to govern this coordination		x
3. Require its grant applicants to report all current or prospective federal funding sources when applying for DOJ grants	x	
4. Expand granting agencies' access to disparate grants management systems to enhance program coordination	x	
5. Assess the feasibility, costs, and benefits of moving to a single grants management system, including the steps needed to harmonize DOJ grant processes	x	
6. Ensure the most timely reporting possible of grant award information to USASpending.gov <sup>a</sup> according to established guidelines	x	
7. Expand capacity to provide program assessments	x	
8. Assess the benefits of OJP's Office of Audit, Assessment, and Management (OAAM) providing assessments for DOJ's Office on Violence Against Women (OVW) as well as its Office of Justice Programs and its Community Oriented Policing Services Office, and if feasible, extend OAAM's oversight to include OVW	x	
<b>BVP recommendations</b>		
1. Deobligate undisbursed funds	x	
2. Expand information available to grantees on documentation retention requirements	x	
3. Ensure consistency in the Justice Assistance Grant (JAG) program's and the BVP program's body armor requirements	x	
4. Document pertinent monitoring procedures	x	
5. Track the JAG grantees' stab-resistant body armor purchases	x	
<b>VOCA recommendations</b>		
1. Examine whether any administrative processes contribute to unnecessary delays in grantees' ability to expend VOCA funds within the established 12-month project period and make modifications to these processes as appropriate		x
2. Examine whether the current 12-month project period is realistic in light of any administrative processes that cause delay but cannot be modified and extend the project period if necessary		x
3. Establish and enforce clear requirements for approving no-cost grant extensions		x
4. Enhance performance measurement practices	x	

Source: Recommendations from GAO-12-517, GAO-12-353, and GAO-15-351 | GAO-16-806T.

<sup>a</sup>USASpending.gov is a searchable website that includes for each federal award: (1) the name of the entity receiving the award, (2) the amount of the award, (3) information on the award including transaction type and funding agency, (4) the location of the entity receiving the award and the primary location of performance under the award, and (5) a unique identifier of the entity receiving the award; among other information. See GAO-12-517 for more detail.

Mr. MEADOWS. Thank you for your testimony, and thank you for your service.

Mr. Sedgwick?

**STATEMENT OF JEFFREY SEDGWICK, PH.D.**

Mr. SEDGWICK. Chairman Meadows, Ranking Member Plaskett, and members of the committee, I'm pleased to have the opportunity to speak with you today about the Department of Justice's progress in improving the operations and management of the Office of Justice Programs.

I say progress because, as you know from my resume, I've intermittently worked in the Office of Justice Programs and its predecessor—the Office of Justice Assistance, Research, and Statistics—since 1984. Currently, I serve as the Executive Director of the Justice Research and Statistics Association, a national nonprofit association of analysts, researchers, and practitioners throughout the justice system dedicated to providing accurate and timely information in support of sound policy development.

Created by the State Statistical Analysis Centers in 1974, JRSA works closely with the Bureau of Justice Statistics and other Federal agencies to promote the effective use of criminal and juvenile justice information.

I have the somewhat unique perspective of having worked within OJP to strengthen its management and then, after a lapse of 6 years away from OJP, coming back to view it from the outside as head of an organization that performs a significant amount of research, training, and technical assistance supported by OJP grants. That permits me to comment from my present position on whether the management improvements initiated 8 years ago have persisted and perhaps been extended, judging, of course, from the perspective of an outside observer.

Members of this committee may remember the management challenges confronting OJP 8 years ago. Significant numbers of expired grants that had not been closed out, with unexpended funds reverted to the Treasury, questions about the integrity of the grantmaking process and whether or not awards were properly reflective of peer reviewers' scores of competing proposals, concern over whether grants and contracts were properly monitored and audited to assure performance and uphold OJP's fiduciary responsibility to the American taxpayer, and the lack of clean financial audits for OJP.

Upon my departure in January 2009, OJP had a clean financial audit. The backlog of expired, but unclosed grants was eliminated with all de-obligated funds properly reverted to the Treasury. A process was instituted that assured any deviation from peer reviewer scores in awarding grants were clearly documented and justified by reference to publicly announced criteria, and the Office of Audit Assessment and Management was stood up, fully staffed, and headed by an exceptionally talented and qualified leader.

Six years later, I returned to Washington to assume my current position, giving me an opportunity to see OJP management from the outside rather than the inside. I'd like to share with you my observations and the inferences I draw from them about the trajectory of management in OJP.



First, I notice a number of new features of the grantmaking process which I heartily applaud. OJP now posts on its Web site a funding resource center listing all upcoming, current, and closed opportunities. This allows associations like mine to plan ahead, assemble good teams, and write excellent proposals to perform needed work on behalf of OJP bureaus.

I also notice that there is a considerable degree of uniformity across solicitations issued by OJP bureaus with common performance and reporting requirements, common scoring criteria for proposals, and a common set of statutory and financial management requirements. Equally pleasing to me is the longer window of time between the issuance of a solicitation and the deadline for proposal submission. Short deadlines disadvantage newer and smaller organizations that often have the most innovative ideas.

And I've noticed that OJP now routinely returns to each applicant, successful or not, the peer reviewer's comments on his or her proposal. In the past, applicants had to request peer reviewer's comments, and they were often delayed as bureau staff edited those comments.

In fairness, any organization that takes the time to write a grant application deserves prompt and complete feedback on their proposal so they have the opportunity to improve.

All of these changes encourage more applicants to apply and increase the chance that taxpayer dollars will go to those with the most innovative ideas and the strongest subject matter expertise on their teams, a sign of good management.

Supporting these improvements in the application process is a much more detailed and accessible grants management system with an extensive online training tool providing step-by-step guidance for meeting the OJP-specified reporting requirements and making necessary adjustments to projects as they unfold through the submission of grant adjustment notices.

The detailed online training offered to every grantee at a time of their convenience is an enormous aid to grantees with everything spelled clearly out through step-by-step instructions. Again, a sign of good management.

And finally, I'd like to comment on a small change, but one that says a great deal about the integrity of the current grantmaking process in OJP. Since my return to Washington, I've noticed something new. Bureau heads and program managers will not meet with the head of an organization while a solicitation is open to which the organization may respond with a proposal.

Every applicant plays on a level playing field whether they hover on downtown, the beltway, or the heartland. No preferential treatment, no insider access during proposal writing. Again, a sign of good management.

