United States Government Accountability Office

Report to the Speaker of the House of Representatives and the President Pro Tempore of the Senate

March 2021

JUVENILE JUSTICE GRANTS

The Office of Justice Programs Could Improve the Quality of a Key Fraud Control

Accessible Version

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GAO-21-302

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Highlights

Highlights of GAO-21-302, a report to the Speaker of the House of Representatives and the President Pro Tempore of the Senate

March 2021

JUVENILE JUSTICE GRANTS

The Office of Justice Programs Could Improve the Quality of a Key Fraud Control

Why GAO Did This Study

OJJDP administers grant programs to improve positive outcomes for juveniles in the justice system. From fiscal year 2017 through fiscal year 2019, OJJDP awarded 927 grants totaling nearly $874 million. In December 2019, GAO reported that OJP uses tools, including the GAT, which provide insight on fraud risks for OJJDP grants. The GAT assigns quarterly risk scores to all grants based on 38 risk criteria. Based on the total score, OJP assigns a priority level of low, medium or high. The monitoring priority level, as well as other factors, then contributes to monitoring decisions.

The Juvenile Justice Reform Act of 2018 included a provision for GAO to review internal controls intended to prevent fraud, waste, and abuse of OJJDP grant funds.

This report examines the extent to which OJP accurately assigns monitoring priority levels for OJJDP grants through the GAT. GAO reviewed GAT scores for 1,336 OJJDP grants active from October 2017 through September 2019 to identify any scoring inconsistencies with OJP guidance or external data sources for seven GAT risk criteria. GAO then selected a non-generalizable sample of 20 grants for additional review of monitoring results, and interviewed OJP officials.

What GAO Recommends

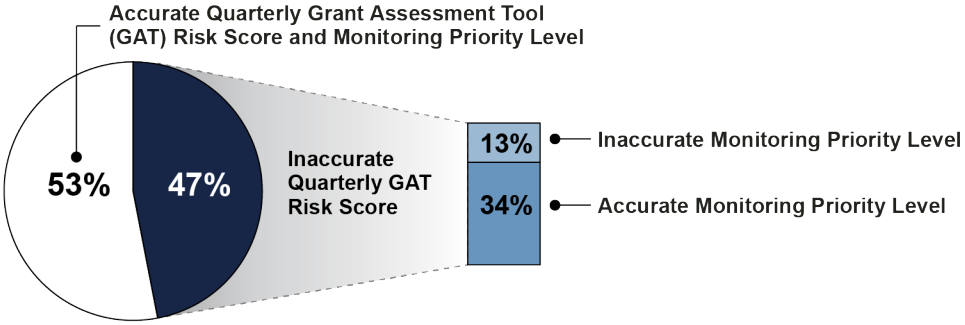
GAO is making three recommendations, including that OJP document the GAT scoring and quality assurance processes developed for the JustGrants system. DOJ concurred with these recommendations.

View GAO-21-302. For more information, contact Rebecca Shea at (202) 512-6722, shear@gao.gov; or Gretta L. Goodwin at (202) 512-8777 or goodwing@gao.gov.

What GAO Found

The Department of Justice's (DOJ) Office of Justice Programs (OJP) assigned inaccurate monitoring priority levels for some Office of Juvenile Justice and Delinquency Prevention (OJJDP) grants from fiscal year 2017 through 2019 through its Grant Assessment Tool (GAT). This may have affected whether these grants were selected for in-depth programmatic or financial monitoring—a primary fraud risk control. Specifically, GAO's analysis of 7 of the 38 GAT risk criteria scores determined that for the 1,336 active OJJDP grants, scoring discrepancies or errors caused the total risk score to be incorrect for 47 percent of all quarterly GAT risk scores (4,207 of 9,029). After correcting the identified scoring discrepancies and errors, GAO recalculated the total risk scores and found that OJP assigned inaccurate monitoring priority levels for approximately 13 percent (1,151 of 9,029) of the quarterly GAT risk scores. (See figure).

Accuracy of Quarterly GAT Risk Scores and Monitoring Priority Levels for OJJDP Grants for Fiscal Years 2017-2019



Source: GAO analysis of OJP information. | GAO-21-302

OJP officials identified several potential explanations for the scoring discrepancies and errors, including manual score changes that had not been documented and problems with the technical processes used to transfer data from the Grants Management System into the GAT. OJP officials did not identify these issues until GAO's review, in part because GAT scoring and quality assurance processes had not been documented in policy or standard operating procedures. In October 2020, OJP began using a new system to manage the grant-making process called JustGrants. As a result, OJP has an opportunity to ensure that the issues leading to incorrect GAT risk scores are not replicated in the new system. As part of the implementation of JustGrants, OJP has made or plans to make adjustments to address the issues GAO identified. However, OJP has not yet documented the revised GAT scoring and quality assurance processes, though officials stated they plan to do so. By documenting the GAT scoring and quality assurance processes developed for the JustGrants system, OJP can help ensure that quarterly GAT risk scores are accurately assigned and monitoring priority levels correctly represent the grant's risk level, thereby improving the effectiveness of OJP's fraud risk management efforts.

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Abbreviations

DATA Act	Digital Accountability and Transparency Act of 2014
DOJ	Department of Justice
FFATA	Federal Funding Accountability and Transparency Act of 2006
FSRS	FFATA Subaward Reporting System
FFR	Federal Financial Report
GAT	Grant Assessment Tool
GMS	Grants Management System
OAAM	Office of Audit, Assessment, and Management
OJJDP	Office of Juvenile Justice and Delinquency Prevention
OJP	Office of Justice Programs

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441 G St. N.W.
Washington, DC 20548

March 31, 2021

The Honorable Nancy Pelosi
Speaker of the House
House of Representatives

The Honorable Pat Leahy
President Pro Tempore
United States Senate

The Office of Juvenile Justice and Delinquency Prevention (OJJDP) is part of the Office of Justice Programs (OJP), one of three grant-making agencies in the Department of Justice (DOJ). OJJDP provides federal funding to support states, local communities, and tribal jurisdictions in their efforts to develop and implement programs for juveniles. These programs are intended to enhance public safety, ensure youth are held appropriately accountable to both crime victims and communities, and empower youth to live productive, law-abiding lives. From fiscal year 2017 through fiscal year 2019, OJJDP awarded 927 grants totaling nearly $874 million. Previous investigations and audits by DOJ's Office of the Inspector General have identified instances of potential fraud, waste, and abuse in OJJDP programs. For instance, a 2014 Office of the Inspector General investigation found that a grantee submitted inaccurate data to receive grant funds.[1]

The Juvenile Justice Reform Act of 2018 included a provision for us to conduct a comprehensive analysis and evaluation regarding the performance of OJJDP, and review internal controls intended to prevent fraud, waste, and abuse of grant funds.[2] We issued our first report in response to this mandate in December 2019, which described, among other things, DOJ's assessment of grant fraud risks and OJJDP's fraud

[1]See DOJ Office of Inspector General, *Summary of Investigative Findings and Redacted Report of Investigation of Department of Justice Grants to the Wisconsin Office of Justice Assistance,* (September 2014).

[2]Juvenile Justice Reform Act of 2018, Pub. L. No. 115–385, Tit. IV, § 401, 132 Stat. 5123, 5152-5153 (2018).

risk management controls.[3] In particular, we found that the primary way in which OJP identifies fraud risks for OJJDP grants is through the tools used to carry out pre- and post-award risk assessments. According to OJP officials, the pre-award risk assessment helps manage fraud risk because grantees who pose a significant fraud risk are not awarded grant funds. The post-award risk assessment utilizes the Grant Assessment Tool (GAT), in addition to other tools, to identify indicators of fraud risk in existing grantees. OJP uses the GAT to assign quarterly risk scores and corresponding monitoring priority levels for all grant awards and grantees. Since fiscal year 2018, these risk scores and corresponding priority levels have been based on 38 risk criteria, 14 of which have been identified by OJP officials as indicators of fraud risk.[4] Based on the quarterly GAT risk score, OJP assigns the grant a monitoring priority level of High, Medium, or Low, indicating the level of risk associated with a particular grant.

The Juvenile Justice Reform Act of 2018 also included a provision for us to audit a sample of OJJDP's grantees to review internal controls intended to prevent fraud, waste, and abuse of funds. This report examines the extent to which OJP accurately assigns monitoring priority levels for OJJDP grants through the GAT.

To examine the extent to which OJP accurately assigns monitoring priority levels for OJJDP grants through the GAT, we reviewed 9,029 quarterly GAT records for 1,336 OJJDP grants that were active and received at least one quarterly GAT risk score from fiscal year 2017 through fiscal year 2019.[5] In addition, we reviewed relevant documentation from OJP related to the GAT, including GAT data dictionaries, the GAT user guide, and scoring workflows, which automate

[3]GAO, *Juvenile Justice Grants: DOJ Should Take Additional Actions to Strengthen Performance and Fraud Risk Management*, GAO-20-202, (Washington, D.C., December 2019).

[4]OJP can and does change the number of GAT risk criteria over time, but the GAT has had 38 risk criteria since fiscal year 2018. As we found in December 2019, the GAT risk criteria may indicate fraud risk for several reasons. As one example, one of the risk criteria – whether grants have subawards – is considered by OJP to be a fraud risk indicator because OJP does not conduct direct oversight of subrecipients and must depend on the primary grantee to effectively monitor the subaward. According to 2 C.F.R. 200.332, subrecipient monitoring and oversight is the responsibility of the prime award recipient.

