

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

THE OFFICE OF CRIMINAL JUSTICE PLANNING
CAN IMPROVE ITS PROCESS FOR AWARDED GRANTS
AND EVALUATING AND DIRECTING GRANTEE PERFORMANCE

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL

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F-814

Honorable Bruce Bronzan, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 448
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning the Office of Criminal Justice Planning's (OCJP) process for distributing funds to public and private organizations. The OCJP generally has an appropriate process for awarding grants. However, we noted two conditions that need attention. Additionally, once it has awarded funding to grantees, the OCJP has not properly evaluated and directed the grantees' performance in many instances.

Respectfully submitted,

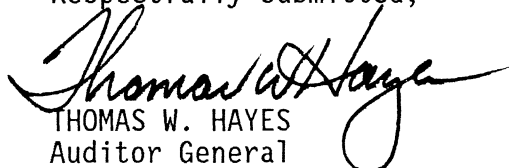

THOMAS W. HAYES
Auditor General

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SUMMARY

RESULTS IN BRIEF

Through its Office of Criminal Justice Planning (OCJP), the State of California allocated approximately \$59.6 million in grants for fiscal year 1987-88 to public and private organizations for the more than 30 programs that the OCJP administers. During our review of 6 programs for which the OCJP allocated approximately \$25.4 million, we noted the following conditions:

- The OCJP generally has an appropriate process for awarding grants, but it can make improvements; and
- Once it has awarded funding to grantees, the OCJP has not properly evaluated and directed the grantees' performance in many instances;

BACKGROUND

The OCJP is the lead agency responsible for implementing the State's public safety plan. One of the OCJP's primary functions is to provide grants to public and private organizations for criminal and juvenile justice programs. The OCJP allocated approximately \$59.6 million in grants for more than 30 programs for fiscal year 1987-88. (The appendices present the grant amounts by program and by county.) The State provided funding through the OCJP's budget process for \$37.2 million of the \$59.6 million. Additionally, the federal government provided \$21.5 million through six grants, and other state agencies provided the remaining \$.9 million. Most of the funds for programs that the OCJP administers were initially awarded through a process that includes competitive bidding. After the OCJP initially awards funds to grantees, grantees in certain

programs may continue to receive funding in later years through a reapplication process.

PRINCIPAL FINDINGS

The OCJP Generally Has an Appropriate Process for Awarding Grants but Can Make Improvements

The OCJP generally has an appropriate process for awarding grants. However, we noted two conditions that need attention. First, the OCJP made errors in scoring proposals for grant awards. Although the errors did not result in any incorrect funding decisions by the OCJP, the number of errors in two programs was significant. Second, the OCJP is basing current allocations for two of its older programs on outdated statistics and does not have sufficient documentation to show how the allocations were initially computed. When it does not use accurate and current information, the OCJP cannot make appropriate decisions when awarding grants.

The OCJP Can Improve Its Process for Evaluating and Directing Grantee Performance

Once it has awarded funding to grantees, the OCJP has not properly evaluated and directed the grantees' performance in many instances. During our audit, we noted the following conditions:

- The OCJP did not properly conduct and document site visits to grantees;
- It did not enforce a requirement that grantees submit progress reports promptly and did not review reports promptly once it received them;

- It did not question information contained in a progress report that was significantly different from information previously received;
- It did not enforce a requirement that grantees apply for continuing funding promptly;
- It did not effectively use grantee audit reports; and
- It has not revised its grantee instruction manual since 1978.

When the OCJP does not properly evaluate and direct grantee performance, it cannot ensure that grantees are meeting the goals of the OCJP's programs.

Corrective Action

At the time of our review, the OCJP was in the process of implementing new procedures for its grant award and evaluation process. These procedures, which took effect in July 1988, address many of the problems that we have identified in this report. Additionally, in July 1988, the OCJP implemented an automated system that should facilitate its efforts to ensure that grantees are meeting the objectives of the OCJP's programs.

RECOMMENDATIONS

To improve its process for awarding grants, the Office of Criminal Justice Planning should take the following actions:

- Accurately score proposals during the competitive bidding process; and
- Periodically update the statistics used in determining allocations for two of its programs. Further, the OCJP should reevaluate the funding criteria for one of

the two programs and, if appropriate, establish and follow new criteria.

To improve its process for evaluating and directing grantee performance, the OCJP should take the following actions:

- Promptly conduct and sufficiently document site visits;
- Follow its new policies of withholding further disbursements to grantees until the grantees submit late progress reports and reviewing grantee progress reports within 14 days of receipt;
- Use appropriate standards to measure the grantees' compliance as reported in the grantees' progress reports, and follow up on questionable items;
- Limit the acceptance of applications for continuing funding that are submitted past the due date to specific circumstances;
- Promptly follow up on late grantee audit reports, review the reports once they are received, and forward problems identified by the independent auditors who prepare the reports to the appropriate program staff for follow-up; and
- Complete the revision of its instruction manual for grantees, and update the manual when the OCJP revises procedures.

AGENCY COMMENTS

The Office of Criminal Justice Planning agrees with our report and has presented corrective action for the deficiencies that we identified.

INTRODUCTION

The Office of Criminal Justice Planning (OCJP) is the lead agency responsible for implementing the State's public safety plan. This plan is designed to provide comprehensive support for criminal and juvenile justice projects, local victim service programs, schools, community-based organizations, community crime prevention programs, and training programs for prosecutors and public defenders. One of the OCJP's primary functions is to provide grants to state and local government and private nonprofit organizations.

The OCJP is administered by an executive director appointed by the governor. The six branches within the OCJP that administer the grant award process are the anti-drug abuse branch, the crime prevention branch, the crime suppression branch, the juvenile justice and delinquency prevention branch, the sexual assault and child sexual abuse assistance branch, and the victim-witness and domestic violence assistance branch.

For fiscal year 1987-88, the OCJP allocated approximately \$59.6 million for more than 30 programs. Additionally, the OCJP spent approximately \$6.8 million to administer the programs. The State provided funding through the OCJP's budget process for \$37.2 million of the \$59.6 million allocated. The three state funding sources were the General Fund (\$24.1 million), the Victim-Witness Assistance Fund (\$12.3 million), and the Local Public Prosecutors and Public Defenders

Training Fund (\$.8 million). Additionally, the federal government provided \$21.5 million through six grants, and other state agencies provided the remaining \$.9 million.

The OCJP's procedures to allocate monies vary depending on the program involved and the enabling legislation. Most of the funds for programs that the OCJP administers were initially awarded through a process that includes competitive bidding. When the OCJP is notified that it will receive new state or federal funding, the OCJP, usually with the assistance of an advisory committee authorized by the enabling legislation, prepares detailed program guidelines and a request for proposal. These documents include a description of the goals of the program and information about how grantees will be selected. Either the OCJP staff or advisory committee members score the proposals using the criteria set forth in the request for proposal. For most of the OCJP's programs funded by the State, the executive director is solely responsible for making the final funding decisions. The executive director usually awards funds using the recommendations prepared by his staff members as a result of the competitive bidding process. However, he is not required to do so and has not used the recommendations when he believed it was in the best interests of the program not to do so.

After the OCJP initially awards funds to grantees, grantees in certain programs may continue to receive funding in later years through a reapplication process. To receive continued funding, a grantee must submit a reapplication proposal for funding that has a similar format

to the initial competitive bid proposal. The reapplication proposal describes the grantee's progress in meeting program objectives. Staff members do not score the reapplication proposals. The OCJP has placed certain ongoing programs out for competitive bid every few years and has not placed others out for competitive bid since the initial years of the program.