As I commented at the beginning, I'm no longer in a position where I can knowledgeably comment on the specific management practices currently deployed in OJP, but I can make inferences from what I observe as one who does business with OJP on a now regular basis. My inference from what I have witnessed these past 18 months is that the trajectory of management improvement that I testified to previously in this chamber in September 2008 con-

tinues, and I applaud those responsible for carrying on in OJP a culture of continuous improvement.

[Prepared statement of Mr. Sedgwick follows:]

Mr. Chairman, Ranking Member Connolly, and Members of the Committee: I am pleased to have the opportunity to speak with you today about the Department of Justice's (DOJ) progress in improving the operations and management of the Office of Justice Programs (OJP). I say "progress" because, as you know from my resume, I have intermittently worked in OJP and its predecessor, the Office of Justice Assistance, Research and Statistics (OJARS), since 1984. Currently, I serve as the Executive Director of the Justice Research and Statistics Association, a national nonprofit association of analysts, researchers, and practitioners throughout the justice system dedicated to providing accurate and timely information in support of sound policy development. Created by the state Statistical Analysis Centers (SACs) in 1974, JRSA works closely with the Bureau of Justice Statistics and other federal agencies to promote the effective use of criminal and juvenile justice information.

If I may, I'd like to set the context for the comments that follow. Two months and two days short of eight years ago, I testified before the Subcommittee on Crime, Terrorism and Homeland Security, Committee on the Judiciary, U.S. House of Representatives on the same topic as I address today: the management of OJP. Then, I was inside OJP, indeed the acting head of it. Today, I am outside OJP, head of an organization that receives grants from several of the OJP bureaus, including the Bureau of Justice Assistance (BJA), the Bureau of Justice Statistics (BJS), the National Institute of Justice (NIJ), the Office of Juvenile Justice and Delinquency Prevention (OJJDP), and the Office of Victims of Crime (OVC). As a consequence, I have the somewhat unique perspective of having worked within OJP to strengthen its management and now, after a lapse of six years away from the organization, coming back to view it from the outside as head of an organization that performs a significant amount of research, training and technical assistance supported by OJP grants. That permits me to comment from my present

position on whether the management improvements initiated eight years ago have persisted and, perhaps, been extended (judging, of course, from the perspective of a close, but outside, observer).

Members of this Committee with seniority may remember the management challenges confronting OJP eight years ago: significant numbers of expired grants that had not been closed out with unexpended funds reverted to the treasury; questions about the integrity of the grantmaking process and whether or not awards were properly reflective of peer reviewers' scores of competing proposals; concern over whether grants and contracts were properly monitored and audited to assure performance and uphold OJP's fiduciary responsibility to American taxpayers; and the lack of clean financial audits for OJP.

I will not rehearse my testimony of eight years ago to document the steps taken to address these and other management concerns. But I will observe that upon my departure in January 2009, OJP had a clean financial audit, the backlog of expired but unclosed grants was eliminated with all deobligated funds properly reverted to the treasury, a process was instituted that assured any deviation from peer reviewers' scores in awarding grants was clearly documented and justified by reference to publicly-announced criteria; and the Office of Audit, Assessment and Management (OAAM) was stood up, fully staffed and headed by an exceptionally talented and qualified leader.

Six years later, I returned to Washington to assume my current position, giving me an opportunity to see OJP management from the outside rather than the inside. I would like to share with you my observations and the inferences I draw from them about the trajectory of management in OJP.

First, I notice a number of new features of the grantmaking process which I heartily applaud. OJP now posts on its website a *Funding Resource Center* listing all upcoming, current, and closed opportunities. This allows associations like mine to plan ahead, assemble good teams, and write excellent proposals to perform needed work on behalf of OJP bureaus.

I also notice that there is a considerable degree of uniformity across solicitations issued by OJP bureaus with common performance and reporting requirements, common scoring criteria for proposals, and a common set of statutory and financial management requirements. Equally pleasing to me is the longer window of time between the issuance of a solicitation and the deadline for proposal submission; short deadlines disadvantage newer and smaller organizations that often have the most innovative ideas.

And I've noticed that OJP now routinely returns to each applicant, successful or not, the peer reviewers' comments on his or her proposal; in the past, applicants had to request peer reviewers' comments (and they were often delayed as bureau staff edited the comments). In fairness, any organization that takes the time to write a grant application deserves prompt and complete feedback on their proposal so that they have the opportunity to improve.

All of these changes encourage more applicants to apply and increase the chance that taxpayer dollars will go to those with the most innovative ideas and the strongest subject matter expertise on their teams – a sign of good management.

Supporting these improvements in the application process is a much more detailed and accessible Grants Management System (GMS) with an extensive Online Training Tool providing step-by-step guidance for meeting the OJP-specified reporting requirements and making necessary adjustments to projects as they unfold through submission of Grant Adjustment Notices (GANs). The detailed online training offered to every grantee, at a time of their

convenience, is an enormous aid to grantees with everything clearly spelled out through step-by-step instructions. Again, a sign of good management.

And finally, I would like to comment on a small change, but one that says a great deal about the integrity of the current grantmaking process in OJP. Since my return to Washington, I have noticed something new: bureau heads and program managers will not meet with the head of an organization while a solicitation is open to which the organization may respond with a proposal. Every applicant plays on a level playing field whether they hover on Downtown, the Beltway, or the Heartland. No preferential treatment, no insider access during proposal writing – a sign of good management.

As I commented at the beginning, I am no longer in a position where I can knowledgeably comment on the specific management practices currently deployed in OJP. But I can make inferences from what I observe as one who does business with OJP on a now regular basis. My inference from what I have witnessed these past eighteen months is that the trajectory of management improvement that I testified to in September 2008 continues; and I applaud those responsible for carrying on in OJP a culture of continuous improvement.

Mr. MEADOWS. Thank you so much for your testimony.

Thank each of you for your testimony, and I am going to recognize the vice chair of the Subcommittee on Government Operations, the gentleman from Michigan, Mr. Walberg, for an opening statement.

Mr. WALBERG. Thank you, Mr. Chairman, and I thank you for holding this hearing about how we can bring much-needed transparency and accountability to the Federal grantmaking process.

This is a bipartisan issue, which is why earlier this year, we passed my bill, the GONE Act, requiring Federal agencies to take action to identify thousands of expired grant accounts, which are costing the taxpayers millions of dollars.