[5]We chose this time period because DOJ requirements state that grantees must keep all grant related award information for a period of 3 years from the date of submission of the final expenditure report. The grants we reviewed had from one to 12 quarterly GAT risk scores.

the processing of data. We also interviewed relevant OJP officials from OJJDP; the Office of Audit, Assessment, and Management (OAAM), which is responsible for the GAT; the Office of the Chief Financial Officer; and the Office of the Chief Information Officer.

We evaluated quarterly risk scores assigned to all GAT risk criteria to assess the reliability of the data and to identify any internal scoring inconsistencies – such as scores that were outside the defined range of values for the specific risk criteria.[6] In addition, we matched data from the OJP's GAT to other data sources, as appropriate. These include two data sources internal to DOJ: (1) the DOJ High Risk Grantee list and (2) quarterly Federal Financial Reports (FFR) data. We also used USAspending.gov – an external database containing information about federal funding – to match information related to subawards. We assessed the reliability of the GAT, the DOJ High Risk Grantee list, the quarterly FFR data, and USAspending.gov data we obtained and determined them to be sufficiently reliable for the purposes of our work. On the basis of these efforts, we identified seven GAT risk criteria that had unexplained scoring inconsistencies or discrepancies with other data sources, including four criteria identified as fraud risk indicators.[7] After correcting the individual risk criteria scores that we identified as inaccurate, we recalculated the quarterly GAT risk scores and reassigned monitoring priority levels according to OJP guidance.[8]

We compared the quarterly monitoring priority levels we assigned to those originally assigned by OJP for all 1,336 grants to identify grants that had at least one monitoring priority level change as a result of our

[6]Scores for the 38 individual GAT risk criteria range from -2 to 1000. In addition to determining whether assigned risk criteria scores aligned with OJP guidance, we also conducted other data reliability checks, including checking for blank cells or formatting inconsistencies. In our initial review of the GAT data, we identified internal inconsistencies with 12 of the GAT risk criteria. Throughout the course of our review, we identified documented explanations for the inconsistencies associated with nine of these risk criteria. The remaining risk criteria—Grantee Type, DOJ High Risk Grantee, and FFR Period Expenditure—are discussed in this report.

[7]The seven risk criteria we refer to here are Grantee Type, Federal Funding Accountability and Transparency Act of 2006 Reporting Compliance, Program Income, DOJ High Risk Grantee, Subaward/Subcontract, FFR Period Expenditure, and FFR Timeliness. The latter four were identified by OJP as fraud risk indicators.

[8]Monitoring priority levels are assigned as follows based on the total quarterly GAT risk score: a score less than or equal to 12 is rated Low; a score from 13 to 20 is rated Medium; and a score greater than or equal to 21 is rated High.

analysis. We grouped these grants based on how the monitoring priority level changed. For instance, one group included grants that had at least one quarterly monitoring priority level change from 'Low' to 'High'. From this population of grants that had at least one change in monitoring priority level, we then identified those grants that also had scoring discrepancies in the Subcontract/subaward and FFR Timeliness risk criteria. We focused on these risk criteria because they were considerations included in the Juvenile Justice Reform Act of 2018. On the basis of this work, we selected a non-generalizable sample of 20 grants for additional review that represented each of the groups we previously assigned and each of the grantee types, among other factors.[9] For the 20 selected grants, we also reviewed the results of monitoring efforts, such as annual desk reviews and site visits, to determine the extent to which the GAT information used to assess risk aligned with these other sources of grant information.[10] We interviewed relevant OJP officials to further understand the discrepancies we identified in the quarterly GAT risk scores for the 20 selected grants.

We determined that the internal control components of control activities, information and communication, and monitoring were significant to this objective.[11] Specifically, we assessed OJP's processes for assigning GAT risk scores and the associated monitoring priority levels against the internal control principles that state management should (1) implement control activities through documented policies; (2) use quality information to achieve objectives; (3) perform monitoring activities; and (4) evaluate and remediate deficiencies. As part of this review, we assessed the design and implementation of certain OJP control activities, information and communication, and monitoring activities to determine the extent to which they support OJP's efforts to accurately assign monitoring priority levels for OJJDP grants through the GAT.

We conducted this performance audit from January 2020 to March 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain

[9]Grantee Type describes the type of entity receiving a grant, such as a state or a nonprofit. Other factors considered in our selection process were the year in which the grant was awarded, and the type of award, such as discretionary or formula.

[10]Given the scope of our review, we did not assess the quality of OJP's monitoring activities, except to understand why information within the monitoring documents may have differed from information in the GAT records.

[11]GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 10, 2014).

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.

Background

Grant Monitoring and OJP's Grant Assessment Tool

OJP's grant monitoring processes and the GAT are key fraud risk management control activities used to identify and mitigate fraud risks for awarded grants. DOJ's 2020 fraud risk assessment identified five fraud scenarios related to grants. As shown in figure 1, the 2020 fraud risk assessment identifies in-depth monitoring as a fraud risk management control for all five fraud scenarios, while the GAT—which is used to inform in-depth monitoring decisions—is identified as a fraud risk management control for three of the five fraud scenarios.

Figure 1: Office of Justice Program's Grant Fraud Risks Mitigated by Grant Monitoring and the Grant Assessment Tool

Grant fraud risk scenarios	Fraud risk management controls[a]: Grant monitoring	Fraud risk management controls[a]: Grant assessment tool
Less-than-arm's-length transactions When a recipient actively circumvents procedures to facilitate an unauthorized transaction with a related party, such as a family member	✓	✓
False information When a recipient falsifies credentials or information to obtain a grant	✓	
Fraudulent documentation and reporting When a recipient withholds material information or provides false information related to accounting for, tracking, or supporting grant transactions	✓	✓
Misdirection of funds When a recipient deliberately misdirects funds in a manner inconsistent with the purpose outlined in the grant agreement	✓	
Embezzlement When a recipient misappropriates grant monies or assets for personal benefit	✓	✓

✓ Fraud risk management control used

Source: GAO analysis of Department of Justice information. | GAO-21-302

[a]DOJ's 2020 Fraud Risk Assessment also identified other fraud risk management controls such as pre-award risk assessment and grant fraud awareness training for grantees, among others.

Grant Monitoring

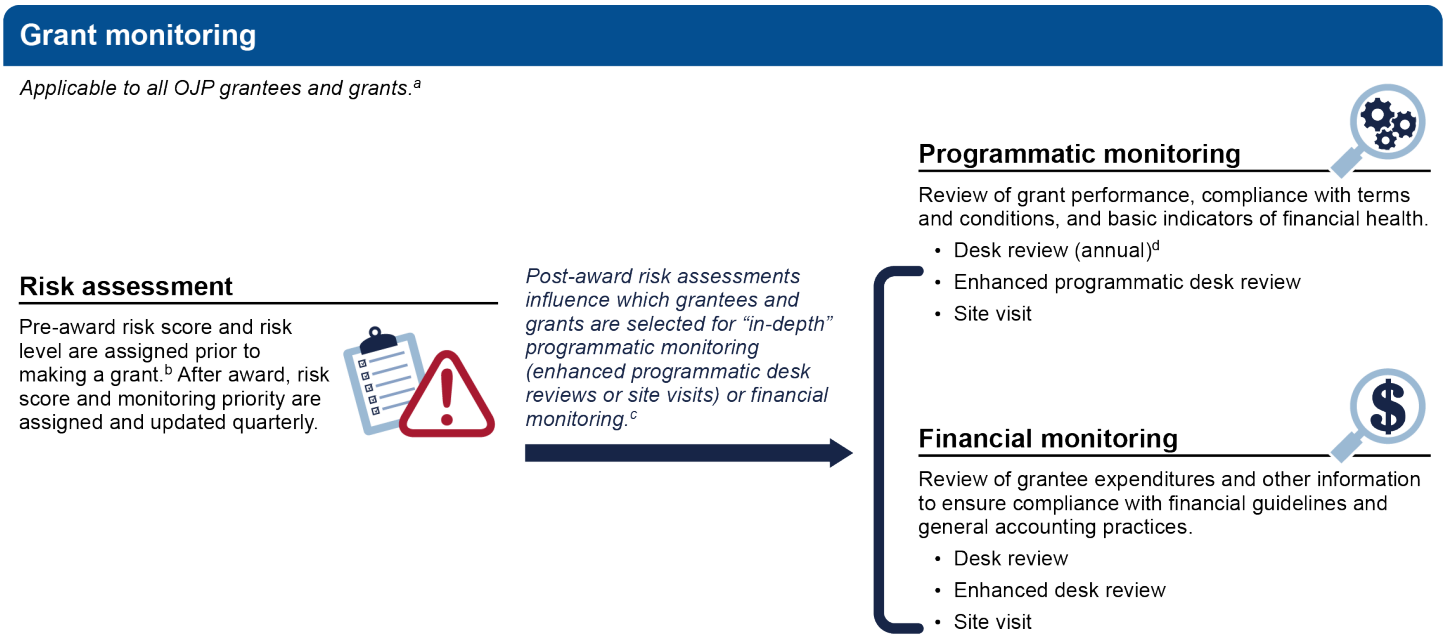
As we reported in December 2019, all OJP grantees and grants are subject to "grant monitoring."[12] Grant monitoring consists of (1) programmatic and (2) financial monitoring, and according to OJP officials, helps ensure the programmatic and financial integrity and accountability of grantees. OJP policy requires programmatic desk reviews on all open grants each fiscal year and "in-depth" monitoring—consisting of enhanced programmatic desk reviews or site visits—on at least 10 percent of the

[12]A grantee may have multiple grants. Some OJP monitoring activities are directed at grantees and some are directed at individual grants.

total number and dollar amount of open and active grants annually.[13] In addition, OJP's Office of the Chief Financial Officer plans to financially monitor at least 10 percent of the award amount annually. Figure 2 shows the grant monitoring process.