To determine whether grantees meet program objectives, conduct appropriate activities, and use funds as specified in the grant award, the OCJP has established a monitoring policy. The monitoring policy in effect for the period that we reviewed required that program personnel perform at least one on-site technical assistance visit for every grantee during the first year and conduct a site visit during the second year to assess the most recently completed grant award period. The OCJP policy was to conduct a site visit at least once every three years after the second-year visit. Additionally, the OCJP requires grantees to submit progress reports that describe activities and accomplishments during the preceding quarter.

SCOPE AND METHODOLOGY

The purpose of this report was to determine whether the OCJP properly distributed state and federal funds to public and private organizations. We reviewed one program or component of a program within each of the OCJP's six program branches. Three of the six programs that we reviewed were competitively bid for periods that

included fiscal year 1987-88, and the remaining three had funding in 1987-88 that continued from previous years. We reviewed both state and federally funded programs.

Of the \$59.6 million that the OCJP allocated for fiscal year 1987-88, the OCJP distributed \$3.0 million to grantees that were designated by statute and \$3.1 million to other state agencies. The funding for the programs that we reviewed totaled \$25.4 million or 47.5 percent of the remaining \$53.5 million that the OCJP allocated for fiscal year 1987-88. Additionally, for one program that we reviewed, the OCJP used the competitive bidding process for fiscal year 1987-88 to also allocate approximately \$3.8 million for fiscal year 1988-89. Appendix A presents a list of the programs and the related amounts of funding that we reviewed for fiscal year 1987-88.

For the three programs that were competitively bid for periods that included fiscal year 1987-88, we reviewed the OCJP's requests for proposal to determine whether the OCJP had prepared them in accordance with specific direction provided by the Legislature, advisory committees, or federal government. Additionally, we reviewed the OCJP's mailing lists to determine whether the OCJP distributed the requests for proposals to all eligible organizations. Further, we reviewed rating sheets used by the OCJP when evaluating proposals to determine whether the OCJP followed the evaluation procedure described in the request for proposal. We also reviewed the rating sheets to determine whether they were mathematically correct and whether the scores given appeared to be reasonable.

For the three programs that had funding that continued from previous years, we attempted to review the competitive bidding process for the last year that the OCJP had competitively bid the funding. Additionally, we reviewed the OCJP's criteria for reawarding funds during fiscal year 1987-88 to ensure that they were appropriate, and we reviewed selected applications to determine whether the OCJP followed its criteria. Finally, we reviewed documentation to determine whether the OCJP had properly evaluated the program before reawarding funds.

Additionally, we obtained and summarized other information regarding the OCJP that was of interest to the Legislature. Specifically, Appendix B shows the amount of funds that the OCJP allocated to grantees by program for fiscal years 1987-88 and 1986-87. Appendix C shows the amount of funds that the OCJP allocated by county for the same fiscal years. Finally, we also obtained and summarized information on the amount that the OCJP spent on administration during the same period. Appendix D presents the OCJP's administrative costs by program, and Appendix E presents the OCJP's administrative costs by type of cost. We did not audit any of this information, and accordingly, do not express an opinion on whether it is accurate or not.

Further, we reviewed enabling legislation to determine whether the OCJP correctly identified programs in its cost allocation plan that have statutory limitations on their administrative costs. We compared the statutory limitations to the OCJP's fiscal reports for

fiscal year 1986-87 to determine whether any of the reported administrative costs exceeded the limitations. For one of the 11 programs having a limitation for fiscal year 1986-87, we could not determine whether the OCJP was within the limitation because the OCJP did not separately identify the appropriate costs. However, the OCJP did separately identify the costs for fiscal year 1987-88 and was well within the limitation.

AUDIT RESULTS

I

THE OFFICE OF CRIMINAL JUSTICE PLANNING GENERALLY HAS AN APPROPRIATE PROCESS FOR AWARDING GRANTS BUT CAN MAKE IMPROVEMENTS

The Office of Criminal Justice Planning (OCJP) generally has an appropriate process for awarding grants. However, we noted two conditions that need attention. First, the OCJP made errors in scoring proposals for grant awards. Although the errors did not result in any incorrect funding decisions by the OCJP, the number of errors in two programs was significant. Second, the OCJP is basing current allocations for two of its older programs on outdated statistics and does not have sufficient documentation to show how the allocations were initially computed. When it does not use accurate and current information, the OCJP cannot make appropriate decisions when awarding grants.

The OCJP Generally Has an Appropriate Process for Awarding Grants

The OCJP generally has established an appropriate process for awarding grants. Unless the enabling legislation designates the grantee, staff members use a competitive bidding process to make funding recommendations to either the executive director or the advisory committee, or both, depending on who has the statutory authority to make the final funding decision. Additionally, the

California Council on Criminal Justice, which includes members appointed by both the Legislature and the governor, oversees the award of federal funds. An advisory committee, a group of experts for the particular field that a program is in, also often participates in setting both the objectives of the program and the detailed criteria used to select grantees. For the programs that we reviewed, we found that the program guidelines and related requests for proposal that the OCJP issued to applicants were comprehensive and consistent with the enabling state or federal legislation.

However, although it generally has established an appropriate process, the OCJP has not retained evidence of how funding decisions were made for programs that have not been competitively bid in recent years. Specifically, for six programs for which the OCJP allocated monies in fiscal year 1987-88, we attempted to review the competitive bidding process for the last year that the OCJP had competitively bid selected funding. However, we were unable to examine the proposals and the rating sheets that staff members used to score the proposals for the major component of the Career Criminal Prosecution program and the major component of the Victim-Witness Assistance program. The OCJP has not competitively bid this funding since fiscal year 1977-78 and fiscal year 1980-81, respectively, and staff members no longer have the related documents. Additionally, for the Suppression of Drug Abuse in Schools program, which was competitively bid for the period May 1984 through April 1985, we were only able to examine proposals from successful applicants and summaries that showed the scores given for

each major category of information supplied by applicants. Staff members did not have the proposals for unsuccessful applicants or the rating sheets that showed the detailed scoring for individual items within each category. Thus, for these programs, we could not determine whether the OCJP consistently followed scoring procedures for proposals.

The OCJP Made Errors in Scoring Proposals for Grant Awards

The OCJP has documentation of the scoring process for the three programs that were competitively bid for periods that included fiscal year 1987-88. For two of these programs, we noted errors that staff members made when computing the scores for applicants' proposals. Although, in many instances, the computation errors that we identified were equal to or less than one percent of the total possible points that a scorer could award, the number of errors that we noted was significant. Eleven (44 percent) of 25 proposals that we reviewed for the Rape Crisis program had computation errors on the rating sheets used to score the proposals. Further, 5 (56 percent) of the 9 proposals that we reviewed for the education component of the Gang Violence Suppression program had computation errors on the rating sheets.

Staff members not only made computation errors on rating sheets when scoring proposals, but also, for three programs, may have inconsistently applied criteria. The OCJP's procedure is to have more

than one person review proposals and compute the applicant's score by taking an average of the individual scores. Additionally, the deputy director for programs informed us that it is the OCJP's practice to have staff members who score proposals meet before the scoring to ensure that they understand the rating process and apply scoring criteria consistently. Because reviewing proposals is a matter of judgment, we expected to see differences between scorers. However, we identified differences in scores that were so disparate that they indicated that scorers may not have been consistent in how they applied criteria.