I am pleased that legislation was signed into law, and that took a step in the right direction toward responsibly managing our grant accounts and eliminating wasteful spending. However, this process and in this hearing process more work needs to be done to make sure agencies are appropriately monitoring and managing their grant accounts.

These grants open opportunities and provide important resources to law enforcement and our communities. So we have a duty to ensure these funds aren't being wasted and taking away opportunities from other potential recipients.

So, again, Mr. Chairman, I appreciate the hearing, you holding it even as others are leaving, and we have an opportunity to finish some work that is good work.

Thanks much. I yield back.

Mr. MEADOWS. Well, I thank the gentleman from Michigan and the ranking member for hanging with me on a fly-out day. You can normally smell the jet fumes shortly on leaving, and so I understand that you both may have other places to be, but we really appreciate you being here.

So let me—I am going to recognize myself for 5 minutes for a series of questions. Before I do that, I want to thank the staff. You know, so many times, we ask questions, we look at things, and good oversight really comes down to our staff and how well they do it.

And we are about to leave for 7 weeks. They are so excited about that, but I want to make sure that part of the record is, is that we thank an incredible staff. Both on majority and minority, the staffs do a great job in providing this.

Ms. McGarry, I want to come to you a little bit because we hear a lot of glowing success stories, and yet I am a little bit perplexed. We wouldn't be here today if everything was rosy, and so I want you to help me understand a little bit about what I mentioned in my opening statement about the prisons that were opened, I guess, on Navajo lands.

I want to be the first one to be very clear. I have the Eastern Band of the Cherokee Indians, who has enjoyed a grant by your group, and a justice center in my home county. I am one of the few Members that actually—in fact, maybe the only Member that has a congressional office on tribal lands, and so I enjoy an extremely good relationship with my Native American constituents and yet recognize they are a sovereign nation as well.

So this is not designed to really single this out as an entity is more as, hopefully, an anomaly and how we can make sure that it doesn't happen again if it is as bad as what I read. And I guess, when did the prisons open?

Ms. MCGARRY. Chairman Meadows, thank you for your question.

The grant was funded in 2009, and the OJP and OIG are still working to resolve these audit issues. And we rely heavily on the OIG's intensive, in-depth audits. And whenever issues are brought to our attention, we take action.

And, in fact, in the next several weeks, members of OJP leadership are going out to the Navajo Nation to meet with the Navajo leaders to discuss an agreement that will satisfy the OIG's concerns, but also meet the criminal justice needs of the Navajo Nation.

So this audit is still—we're still resolving the issues with the OIG, but we take this matter very seriously, and we look forward to our continuing dialogue with the IG.

Mr. MEADOWS. Well, I appreciate that. So when did the prisons open?

Ms. MCGARRY. Chairman Meadows, I'm going to have to get back to you on the exact date. I believe that the Tuba City facility opened last year, and the Kayenta facility is just waiting one last construction permit for it to open, a water cooler —

Mr. MEADOWS. So one of them is open, one of them is not. So the one that is not open, I would assume it has no inmates in it?

Ms. MCGARRY. Not until it has the final certificate of occupancy.

Mr. MEADOWS. So what is the monthly occupancy of the one that is open?

Ms. MCGARRY. Chairman, I'm going to—I will have to get back to you on the exact occupancy. I know that the Navajo Nation —

Mr. MEADOWS. Average occupancy. I mean, plus or minus two inmates?

Ms. MCGARRY. I can't give you those specifics. I'll have to get back to you. I know that the Navajo Nation is working closely with the Bureau of Indian Affairs to hire and train staffing to be fully operational.

Mr. MEADOWS. Oh, so it is not operational?

Ms. MCGARRY. I mean, it's operational, but I mean, to be at full capacity. It's—I know—I know it's not at full capacity, but I don't know the exact number.

Mr. MEADOWS. Okay. Because the numbers I have would suggest that it is far from full capacity. So the one that opened up, how many beds does it have?

Ms. MCGARRY. I don't have the specifics of their —

Mr. MEADOWS. Mr. Horowitz, can you help illuminate some of those questions for me?

Mr. HOROWITZ. I believe, and I could find it, I think, here, it's about 80 or so beds, if I recall correctly, 80 to 90 beds.

Mr. MEADOWS. All right. So the one that is open is the smaller of the two facilities.

Mr. HOROWITZ. Yes. And our numbers that we last received, it appeared that it had about 82 percent vacancy rate at the point we last heard about it, which was probably towards the end of last



year, early this year. In terms of its occupancy, only 2 of the 11 parts of the facility at that point were yet opened.

And part of the issue being, as Ms. McGarry said and one of the criticisms and concerns we had, is the way the Federal Government has set up these facilities, the Justice Department funds construction through their grants, but the Interior Department funds the staffing or a portion of the staffing. And if those two agencies aren't

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Mr. MEADOWS. That is a real problem.

Mr. HOROWITZ. It is, and it was here. We found that if those two agencies don't have robust dialogues with each other, a facility can be built that is far too big for what staffing either for its needs, as we thought here, but just generally, even moving away from this facility in particular, one that BIA can't afford to—the Bureau of Indian Affairs can't afford to staff.

Mr. MEADOWS. Well, so the whole scenario "If you build it, they will come" is not necessarily true in this situation, as it relates to both inmates and people to actually have the facility staffed. Is that correct?

Mr. HOROWITZ. That's correct.

Mr. MEADOWS. So—so, Ms. McGarry, and I am going to close and go to the ranking member here, and we will have another round of questions. But I guess my concern is, is as we have this—and I understand your statement that you are taking it seriously.

But with the lack of specificity with regards to, you know, it is almost like we have this unbelievable outbreak of crime on the Navajo facility that we start to build these huge facilities that we can't staff and we don't have enough inmates for them, how can we feel good about the process of the grant being given if, one, they're not finished, and we will get to \$32 million of, I guess, money that is out there.

I mean, do you see a real systemic problem with our process, or is this it just happened that somebody who was managing it on this particular case failed to do what they were supposed to do?

Ms. MCGARRY. Well, Congressman, there have been two intervening laws that have increased the criminal jurisdiction for the Navajo Nation.

Mr. MEADOWS. Yes, I am very aware of those. Like I say, I have got Native American tribes in my area, and they actually lobbied for some of that. But it doesn't necessarily translate into additional inmates. It possibly would, but it doesn't necessarily.