[13]Desk reviews consist of a paper-based review of materials in the grant file, whereas enhanced programmatic desk reviews also includes interaction with the grantee by phone.

Figure 2. Office of Justice Programs (OJP) Grant Monitoring Process



Source: GAO analysis of OJP information. | GAO-21-302

[a]A grantee may have multiple grants. Some OJP monitoring activities are directed at grantees and some are directed at individual grants.

[b]Results of pre-award risk assessment may trigger certain monitoring actions if the applicant is recommended for funding.

[c]The results of programmatic monitoring may also influence financial monitoring decisions.

[d]Programmatic desk reviews are conducted annually regardless of the results of risk assessments. Results of desk reviews may inform post-award risk assessments.

The Grant Assessment Tool

OJP has used the GAT since 2012 to help assess open and active OJP awards and grantees against 38 risk criteria.[14] As we reported in December 2019, the quarterly post-award GAT risk assessment process is one of the two primary ways in which OJP identifies fraud risks. OJP officials identified 14 of the 38 risk criteria as being indicators of fraud risks, such as whether the grant has subawards or whether a grantee has completed FFRs on time. The GAT used a series of workflows to generate quarterly risk scores for each relevant risk criteria for all active

[14]The GAT is used by all of OJP's grant-making offices. While the number of risk criteria may change over time, the GAT has had 38 risk criteria since fiscal year 2018.

grants based on information contained within the Grants Management System (GMS), which was the system used by OJP until September 22, 2020, to manage the entire grant-making process from application to closure.[15] On October 15, 2020, OJP began using a new system to manage the grant-making process called JustGrants. Details about this system are discussed later in this report.

The quarterly GAT risk score is the sum of the individual risk criteria scores, which OJP weights according to risk level and importance. Based on the total risk score, OJP assigns each grant a monitoring priority level of High, Medium, or Low.[16] According to OJP officials, the GAT is a decision support tool and does not directly determine which grants are selected for in-depth monitoring. Instead, grant managers are responsible for identifying grants they believe should be selected for in-depth monitoring, using risk as one element to inform their decisions.

The quarterly GAT monitoring priority level has a substantial effect on in-depth monitoring decisions, as a grant assigned a high monitoring priority level is more likely to be selected for monitoring. Specifically, in the first quarter of fiscal year 2019, OJJDP grant managers planned to conduct in-depth monitoring for 102 grants. Among the 84 active OJJDP grants assessed as high priority in fiscal year 2019, OJJDP selected 32 percent for monitoring, compared to selecting 13 percent of the 277 active grants assessed as low priority.[17] Figure 3 shows the relationship between monitoring priority levels and in-depth monitoring selections for the 102

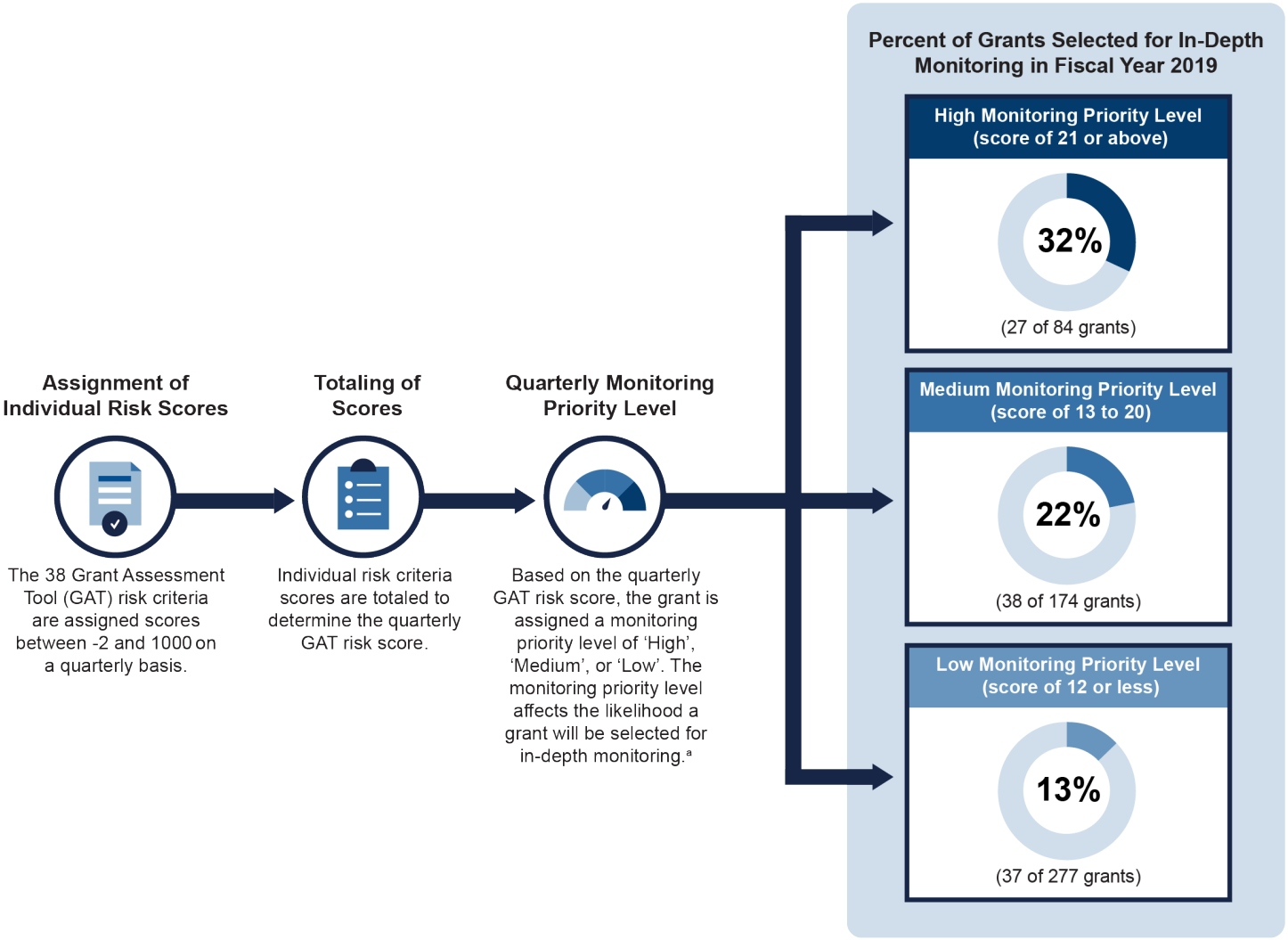
[15]GMS was a web-based computer application system that served as the official federal grant system of records for OJP. During the grant application process, applicants entered required information into GMS, including the program narrative and budget narrative associated with their application. OJP then used the submitted data to review, rank, manage, and approve applications. In the award process, OJP staff members finalized the grant application review, forwarded the packages for management approval, and notified the recipient of the application results. During post-award activity, grant managers used GMS to review progress reports and financial reports; approved grant adjustment notices and closeout packages; and documented site visit activity.

[16]OJP assigned the monitoring priority level for fiscal years 2017 through 2019 as follows: total GAT scores of 12 or less were assigned a monitoring priority level of ‘Low’; total GAT scores from 13 through 20 were assigned a monitoring priority level ‘Medium’; total GAT scores 21 or more were assigned a monitoring priority level of ‘High’.

[17]Of the 102 OJJDP grants selected for in-depth monitoring in 2019, 27 were assigned a high monitoring priority level, 38 were assigned a medium monitoring priority level, and 37 were assigned a low monitoring priority level.

OJJDP grants that were selected for in-depth monitoring in fiscal year 2019.

Figure 3. Relationship between Grant Assessment Tool Risk Criteria, Quarterly Risk Score, and Monitoring Priority Level for OJJDP Grants in Fiscal Year 2019



Source: GAO analysis of OJP information. | GAO-21-302

[a]A grant assigned a high monitoring priority level is more likely to be selected for in-depth monitoring.

When OJP grant managers identify whether a grant should receive in-depth monitoring, they are required to provide a justification when choosing not to monitor a grant with a High or Medium monitoring priority level. Further, if a grant's quarterly GAT risk score and associated

monitoring priority level changes during the fiscal year and it had not been originally selected for in-depth monitoring, OJP policy requires the grant manager to confirm or update the monitoring decision.

Other Information Sources Related to Juvenile Justice Grants

Six of the seven GAT risk criteria we reviewed are populated from or related to sources other than GMS. The DOJ High Risk Grantee risk criteria information is populated from the DOJ High Risk Grantee List. The Subcontract/subaward and Federal Funding Accountability and Transparency Act of 2006 (FFATA) Reporting risk criteria contain information related to whether grantees have subawards, and are therefore related to similar information in USAspending.gov. Finally, three GAT risk criteria—FFR Timeliness, FFR Period Expenditure, and Program Income—are populated directly from or calculated based on grantees' quarterly FFR submissions.