For example, for the Rape Crisis program, one of the items for which applicants were scored was the applicant's budget for the project. The rating sheet for this item indicated that an applicant would either receive 100 points for an acceptable budget or zero points for an unacceptable one. One scorer concluded that an applicant's budget for nearly \$39,000 was unacceptable because the applicant did not justify the inclusion of a \$390 video monitor, and thus, the scorer did not give the applicant any points for the budget. The other scorer gave the applicant the full 100 points. For the Suppression of Drug Abuse in Schools program, a scorer did not award any points to an applicant for items that were awarded points by the five other scorers. The applicant had addressed all the items included in the request for proposal.

Although, in many instances, the errors affected the ranking of an applicant among other applicants, the errors that we identified in our review did not result in any incorrect funding decisions by the OCJP because the errors did not result in any applicants moving from the category to be funded to the category not to be funded or vice versa. As long as the applicant is to be funded, a change in ranking does not affect the amount of funding that the applicant would receive because the amount funded is based on a review of the amount requested.

The OCJP Is Basing Current Allocations on Outdated Statistics and Does Not Have Sufficient Documentation To Show How Initial Allocations Were Computed

For two programs in our sample that the OCJP had not placed out to competitive bid in recent years, we attempted to determine how the OCJP allocated monies for fiscal year 1987-88. The first of the two programs that we reviewed was the Career Criminal Prosecution program. The program offers two types of grant funding through separate processes: one type of funding is for counties with large populations and the other type of funding is for counties with smaller populations. We reviewed the large county component of the program; this component accounted for 94 percent of the dollars awarded to the program's grantees in fiscal year 1987-88.

The OCJP allocated monies to 12 counties in fiscal year 1977-78, the initial year of the program. According to the program guidelines, the OCJP based the Career Criminal Prosecution allocation

made in fiscal year 1977-78 primarily on population statistics. The OCJP established three population ranges and established funding maximums within each range. Although we were unable to determine whether the OCJP allocated monies to the counties within the appropriate dollar ranges based on the counties' populations for the first allocation period from March 1978 through December 1978, the OCJP's allocations for the next period, from January 1979 through June 1980, were within the appropriate dollar ranges. However, counties within the same dollar ranges did not receive equal dollar amounts, and the OCJP does not have documentation explaining why these counties received different amounts.

In fiscal year 1981-82, the OCJP added a thirteenth county to the program. Staff members have continued to allocate funding to the 13 largest counties using the same allocation process that they have used since January 1979 and have not considered changes in population. The OCJP allocated \$3.9 million to the 13 counties for fiscal year 1987-88. If the OCJP had used current population statistics to allocate this funding and used the same ranges, three counties would have moved to a higher population range.

The second of the two programs that we reviewed was the Victim-Witness Assistance program. In 1980-81, the initial year of the program, the OCJP allocated \$3.0 million to 30 grantees. The program guidelines state that the original allocations were based on population statistics and crime activity, but the OCJP does not have documentation

showing how staff members computed these allocations. In later years, the OCJP added 14 grantees through a competitive bidding process, and the amount of total funding for the program has increased. The acting branch chief cannot explain how the OCJP allocated later increases in program funding among the grantees. However, we did determine that the original grantees' percentage share of the total funding for grantees that were large counties has remained relatively constant since the initial years of the program, indicating that the OCJP has allocated increases to the grantees in the same proportions as the initial allocations. For fiscal year 1987-88, the OCJP allocated approximately \$7.1 million to the original 30 grantees.

Because the acting branch chief was not familiar with the history of grantee allocations for the Victim-Witness Assistance program, we interviewed the former branch chief who, until he recently left the OCJP, had been with the program since its inception. The former branch chief stated that it was the program's policy to revise funding levels for grantees based on updated population statistics and crime rate activity only when the adjustments resulted in increases for all of the grantees. The program guidelines indicate that the last adjustment based on population statistics was made in fiscal year 1982-83 using 1981 population data. The former branch chief recalled that the overall program increase was large enough in 1982-83 that all of the grantees realized an increase when staff members applied updated population and crime rate statistics. He further stated that, in later years, the application of updated population and crime rate statistics

would have resulted in a decrease for some of the grantees and, for this reason, staff members continued to calculate later funding levels using 1981 data.

We questioned the executive director regarding the former branch chief's comments. The executive director stated that it was the recommendation of both the advisory committee and also the coordinating council for the program that the OCJP not reduce the funding of any Victim-Witness grantees. He further stated that the advisory committee and coordinating council recommended that funding not be reduced for one grantee to increase the funding to another grantee. The executive director informed us that the advisory committee and coordinating council made these recommendations because grantees were already absorbing costs since their projects cost more to maintain than they received from their grant awards. Also, he stated that the recommendations were made to maintain continuity of services to victims. However, the executive director could not provide any documentation regarding this matter. Additionally, the executive director commented that the OCJP currently is committed to reevaluating the funding allocation methodology at least every three years, and he agreed that the OCJP should periodically update the statistics used in determining the allocations for the program.

Because the OCJP has not periodically updated the statistics that it uses to allocate funding for the two programs, it may not be allocating funds to grantees in the proportion that would provide the

most benefit. Additionally, population statistics alone may not be the best measure of need for the Career Criminal Prosecution program. For example, the OCJP does not consider robbery and burglary rates when allocating monies although the program primarily focuses on these crimes. A combination of population statistics and crime rates such as that used for the Victim-Witness Assistance program may also be appropriate for the Career Criminal Prosecution program. Further, for the Victim-Witness Assistance program, if the OCJP considered population statistics and crime rates to be an appropriate indicator of need when initially allocating funds, it also seems appropriate to view proportionate decreases in these statistics for a grantee as evidence of decreased need.

CONCLUSION

The Office of Criminal Justice Planning generally has an appropriate process for awarding grants. However, we noted two conditions that need attention. First, the OCJP made errors in scoring proposals for grant awards. Although the errors did not result in any incorrect funding decisions by the OCJP, the number of errors in two programs was significant. Second, the OCJP is basing current allocations for two of its older programs on outdated statistics and does not have sufficient documentation to show how the allocations

were initially computed. When it does not use accurate and current information, the OCJP cannot make appropriate decisions when awarding grants.

RECOMMENDATIONS

To improve its process for awarding grants, the Office of Criminal Justice Planning should take the following actions:

- Accurately score proposals during the competitive bidding process; and

- Periodically update the statistics used in determining allocations for the Career Criminal Prosecution program and the Victim-Witness Assistance program. Further, the OCJP should reevaluate the funding criteria for the Career Criminal Prosecution program and, if appropriate, establish and follow new criteria.

II

THE OFFICE OF CRIMINAL JUSTICE PLANNING CAN IMPROVE ITS PROCESS FOR EVALUATING AND DIRECTING GRANTEE PERFORMANCE

Once it has awarded funding to grantees, the OCJP has not always properly evaluated and directed the grantees' performance. During our audit, we noted the following conditions:

- The OCJP did not properly conduct and document site visits to grantees;
- It did not enforce a requirement that grantees submit progress reports promptly and did not review reports promptly once it received them;
- It did not question information contained in a progress report that was significantly different from information previously received;
- It did not enforce a requirement that grantees apply for continuing funding promptly;
- It did not effectively use grantee audit reports; and

- It did not maintain a current instruction manual for its grantees.

