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Introduction

Juvenile Court obtains numerous grants every year in order to enhance the well being of children and families that pass through its system. As administrators of these grants, Juvenile Court has the responsibility to abide by State and Federal Law as well as the terms of the various grant agreements which it signs. In 2010, Juvenile Court was responsible for managing \$841,643 in grant dollars.

Objective

Review the financial and programmatic aspects of the grants managed by Juvenile Court in order to determine whether or not they were being managed in accordance with the grant agreements and applicable regulations and laws.

Scope

The scope of our review covered five of eight grants managed during fiscal year 2010. The grants (listed below) total \$646,647:

- Project Core-Connect Families (2009 – 2012)
 - Sub-grant number: 2009-DC-BX-0105
 - Grant Award: \$475,618
- Disproportionate Minority Contact Project (2009 – 2010)
 - Sub-grant Number: JB-07-CM-006/JB-08CM-001
 - Grant Award: \$100,000
- Disproportionate Minority Contact Project (2010 – 2011)
 - Sub-grant Number: JB-07-CM-0006
 - Grant Award: \$42,190
- GED Preparatory Program (2009 – 2010)
 - Sub-grant Number: JB-07FM-005
 - Grant Award: \$14,839
- GED Program (2010 – 2011)
 - Sub-grant Number: JB08-FM-0004
 - Grant Award: \$14,000

Methodology

The five grants comprised 77% of the total dollar amount managed in 2010. During our review, we conducted interviews with staff involved in the process. In addition, we also reviewed:

- Individual grant proposals, grant agreements, and original agenda items authorizing county staff to apply for and accept grant awards,
- Quarterly Progress and Financial Reports submitted to the grantors,
- All documentation related to the accounting of grant expenditures including:
 - Invoices
 - Court Orders for payments of restitution
 - Fulton County Financial Systems generated reports

Background

Amidst allegations that Juvenile Court Administration was not properly administering grants, the County Manager requested that Internal Audit review the Juvenile Court grants.

Findings and Recommendations

Finding 1 – Reimbursement Requests Not Filed Per Grant Requirements

Financial reporting should comply with the requirements of the grant agreements, as well as, any other requirements provided by grantors. During our review, we found that two grants were not in compliance with the financial reporting requirements. The specific findings for the grants are as follows:

GED Preparatory Program (2009 – 2010)

Sub-grant number: JB-07FM-005

Reporting Period	Required Filing Date	Date Report Filed	Notes
1	1/15/10	No Report Filed	Expenditures were included in 2 nd reporting period request.
2	4/15/10	04/02/2010	Expenditures included 1 st reporting period, January and February of the 2 nd reporting period.
3	7/15/10	No Report Filed	Expenditures were included in the 4 th reporting period request.
4	10/15/10	08/16/2010	Expenditures included 4 th reporting period and March of the 3 rd reporting period.

Disproportionate Minority Contact Project (2009 – 2010)

Sub-grant number JB-07-CM-006/JB-08CM-001

Reporting Period	Required Filing Date	Date Report Filed	Notes
1	12/15/09	No Report Filed	Expenditures were included in 2 nd reporting period request.
2	03/15/10	03/26/2010	Request not filed timely.
3	06/15/10	08/17/2010	Expenditures included 3 rd reporting period, June and July of the 4 th reporting period. In addition, the request was not filed timely.
4	09/15/10	11/04/2010	Expenditures included only August of the 4 th reporting period and the request was not filed timely.

The Grants Division of Finance did not timely submit reimbursement requests as required by the grant agreements. The effects of not following grant reporting requirements could cause a delay in receiving reimbursement payments.

Recommendation

In order to eliminate the delay of reimbursements, the Grants Division of Finance should adhere to the reporting requirements found in the various grant agreements by:

- Submitting the reimbursement requests that include expenditures incurred for that reporting period in a timely manner.
- Requesting written confirmation from grantors detailing any changes to the financial reporting requirements and maintaining this information with other grant documentation.