DOJ High Risk Grantee List

DOJ designates grantees as high risk based on a number of factors from various criteria.[18] These factors include, but are not limited to, a history of unsatisfactory performance, financial instability, an inadequate financial management system, or nonconformance to terms and conditions of previous awards. According to OJP guidance, grantees on the DOJ High Risk Grantee list are automatically given a High monitoring priority level in the GAT.

USAspending.Gov

The Digital Accountability and Transparency Act of 2014 (DATA Act) requires federal agencies to report spending data to USAspending.gov. Some data contained within USAspending.gov are from agency systems, while other data are pulled or derived from government-wide reporting systems used by recipients of federal funding. One system that USAspending.gov uses to generate federal funding award profiles is the FFATA Subaward Reporting System (FSRS), which provides data on first-tier subawards reported by prime award recipients, including OJJDP

[18]2 C.F.R. 200.206 and the Department of Justice High Risk Grantee Policy, January 6, 2012.

grant recipients.[19] We have previously reported on reliability problems associated with the accuracy of agency reported data in USAspending.gov.[20]

Federal Financial Reports

Grantees are required to submit FFRs quarterly to provide OJP with up-to-date information on how grant funds are being expended. Nearly all existing award recipients must submit the Federal Financial Report (FFR, SF-425) within 30 calendar days following the end of each quarterly reporting period.[21] We accounted for this reporting lag in our analysis. The financial reports contain the actual expenditures and unliquidated obligations for a specific reporting period and are cumulative for the award. The grant manager reviews the financial report for expenditures, and the OJP Office of the Chief Financial Officer performs a financial review and reconciles the FFR against the grantee's general ledger to assess and resolve potential problems with the grantee's financial records. OJP automatically withholds funds when a grant recipient fails to submit required progress or financial reports until the recipient submits the delinquent report.

[19]The Federal Funding Accountability and Transparency Act of 2006 (FFATA), Pub. L. No. 109-282, 120 Stat. 1186 (Sept. 26, 2006), as amended by The Digital Accountability and Transparency Act of 2014 (DATA Act), Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014), see 31 U.S.C. § 6101 note. FFATA, as amended, requires data related to federal spending by agencies, such as budget and financial information, to be disclosed and agency spending information to be linked to federal program activities so that policymakers and the public can more effectively track federal spending through its lifecycle.

[20]For example, when reviewing FY 2018 data, we noted that the data accuracy for 2018 – measured as consistency between reported data and agency source records or other authoritative sources and applicable laws and reporting standards – improved since 2017, but only 84-96 percent of budgetary transactions and between 24 and 34 percent of the award transactions were fully consistent for all applicable data elements. See GAO, *Data Act: Quality of Submissions Has Improved but Further Action is Needed to Disclose Known Data Limitations,* GAO-20-75 (Washington, DC: Nov. 8, 2019). However, our work has not previously assessed the reliability of FSRS data, which is what is used in this report. As discussed previously, we determined the USAspending.gov subaward data reliable for our limited matching purposes.

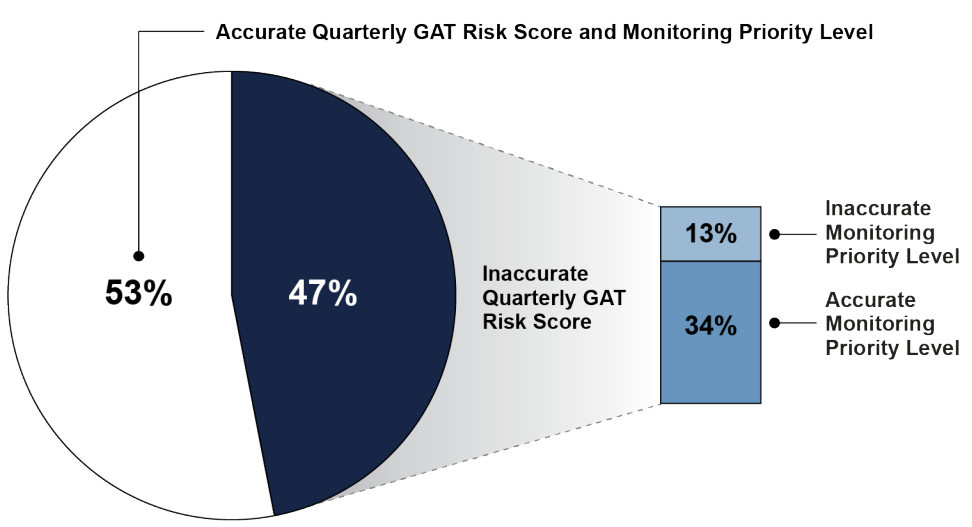
[21]Grants within the State Criminal Alien Assistance Program, Matching grant program for the Bulletproof Vest Partnership, and the Border Prosecution Initiative are exempted.

OJP Assigned Inaccurate Monitoring Priority Levels for Some Grants

OJP assigned inaccurate monitoring priority levels for 13 percent of the quarterly GAT risk scores assigned to the 1,336 active OJJDP grants from fiscal year 2017 through 2019, potentially affecting whether these grants were selected for in-depth programmatic or financial monitoring. We found the inaccurate monitoring priority levels were caused by scoring discrepancies or errors in the seven GAT risk criteria we reviewed. Specifically, as shown in figure 4, the scoring discrepancies or errors we identified in the seven GAT risk criteria caused the total score to be incorrect for 47 percent of all quarterly GAT risk scores (4,207 of 9,029) assigned from fiscal year 2017 through 2019. After correcting the scoring discrepancies and errors we identified, we found that OJP assigned inaccurate monitoring priority levels for approximately 13 percent (1,151 of 9,029) of the quarterly GAT risk scores.[22]

[22]The quarterly GAT risk score can change without causing a change in the monitoring priority level. The monitoring priority level for fiscal years 2017 through 2019 were assigned as follows: total GAT scores of 12 or less were assigned a monitoring priority level of 'Low'; total GAT scores from 13 through 20 were assigned a monitoring priority level 'Medium'; total GAT scores 21 or more were assigned a monitoring priority level of 'High'.

Figure 4. Inaccuracies in Quarterly GAT Risk Scores and Associated Monitoring Priority Levels from Fiscal Year 2017 through 2019



Source: GAO analysis of OJP information. | GAO-21-302

[a]The quarterly GAT risk score can change without causing a change in the monitoring priority level. The monitoring priority level for fiscal years 2017 through 2019 were assigned as follows: total GAT scores of 12 or less were assigned a monitoring priority level of 'Low'; total GAT scores from 13 through 20 were assigned a monitoring priority level 'Medium'; total GAT scores 21 or more were assigned a monitoring priority level of 'High'.

For two of the seven risk criteria, inconsistent implementation of GAT processes caused the scoring discrepancies we identified. For the remaining five risk criteria, errors in technical processes potentially caused incorrect information to be populated in the GAT, resulting in incorrect risk criteria scores. In October 2020, OJP implemented a new system for grants management – JustGrants. According to OJP officials, as part of this new system, OJP is modifying the GAT scoring and quality assurance processes to address the issues identified during the course of our review that could lead to incorrect individual risk scores and inaccurate monitoring priority levels

Inconsistent Implementation of GAT Scoring Processes Contributed to Inaccurate Monitoring Priority Levels

We determined that inconsistent implementation of GAT scoring processes associated with two GAT risk criteria—(1) DOJ High Risk Grantee and (2) Grantee Type—contributed to inaccurate monitoring

priority levels. OJP officials identified various explanations for the scoring discrepancies associated with each of these risk criteria, including instances where OJP officials made manual changes to the risk criteria scores. In some cases, OJP took steps to address the scoring inconsistencies we identified. However, OJP did not document in policy or standard operating procedures the processes officials followed to make manual changes during quality assurance steps or the new scoring processes. Further, according to OJP officials, GAT scoring and quality assurance processes had not been finalized within the JustGrants system as of November 2020.

- *DOJ High Risk Grantee*: This risk criteria indicates whether a grantee has been placed on the DOJ High Risk Grantee List.[23] Between fiscal year 2017 and 2019, grants were assigned scores that were not consistent with DOJ guidance. For example, OJP guidance states that grants should be assigned a 6 if the grantee is on the DOJ High Risk Grantee List. In contrast, we found that grants on that list we reviewed were assigned different scores depending on the quarter, such as a score of 24.[24] According to OJP officials, the purpose of these deviations from the guidance was to ensure that a grantee on the DOJ High Risk List was assigned a monitoring priority level of 'High' regardless of the scores assigned in any of the other risk criteria. To accomplish this, OJP officials stated they changed the scoring policy in 2018 to assign grantees on the DOJ High Risk List a score '1000'. OJP modified its GAT guidance in 2018 to state that these grantees would be assigned a 'High' monitoring priority level, but how this was to be implemented was not documented in policy or standard operating procedures. Further, the GAT workflows were not updated to assign these grantees a score other than 6 or to automatically assign a 'High' monitoring priority level until November 2019.

[23]As discussed earlier in this report, grantees may be placed on the DOJ High Risk List due to factors including, but not limited to, unsatisfactory performance or an inadequate financial management system, per 2 C.F.R. 200.206 and the Department of Justice High Risk Grantee Policy, January 6, 2012.