When the OCJP does not properly evaluate and direct grantee performance, it cannot ensure that grantees are meeting the goals of the OCJP's programs.

The OCJP Did Not Properly Conduct and Document Site Visits

The OCJP's primary method of determining program effectiveness is program monitoring through site visits. The purpose of the site visit is to determine whether the grantee complied with the grant award agreement. The OCJP's monitoring policy in effect before July 1988 required that staff members conduct a site visit for all grantees at least once every three years. The policy also required staff members to fully document the results of their visit using a standard report format. The staff members were to keep the report in the OCJP's file for information related to the grantee.

For the three programs in our sample that had funding that continued from previous years, we reviewed the OCJP's files to determine whether the OCJP had followed its policies for conducting and documenting site visits before reawarding funds for fiscal year 1987-88. We attempted to review the site-visit reports for five grantees selected at random within each of the three programs in our sample.

The OCJP had not followed its policies for conducting and documenting site visits for two of the three programs that we reviewed. For the Career Criminal Prosecution program, staff members had not performed a site visit during the three years preceding fiscal year 1987-88 for one of the five grantees that we reviewed. Additionally, for the Suppression of Drug Abuse in Schools program, staff members had visited the five grantees that we reviewed but had only partially completed the reports documenting the visit. The information that the staff members did not complete included such important items as significant problems identified during the review and the staff members' conclusions and recommendations. When staff members do not consistently perform and properly document site visits, the OCJP does not have the information that it needs to ensure that grantees are operating their projects in accordance with the goals of its programs.

The OCJP had various explanations for not following the site-visit policy. According to the branch chief for the Career Criminal Prosecution program, staff members in the past had considered the three-year rule to be a goal to be achieved when circumstances warranted, rather than a strict policy. He further stated that the staff members considered the results of telephone and written contacts with grantees when deciding which projects would most benefit from a site visit. If, through these contacts, staff members believed that the project was stable in supervision and personnel and was not experiencing problems, staff members were not as likely to schedule a

site visit for the project. According to the branch chief for the Suppression of Drug Abuse in Schools program, the staff person who conducted the site visits took a leave of absence after the visits, and no other staff members were available to complete the reports.

In July 1988, the OCJP implemented a policy that requires each branch chief to develop a plan that would result in staff members visiting each grantee within the required time. Additionally, in July 1988, the OCJP implemented an automated system that should help staff members keep track of when site visits are scheduled and what information is needed to follow up on the site visits.

The OCJP Did Not Enforce a Requirement
for the Prompt Submission of Progress
Reports and Did Not Review Reports
Promptly Once It Received Them

In addition to site visits, quarterly progress reports submitted by grantees provide information that the OCJP can use to evaluate grantee performance. To determine whether the OCJP followed its policies regarding quarterly progress reports, we used the same sample of five grantees from each of the three programs with continuing funding that we used for our review of site visits. In a quarterly progress report, a grantee describes the activities and accomplishments that occurred during the preceding quarter. A section of the progress report is used to document the OCJP's review of the information

submitted by the grantee. We attempted to review all the progress reports that our sample grantees were required to submit for fiscal year 1986-87.

The OCJP required grantees to submit quarterly progress reports within 15 days after the end of the quarter. The OCJP did not have a policy in place regarding deadlines for staff members reviewing quarterly progress reports until recently. The new policy, effective July 1988, requires staff members to review quarterly progress reports within 14 days of receipt of the reports. In the absence of deadlines for staff review time for the period that we reviewed, we considered reviews completed within the OCJP's current deadline of 14 days to be prompt.

For the Suppression of Drug Abuse in Schools program, the OCJP never received 4 of the 22 required quarterly progress reports, and grantees submitted the remaining 18 reports an average of 111 days late and as many as 440 days late. (Two grantees had their projects extended for an additional quarter; therefore, 22 progress reports were due rather than 20.) Of the 18 received, the OCJP promptly reviewed only one. The OCJP took an average of 274 days from the time that it received the reports to the time that it reviewed them.

For the Victim-Witness Assistance program, the OCJP never received one of the 26 required quarterly progress reports, and grantees submitted the remaining 25 reports an average of 57 days late and as many as 217 days late. (Two grantees had their projects extended three quarters.) Of the 25 progress reports received, the OCJP did not promptly review 17 progress reports.

For the Career Criminal Prosecution program, grantees did not promptly submit 15 of the 20 required quarterly progress reports that we reviewed. Grantees submitted the quarterly progress reports an average of 26 days late and as many as 75 days late. Because staff members did not retain documents showing when staff reviewed certain progress reports, we were only able to examine the review dates for 10 of the 20 progress reports. Of the 10 progress reports, staff members did not review 5 promptly.

The quarterly progress reports provide the primary mechanism through which grantees can formally communicate information regarding their performance during the year. However, if the information in the reports is not current, the usefulness of the progress reports diminishes, and as a result, staff members may not identify concerns regarding grantee performance as promptly as needed.

The OCJP had various reasons for not ensuring the prompt receipt of progress reports and for not reviewing them promptly. The staff member within the Career Criminal Prosecution program, who was responsible for reviewing progress reports, explained that he did not enforce the requirements for the prompt receipt and review of progress reports because enforcing the requirements was not an established priority in the past because of a heavy workload. Additionally, the branch chief for the program stated that staff members did not have the tracking system that they now have to automatically follow up on late reports. Further, he stated that it was standard practice in the past for staff members to orally approve extensions for the reports. He also stated that staff members did not always review the quarterly progress reports within the current deadline of 14 days of receipt because the OCJP had no established policy at the time regarding review time. According to the branch chief for the Suppression of Drug Abuse in Schools program, the staff person responsible for following up on late progress reports and reviewing progress reports took a leave of absence, and the program did not have other staff members available to assume her duties. The acting branch chief for the Victim-Witness Assistance program also cited lack of staff as contributing to the deficiencies.

The OCJP recently made changes that should help to ensure that grantees submit reports promptly. In July 1988, the OCJP implemented an automated system that facilitates the follow-up of late reports. Additionally in July 1988, the OCJP established a policy to have staff

members place a hold on funds to be disbursed to a grantee if the grantee has not submitted its progress report within 21 days after the date the report was due. The OCJP also changed its deadline regarding when grantees should submit progress reports from within 15 days to within 30 days of the end of each quarter.

The OCJP Did Not Question Progress
Report Information When It Should Have

For the Career Criminal Prosecution program, the 1986-87 progress reports for one of the five grantees in our sample contained statistical data related to the program objective of reduced caseload that differed significantly from the previous caseload statistics presented in the grantee's application for continuing funding for fiscal year 1986-87. Although the change in statistics was different from what would be expected based on the program's usual experience, staff members reviewing the progress report did not question the grantee regarding the matter.

The program requires grantees receiving funding to use proven techniques such as "vertical prosecution" to achieve program objectives. Vertical prosecution requires that the prosecutor who makes the initial filing or appearance in a career criminal case make all later court appearances for that particular case through its conclusion. Because a case that is properly handled through "vertical prosecution" will require more of a prosecutor's time, the OCJP also

requires grantees to demonstrate significant reductions in the caseloads of prosecutors assigned to career criminal cases. According to the branch chief, staff members had informally determined an acceptable minimum caseload reduction of one-third, and grantees usually reduced caseloads by two-thirds. However, the branch chief acknowledges that the OCJP had not established a standard maximum caseload reduction.