But those two laws wouldn't indicate that we should build a facility that is two and a half times what the grant was made for, would it?

Ms. MCGARRY. In this particular case, we consulted research from the National Institute of Corrections about planning correctional facilities for the future, recognizing that if there's intervening laws that greatly increase the criminal jurisdiction of a tribal community that you are to recognize that and to not build facilities that will last 20 years.

Mr. MEADOWS. So, Mr. Horowitz, would you agree with that analysis?

Mr. HOROWITZ. I think it's obviously fine and smart to plan for a 20-year period.

Mr. MEADOWS. Sure.

Mr. HOROWITZ. I think the issue from our standpoint was the building size is so disproportionate to what the current inmate population was and, frankly, still is once the prison is now open that, consistent with the master plan that was actually in place at the time at the Navajo Nation from 2007–2008, that master plan has proven to continue to be—look quite accurate and, in fact, that was a document that should have been followed.

Mr. MEADOWS. So, so they adjusted the master plan that they started with. I guess you adjusted it after the laws were passed, thinking that it was going to change.

Ms. MCGARRY. Yes, sir.

Mr. MEADOWS. Okay. And you do see that was an error at this point?

Ms. MCGARRY. We're still working through these issues with the IG.

Mr. MEADOWS. Okay. Well, I will come back because I see it has a major error, and if that is going to be your testimony, we have got a little bit deeper dive to go into. You know, it is one thing to make a mistake. It is another to ignore a mistake and not admit that you have it. And I guess if your statement is, is that you think that the jury is still out on this, we will come back to that.

I am going to recognize the ranking member for a gracious 9 minutes if she needs it.

Ms. PLASKETT. Thank you.

I want to thank you all for being here today and for the information that you are sharing with us.

Ms. McGarry, I know that OJP has experienced some of those challenges that we are here talking about, and I understand and it appears from the testimony that improvement in your management processes are taking place. Can you verify the amount of closures in fiscal year 2015 of the amount of single audits and IG audit reports that were done?

Ms. MCGARRY. Thank you, Ranking Member Plaskett, for your question.

On those specific examples, I will have—the numbers, I will have to get back to you. But —

Ms. PLASKETT. I have a listing of 208 single audits and 23 IG audit reports, which means the closure and implementation of 620 recommendations.

Ms. MCGARRY. Yes. I recall that that is our figure for last year.

Ms. PLASKETT. Okay, Mr. Horowitz, it is good to see you again.

Mr. HOROWITZ. Good to see you.

Ms. PLASKETT. And although I know that our staff are really happy for us to be gone for 7 weeks, I don't know about the district staff, how they feel about, you know, us being there for 7 weeks now.

Mr. MEADOWS. It is not vacation.

Ms. PLASKETT. Right, right, right. So is it true that out of the 54 recommendations your office made in the 6 audits being highlighted here, OJP has closed 44 and resolved 8. So leaving only two recommendations unresolved?

Mr. HOROWITZ. I don't have the precise numbers with me, Congresswoman, but those numbers wouldn't surprise me generally. I

think that what we found is we generally work with OJP to resolve our recommendations when they come out, and we have found that with many of the recommendations that they move forward and have closed them. And we work with them to try and address the remaining audits because as—open recommendations.

Because as Ms. Goodwin noted with GAO, we also continue to do regular follow-ups with OJP and make sure that that happens.

Ms. PLASKETT. How long do those take for the closing out of those audits, the recommendations being implemented?

Mr. HOROWITZ. It depends. The vast majority get closed within, I would say, 2 to 3 years.

Ms. PLASKETT. Two to 3 years? Is that a small—is that quick, or is that long?

Mr. HOROWITZ. I think from our standpoint, we hope to close all recommendations out within 1 to 2 years. So once recommendations remain open for 2 years or longer, they start becoming a concern to us. And one of the things that we've done starting last year was post on our Web site all unimplemented recommendations, all open recommendations.

So the public can see essentially an aging report of our open recommendations. And since we have posted that, there has been considerable follow-up in the department, including through the leadership of the Deputy AG's office to try and move some of those to closure.

Ms. PLASKETT. Do they always agree with the recommendations you are making and then implement them, or are there instances where they are like, "No, we don't agree with you, and we are not going to implement that."

Mr. HOROWITZ. During my tenure in the 4 years I've been here and my understanding from my predecessor, it was rarely the case and it has been rarely the case where we have not agreed. The Navajo Nation audit is one where there are open—from our standpoint, open, unresolved recommendations. And we are continuing the dialogue with OJP to try and move towards a resolution process.

Ms. PLASKETT. Okay. And Dr. Goodwin, I know that the GAO reports, they are not audits. But is it true that DOJ has implemented about 13 of the 17 recommendations your agency has made to DOJ regarding department-wide and OJP-specific grant administration?

Ms. GOODWIN. Yes. That's correct. The report we issued in 2012, that had eight recommendations, and as of this July, they've closed seven. There is one, the final one they are in the process of getting us the documentation so we can—we hope to close that out soon. But we don't close anything out until we've done our own review.

Ms. PLASKETT. So every year, approximately how many audits or recommendation—reports do you do for OJP?

Ms. GOODWIN. I don't have the exact numbers on that, but we are continuously, you know, being asked to look at OJP programs.

Ms. PLASKETT. Okay.

Ms. GOODWIN. So it's quite a few.

Ms. PLASKETT. And since I get a little more time, the audit of the DNA Backlog Reduction Program, I was hoping to discuss that one. According to the IG's office, OJP requested that this audit be done to better ascertain the extent to which grantees were accurately re-

porting and using program income as well as how the National Institute of Justice could better manage the program.

Ms. McGarry, is that an accurate representation of how the audit and why the audit was initiated?

Ms. MCGARRY. Yes, Congresswoman. And this is a great example of our collaborative working relationship with the OIG. We looked at the program income of the DNA grant program and saw that we thought there were issues and that we would rely on the expertise of the IG, who has forensic auditors that we don't have to come in and help us examine this issue.

Ms. PLASKETT. Great. I think that shows that, you know, OJP is being proactive in terms of its own management and oversight of its programs, and the audit produced valuable results. Although it only looked at a narrow sample of four grantees, it found that NIJ could do a better job of identifying grantees with the potential for generating program income and working to ensure that grantees understood how to calculate income and use it appropriately.