[24]Specifically, from fiscal year 2017 through 2019, grants were assigned scores of 0, 6, 21, 24, or 1,000 for the High Risk Grantee List risk criteria. In 2018, OJP guidance was modified to state that grantees on the DOJ High Risk Grantee List would be automatically assigned a 'High' monitoring priority level, but it did not indicate what numeric score would be assigned to the risk criteria.

- *Grantee Type:* This risk criteria identifies the type of organization receiving a grant and assigns scores accordingly.[25] From fiscal year 2017 through 2019, OJP assigned grant scores that were not consistent with DOJ guidance or stated processes. According to OJP officials, the Grantee Type risk criteria was originally used as an indicator of potential issues with a grantee's creditworthiness. In fiscal year 2018, two new risk criteria were added to the GAT, after an OJP analysis showed that the new criteria were more effective indicators of a grantee's creditworthiness, according to OJP officials. In response, OJP officials manually changed the Grantee Type risk criteria scores in the GAT to 0 for grants with entries in the new risk criteria for each quarter of fiscal year 2018. However, OJP did not modify the automatic workflows at the time, and did not document the manual scoring change policy in the GAT quality assurance processes.[26] As a result, in 2019, the Grantee Type risk criteria was erroneously scored for all grants, even when grantees had entries in the new risk criteria, which led to incorrect scores and inaccurate monitoring priority levels for some grants. In fiscal year 2020 the new scoring process was integrated into the automatic workflows, ensuring that grantees with entries in the new risk criteria did not receive a score in Grantee Type.

Errors in Risk Criteria Information and Scores Contributed to Inaccurate Monitoring Priority Levels

For the remaining five GAT risk criteria we reviewed – (3) Subcontract/subaward; (4) FFATA Reporting; (5) Program Income; (6) FFR Period Expenditure; and (7) FFR Timeliness – we identified errors in the information entered into the GAT from GMS. These errors caused inaccurate GAT risk criteria scores, contributing to inaccurate monitoring priority levels for some grants. After reviewing the scoring discrepancies we identified in the 20 grants we selected for additional review, OJP officials identified four possible explanations for the scoring discrepancies. Two of these potential explanations relate to the overall technical processes used to transfer data from GMS into the GAT. Two

[25]Grantee Type categorizes grantees as For-Profit, Higher Ed, Municipality, Non-Profit, Other, State, or Territory. Depending on the category, according to the GAT data dictionary, grants are assigned a score of 0, 2, or 4.

[26]OJP guidance was updated to reflect the scoring exception for the Grantee Type risk criteria score, but the guidance did not indicate that the exception was carried out manually.

additional explanations relate to coding errors in the process used to populate the subaward-related risk criteria. According to OJP officials, they have identified specific actions they will take to ensure these issues are not replicated in the JustGrants system implemented in October 2020. Officials stated that the first of these efforts will be finalized in the second quarter of fiscal year 2021, while others will be completed in fiscal year 2022.

Technical Processes Used to Transfer Data from GMS to the GAT May Have Caused Errors

For all five of the remaining risk criteria we reviewed, our analysis identified errors in the information entered into the GAT from GMS, leading to inaccurate risk criteria scores. These errors contributed to inaccurate monitoring priority levels for some grants active from fiscal year 2017 through 2019. Specifically, we found that 248 of the 1,336 (19 percent) active grants had at least one inaccurate subaward-related risk criteria score that contributed to an inaccurate monitoring priority level.[27] We also found that 317 of the 1,336 (24 percent) active grants had at least one inaccurate FFR-related risk criteria score that contributed to an inaccurate monitoring priority level.[28] According to OJP officials, it is likely that two issues with the technical processes used to transfer data from GMS into the GAT explain the majority of these scoring discrepancies. Specifically, officials stated that timing issues associated with the quarterly GAT update, or "refresh," create opportunities for responses to be populated in the GAT that may not align correctly with other information sources. Additionally, OJP officials explained that various workflow-related errors could have contributed to incorrect responses.

Based on their review of the scoring discrepancies for the 20 selected grants, OJP officials said most of the scoring discrepancies we identified can be attributed to the timing of when data were extracted from GMS to prepare for the quarterly refresh. Specifically, while the dates of the quarterly GAT refresh varied over time, the data used in the refresh were

[27]In this report, we use the term "subaward-related risk criteria" to refer to the Subcontract/subaward; and FFATA Reporting risk criteria.

[28]In this report, we use the term "FFR-related risk criteria" to refer to the Program Income; FFR Period Expenditure; and FFR Timeliness risk criteria.

extracted on the first of the month, leading to a gap of up to 30 days.[29] As a result, any information that was updated between the extraction and refresh dates would not be correctly reflected in that quarter's GAT risk score. For example, we determined that one of the 20 grants we reviewed should have been identified by the third quarter GAT risk score in fiscal year 2018 as having two untimely FFR submissions.[30] However, because the data were extracted from GMS before the second untimely FFR was submitted, the GAT risk score did not account for this FFR.

According to OJP officials, in fiscal year 2020, they modified the GAT refresh process to ensure that the GAT refresh occurred the same week that relevant data were extracted from GMS. However, OJP did not document this process in policy or standard operating procedures. According to OJP officials, the GAT refresh process within the new JustGrants system will similarly rely on an extract of data that will then be used to populate and score the GAT risk criteria. However, unlike GMS, officials stated the data extracts available in JustGrants will be automatically updated daily, meaning that the GAT refresh will rely on data that has been updated the same day. Officials stated that they are in the process of updating the structure of the data extracts the GAT will use, and as of November 2020, they expect the new extracts will be available for the second quarter fiscal year 2021 refresh. According to OJP officials, the remaining scoring discrepancies we identified for the 20 selected grants may reflect problems with the workflow processes, though they could not provide specific information about the cause of each discrepancy. For instance, the workflow may not have run successfully for all grants or risk criteria for a given quarter causing errors in the GAT data we observed.

OJP officials stated that they are aware of past challenges with extracting the data from GMS, and are conducting a thorough review of the data extract and workflow processes to ensure these issues are not replicated

[29]According to OJP officials, historically, the quarterly GAT risk score refresh within GMS has not occurred at the same time each quarter, though the GAT scores for all grants were updated at the same time. For instance, officials told us that the first quarter refresh of fiscal year 2017 occurred on September 20, 2016, whereas the first quarter refresh in fiscal year 2019 occurred on November 30, 2018. OJP did not document in policy or standard operating procedures the schedule for conducting the quarterly GAT refresh within GMS.

[30]The FFR Timeliness risk criteria was identified by OJP officials as an indicator of fraud risk. This risk criteria reviews FFR submissions for the prior 365 days and assigns a score of zero if no FFRs are submitted late; a '3' if one FFR is submitted late; or a '6' if two or more FFRs are submitted late.

in the new JustGrants system. Specifically, officials stated that they are reassessing the best source of information for each of the GAT risk criteria in the JustGrants environment. According to OJP officials, after they have identified the best source of information for each of the GAT risk criteria, they will then determine the best way to transfer the data into the GAT. According to OJP officials, this process will include a full validation of data from JustGrants and testing of the system connections to the new data sources.

Standards for Internal Control in the Federal Government states that management should use quality information to achieve objectives, which includes (1) identifying information requirements; (2) obtaining relevant data from reliable sources; and (3) processing data into information and then evaluating the processed information to ensure it is quality information. Further, internal control standards call for management to develop and maintain documentation of its internal control system. Documentation of controls, including changes to controls, is evidence that controls are identified, capable of being communicated to those responsible for their performance, and capable of being monitored and evaluated by the entity.

As mentioned, OJP did not document in policy or standard operating procedures several changes it previously made to its control activities designed to ensure it used quality information to assign grant risk scores and related monitoring priority levels. By documenting the changes to the GAT scoring processes and data sources resulting from its current review in policy or standard operating procedures, OJP can help ensure that grant risk scores and related monitoring priority levels are based on quality information. In turn, these improvements in its control activities can help OJP better manage the risk of fraud in its programs, including the OJJDP grant program.

The Process Used to Populate the Subaward-Related Risk Criteria Contained Coding Errors

We also identified several instances of scoring discrepancies associated with the subaward-related risk criteria.[31] For example, OJP officials told us that once a grant has been identified as having a subaward, all GAT

[31]As mentioned, the subaward-related risk criteria we refer to here are the Subcontract/subaward and FFATA Reporting risk criteria.

records for the remainder of the grant period should indicate that the grant has a subaward. However, we identified more than 500 grants where quarterly GAT records related to a subaward changed from "yes" to "no" over the grant period, resulting in incorrect risk scores related to subawards.[32] Further, for 16 of the 20 grants we selected for additional review, information about subawards we found in desk reviews or in-depth monitoring was inconsistent with information captured in the quarterly GAT risk scores. Similarly, by matching the GAT data on FFATA Reporting compliance to USAspending.gov data, we found 37 grants out of 1,336 were incorrectly identified as being non-compliant with FFATA in at least one quarterly GAT risk score.[33] We also determined that 6 of the 20 selected grants had information about FFATA compliance in annual desk reviews or in-depth monitoring that was inconsistent with information captured in the quarterly GAT risk scores.