The grantee's most recent application for continuing funding that staff members would have had available to compare the 1986-87 progress reports with was for fiscal year 1986-87. This application summarized the grantee's accomplishments for fiscal year 1985-86. In this summary, the grantee reported average caseloads for the prosecutors participating in the Career Criminal Prosecution program and the prosecutors not participating in the program. The grantee reported an average felony caseload of 43 for prosecutors not in the program. Thus, the amount of cases one would expect to see for prosecutors in the program, assuming an expected caseload reduction of two-thirds, would be 14. However, in the progress reports for fiscal year 1986-87, the grantee reported an average number of cases ranging from 2.66 to 4.33. Although this amount was well below what would be expected based on the program's usual experience, staff members reviewing the progress report did not question the grantee regarding the matter.

The branch chief explained that staff members did not question the grantee regarding this issue because the program had not established standards by which to evaluate the statistical data on the quarterly progress reports and identify areas to question. The appropriateness of the grantee's performance would depend upon the size and complexity of the cases involved. However, the OCJP does not know whether the grantee's performance is appropriate or not unless staff members question the grantee about the specific circumstances involved.

The OCJP recognizes the problem and is taking action to correct it. In a memorandum dated July 1988, the deputy director for programs acknowledged that a basic deficiency in the OCJP's vertical prosecution programs is the lack of standards with which to measure the grantees' compliance. The branch chief informed us that staff members are working with the advisory committee for vertical prosecution programs to establish these types of standards for all program objectives. He further states that the program will use these standards to determine compliance and to review statistical data contained in the quarterly progress reports.

The OCJP Did Not Enforce a
Requirement for Prompt Submission of
Applications for Continuing Funding

For the three programs in our sample that had funding that continued from previous years, we reviewed the OCJP's files to determine whether grantees had promptly applied for continuing

funding. The applications for continuing funding document past performance as well as objectives for the next year and, thus, should be used by the OCJP along with the progress reports for evaluating grantee performance. The requests for proposals for the programs specify the due dates for submission of the applications for continuing funding. The due dates that the OCJP established were before the beginning of the next fiscal year.

Grantees had not promptly applied for continuing funding in two of the three programs that we reviewed. For the large county component of the Career Criminal Prosecution program, grantees submitted 9 out of 13 applications after the deadline. The applications ranged from 10 to 250 days late and averaged 66 days late. Additionally, for the Suppression of Drug Abuse in Schools program, grantees submitted 4 out of 12 applications late. The applications ranged from 33 to 85 days late and averaged 56 days late.

According to the branch chief for the Career Criminal Prosecution program, staff members accepted the late applications because they believed that in many cases it would have placed an unnecessary hardship on the counties to expect them to submit applications by the due date. He commented that although the OCJP allowed the counties five weeks to prepare the applications, the counties may not have had a board of supervisors meeting scheduled during the time period in which the application could be approved. Additionally, the branch chief for the Suppression of Drug Abuse in

Schools program did not view it as imperative that grantees submit applications by the deadline because she viewed the projects as being approved for the entire five-year funding cycle.

When grantees submit late applications for continuing funding, the OCJP may not have information on past performance that staff members need to make prompt and correct decisions regarding funding. Also, staff members need this information to determine whether they need to get further involved in monitoring the grantees.

The OCJP Did Not Effectively Use Grantee Audit Reports

The OCJP requires all grantees to obtain an independent financial and compliance audit at the conclusion of the grant period. The OCJP's audits division reviews the audit reports and notifies program staff when it approves an audit report. The division approves a report if it meets required reporting standards. Additionally, the audits division informs program staff of any costs that the independent auditor has questioned. However, the audits division does not inform program staff of other problems identified by the independent auditors. Without this information, program staff may be unaware of conditions that would require them to pay additional attention to the grantees to ensure that grantees are meeting the objectives of the program.

Additionally, the audits division has not enforced the requirement that grantees submit their audit reports and has not always reviewed reports promptly once it has received them. To determine whether the audits division had promptly received and reviewed audit reports, we reviewed the audit division's files for the same 15 grantees that we selected for our review of site visits and quarterly progress reports. Of the 15 audit files that we examined, only 8 contained audit reports. Seven of these 8 files should have contained audit reports for fiscal year 1986-87. (Because one grantee had its 1986-87 grant period extended through June 1988, the audit report for that grantee was not yet due when we reviewed the files.) None of the 7 files contained the audit reports for fiscal year 1986-87. Additionally, the audits division did not notify 2 grantees that it had completed its review of audit reports for fiscal year 1985-86 until over 289 calendar days after the audit reports were received.

When we questioned the chief of the audits division regarding the results of our limited sample, she informed us of work that the audits division recently performed that indicated the magnitude of the department's past failure to follow up on audit reports that the OCJP had not received. In June 1988, the audits division sent follow-up letters for 425 audit reports. The OCJP had already requested 176 of these 425 audit reports in June 1987. Many of the audit reports were for grant periods as far back as fiscal year 1984-85.

Audit reports provide an independent assessment of grantee performance and, if used properly, should be an integral part of the OCJP's overall system for evaluating grantee performance. For the audit reports to be useful, it is essential that the OCJP receive and review the audit reports promptly.

In August 1985, the OCJP implemented an audit policy applicable to all local governmental agencies receiving only state funding through the OCJP. The purpose of the policy was to ensure that grantees received a financial and compliance audit at the conclusion of each grant year. The policy required that both current and past grants be audited and that grantees submit the audit reports to the OCJP for its review. The federal Office of Management and Budget had, since 1981, already required grantees receiving federal funds to be audited. Additionally, on a sample basis, the OCJP had been previously conducting audits of grantees that were receiving state funds. In January 1987, the OCJP established a requirement that audits be completed no later than six months after the end of the audit period.

The audits division did not notify program staff of all problems identified by the auditors in the past because it was not the OCJP's policy to do so. Further, according to the chief of the audits division, staff turnover and vacancies created a backlog in the division, and staff members were unable to promptly follow up on and review audit reports.

In July 1988, the OCJP implemented an automated system that will keep track of due dates for audit reports. The OCJP will first use the system for grantees whose projects are funded for fiscal year 1988-89.

The OCJP Has Not Revised Its
Grantee Instruction Manual Since 1978

The OCJP requires grantees to administer their projects in accordance with the OCJP's Subgrantee Handbook. The handbook instructs grantees on a variety of matters such as accounting for grant funds and submitting reports to the OCJP. The OCJP has not revised its handbook since 1978, and much of the information is outdated. For example, the handbook makes frequent references to federal Law Enforcement Assistance Administration funds, which were at one time the primary funding source of the OCJP. However, the federal government began phasing out these funds in the late 1970s, and the OCJP has not received any of these funds for several years.

The Penal Code, Section 13821, requires the executive director to establish policies and procedures for coordination with grantees. Without an updated handbook, grantees could be confused, which could result in poor performance.