Management Response

The Grants Section of the Finance Department is responsible for submitting all requests for grant reimbursements. One of Juvenile Court Administration's roles is the initiation and expending of grant funds timely and in accordance with the grant agreement. Each Grant Accountant is assigned various grant awards, of which they are responsible for preparing and submitting reimbursement requests and all other financial reports to the Grants Administrator for review and approval in accordance with the grant guidelines.

In both instances noted by Internal Audit, the required reporting due dates were 15 days after each quarter. The Grant Accountant assigned to Juvenile Court grants, inadvertently missed some of the filing due dates. However, once realized, the previous report was combined and submitted with the current quarter's report. In all instances, the County received full reimbursement from the grantor.

Finding 2 – Grant Funds Not Expended

Federal and State pass through funds were utilized by the Governor's Office of Children and Families for the purposes of funding Grant JB-07CM-006. Unobligated funds remaining at August 31, 2010 were \$10,292.62, which represents 10.3% of the total grant award. The funds were not utilized because Grant Administration did not incur additional expenditures to further the program goals under the grant. The effect of not spending down the remaining funds could result in future funding being reduced.

Recommendation

At least monthly, Actual versus Budget reports should be distributed to the program managers and the fiscal support specialists for review. Unobligated funds or funds available toward the end of the grant should be earmarked for meeting specific program goals or for carry over into the subsequent funding period. If carryover is determined to be the best course of action, prior authorization should be obtained.

Management Response

A grants oversight committee was formed to provide oversight for grants application process and activities and to temporarily deal with personnel issues caused by budgetary constraints. This committee has since been replaced by a

team of a newly hired grants coordinator and a financial administrator. The team is charged with sending monthly information containing the actual budget and other grants related information to managers of each grant. In addition, the team meets bi-monthly with the grant coordinators to discuss grant related issues, regulations, compliance and disbursement of grant funding.

Finding 3 – Expenditures Not Reported For Reimbursement

Federal and State pass through funds were utilized by the Governor’s Office of Children and Families for the purposes of funding Grant JB-07CM-006. Per the terms of the Grant agreement, expenditures for which reimbursement is requested must already be paid, and the reporting of expenditures is to occur no later than fifteen days after the end of each quarter. Expenditures totaling \$3,058.25 were paid but were not reported for reimbursement by the end of the grant reporting period. Since the expenditures were not reported for reimbursement within the grant period, they cannot be recovered.

Recommendation

The fiscal support specialist assigned to the grant should ensure all expenditures are included in the monthly ledger report and should retrieve report only after the month-end closes.

Management Response

The required practice for preparing all financial and reimbursement reports is using the month end General Ledger report. The Grant Accountant prepared this reimbursement report as of July 30 instead of the month end report at July 31 in an attempt to manage her workload and ensure timely reporting. However, additional expenditures of \$3,058.25, representing 3% of the total grant expenditures, occurred on July 31. Unfortunately, the additional expenditures were not discovered until after the final report was submitted to the grantor. The grantor would not approve an amended report.

Finding 4 – Notice of Implementation

The grants from the Governor’s Office for Children and Families requires a “Notice of Implementation” report to be filed with them no later than 60 days after the start of the grant. There were no notices of implementation found in any of the files of the following grants:

- Disproportionate Minority Contact Project (2009-2010)
- GED Preparatory Program (2009-2010)
- GED Program (2010-2011)

However, for the GED Program (2010-2011) grant, no money has been spent to date. For this grant, a notice of implementation should have been replaced with a “Request for Extension of Implementation”, because program service delivery had not started within 90 days of the grant award. In response to our inquiry about notices of implementation,

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the Chief Administration Officer (CAO) indicated that a signed award notice was sent to the grantor agency. However, it does not meet the stipulation of the contract. Since these grants consist of pass through Federal and State funds, the County is obligated to comply with all material mandates included in the grant agreements. The CAO also indicated that no Request for Extension of Implementation was filed for the GED Program (2010-2011). In both instances, non-compliance could result in the termination of the grant agreements after the awards are made and affect future funding.

Recommendation

Although the signed award letters were sent to the grantor, Juvenile Court Administration should have filed a Notice of Implementation report with the Governor's Office for Children and Families no later than 60 days after the start of the grant. If grant programs are implemented within this time period, successful administration of the grants is more likely to occur. However if Juvenile Court cannot implement a grant within 90 days, a Request for Extension of Implementation should be filed with the State as required in order to ensure future grant funding is not jeopardized.

Management Response

A request for extension was sought and granted when Juvenile Court experienced a delay in the implementation of an external GED program. In addition, Juvenile Court has effectively communicated implementation of its grants by forwarding the signed award and budget establishment information to the grantors. A letter of implementation is not a general requirement of all grants and is only required by the DMC grant. Going forward, Juvenile Court has adopted the recommendation of the Audit Department and will send a letter of implementation when required. (Letter of implementation attached as Appendix 4)

Finding 5 - Progress Report Exceptions

Juvenile Court is required to submit progress reports to its grantors as mandated in the various grant agreements. Based on our review, many of these reports were:

- Not Filed
- Filed Late
- Filed incomplete, and/or
- Filed with errors

Disproportionate Minority Contact Project (2009 – 2010)

Sub-grant Number: JB-07-CM-006/JB-08CM-001

Reporting Period	Required Filing Date	Date Report Filed	All Performance Measures Reported	Notes
1	12/15/09	06/30/10	No	This report was not submitted timely and the sub-grant number printed on the form was incorrect.

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Reporting Period	Required Filing Date	Date Report Filed	All Performance Measures Reported	Notes
2	03/15/10	06/03/10	No	Same as Above.
3	06/15/10	06/25/10	No	Same as Above.
4	09/15/10	09/30/10	No	Same as Above.
Final Report	10/15/10	No Date on Report	No	The final report was not dated and the form required by GOCF was not used to file the report.

GED Preparatory Program (2009 – 2010)

Sub-grant Number: JB-07FM-005

Reporting Period	Required Filing Date	Date Report Filed	All Performance Measures Reported	Notes
1	1/15/10	06/25/10	No	This report was not submitted timely.
2	4/15/10	06/25/10	No	Same as Above.
3	7/15/10	06/25/10	No	
4	10/15/10	N/A	N/A	No Report on File
Final Report	11/15/10	12/02/10	No	This report was not submitted timely.

Disproportionate Minority Contact Project (2010 – 2011)

Sub-grant Number: JB-07-CM-0006

Reporting Period	Required Filing Date	Date Report Filed	All Performance Measures Reported	Notes
1	10/15/10	02/09/11	YES	The report was not submitted timely.
2	1/15/11	02/09/11	YES	The report was not filed timely.

Project Core-Connect Families (2009 – 2012)

Sub-grant number: 2009-DC-BX-0105

Reporting Period	Required Filing Date	Date Report Filed	All Performance Measures Reported	Notes
1	01/31/10	1/29/10	YES	
2	07/31/10	7/30/10	YES	
3	1/31/11	4/19/11	YES	Report was not filed timely.

Failure to submit program reports as required by grant agreements indicates internal control deficiencies and could jeopardize future funding.

Recommendation

Juvenile Court should ensure all reports are submitted timely and in accordance with the grant award agreement. In addition, all reports should be submitted using required forms provided by the grantor.

Management Response

Juvenile Court requires and enforces all grant requirements including performance measures on all grant reports. Exceptions or deviations from timelines are made in few situations where the grantors allow the submission of a report using other indicators. With reference to a decision finding on the Project Core-Connect Families Grant, the report was timely submitted online as required by the reporting requirement. (Evidence of compliance attached as Appendix 5)

Finding 6 – Supporting Documentation for Reports Not Provided

The Juvenile Court Program should provide all supporting documentation used for reporting requirements. The program personnel did not provide adequate attendance sheets for youth participating in the GED Program, as well as, documentation that supports the program outcomes. As a result of the failure to properly maintain support for reporting requirements, we were unable to determine if the numbers or statistics reported were accurate.

Recommendation

The Juvenile Court Program should maintain a project file for each grant and have on hand the supporting documentation, including schedules and count data, for all reports and program activities. This information should be readily available for review.

Management Response

The attendance log policy has been further streamlined to require submission of attendance log to supervisors within forty-eight (48) hours of any program involving attendance of children. In addition program coordinators will be required to input all logs on JCATS, the Court's case management system.

Finding 7 – Vouchers Not Processed in a Timely Manner

Best practices require prompt payment of obligations related to the grant activity and reporting within the time frame required by the grant agreement. We examined a sample of restitution payments and found that the distribution of restitution payments to victims took an average of 63 days from the completion dates of service hours performed. According to CLSM program manager, this problem existed because grant information had not been properly disseminated. Our tests indicate that this may be a result of

possible delays of the probation officers in submitting the necessary documentation timely. If the above internal control deficiencies are not addressed, compliance with the timely reporting of grant expenditures will be adversely affected and the effectiveness of administering program activities will be reduced.

Recommendation

The Juvenile Court should immediately prepare a comprehensive set of policies and procedures concerning the processing of the restitution vouchers and completion schedules. All vouchers should be submitted in a timely manner.

Management Response

Traditionally, the delay in actual payment distribution of restitution payment occurs between the time the vouchers are submitted to Accounting/Finance and the disbursement of funds. A new measure requiring the submission of invoices and payment vouchers within a specific timeline has been implemented to prevent unnecessary delays in payment processing. The new policy requires that the administration of the Court process all invoices submitted to the Court within six (6) business days unless there is a discrepancy in the invoice or payment voucher. (Vendor Invoice Policy is attached as Appendix 6)

Finding 8 – Lack of Oversight of MARTA Cards

The grant agreement specifies in Annex D, Chapter 2, Reporting Requirements and Reimbursement, that all financial records must be maintained by the grantee in good order and must be made available at all times, during regular business hours. A review of the MARTA invoices and logs indicated that the Probation Division had been issued 1,812 passes. However, the Probation Division but could not provide a log showing which Juvenile Court clients had received the cards or what dates the cards were issued. Further examination indicates that 220 cards were not unaccounted for. Inquiries with the Juvenile Court Administration indicated that the policies and procedures in place to account for MARTA passes are not adequate. The effect of not having appropriate internal control procedures for MARTA passes increases the risk of monetary losses resulting from the mismanagement of MARTA passes.

Recommendation

The Juvenile Court should immediately complete a comprehensive set of policies and procedures related to the purchasing and management of MARTA passes. The Juvenile Court management should design and implement a data base or spreadsheet application that will produce an ongoing perpetual inventory and reconciliation process for all MARTA passes purchased and issued.

The Juvenile Court presently issues paper type MARTA passes with an expiration period of 90 days. The County should explore the advantages of using plastic BREEZE card passes which retain value for one to two years, depending what type of pass is purchased.

Management Response

The system for management of MARTA cards prior to the recent audit was limited to a simple log indicating which Probation Officers or Probation Officer Supervisors requested or received cards for their clients. Cards are issued to children, their parents and family members in need of transportation to and/or from the Court. Expired cards and informal transfer of cards between units were partly responsible for some of the concerns cited in this finding. While the Court strives to base its purchases of cards on estimates, such estimates are sometimes not accurate as the number of juveniles on probation fluctuates unpredictably leading to under utilization of available cards. The Court has solved this problem by instituting a more formal system where MARTA cards are distributed by Probation Administration and subsequently to children and family. Logs are maintained at all levels with the Probation Officers' logs indicating the actual file numbers, numbers of cards distributed for each date and children and families signing the log to indicate receipt. Presently we have one hundred percent accountability for all MARTA cards. (New log system attached as Appendix 7).

Finding 9 – Inaccurate Progress Report filed with the State

The grant agreement specifies in Annex D, Chapter 2, Reporting Requirements and Reimbursement, that all financial records must be maintained by the grantee in good order and must be made available at all times, during regular business hours. Maintaining the records in good order includes adequate documentation which supports the statistical data reported in the progress reports. An examination of the Juvenile Justice Quarterly Progress report indicates the activity reported for the 2nd Quarter reporting period 10/01/2010 through 12/31/2010 was unsupported. With respect to the data reported, we found no supporting schedules, reports or data in the program files. Failure to maintain appropriate documentation indicates internal control deficiencies.

Recommendation

The Juvenile Court should explore the possibility of automating the process. In addition, they should ensure supporting documentation is readily available.

Management Response

Juvenile Court has implemented and updated all grant related policies within the last six (6) months. The Court has automated all its records in a central location to avoid issues created by personnel changes (See Background Appendices for relevant policies)

Finding 10 – Insufficient Invoice Submitted For Vendor Payment

The grant agreement specifies in Annex D, Chapter 2, Reporting Requirements and Reimbursement, that all financial records must be maintained by the grantee in good order and must be made available at all times, during regular business hours. During our review we noted, an invoice submitted by a vendor did not contain sufficient information

for payment. This is a result of a failure to require vendors to provide adequate invoices. Continuation of this practice could allow payments of unsubstantiated invoices.

Recommendation

The Juvenile Court should require vendors to submit complete invoices for services rendered. In addition, Juvenile Court should immediately update its procedures for invoice approval and supporting documentation.

Management Response

Juvenile Court utilizes invoices generated and submitted by approved vendors as long as the format possesses all the necessary information to identify the service provided, the time frame and the requested amount. All invoices are initially approved by coordinators of the program and subsequently checked for accuracy by the Court's Accounting Unit or Administration. A new policy further streamlining the policy has been implemented. (See appendix to Finding 7)

Finding 11 – Failure to Adhere to County Purchasing Requirements

Fulton County Policies and Procedures require a vendor to follow the approval process before they can provide services to Fulton County. Our review revealed a vendor provided services for GED instruction in 2010 without a contract or an approved MOU on file with the Finance or the Purchasing Department. The Memorandum to the Finance Department's Financial Systems Manager indicates that the services should have been obtained through Fulton County's purchasing policies and procedures. This would ensure that no vendors are allowed to perform services without proper approval.

Recommendation

The Juvenile Court should immediately review all Fulton County purchasing regulations and incorporate them into a formal set of policies and procedures that insure no vendors are allowed to perform services until they are approved as vendors and meet contracting requirements.

Management Response

All Juvenile Court vendors are registered with Fulton County and are vetted through the Fulton County Juvenile Court vetting process. (Fulton County Vetting Process attached as Appendix 8) In addition, Juvenile Court has traditionally utilized an MOU as opposed to a contract in an effort to allow the Court ample flexibility to make changes when necessary. All MOUs are signed by the Chief Judge or the Chief Administrative Officer of the Court. Going forward and in compliance with the recommendations of the Audit Department, Juvenile Court will utilize a contract for every agreement and transaction. (A list of all Juvenile Court vendors as Appendix 9)

Conclusion

Based on our audit, we have noted several internal control weaknesses related to the Juvenile Court Grant that requires corrective actions. The Office of Internal Audit will continue to monitor the progress of the corrective actions through follow-up reviews. We would like to thank management and staff for their timely cooperation and assistance during the audit.

Management Response Summary

Juvenile Court appreciates the opportunity to participate in this audit and to take advantage of the recommendations that have been made by the auditors to further improve our process. The Court has always been able to accurately account for all grant funds. No grant funds are missing or misappropriated. While our current paperwork or reporting process is not perfect, the Court has made tremendous improvements in the last two years despite impediments created by human resources issues and budgetary constraints of budget year 2010. The Court has since implemented more streamlined measures to create more effective grant administration.