OJP officials told us that, in addition to the technical issues related to the GAT refresh process described above, two coding errors could explain the scoring discrepancies we found in the subaward-related risk criteria. The first coding error that OJP officials identified relates to the process used to populate the subaward-related risk criteria based on annual desk reviews.[34] According to OJP officials, this coding error caused most of the

[32]Specifically, out of the 820 grants active from fiscal year 2017 through 2019 identified as having a subaward in any quarter, 542 (66 percent) had instances where the response to the Subcontract/subaward risk criteria changed from a "yes" to a "no" during the grant period. According to OJP officials, when this risk criteria changes in the quarterly refresh, the grant manager is prompted to review the grant to confirm the subaward status.

[33]Eighty-eight grants were identified as being non-compliant. FFATA reporting is required for all grants that award subawards greater than $25,000. A grant will receive a score in the FFATA Reporting risk criteria if the applicable subaward information is not publicly available in USAspending.gov. Because GAT data does not contain information about the value of each subaward, and because of the errors we identified in the Subaward/subcontract risk criteria, we could not determine whether grants were accurately identified as compliant with FFATA requirements in the quarterly GAT risk scores. The presence of a record in USASpending.gov does not necessarily mean that a grantee's submission is in full compliance.

[34]Specifically, the Subcontract/subaward risk criteria was populated with the grant manager's response to a desk review question that asked, "Does this grantee plan to make subawards/subcontracts under this grant?" The FFATA Reporting risk criteria was populated with the grant manager's response to a desk review question that asked, "If grantee has made subawards and is required to report as defined by the Federal Funding Accountability and Transparency Act (FFATA), has it complied with reporting requirements through www.fsrs.gov?" Due to the coding error, the source of scoring information was not included in the GMS extract. As a result, the descriptive responses to the risk criteria were left blank, which then resulted in the default score of zero.

inconsistencies we found in the Subaward/subcontract risk criteria information, and some of the incorrect information regarding FFATA compliance. We determined that this coding error led to incorrect risk scores in 19 of the 20 grants we selected for additional review.[35] The second coding error OJP identified caused the FFATA scoring process to check USAspending.gov only in instances where the grant manager had previously identified the grant as non-compliant with FFATA requirements.[36] According to OJP officials, OJP's scoring process did not check USASpending.gov to confirm FFATA reporting compliance if the grant manager identified the grant as compliant based on the desk review, which may have resulted in incorrect risk criteria scores. OJP officials stated that the reason for these errors has been identified, and they expect to utilize and document new processes before April 2021.

OJP officials did not identify the several types of scoring discrepancies in the subaward-related risk criteria that we identified as part of this work until we made specific inquiries related to the 20 selected grants.[37] This is in part because the GAT scoring processes had not been documented in policy or standard operating procedures before OJP transitioned to JustGrants in October 2020. According to the *Standards for Internal Control in the Federal Government*, management should (1) use quality information to achieve its objectives; (2) develop and maintain documentation of its internal control system, including changes to controls; and (3) monitor the internal control system and remediate any identified deficiencies on a timely basis.

In November 2020, OJP officials stated that as a result of our review, they have taken or are planning to take corrective actions within the

[35]As a result of this error, information from 42 of the 51 desk reviews conducted for the 20 selected grants was not always reflected in quarterly GAT risk scores. For the 20 selected grants, seven desk reviews were never reflected in any quarterly GAT risk scores.

[36]Our analysis of the FFATA Reporting risk criteria as compared to USAspending.gov found that 37 grants were scored incorrectly in at least one quarterly GAT risk score. However, it is not possible to determine how many desk review responses were incorrectly omitted as a result of the GAT scoring filter and how many were scored incorrectly because the grant manager did not indicate non-compliance.

[37]Although our selection of 20 grants was nongeneralizeable, OJP officials confirmed that the coding errors they identified applied to all grants that were active from fiscal year 2017 through 2019.

JustGrants system to ensure better data quality for the subaward-related risk criteria. These actions include, among others, efforts to develop:

1. a discrete subaward variable within JustGrants;[38]
2. a process that relies fully on USAspending.gov for the FFATA Reporting risk criteria; and
3. enhanced validation procedures to ensure appropriate consistency across related risk criteria and the quarterly GAT risk scores over time.

In November 2020, OJP officials stated that a discrete subaward variable had already been integrated into the grant budget form within JustGrants, and will be available for all grants initiated beginning fiscal year 2021. While OJP officials said they plan to document these changes to scoring processes in March 2021, as previously discussed, OJP did not document GAT scoring processes prior to the transition to JustGrants. By documenting the newly developed GAT scoring processes and quality assurance checks developed for subaward-related risk criteria within the JustGrants system, OJP will be better positioned to identify and remediate errors associated with the subaward-related risk criteria in a timely manner, contributing to the agency's efforts to ensure the effectiveness of the GAT as a fraud risk control

OJP Plans Additional Changes Relevant to the GAT Within JustGrants

In addition to the anticipated updates within JustGrants related to data extraction and the subaward-related risk criteria, officials identified other planned changes to the GAT scoring and quality assurance processes. For instance, according to officials, OJP is in the process of revising the desk review. As part of these changes to the desk review, OJP officials stated that there are seven new questions in the new desk review that capture qualitative information about grants, which will result in additional risk criteria for the GAT. However, officials do not expect that decisions related to the new GAT risk criteria will be finalized until fiscal year 2022, after grant managers have used the new desk review for a full year. Similarly, officials stated that they anticipate changes associated with the

[38]According to OJP officials, the discrete subaward variable within JustGrants removes the need to rely on desk review responses, which contributed to the errors we identified in this review. This variable will be available for all grants initiated in JustGrants.

FFR form that will likely affect the existing FFR-related GAT risk criteria, particularly the FFR Timeliness variable. However, officials noted they are unable to provide further details related to these changes until after the first quarter of FFRs are submitted within JustGrants on December 30, 2020.[39]

As discussed above, as of the transition to JustGrants in October 2020, OJP had not documented the GAT quality assurance processes, leading to inconsistent implementation of quality assurance steps, such as when officials made manual changes to the risk criteria scores in ways that were not consistent with OJP guidance. This may have contributed to inaccurate monitoring priority levels, potentially affecting the grants selected for in-depth programmatic or financial monitoring – a key component of OJP's fraud risk management controls. According to *Standards for Internal Control in the Federal Government*, management should (1) use quality information to achieve its objectives and (2) develop and maintain documentation of its internal control system, including changes to controls. By clearly documenting the GAT quality assurance processes for both new and existing risk criteria within the JustGrants system, to include requirements associated with manual scoring changes, OJP can help ensure that risk scores are accurately assigned and monitoring priority levels correctly represent a grant's risk level. This could help improve OJP's ability to effectively monitor and respond to risks, including the risk of grant fraud.

Conclusions

In its efforts to enhance public safety, ensure youth are held appropriately accountable, and empower youth to live productive, law-abiding lives, OJJDP awarded over 900 grants totaling nearly $874 million from fiscal year 2017 through 2019. To mitigate fraud risks for such grants, OJP uses tools, including the GAT, to prioritize monitoring activities and determine which grants pose the greatest risk to the agency. From fiscal year 2017 through 2019, however, OJP did not always accurately assign monitoring priority levels for OJJDP grants through the GAT. We found that such inaccuracies could be attributed to various causes, such as problems with the technical processes used to transfer data from GMS into the GAT. While OJP officials said they made or plan to make adjustments to address the identified problems in the GAT scoring and

[39]Due to the transition to JustGrants, grantees were provided an extension on the deadline for submitting their fourth quarter, fiscal year 2020 FFR.

quality assurance processes, OJP did not document its scoring or quality assurance processes for the GAT prior to the transition to JustGrants in October 2020, including when changes were made to data sources or scoring values. Additionally, OJP officials stated that they have already implemented changes in JustGrants designed to address the inaccuracies we identified in the subaward-related risk criteria, but OJP has not yet finalized the scoring and quality assurance processes documentation. Further, according to OJP officials, decisions related to GAT quality assurance processes in JustGrants, including requirements associated with manual scoring changes, will not be finalized until 2022. The recent implementation of JustGrants affords OJP the opportunity to ensure that errors similar to those we identified are not replicated for any of the existing or newly developed GAT risk criteria. By clearly documenting the results of OJP's efforts to review, revise, and update the GAT scoring and quality assurance processes, officials can help ensure that grants' monitoring priority levels are based on accurate, reliable, and high quality information. It will also improve the effectiveness of the GAT as a fraud risk control, ultimately enhancing OJP's ability to manage and respond to grant fraud risk.

Recommendations for Executive Action

We are making the following three recommendations to OJP:

The Director of the Office of Audit, Assessment, and Management should document any changes to the GAT data sources and scoring processes resulting from OJP's ongoing review of GAT data extract and workflow processes. (Recommendation 1)

The Director of the Office of Audit, Assessment, and Management should document the GAT scoring and quality assurance processes developed for subaward-related risk criteria within the JustGrants system. (Recommendation 2)

The Director of the Office of Audit, Assessment, and Management should document the GAT quality assurance processes for both new and existing GAT risk criteria within the JustGrants system, to include requirements associated with manual scoring changes. (Recommendation 3)

Agency Comments and Our Evaluation

We provided a draft of this report to DOJ for review and comment and incorporated comments as appropriate. In the agency's comments, reproduced in appendix I, DOJ agreed with our three recommendations.