Because he was not employed by the OCJP before 1983, the executive director stated that he could not comment as to why the

Subgrantee Handbook was not updated between 1978 and 1983. However, the executive director did inform us that the OCJP hired an outside consultant in 1984 to revise the handbook, but the product was not satisfactory. He further explained that, following that effort, the OCJP's staff members worked on the handbook as time permitted, but the staff members were unable to absorb the additional workload. Later, the OCJP assigned the task to an outside contractor who was familiar with the OCJP functions and has worked in the field. The executive director anticipates that the revision of the handbook will be completed by November 30, 1988. The executive director commented that while the handbook has been undergoing revision, the OCJP has used the requests for proposals and program guidelines to inform grantees of its policies and procedures.

CONCLUSION

Once it has awarded funding to grantees, the Office of Criminal Justice Planning has not properly evaluated and directed the grantees' performance. During our audit, we noted the following conditions:

- The OCJP did not properly conduct and document site visits to grantees;

- It did not enforce a requirement that grantees submit progress reports promptly and did not review reports promptly once it received them;
- It did not question information contained in a progress report that was significantly different from information previously received;
- It did not enforce a requirement that grantees apply for continuing funding promptly;
- It did not effectively use grantee audit reports; and
- It did not maintain a current instruction manual for its grantees.

When the OCJP does not properly evaluate and direct grantee performance, it cannot ensure that grantees are meeting the goals of the OCJP's programs.

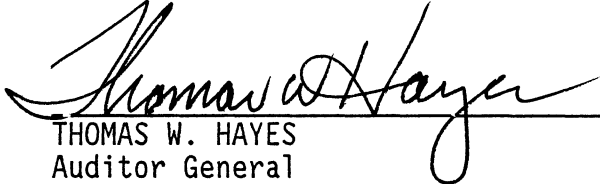
RECOMMENDATIONS

To improve its process for evaluating and directing grantee performance, the Office of Criminal Justice Planning should take the following actions:

- Promptly conduct and sufficiently document site visits;
- Follow its new policies of withholding further disbursements to grantees until the grantees submit late progress reports and reviewing progress reports within 14 days of receipt;
- Use appropriate standards to measure the grantees' compliance as reported in the grantees' progress reports, and follow up on questionable items;
- Limit the acceptance of applications for continuing funding that are submitted past the due date to specific circumstances;
- Promptly follow up on late grantee audit reports, review the reports once they are received, and forward problems identified by the independent auditors to the appropriate program staff for follow-up; and
- Complete the revision of its instruction manual for grantees, and update the manual when the OCJP revises procedures.

We conducted this review under the authority vested in the Auditor General by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,



THOMAS W. HAYES
Auditor General

Date: October 3, 1988

Staff: Richard I. LaRock, CPA, Audit Manager
Karen L. McKenna, CPA
Idelle King, CPA
Robert G. Ficke

THE PROGRAMS AND THE RELATED AMOUNTS OF FUNDS
 THAT THE OFFICE OF THE AUDITOR GENERAL REVIEWED
FOR FISCAL YEAR 1987-88
 (In Thousands)

<u>Program and Components Within the Program</u>	<u>Amount of Funds Allocated</u>	<u>Amount of Funds Reviewed</u>
Anti-Drug Abuse:		
Local	\$ 7,519	\$ 7,519*
State	<u>2,992</u>	
Subtotal	<u>10,511</u>	
Career Criminal Prosecution:		
Large counties	3,901	3,901
Small counties	<u>252</u>	
Subtotal	<u>4,153</u>	
Gang Violence Suppression:		
Education component	1,119	1,119
Prevention component	810	
Prosecution component	592	
Probation component	520	
Law enforcement component	474	
Federal Justice Assistance Act	874	
Other federal programs	<u>750</u>	
Subtotal	<u>5,139</u>	
Rape Crisis:		
State funds	2,875	2,875
Victims of Crime Act	<u>779</u>	779
Subtotal	<u>3,654</u>	
Suppression of Drug Abuse in Schools:		
1st year funds	1,015	
3rd year funds	393	
4th year funds	<u>1,031</u>	1,031
Subtotal	<u>2,439</u>	
Victim-Witness Assistance:		
Base funds	8,205	8,205
Augmentation	385	
Victims of Crime Act	<u>566</u>	
Subtotal	<u>9,156</u>	
Total for All Programs	<u>\$35,052</u>	<u>\$25,429</u>

* The Office of Criminal Justice Planning used the competitive bidding process that we reviewed for the Anti-Drug Abuse funds to allocate approximately \$3.8 million for fiscal year 1988-89.

APPENDIX B

THE AMOUNT OF FUNDS THAT THE OFFICE OF CRIMINAL
JUSTICE PLANNING AWARDED TO GRANTEEES BY PROGRAM
FISCAL YEARS 1987-88 AND 1986-87
(In Thousands)

<u>Program</u>	<u>Amount of Funds Awarded</u>	
	<u>1987-88</u>	<u>1986-87</u>
Adult Sex Offender Treatment	\$ 0	\$ 450
Anti-Drug Abuse	10,511	0
Campaign Against Marijuana Planting	2,750	2,750
Career Criminal Apprehension	3,234	3,351
Career Criminal Prosecution	4,153	4,153
Child Abuse Treatment	566	263
Child Sexual Abuse and Exploitation	855	497
Child Sexual Abuse Prevention and Training	700	922
Child Sexual Assault Prosecution	1,358	1,358
Community Crime Resistance	2,111	2,240
Domestic Violence	3,019	3,300
Domestic Violence Victims Employment Counseling	183	582
Family Violence Prevention	202	202
Federal Rape Prevention	162	341
Free Venture-Private Industry	111	237
Gang Violence Suppression	5,139	4,678
High Technology Crime	0	146
Homeless Youth Pilot Project	920	920
Juvenile Justice and Delinquency Prevention	3,323	3,909
Juvenile Sex Offender Treatment	225	675
Major Narcotic Vendors Prosecution	1,598	1,606
Public Prosecutors and Public Defenders	838	794
Rape Crisis	3,654	4,039
Repeat Sexual Offender Prosecution	232	950
Serious Habitual Offender	570	285
Special Victims Assistance	142	198
Suppression of Drug Abuse in Schools	2,439	2,114
Targeted Urban Crime Narcotics Task Force	238	2,000
Training Criminal Justice Personnel	154	473
Vertical Defense	721	721
Victim-Witness Assistance	9,156	9,381
Victims Legal Resource Center	180	180
Youth Emergency Telephone Referral	180	0*
Total for All Programs	<u>\$59,624**</u>	<u>\$53,715</u>

* The Office of Criminal Justice Planning recorded expenditures related to the Youth Emergency Telephone Referral program as an administrative cost instead of a program cost in fiscal year 1986-87, and thus, these expenditures are shown in Appendix D for fiscal year 1986-87 instead of this appendix.

** The amounts in this column are based on grant awards recorded by the Office of Criminal Justice Planning through June 25, 1988.