And I think that is important because too often we leap to the conclusion that individuals who are not fulfilling the requirements are doing so because they are seeking to break the law, as opposed to it being individual and grantees simply not understanding the requirements that are put on them by taking the grant.

Would you say that that is correct in some instances?

Ms. MCGARRY. I would say that that is correct, and in fact, as a follow-up to the OIG's review, our Office of Audit Assessment and Management is doing a comprehensive program assessment of program income, and we've already put instructions into the solicitation to applicants to clearly provide that guidance that they need.

Ms. PLASKETT. Well, I am going to ask you, for my own purposes, for my own district, I know that the Virgin Islands has had a very difficult time with OJP and with the kinds of grants that they have been given, fulfilling it in the audits that they have, and it has really held up them moving forward and being able to provide assistance to the people of the Virgin Islands.

And I understand that there has been quite a bit of discussion within our local agencies that have management and oversight over that to be able to get beyond what was in the past. Everyone has said that it had a lot to do with the technical support really providing the kind of compliance and management that they needed to have to fulfill the requirements of those grants.

Do you find that you have resources and individuals who follow the grant from the beginning to the end? Because I think that one of the problems we have seen in the Virgin Islands is, is that they want to do the right thing. They have been audited, but the auditors change. And so they have a new person who then has to go and review all of that all over again.

What are you doing regarding that?

Ms. MCGARRY. For the Virgin Islands, we work closely with the IG. The recommendations came out of an IG audit, and that's where the role of the Office of Audit Assessment and Management, they provide that consultation and close work with the staff in the Virgin Islands, and they have made great progress over the last year resolving their issues.

And then we work as the liaison between the Virgin Islands public safety staff and the IG to resolve and close those recommendations.

Ms. PLASKETT. Okay. Thank you very much.

Thank you for your indulgence, Mr. Chairman. You are such a great guy.

Mr. MEADOWS. Well, you are very kind. Can you write that down for me? No.

[Laughter.]

Ms. PLASKETT. It is on the record.

Mr. MEADOWS. Oh, thank you. Thank you.

I recognize the gentleman from Michigan, the vice chair of the Subcommittee on Government Operations, Mr. Walberg.

Mr. WALBERG. Great guy, yes.

[Laughter.]

Mr. WALBERG. Two hours ago, my wife texted me a picture of her holding our new 10-month-old granddaughter in her arms that she met at the airport in Detroit, and she is spoiling her right now while I am in this meeting. And so we will vote that later, Mr. Chairman.

Mr. Horowitz, good to see you again. You discussed in your testimony the importance of monitoring grants to ensure that recipients fulfill whatever obligations or conditions they agreed to in the first place. Could you expand on it a little bit more how that takes place? Give us a sense of what your work has shown you about OJP's monitoring of grantees and their projects.

Mr. HOROWITZ. Thank you, Congressman.

What we have seen is, is as a general matter, OJP doing a fine job in ensuring that the reports they get back demonstrate the money that was distributed was used, generally speaking, for the purpose of the grant. The problems we find are when we go out and learn that those reports aren't necessarily accurate that are coming back, and we find problems behind the reporting.

But what we're finding isn't done systemically at a level I think should be done is reporting back on performance measures, on not just is the money being used for the purpose it was sent, but what's the result of that investment by the Government and the taxpayers in the program?

The example I like to cite to was a program where OJP gave out—and this is a few years ago now, but I think the example is still relevant—monies to two local police departments to buy drones.

Mr. WALBERG. Buy drones?

Mr. HOROWITZ. Buy drones.

Mr. WALBERG. Okay.

Mr. HOROWITZ. And in fact, the drones were purchased. No issue about a misuse of funds. They bought the drones. The problem was the two departments had not gotten the FAA certificates and other regulatory approvals they needed to actually use the drones.

And so when we went out, we determined that, yes, they used the funds per the grant. There was nothing improper about their use of the funds. But from a taxpayer standpoint, the drones never flew. They were never used.

And so an investment had been made by the taxpayers, used by the local police as required, but after the fact, they could never get them out.

Mr. WALBERG. No outcome, yes. Okay.

Mr. HOROWITZ. And that's an example of the kind of measurement you really want to get to. You want to get past was there a fraud or a misuse to, hopefully, there isn't, and then what was the value in return.

Mr. WALBERG. I guess, following up, Ms. McGarry, do you believe that OJP is adequately monitoring these grants? We have just heard this testimony. Do you see additional layers in your monitoring process that you can add?

Ms. MCGARRY. Thank you for the question.

We're very committed to improving our monitoring process, and each year, we evaluate the recommendations from the OIG and the GAO to make those changes. And in fact, we are focusing very closely on measuring the success of our grants to ensure accountability of results.

The Office of Audit Assessment and Management has stood up a business process improvement to look OJP wide through all the grant components to assess their performance measures and the progress reporting, and they're in the process—the business process improvement team is in the process of making recommendations. And we hope to implement to make our monitoring of performance more robust.

Mr. WALBERG. Give me an idea of what, at least as far as the draft so far of these proposals, what are some of those?

Ms. MCGARRY. I have not seen the draft recommendations. I think they're still being developed. But I'm happy to get—to come back to the committee and share those recommendations when we receive them.

Mr. WALBERG. I would assume it would be in the field seeing exactly if the drone is flying, for instance, if the license hangs on the wall?

Ms. MCGARRY. Oh, we have made absolutely specific changes around the purchase of drones. Now we put in standards and procedures in place immediately after receiving that report several years ago, and no law enforcement agency can purchase an unarmed aerial system without direct approval from the BJA director, and it must be accompanied by an FAA certification for operation.

Mr. WALBERG. Okay. I yield back.

Mr. MEADOWS. I thank the gentleman, and I hope he makes it very quickly to hold that 10-month-old grandbaby. So we are going to do a second round as time permits here, and so I will recognize myself.

So let me follow up just a little bit on some of the other information that we had because Mr. Sedgwick was talking about the progress that we have made and how from an outsider's point of view and from an insider's point of view we have seen some real progress. And so as I looked at that, you were nodding, and I was seeing that smile on your face that we can all applaud.

One of the concerns that continues to keep coming up in this, this particular testimony is that you keep referring to the audit that the IG does. And as much as an audit is appreciated and as

much as I rely on those, and Mr. Horowitz can tell you that I comb over them with great detail. And so as much as we start to rely on that, my concern really gets in terms of the internal controls, the ones that Mr. Sedgwick was talking about that we made great progress. In terms of performance, a performance matrix and saying, okay, we made the right decision and these are the right things that have happened, do you have that in place, and is that significant?