In its written response, DOJ stated that it is concerned that our review did not consider OJP's risk assessment process related to State Administering Agencies (SAA), which includes risk assessment processes that are independent of the GAT. However, this report examines the extent to which OJP accurately assigns monitoring priority levels for OJJDP grants through the GAT. As such, examining OJP's risk assessment process related to SAA's was outside the scope of our review.

DOJ also expressed concern with our report statements that OJP's scoring levels were inconsistent and not sufficiently documented. However, we found that grants on the high risk list were assigned scores that were not consistent with DOJ guidance. We also found that DOJ's guidance for how to assign grantees on the high risk list a 'High' monitoring priority level was not documented in policy or standard operating procedure. Thus, we recommended that DOJ should document the GAT quality assurance processes for both new and existing GAT risk criteria within the JustGrants system. DOJ agreed with this recommendation.

We are sending copies of this report to the appropriate congressional committees, the Attorney General, and other interested parties. In addition, the report is available at no charge on GAO's website at https://www.gao.gov.

If you or your staff have any questions about this report, please contact Rebecca Shea at (202) 512-6722 or SheaR@gao.gov or Gretta L. Goodwin at (202) 512-8777 GoodwinG@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix II.

Rebecca Shea
Director, Forensic Audits and Investigative Service

Gretta L. Goodwin
Director, Homeland Security and Justice

Appendix I: Comments from the Department of Justice

U.S. Department of Justice

Office of Justice Programs

Office of the Assistant Attorney General

Washington, D.C. 20531

March 8, 2021

Ms. Rebecca Shea
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Ms. Gretta L. Goodwin
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Dear Ms. Shea and Ms. Goodwin:

Thank you for the opportunity to review and comment on the draft Government Accountability Office (GAO) report entitled, *Juvenile Justice Grants: The Office of Justice Programs Could Improve the Quality of a Key Fraud Control* (GAO-21-302).

The Office of Justice Programs (OJP) agrees with the recommendations to improve its documentation of decision making for the Grant Assessment Tool (GAT) process. However, OJP has two concerns regarding the review. Specifically, OJP is concerned that GAO's review did not consider OJP's risk assessment process related to State Administering Agencies (SAA) and the compliance audit risk assessment process for Title II recipients, the process that guides the monitoring decisions for Title II recipients. In addition, OJP is concerned with GAO's assertion that OJP's scoring levels were inconsistent and not sufficiently documented.

Risk management is an evolutionary and dynamic process. OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control,* states that effective risk management "is tailored and responsive to the evolving risk profile of the Agency." The GAT is a decision support tool developed by OJP to assist its program offices and grant managers in developing a risk-informed grant programmatic monitoring plan. Programmatic monitoring includes reviews of a grant's programmatic, financial and administrative performance and compliance. While OJP requires grant managers to justify monitoring selection decisions in the GAT tool, grant managers make their final monitoring

plan selections using the GAT data, combined with their professional knowledge of the program, award recipient, and award requirements.

Many OJP grants are awarded directly to state governments, which then set priorities and allocate funds within that state. Pass-through entities, such as SAAs, are responsible for evaluating and monitoring their subrecipients' risk of noncompliance with applicable Federal statutes, regulations, and the Federal award's terms and conditions. As part of its continued analysis of the risk environment, in Fiscal Year (FY) 2019, OJP recognized that states, specifically SAAs, present a unique risk to OJP. To address this risk, OJP launched a process, in addition to the GAT scoring, to assess the risk of SAAs and develop a four-year monitoring plan specific to states and territories. OJP monitors SAAs in 56 states and territories and includes approximately 14 different states and territories in the SAA monitoring plan per year. OJP is currently in year three of the four-year plan and will monitor approximately 14 SAAs in FY 2021. The Office of Juvenile Justice and Delinquency Prevention (OJJDP) Title II Formula Grants Program recipients are included in this effort.

The GAO did not include a review of the process OJP implemented to assess the risk of SAAs, via a four-year monitoring plan specific to states and territories, which drives the monitoring decisions for Title II recipients. For the Title II awards GAO reviewed, states were required to submit a three-year state plan for carrying out the formula grant award. (see section 223(a) of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended (34 U.S.C. § 11133(a)). Title II Formula Grants Program awards also have unique requirements which directly affect the level of funding awarded. Monitoring compliance with these requirements is key to reducing the risk of fraud for these awards. Risks associated with the Title II requirements are accounted for by a separate risk assessment tool scored by OJJDP that is independent of the GAT. Based on OJJDP's separate risk assessment for Title II awards, OJJDP develops a compliance audit plan. OJJDP is responsible for conducting audits of the states' systems for monitoring compliance with certain statutory requirements of the Title II Formula Grants Program. Compliance audits are conducted in addition to the previously referenced SAA grant monitoring.

The GAO also asserted that the scoring levels of Department of Justice (DOJ) high-risk grantees were erroneous due to insufficient documentation. To ensure that awards to entities on the DOJ High-Risk Grantee List, OJP adjusts the GAT scores so that the awards to these entities are included in the High Monitoring Priority category. Prior to FY 2020, the score adjustment varied depending on the amount needed to ensure that all High-Risk grantees were included in the High Monitoring Priority category. This process was manually completed and validated. For FY 2020, OJP automated the process by adding 1,000 points to the GAT score for each High-Risk Grantee award. While the amount added prior to FY 2020 varied, implementation was not inconsistent and sufficient documentation was maintained and provided to the GAO. For the fiscal years mentioned, all awards for High-Risk grantees were included in the High Monitoring Priority which met the intent of the current DOJ High-Risk Grantee policy.

The draft GAO report contains three Recommendations for Executive Action directed to the Office of Justice Programs, Office of Audit, Assessment and Management (OAAM). For ease of review, the recommendations are restated in bold text below, and followed by OJP's response.

1. **The Director of the Office of Audit, Assessment, and Management should document any changes to the GAT data sources and scoring processes resulting from OJP's ongoing review of GAT data extract and workflow processes.**

   The Office of Justice Programs agrees with this recommendation. OAAM has updated its formal documentation of changes to GAT data sources and scoring processes, as evidenced in the documentation included with our technical comments provided to the GAO under a separate correspondence. This documentation includes a record of GAT model and process updates that affect the risk criteria and monitoring priority scoring, and includes a summary of the GAT data source, scoring process change, and the date of the modification in one central location on the OJP shared drive. OAAM has restructured this folder and established a naming convention for documentation. Furthermore, OAAM has created a GAT refresh progress tracker, which is a record of the FY 2021 risk criteria scoring logic, data availability, and status of quality review. OAAM developed this document to track additional guidance required to score criteria during the ongoing JustGrants system data migration[1]. OAAM has updated the document, which now includes progress on risk criteria scoring and changes in the GAT for Fiscal Year 2021 that were approved by OAAM. These documents will be continuously updated.

   Accordingly, OJP is requesting closure of this recommendation, as implemented.

2. **The Director of the Office of Audit, Assessment, and Management should document the GAT scoring and quality assurance processes developed for subaward-related risk criteria within the JustGrants system.**

   The Office of Justice Programs agrees with this recommendation. OAAM will document the GAT scoring and quality assurance processes to include the process used in the longitudinal trend analysis to confirm the subaward-related risk criteria is scored as intended. Furthermore, OAAM will enhance the Standard Operating Procedures for the post-award risk assessment regarding the GAT scoring and quality assurance processes developed for subaward-related risk criteria within JustGrants. The document will define the timeline and steps needed to update data for GAT refreshes (quarterly, annual, or ad-hoc), and set monitoring priority scores for awards made by OJP, the Office of Community Oriented Policing Services, and the Office on Violence Against Women. Completion of this document is expected by March 31, 2021.

[1] JustGrants is the new grants management system developed by the U.S. DOJ that was launched on October 15, 2020. JustGrants is a streamlined, end-to-end grants management system that provides applicants and grantees with an improved user experience throughout key parts of the grants management lifecycle.

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3. **The Director of the Office of Audit, Assessment, and Management should document the GAT quality assurance processes for both new and existing GAT risk criteria within the JustGrants system, to include requirements associated with manual scoring changes.**

The Office of Justice Programs agrees with this recommendation. OAAM will document quality assurance processes for both new and existing GAT risk criteria in the post-award risk assessment SOP, which is expected by March 31, 2021. It is important to note that the GAT risk criteria do not currently reside within JustGrants.

Currently, OJP administers the risk assessment process outside of JustGrants using the GAT and other data analytics tools. When the GAT risk criteria are incorporated into the JustGrants system, requirements associated with manual scoring changes will be included.

If you have any questions regarding this response, you or your staff may contact Ralph E. Martin, Director, Office of Audit, Assessment, and Management, at (202) 305-1802.

Sincerely,

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Acting Assistant Attorney General

cc: Lee Lofthus
Assistant Attorney General for Administration
U.S. Department of Justice

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Appendix II: GAO Contact and Staff Acknowledgments

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In addition to the contacts named above, Jonathon Oldmixon (Assistant Director), Tonnyé Conner-White (Assistant Director), Elizabeth Kowalewski (Analyst-in-Charge), Mariana Calderón, Colin Fallon, Lauren Kirkpatrick, Christopher Hatscher, Scott Hiromoto, Jeff Jensen, Mara McMillen, Maria McMullen, Andrew Stavisky, Sabrina Streagle, and Abby Volk made key contributions to this report.