APPENDIX C

THE AMOUNT OF FUNDS THAT THE OFFICE OF CRIMINAL
JUSTICE PLANNING AWARDED TO GRANTEEES BY COUNTY
FISCAL YEARS 1987-88 AND 1986-87
(In Thousands)

<u>County</u>	<u>Amount of Funds Awarded</u>	
	<u>1987-88</u>	<u>1986-87</u>
Alameda	\$ 2,367	\$ 4,831
Alpine	0	0
Amador	87	89
Butte	908	1,088
Calaveras	50	0
Colusa	0	0
Contra Costa	1,246	1,680
Del Norte	114	150
El Dorado	273	353
Fresno	1,165	1,275
Glenn	0	0
Humboldt	1,402	1,397
Imperial	362	63
Inyo	158	84
Kern	904	575
Kings	132	130
Lake	198	132
Lassen	158	99
Los Angeles	14,115	13,039
Madera	120	252
Marin	379	319
Mariposa	0	0
Mendocino	1,333	1,333
Merced	255	272
Modoc	20	20
Mono	61	66
Monterey	488	733
Napa	559	201
Nevada	179	210
Orange	3,869	3,007
Placer	345	582
Plumas	34	49
Riverside	1,006	1,036
Sacramento	6,531	3,270
San Benito	113	94
San Bernardino	1,887	1,747
San Diego	4,113	2,420
San Francisco	2,396	2,239
San Joaquin	1,164	1,042
San Luis Obispo	463	477
San Mateo	534	647
Santa Barbara	470	763
Santa Clara	2,068	2,383
Santa Cruz	1,098	352
Shasta	400	404
Sierra	0	0

APPENDIX C
(continued)

County	Amount of Funds Awarded	
	1987-88	1986-87
Siskiyou	173	47
Solano	1,291	734
Sonoma	668	576
Stanislaus	494	932
Sutter	67	121
Tehama	0	0
Trinity	546	507
Tulare	838	466
Tuolumne	178	215
Ventura	955	896
Yolo	268	186
Yuba	622	121
Total for All Counties	\$59,624**	\$53,704*

* An \$11,000 discrepancy exists between the listing of amounts awarded to grantees by county for fiscal year 1986-87, shown above, and the amounts awarded to grantees by program, shown in Appendix B. Staff of the Office of Criminal Justice Planning were unable to identify the differences by county.

** The amounts in this column are based on grant awards recorded by the Office of Criminal Justice Planning through June 25, 1988.

APPENDIX D

THE ADMINISTRATIVE COSTS BY PROGRAM OF THE
OFFICE OF CRIMINAL JUSTICE PLANNING
FISCAL YEARS 1987-88 AND 1986-87
(In Thousands)

Program	1987-88		1986-87	
	Amount	Percent	Amount	Percent
Adult Sex Offender Treatment			\$ 13	0.2
Anti-Drug Abuse	\$ 582	8.5	126	2.0
Career Criminal Apprehension	329	4.8	163	2.6
Career Criminal Prosecution	220	3.2	294	4.6
Child Abuse Treatment	76	1.1	13	.2
Child Sexual Abuse and Exploitation	199	2.9	122	1.9
Child Sexual Abuse Prevention and Training	28	0.4	113	1.8
Child Sexual Assault Prosecution	144	2.1	325	5.1
Community Crime Resistance	627	9.2	354	5.6
Domestic Violence	235	3.4	90	1.4
Domestic Violence Victims				
Employment Counseling	37	0.6	41	0.7
Family Violence Prevention	22	0.3	97	1.5
Federal Rape Prevention	100	1.5	107	1.7
Free Venture-Private Industry	15	0.2	11	0.2
Gang Violence Suppression	533	7.8	386	6.1
Homeless Youth Pilot Project	48	0.7	30	0.5
Juvenile Justice and Delinquency Prevention	922	13.5	1,113	17.5
Juvenile Sex Offender Treatment	43	0.6	43	0.7
Major Narcotic Vendors Prosecution	64	0.9	66	1.0
Public Prosecutors and Public Defenders	32	0.5	60	0.9
Rape Crisis	840	12.3	1,088	17.1
Repeat Sexual Offender Prosecution	31	0.5	44	0.7
Serious Habitual Offender	106	1.5	14	0.2
Special Victims Assistance	19	0.3	9	0.1
Suppression of Drug Abuse in Schools	118	1.7	89	1.4
Training Criminal Justice Personnel	20	0.3	22	0.3
Vertical Defense	69	1.0	52	0.8
Victim-Witness Assistance	634	9.3	767	12.0
Victims Legal Resources Center	15	0.2	12	0.2
Youth Emergency Telephone Referral	20	0.3	166	2.6
<u>Other Items for Which There Were</u>				
<u>Administrative Costs:</u>				
Community Violence	3	0.0	9	0.1
Conferences (reimbursed by Participants)	200	2.9	193	3.0
Council on Criminal Justice	113	1.6	28	0.4
Drugs and the Workplace	7	0.1		0.0
Jail Removal Strategy	20	0.3		0.0
Local Project Awards	20	0.3		0.0
Medical Protocol	78	1.1	134	2.1
Minority Roundtable	46	0.7		0.0
Missing Children Study	36	0.5	26	0.4
Sexual Assault Advisory Group	22	0.3	5	0.1
State Advisory Group	39	0.6	51	0.8
Victim Assistance Training	138	2.0	95	1.5
Total	<u>\$6,850*</u>	<u>100.0</u>	<u>\$6,371</u>	<u>100.0</u>

* The total administrative costs by program for fiscal year 1987-88, shown above, differ from the total administrative costs by type shown in Appendix E. The administrative costs by program are those recorded as of July 29, 1988, and the administrative costs by type are those recorded as of July 20, 1988. At the time of our review, the Office of Criminal Justice Planning had not finalized its accounting for fiscal year 1987-88.

APPENDIX E

THE ADMINISTRATIVE COSTS BY TYPE OF COST
OF THE OFFICE OF CRIMINAL JUSTICE PLANNING
FISCAL YEARS 1987-88 AND 1986-87
(In Thousands)

<u>Type of Cost</u>	<u>1987-88</u>	<u>1986-87</u>
Salaries and wages	\$2,894	\$2,427
Staff benefits	862	731
General expenses	385	409
Printing	265	248
Communications	94	132
Postage	99	54
Travel--in-state	360	341
Travel--out-of-state	16	16
Training	32	21
Facilities operation	359	293
Consulting and professional services--interdepartmental	256	258
Consulting and professional services--external	870	1,065
Consolidated data centers	33	25
Data processing	103	144
Central administrative services	115	67
Equipment	<u>85</u>	<u>140</u>
Total Administrative Costs	<u>\$6,828*</u>	<u>\$6,371</u>

* The total administrative costs by type for fiscal year 1987-88, shown above, differ from the total administrative costs by program shown in Appendix D. The administrative costs by type are those recorded as of July 20, 1988, and the administrative costs by program are those recorded as of July 29, 1988. At the time of our review, the Office of Criminal Justice Planning had not finalized its accounting for fiscal year 1987-88.

OFFICE OF CRIMINAL JUSTICE PLANNING
OFFICE OF THE DIRECTOR
1130 K STREET, SUITE 300
SACRAMENTO, CALIFORNIA 95814



September 21, 1988

Mr. Thomas W. Hayes
Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Dear Mr. Hayes:

We appreciate the findings of the Auditor General Report as they are consistent with our own internal findings. During the past year, we undertook an extensive review of policies and procedures of the office to ensure these requirements adequately addressed and promoted the operational efficiencies of the office and the efficient management of our grant programs. As a result of this internal review, we refined existing and established new policies and procedures into a singular office Policies and Procedures Manual that became effective July 1, 1988.

This Auditor General Report reinforces our own findings and provided an opportunity to expand into other areas. I feel that the incorporation of these findings with our own policies and procedures will strengthen the activities of the office. Through the implementation of all these efforts, we will be more successful in achieving our goals of services to our grant recipients. The major mission of the office is the successful, efficient, and effective implementation of local grant projects while protecting the public trust.