And I guess what I would like to say is in a perfect world, those performance matrix on what is there and what needs to be there, maybe to have you, Ms. McGarry, tell me what is there, and then Ms. Goodwin and Mr. Horowitz comment on what you would like to see. So I will start with you.

Ms. MCGARRY. Chairman Meadows, we have, as you heard, put many agency-wide standards, procedures, and internal controls to prevent and catch any problems, and we look at the continuum of the grant process. As I said, we've put in pre-award risk analysis to try to prevent problems, require financial training for new grantees that often are the ones that have trouble following the rules.

We also have programmatic monitoring with recommendations. And the Office of Audit Assessment and Management follows up on all those recommendations.

Mr. MEADOWS. And I guess I understand that, but that is not qualitative necessarily. You know, that is, again, it can be just a check of the box. We have checked with the going out, and they said, you know, we have got the drones, and we are working on it.

What I am looking for is something that is more qualitative and quantitative perhaps in its measuring where you can, for lack of a better word, you can get a score that it is a 9.2 on compliance, and I don't expect that. But something that is—so do you see my point?

Ms. MCGARRY. Absolutely. And that is a very good question, and we have begun to make those changes. In our in-depth programmatic and financial monitoring, we are requiring on our review to look at source documentation and not just take the word on a report, but to dig down and look at the source documentation and do that verification.

This year, the Office of Audit Assessment and Management is setting up a quality review process to also dig in on these internal monitoring to make sure that, indeed, what is being reported is true from the grantees.

Mr. MEADOWS. All right. Ms. Goodwin, what would you look to see from a GAO perspective?

Ms. GOODWIN. I'll speak to the VOCA grant funds that we looked at.

Mr. MEADOWS. Right.

Ms. GOODWIN. And of those recommendations, three are still open.

Mr. MEADOWS. Right.

Ms. GOODWIN. And so if we think about one of the recommendations we made has to do with the 12-month project period length and some of the difficulties and challenges the grantees were having in kind of just getting their awards and starting to engage in those activities.

So before a grantee can actually get the award, they have to be—OJP does this review process that takes about 2 months.

Mr. MEADOWS. Right.

Ms. GOODWIN. And so that's 2 months of the 12 year—I'm sorry, of the 12 months that a grantee has to kind of engage in their activities.

So when I mentioned that it was delaying a grantee's ability to kind of get their funds and then start engaging in those activities, the internal—the internal stuff that needs to happen at OJP is affecting a grantee's ability to really engage and do activities related to their grant funds. Since it's a 12-month period, 2 months are already gone.

Mr. MEADOWS. So what you are saying—so what you are saying is the delay at OJP in terms of decisions that are made cuts into their 12-month window of deploying that grant?

Ms. GOODWIN. Exactly.

Mr. MEADOWS. Okay. And you would agree with that, Mr. Sedgwick, from an outsider. Now I know you get grants. So I know you are going to be cautious on how you respond to this. You know, I found the ironic nature of somebody witnessing on somebody who is making the decision, but go ahead.

Can you hit your mic?

Mr. SEDGWICK. Yeah, I actually coincidentally just finished writing my last grant proposal this cycle on Monday night at 11:59 p.m. So a lot of this is fresh in my mind.

There are, for example, in the proposal I just completed, pretty clearly the first 4 months of a 2-year grant are going to be spent not actually working on the grant, but actually kind of getting in place all of the agreements and all of the clearances and so on.

Mr. MEADOWS. To make sure she is happy?

Mr. SEDGWICK. Yes. Now I will say one of the things in this proposal that I think speaks to the issue you're raising because I think the way I would phrase what you're asking a question about is it's one thing to ask people for outputs. It's another thing to ask them for outcomes, and I'd push it even further and then say, and what are the impacts?

That is, you know, the output, presumably, affects people's behaviors in a positive direction, and that's an outcome. But then you have to ask the further question, if we improve the behavior of a bunch of people in the community, what's it do for the overall health or wellness of the community?

And what I particularly—I think there's still some kind of areas for improvement in terms of clarifying that progression of outputs, which everybody is familiar with; outcomes, which people are getting more familiar with; but still the next step is the impacts.

What I will give OJP tremendous credit on in this most recent proposal that I worked on that was very large was the emphasis, and I think this will get to the question you were raising, an emphasis on we had to link goal—a problem to a goal, to an objective, to a task, and then to a deliverable. And it was over and over again in that RFP that those deliverables had to be quantifiable.

Mr. MEADOWS. Okay. Thank you.

Mr. Horowitz, what about you?



Mr. HOROWITZ. Well, I think that is a big part of it, what Mr. Sedgwick just mentioned, which is in the upfront, early in the process understanding what's the outcome that we are looking to achieve? If it's a grant related to reducing truancy, not measuring not just how many children have you put in the program, but what was the impact on truancy in the school, in the community?

What measurements are you going to require the grant recipient to send to you? Because that's really what is required here. What goes on throughout this process is the inflow of information that's required of a grant recipient to OJP. That starts OAAM and other entities at OJP to look at that, and when they see anomalies, they'll often call us.

But it's all because of the inflow of information that's demanded or required, pursuant to the grant. So it really starts right up front.

I'll add one other part, one other issue to the discussion, which I think is important in that we're looking at in our ongoing review of the department's oversight of violent crime efforts that it has, and that is how are the three grantmaking components of the Justice Department coordinating with other law enforcement components at the Justice Department on the efforts to deliver to local law enforcement? Are those getting coordinated?

Because that's another concern we've had is it looks as though, generally—this is a general statement. But the question that we're asking is, is the grantmaking that's going out to the local—State and local law enforcement, which obviously is partnering with Federal law enforcement —

Mr. MEADOWS. Right.

Mr. HOROWITZ.—and the FBI and DEA and ATF and Marshals, et cetera, is there coordination going on within the Justice Department itself over how best to deal with and serve law enforcement needs at the local level? And so that's another issue.

Mr. MEADOWS. And so you are saying that is not happening? Is that happening, Ms. McGarry?

Ms. MCGARRY. Well, certainly —

Mr. MEADOWS. To the extent that it needs to happen. How about that? I will give you a qualifier.

Ms. MCGARRY. Well, we share that goal of having coordination.

Mr. MEADOWS. I understand that.

Ms. MCGARRY. And we are doing it.

Mr. MEADOWS. Is it happening or not?

Ms. MCGARRY. Yes. In the Violence Reduction Network —

Mr. MEADOWS. Really?

Ms. MCGARRY.—the grant components are working side by side with the DOJ law enforcement.

Mr. MEADOWS. And so you have how it affects violent crimes and how it—the outcomes? So we would like to have a copy of that because I haven't been able to find that.

Mr. HOROWITZ, what am I missing?

Mr. HOROWITZ. We're in process of the audit. So I would probably be —

Mr. MEADOWS. So you are saying that you actually have that, Ms. McGarry?

Ms. MCGARRY. Through —

Mr. MEADOWS. Because it is like building a school and educating someone and not having whether they get a job or not. That is the analogy that I make is that if we are going to invest this kind of dollars and we are—whether it is drug intervention or juvenile violence or abuse or any of those, we can do a lot of great programs. But if it doesn't stop what we are trying to stop, then it is just money that is being spent.

It is like going to university and ending up coming back, driving a taxi cab because you can't get a job because of the degree you get. Do you follow me?

Ms. MCGARRY. Absolutely. And we share your goal. And as Mr. Sedgwick said —

Mr. MEADOWS. So do you have—do you have the matrix to be able to figure out whether we are doing that?

Ms. MCGARRY. We've put the matrix in the solicitation, and our business process improvement work we're doing is how can we better capture that to tell that complete story.

Mr. MEADOWS. Okay. So will you commit to this committee that in the next 120 days that you will look at what you have put in, what Mr. Sedgwick just had to put his grant proposal in for, in terms of a way for you to monitor this going forward?

And let me—this all comes back to what we see is the Navajo issue. And my big concern there is, as a fiscal conservative, I get beat up every time I give money for grants, and I have defended you. I have defended Department of Justice on a number of grant operations as a fiscal conservative.

But any time that we build two prisons 75 miles apart that really are not being occupied and really don't have—unless you are going to ship in Federal inmates from outside the Navajo territory, it is going to be very hard to fill it up. I mean, I know the numbers, and I know what it is in my district, and you are going to be shipping in inmates to fill up something that you didn't have to build and that we have got a \$32 million excess. Do you see the problem?

Ms. MCGARRY. We certainly are taking this issue seriously.

Mr. MEADOWS. So you don't see it as a problem?

Ms. MCGARRY. I see it as an issue that we're still in the process of working with the IG and the Navajo Nation to resolve.

Mr. MEADOWS. Okay. Here is my—and I am going to be nice. I want to go home, and you seem like a real nice individual. And so I am going to be a little bit perhaps indirect in my suggestion.

We need within a 60-day timeframe for you to get back to this committee on how you are going to resolve the outstanding issues with the IG. And I don't mean that "We are taking it serious, and we are working hard." I mean a real plan on how we are going to get this resolved.

Because it inherently undermines the potential for future grants and future funding if this is believed to be across all of your grantmaking capability. And here your sworn testimony today is this is isolated, and you are committed to getting it worked. Is that correct?

Ms. MCGARRY. We are committed to resolving these issues.

Mr. MEADOWS. And this is isolated?

Ms. MCGARRY. In my—this is an anomaly that we are working through.

Mr. MEADOWS. All right. I recognize the ranking member for a series of questions.

Ms. PLASKETT. Thank you.

Dr. Sedgwick, you have done some enormous work in this area and have a vast amount of experience with OJP. I wanted to talk with you about the arduous process for applicants that has in the past and there has been some discussion about the lack of transparency. And if we want the best programs to apply for OJP grant dollars, we must have a process that is completely fair.

Now you talked in your testimony about the improvements that you have seen regarding detailed online training and releasing unedited peer review comments and et cetera. You have also testified about that in your tenure, the Office of Audit Assessment and Management was created. Can you tell us why this office was created?

Mr. SEDGWICK. I think to get at a lot of the questions that you all have been asking today. These are not new questions. The whole notion—you know, the Office of Justice Programs distributes a very large amount of money to law enforcement and to public safety in all its various manifestations in the United States. And there's always questions about was that money appropriately used, and did it have the intended effect?

So this is—you know, these are not new issues. These have always been there, and I think they always will be there. And so that's why in my written statement, I ended with a comment about the importance of a culture of continuous improvement because I think, you know, during my tenure and my experience in OJP and its predecessor, OJARS, the organization has come a long way.

But there's always going to be challenges, in part because the nature of the problems that OJP is trying to address are constantly changing. I'm kind of struck by when I was in the Bureau of Justice Statistics in 1984, the only thing anybody cared about were the FBI index crimes. So you really worried about seven crimes.

I'm away for 22 years. I come back to BJS in 2006, and all of a sudden, people are talking about Internet crimes against children and human trafficking and a whole set of crimes that, quite frankly, nobody even thought about in 1984. And so, you know, you've got an agency that is grappling with an ever-changing mix of what constitutes illegal behavior in the United States.

At the same time that that's going on, so it's trying to chase a moving target, the bar is being raised. And I think OJP has been—has worked very hard at raising its own performance and moving along that continuum that I mentioned earlier where in the old days, you only monitored outputs.

Now we're well into the era of monitoring outcomes in terms of, all right, you ran this many people through your program, how did you move the needle? Tell me what improvement looks like, and how does that get measured?

And I think now we're on the cusp of people beginning to say, well, okay, if we change the behavior of X number of citizens in a community, what's that do to make that community better, safer?

We toss around the phrase "community wellness," but I think that has to be taken very seriously. How is the community quali-

tatively improved as a result of the programs that are being funded by the Office of Justice Programs?

Ms. PLASKETT. And is that what the Office of Audit Assessment and Management —

Mr. SEDGWICK. Very much was part of helping—first of all, helping applicants understand their responsibility in terms of measuring the effectiveness of what they were doing and reporting it to OJP. Then also helping OJP use that information that they were receiving from the field to say, all right, how is this particular grantee performing? Okay. They've got a great proposal, looks good, but is the needle moving, and how would we know, right?

And I think that's—you know, I think that's a very important part of what the purpose of the Office of Audit Assessment and Management was. I can remember, I was in BJS when that agency actually first got authorized and stood up, and kind of taking a whole set of bureaus within OJP and getting them to accept the idea that this Office of Audit Assessment and Management was going to kind of get them to adopt a common set of performance measures was a bit of a chore.

I mean, if you go way back to my beginning, 1984, before the reauthorization of the Justice Department, in 1984 every one of the bureaus in what is now OJP was by statute completely independent, except for one thing. The Assistant Attorney General had to approve your press releases, but everything else you could do on your own.

So part of what you're kind of looking at and the kind of challenge is overcoming a culture, now you might say that's 32 years ago, but in organizations and bureaucracies, 32 years is like saying before lunch today, right? I mean, for us, it seems like a generation, but in organizational terms, a lot of organizations, 32 years is the blink of an eye. And it takes a lot of work to move a culture of an organization like OJP, where you have a history of autonomy and get people to cooperate, right, and to work together.

Ms. PLASKETT. And you feel that it is moving that way?

Mr. SEDGWICK. Absolutely. I don't have any doubt at all.

Ms. PLASKETT. Okay, thank you.

Mr. SEDGWICK. Yes.

Mr. MEADOWS. The chair recognizes the vice chair of the subcommittee, Mr. Walberg.

Mr. WALBERG. Thank you, Mr. Chairman.

There was a gun buyback program, PSN—Philadelphia Safety Net program. And in that program, the policy was to give away \$100 gift cards in exchange for guns. However, hundreds of the gift cards went missing, and the sole employee and executive director of PSN reportedly used grant money to pay for personal things like parking tickets, hotel stay, gasoline purchases, clothing, restaurants, meals, and cash withdrawals.

And so, Ms. McGarry, did OJP know before PSN gun buyback program was concluded in March of 2012 that funds were being misspent?

Ms. MCGARRY. Well, we've put several agency-wide standards and procedures in place to catch these type of problems. And we became aware of the issues, and our prevention mechanisms now are this grantee was an earmark and now would be put through

the pre-award risk. And as a new grantee and as a small nonprofit would be required to do financing training to prevent these type of problems.

Mr. WALBERG. But did you know before it was concluded that the misspending had taken place?

Ms. MCGARRY. I'm not personally aware. I believe that we—our managers did not know the extent of the problem.

Mr. WALBERG. Has there been any check to find out why the managers didn't know that there was a problem?

Ms. MCGARRY. Yes. And that's part of our continuous improvement. We've enhanced our grant manager training. We've added questions for programmatic managers about financial when they're going out, to give them checks to look more deeply into financial conditions of grantees. So that is part of our continuous improvement. Always learning from these irregularities and issues and making changes to help prevent them in the future.

Mr. WALBERG. Feel pretty confident now that an entity like that with basically one sole manager of the program, executive director, with this much money is detected hopefully before —

Ms. MCGARRY. Yes. I think the measures of our pre-award risk assessment, intensive oversight of this type of a grantee would be—would be solid to detect and prevent these problems.

Mr. WALBERG. Mr. Horowitz, what was OJP's oversight like throughout that program as you looked into it?

Mr. HOROWITZ. Well, we obviously saw a series of concerns there in the way the funds were being used, the lack of controls matching up, the gift cards that were given out with the firearms that were being purchased. In fact, there are still unaccounted for numbers of gift cards because there were more gift cards given out than there were guns collected.

Mr. WALBERG. Guns brought in.

Mr. HOROWITZ. One of the things particularly concerning to us was that the executive director of the agency received almost \$350,000 in compensation awarded by his sister, who was the chairman of the board.

So those kinds of self dealing conflicts, lack of controls over program obviously —

Mr. WALBERG. Would that have been expected as normal to see that if you saw that type of relationship, brother and sister running a program with that much money attached to it, handing out gift cards, over \$300,000 salary? Should that have been something that would have been sniffed out very quickly?

Mr. HOROWITZ. It's certainly something that if not done quickly, given the lapse of time, certainly we would have hoped that at some point along the way that those kinds of controls that were lacking in a place like PSN would have been identified sooner.

And again, part of this goes to reporting back on results. What were the results of this audit? Well, if the executive director is taking a third of the money or so for himself, then there is a problem with the program.

Mr. WALBERG. At what point during the process would PSN have reported to OJP what it was spending the money on? I ask that of Ms. McGarry.

Ms. MCGARRY. Each grantee has to submit a quarterly financial report, and in that report, they would designate what the money was being spent for. And this is one of the improvements we've put in place is to not just rely on these reports, but to have our managers look for source documents through the process.

Mr. WALBERG. And stay on top of it? Okay.

Ms. MCGARRY. We're trying.

Mr. WALBERG. Mr. Chairman, I yield back.

Mr. MEADOWS. I thank the gentleman.

This has been a good hearing. I want to just thank each of you for your time. We have a few "to dos" that are out there, and Ms. McGarry, I would encourage you strongly to work with Ms. Goodwin and Mr. Horowitz in terms of those measurable matrix that I talk about, performance standards, how we can make sure.

You have such a kind way of coming back that it makes a guy like me actually have empathy for you, and I guess that is a good thing. So it is—but in doing that, I want to underscore the seriousness of some of this, and I would love to come and visit with your sub-agency and thank your workers for the job that they do.

It is real easy when we start to focus in on these problem areas to suggest that everything is awful, and we didn't hear that today that everything was awful. I think we heard some real things that concern us. And what concerns me is not just with the hard-working American taxpayer dollar that we are looking at in this \$32 million discrepancy.

What concerns me is the long-term viability of a grant program that I see a real need in, that has been benefited my constituents, and that if we allow these kind of things to happen and continue to happen, that the money will go away. Because they are going to use the Navajo example or perhaps the buyback program example, and they are going to paint a broad brush.

And what that means is that there will be individuals without protective body armor perhaps, if there were not the right amounts of money spent. And so to put it in perspective, and I really want you—we have made a commitment here to work on these two outstanding issues with Mr. Horowitz and his team, but I want to put it in perspective.

When we look at increasing something 250 percent. So we went from the original design, we expanded it 250 percent based on a couple of jurisdictional areas that should not increase the inmate population that much. It is like building—originally setting out to build the Capitol, this facility, and instead building Nationals Stadium and then building Nationals Stadium again.

So do you see why it really creates a real problem? The numbers are going to have to—I am going to continue to follow up, and I want to hear back from you, as we have suggested.

But again, I want to thank all of you for your testimony, and if there is no further business before the committee, the Committee on Government Operations stands adjourned.

[Whereupon, at 3:41 p.m., the subcommittee was adjourned.]