Appendix III: Accessible Data

Data Tables

Accessible Data for Accuracy of Quarterly GAT Risk Scores and Monitoring Priority Levels for OJJDP Grants for Fiscal Years 2017-2019

Quarterly Grant Assessment Tool (GAT) Risk Score[a] and Monitoring Priority Level
53% Accurate Quarterly Grant Assessment Tool (GAT) Risk Score and Monitoring Priority Level
47% Inaccurate Quarterly GAT Risk Score • 13% Inaccurate Monitoring Priority Level • 34% Accurate Monitoring Priority Level

Accessible Data for Figure 1: Office of Justice Program's Grant Fraud Risks Mitigated by Grant Monitoring and the Grant Assessment Tool

na	Fraud risk management controls[a]	
Grant fraud risk scenarios	**Grant monitoring**	**Grant assessment tool**
Less-than-arm's-length transactions When a recipient actively circumvents procedures to facilitate an unauthorized transaction with a related party, such as a family member	Fraud risk management control used	Fraud risk management control used
False information When a recipient falsifies credentials or information to obtain a grant	Fraud risk management control used	
Fraudulent documentation and reporting When a recipient withholds material information or provides false information related to accounting for, tracking, or supporting grant transactions	Fraud risk management control used	Fraud risk management control used
Misdirection of funds When a recipient deliberately misdirects funds in a manner inconsistent with the purpose outlined in the grant agreement	Fraud risk management control used	
Embezzlement When a recipient misappropriates grant monies or assets for personal benefit	Fraud risk management control used	Fraud risk management control used

Accessible Data for Figure 4. Inaccuracies in Quarterly GAT Risk Scores and Associated Monitoring Priority Levels from Fiscal Year 2017 through 2019

Quarterly Grant Assessment Tool (GAT) Risk Score[a] and Monitoring Priority Level
53% Accurate Quarterly GAT Risk Score and Monitoring Priority Level
47% Inaccurate Quarterly GAT Risk Score • 13% Inaccurate Monitoring Priority Level • 34% Accurate Monitoring Priority Level

Agency Comment Letter

Accessible Text for Appendix I Comments from the Department of Justice

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March 8, 2021

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Ms. Gretta L. Goodwin
Director
Homeland Security and Justice
Government Accountability Office
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Dear Ms. Shea and Ms. Goodwin:

Thank you for the opportunity to review and comment on the draft Government Accountability Office (GAO) report entitled, Juvenile Justice Grants: The Office of Justice Programs Could Improve the Quality of a Key Fraud Control (GAO-21-302).

The Office of Justice Programs (OJP) agrees with the recommendations to improve its documentation of decision making for the Grant Assessment Tool (GAT) process. However, OJP has two concerns regarding the review. Specifically, OJP is concerned that GAO's review did not consider OJP's risk assessment process related to State Administering Agencies (SAA) and the compliance audit risk assessment process for Title II recipients, the process that guides the monitoring

decisions for Title II recipients. In addition, OJP is concerned with GAO's assertion that OJP's scoring levels were inconsistent and not sufficiently documented.

Risk management is an evolutionary and dynamic process. OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, states that effective risk management "is tailored and responsive to the evolving risk profile of the Agency." The GAT is a decision support tool developed by OJP to assist its program offices and grant managers in developing a risk-informed grant programmatic monitoring plan. Programmatic monitoring includes reviews of a grant's programmatic, financial and administrative performance and compliance. While OJP requires grant managers to justify monitoring selection decisions in the GAT tool, grant managers make their final monitoring

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plan selections using the GAT data, combined with their professional knowledge of the program, award recipient, and award requirements.

Many OJP grants are awarded directly to state governments, which then set priorities and allocate funds within that state. Pass-through entities, such as SAAs, are responsible for evaluating and monitoring their subrecipients' risk of noncompliance with applicable Federal statutes, regulations, and the Federal award's terms and conditions. As part of its continued analysis of the risk environment, in Fiscal Year (FY) 2019, OJP recognized that states, specifically SAAs, present a unique risk to OJP. To address this risk, OJP launched a process, in addition to the GAT scoring, to assess the risk of SAAs and develop a four-year monitoring plan specific to states and territories. OJP monitors SAAs in 56 states and territories and includes approximately 14 different states and territories in the SAA monitoring plan per year. OJP is currently in year three of the four-year plan and will monitor approximately 14 SAAs in FY 2021. The Office of Juvenile Justice and Delinquency Prevention (OJJDP) Title II Formula Grants Program recipients are included in this effort.

The GAO did not include a review of the process OJP implemented to assess the risk of SAAs, via a four-year monitoring plan specific to states and territories, which drives the monitoring decisions for Title II recipients. For the Title II awards GAO reviewed, states were required to submit a three-year state plan for carrying out the formula grant award. (see section 223(a) of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended (34 U.S.C. § 11133(a)). Title II Formula Grants

Program awards also have unique requirements which directly affect the level of funding awarded. Monitoring compliance with these requirements is key to reducing the risk of fraud for these awards. Risks associated with the Title II requirements are accounted for by a separate risk assessment tool scored by OJJDP that is independent of the GAT. Based on OJJDP's separate risk assessment for Title II awards, OJJDP develops a compliance audit plan. OJJDP is responsible for conducting audits of the states' systems for monitoring compliance with certain statutory requirements of the Title II Formula Grants Program. Compliance audits are conducted in addition to the previously referenced SAA grant monitoring.

The GAO also asserted that the scoring levels of Department of Justice (DOJ) high-risk grantees were erroneous due to insufficient documentation. To ensure that awards to entities on the DOJ High-Risk Grantee List, OJP adjusts the GAT scores so that the awards to these entities are included in the High Monitoring Priority category. Prior to FY 2020, the score adjustment varied depending on the amount needed to ensure that all High-Risk grantees were included in the High Monitoring Priority category. This process was manually completed and validated. For FY 2020, OJP automated the process by adding 1,000 points to the GAT score for each High-Risk Grantee award. While the amount added prior to FY 2020 varied, implementation was not inconsistent and sufficient documentation was maintained and provided to the GAO. For the fiscal years mentioned, all awards for High-Risk grantees were included in the High Monitoring Priority which met the intent of the current DOJ High-Risk Grantee policy.

The draft GAO report contains three Recommendations for Executive Action directed to the Office of Justice Programs, Office of Audit, Assessment and Management (OAAM). For ease of review, the recommendations are restated in bold text below, and followed by OJP's response.

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1. **The Director of the Office of Audit, Assessment, and Management should document any changes to the GAT data sources and scoring processes resulting from OJP's ongoing review of GAT data extract and workflow processes.**

The Office of Justice Programs agrees with this recommendation. OAAM has updated its formal documentation of changes to GAT data sources

and scoring processes, as evidenced in the documentation included with our technical comments provided to the GAO under a separate correspondence. This documentation includes a record of GAT model and process updates that affect the risk criteria and monitoring priority scoring, and includes a summary of the GAT data source, scoring process change, and the date of the modification in one central location on the OJP shared drive. OAAM has restructured this folder and established a naming convention for documentation. Furthermore, OAAM has created a GAT refresh progress tracker, which is a record of the FY 2021 risk criteria scoring logic, data availability, and status of quality review. OAAM developed this document to track additional guidance required to score criteria during the ongoing JustGrants system data migration1. OAAM has updated the document, which now includes progress on risk criteria scoring and changes in the GAT for Fiscal Year 2021 that were approved by OAAM. These documents will be continuously updated.

Accordingly, OJP is requesting closure of this recommendation, as implemented.

2. The Director of the Office of Audit, Assessment, and Management should document the GAT scoring and quality assurance processes developed for subaward-related risk criteria within the JustGrants system.

The Office of Justice Programs agrees with this recommendation. OAAM will document the GAT scoring and quality assurance processes to include the process used in the longitudinal trend analysis to confirm the subaward-related risk criteria is scored as intended. Furthermore, OAAM will enhance the Standard Operating Procedures for the post-award risk assessment regarding the GAT scoring and quality assurance processes developed for subaward-related risk criteria within JustGrants. The document will define the timeline and steps needed to update data for GAT refreshes (quarterly, annual, or ad-hoc), and set monitoring priority scores for awards made by OJP, the Office of Community Oriented Policing Services, and the Office on Violence Against Women. Completion of this document is expected by March 31, 2021.

[1] JustGrants is the new grants management system developed by the U.S. DOJ that was launched on October 15, 2020. JustGrants is a streamlined, end-to-end grants management system that provides applicants and grantees with an improved user experience throughout key parts of the grants management lifecycle.

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3. The Director of the Office of Audit, Assessment, and Management should document the GAT quality assurance processes for both new and existing GAT risk criteria within the JustGrants system, to include requirements associated with manual scoring changes.

The Office of Justice Programs agrees with this recommendation. OAAM will document quality assurance processes for both new and existing GAT risk criteria in the post-award risk assessment SOP, which is expected by March 31, 2021. It is important to note that the GAT risk criteria do not currently reside within JustGrants.

Currently, OJP administers the risk assessment process outside of JustGrants using the GAT and other data analytics tools. When the GAT risk criteria are incorporated into the JustGrants system, requirements associated with manual scoring changes will be included.

If you have any questions regarding this response, you or your staff may contact Ralph E. Martin, Director, Office of Audit, Assessment, and Management, at (202) 305-1802.

Sincerely,

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Acting Assistant Attorney General

cc: Lee Lofthus
Assistant Attorney General for Administration
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