Scoring Errors and Consistency in Application of Rating Criteria

Although computation errors identified by the Auditor General were less than or equal to one percent of the total possible points and did not result in any incorrect funding decisions, we agree that improvement is desirable.

To ensure accuracy and documentation of the scoring process, all program branches are now required to tabulate proposal scores on a computerized Multiplan spreadsheet.

We also agree that consistency in the application of rating criteria is mandatory. Raters are now required to meet with the branch chief as a group and review all criteria prior to rating proposals. After the proposals are rated, all scores are reviewed by the branch chief for obvious disparity and to ensure that the criteria have been consistently applied.

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Use of Outdated Statistics

We agree that statistics and other information should be reviewed periodically and updated. As a result of our internal review, OCJP now requires that all programs be reviewed at least once every three years. This review includes an evaluation and consideration of appropriate crime rates, population demographics, need, legislation, guidelines, advisory committee recommendations/decisions, and any other relevant information.

When appropriate and not in conflict with statutory requirements and the intent and needs of the program, the updated information will be utilized in making funding decisions.

Insufficient Documentation

We agree that adequate documentation supporting funding decisions and allocations should be maintained. Two years ago, in response to a recommendation by internal auditors, OCJP established a requirement that RFPs and related material be retained for three years.

OCJP now requires that all significant actions or decisions made by program staff, including funding recommendations, be appropriately documented. The documentation will be maintained a minimum of three years.

In addition, all documentation relating to funding decisions shall be maintained until 3 years after the conclusion of a competitive funding cycle.

Performing and Documenting Site Visits and Monitoring

We agree with the finding that the monitoring process needed improvement. OCJP began improving its monitoring process in February, 1988. Since that time, OCJP has requested audits and placed holds on funds of four projects as a result of the tightened review of project performance.

OCJP's monitoring process includes technical assistance/site visits and monitoring visits. Technical assistance/site visits are for the purpose of making an on-site assessment of

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Page 3

current project conditions and to provide technical assistance. Monitoring is an on-site programmatic assessment of a project's compliance with the terms and conditions of the grant award agreement.

OCJP's policy requires technical assistance/site visits be conducted within the first 3 months of all new projects whenever necessary and in no event later than the end of the first six months of the grant year.

In addition, OCJP's monitoring policy requires that projects be monitored during the second year of the grant unless the branch chief, upon review of the project's quarterly progress reports (QPRs), 201s and other relevant information, determines that a monitoring during the second year is unnecessary. All projects will be monitored at least once every 3 years or prior to the expiration of the competitive funding cycle.

Technical assistance/site visits and monitoring will be documented and the documentation retained in the Grants Control Unit's files. Projects not in substantial compliance with the terms of the grant award agreement must take appropriate corrective action. If warranted, a hold will be placed on the project's funding and the grant award may be reduced or terminated.

In addition, grantee performance is being reviewed prior to the award of any new or continuation funding. This review includes examining past site/monitoring visit reports, audit reports, 201s and QPRs as appropriate. Projects not performing appropriately may be audited, have a hold placed on their funding, be denied funding or have special conditions placed on their grant award.

Review and Follow-up of Quarterly Progress Reports

We agree with the finding that program staff should promptly review quarterly progress. In February, 1988, OCJP began enforcing QPR deadlines by placing a hold on a project's funding if the project failed to timely submit its QPRs. Subsequently, OCJP began requiring program staff to review QPRs within 14 days of their receipt at OCJP.

If review of the QPR for appropriate progress towards achieving the project's goals discloses issues of concern,

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staff are required to take appropriate action, which may include a site or monitoring visit, request for an audit, or other necessary corrective action.

As stated in the Auditor General's report, OCJP recently implemented an automated Grants Management System. This system will assist in identifying delinquent QPRs; issue follow-up letters; track monitoring and site visits, federal reports, monthly reports and special conditions on individual grant projects; document audit findings and resolution and generate work schedules and past due reports.

Evaluation of Quarterly Progress Reports

In addition to timely submission and review of QPRs (as noted above), we agree that, where appropriate, guidelines should be utilized to aid program staff in evaluating QPRs. With respect to the Career Criminal Prosecution program mentioned in the Auditor General's report, an advisory committee has already been established and is working with OCJP to develop appropriate standards for vertical prosecution programs.

Applications for Continuation Funding

We agree that projects should be required to promptly submit applications for continuation funding. Projects are now required to submit reapplications in a timely manner. The reapplication process was modified earlier this year to require projects to promptly submit their application for continuation funding. Failure to timely submit a reapplication may result in a denial of or reduction in continuation funding.

Use of Grantee Audit Reports

We agree that the Audits Division should promptly follow up on late grantee audit reports, review reports once they are received, and forward problems identified by independent auditors to the appropriate program staff.

The Audits Division sent overdue audit report letters requesting 1986-87 audit reports to the eight grantees. Two have submitted audit reports. One has been granted an extension. As stated in the OAG's report, one grantee's audit report is not late since its grant period was extended through June 1988. The remaining four grantees have not responded. These results will be forwarded to program chiefs

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and be used in evaluating grantee performance in subsequent funding decisions. The automated grants management system will assist Audits Division staff by identifying overdue audit reports and issuing overdue notices beginning with the 1988/89 grants.

In April 1988, we identified that audit results should be used to evaluate grantee performance. The Audits Division will forward the results of audit reports to the program chiefs in order for them to use the information for evaluating past performance in grant applications and awards. Depending on the audit deficiencies identified, OCJP will not approve funding or will require deficiencies to be corrected before programs are funded. For example, if a grantee has submitted late audit reports, OCJP will special condition the grant to require the audit reports be submitted by a specified date or the project will jeopardize its funding.

In the past, the Audits Division reviewed and followed up on problems (i.e., administrative findings) identified by independent auditors. However, the program chiefs were not provided with the information on a consistent basis. At the division managers meeting on August 9, 1988, the Executive Director announced that the Audits Division will begin providing program chiefs with the detailed administrative findings. In addition, the Audits Division is following up to secure an adequate response on the administrative findings and providing program chiefs with the response from the grantee. When conducting site and monitoring visits, program staff will determine whether the projects have implemented the corrective actions and notify the Audits Division. These policies and procedures were issued to Audits Division staff on August 12, 1988. (Attachment)

The above policies and procedures are incorporated in the revised grantee handbook.

Subgrantee Handbook

Previously, changes in policies outlined in the handbook have been contained in RFPs and Program Guidelines. We agree, however, that the Subgrantee Handbook should be revised and have been in the process of doing so.

As noted in the Auditor General's report, OCJP first attempted to revise the Handbook in 1984 but found the consultant's product to be unacceptable. Subsequent attempts

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were made internally but staff were unable to absorb the additional workload. The handbook is now being worked on by an outside contractor who is familiar with OCJP functions and has worked in the field. The handbook's anticipated date of completion is November 30, 1988.

In order to ensure compliance with existing policies and procedures, our Audits Division will do periodical quality control reviews and the Deputy Directors are now to do quarterly progress reports to me on implementation and utilization of policies and procedures. This will ensure appropriate adherence to rules, regulations and policies and facilitate achieving our ultimate goal -- the successful, efficient, and effective implementation of local grant projects.

Sincerely,


G. ALBERT HOWENSTEIN, JR.
Executive Director

**cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
State Controller
Legislative Analyst
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps**