

Office of Criminal Justice Planning

Experiences Problems in Program Administration

Presentation by
California State Auditor

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This presentation document is only intended to outline selected portions of Report 2002-107, *Office of Criminal Justice Planning: Experiences Problems in Program Administration, and Alternative Administrative Structures for the Domestic Violence Program Might Improve Program Delivery*. For a more complete explanation of the points outlined in this document, refer to the report.

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AUDIT SCOPE

Audit of the Office of Criminal Justice Planning's (OCJP) administration of grant programs.

Selected four programs for review based on the amount of grant funds awarded:

- Domestic Violence Program
- Multijurisdictional Drug Task Force Program
- Vertical Prosecution of Statutory Rape Program
- Juvenile Accountability Incentive Program

Evaluated OCJP's grant application, grant award, and grant appeals processes.

- For the grant application review, we also included the gang violence suppression program, since its application process is similar to that of the domestic violence assistance program.

Examined OCJP's and Department of Health Services' (DHS) oversight activities and monitoring of respective grant programs.

Reviewed OCJP's processes for charging personnel costs to its programs.

Examined the overlap in the domestic violence programs administered by OCJP and DHS.

Intent was to identify alternatives to their current structure that might increase administrative efficiency, reduce duplication of effort, and provide maximum funding for eligible applicants.

AUDIT HIGHLIGHTS

OCJP has not fulfilled all of its responsibilities in administering state and federal grant-supported programs including the domestic violence program.

OCJP:

- Has not adopted guidelines to determine the extent it weighs grant recipients' past performance when awarding funds.
- Does not always provide unsuccessful grant applicants the necessary information nor time to challenge its award decisions.
- Missed opportunities to seek guidance an advisory committee could provide regarding program administration.
- Has not consistently monitored grant recipients including such activities as conducting site visits and reviewing audit reports grantees must submit to OCJP. Does not promptly follow up to ensure problems identified through visits or in its review of audit reports are resolved.
- Spent \$2.1 million during the last three years on program evaluations of uneven quality, content, and usefulness.

Our review of the domestic violence programs administered by OCJP and DHS revealed that:

- OCJP decided not to correct an inconsistency in its 2001 request for proposals, which resulted in fewer shelters receiving funding.
- DHS has not established guidelines as to how past performance will be considered when awarding grants.
- OCJP and DHS award the majority of their domestic violence funds to shelters for the provision of similar services.
- OCJP's and DHS's activities for awarding grants and providing oversight of recipients sometimes overlap.

OCJP Can Improve How It Administers Grants

OCJP Lacks Guidelines and a Structured Review Process for Denying Funding to Applicants on the Basis of Their Past Performance

OCJP has not established guidelines regarding the weight it will give poor performance when deciding whether to continue funding previous grant recipients in its competitive grant process.

Without a system for weighing the relative importance of various past performance issues, one staff person may attach more or less importance to a particular performance aspect than another.

OCJP has not conducted systemic reviews of its grant recipients' records when identifying those with poor past performance.

Once staff ranks applicants and makes funding recommendations, in most cases OCJP's executive director makes the final decision regarding funding. The executive director can override staff recommendations.

For example, in its 2001 domestic violence grant award process OCJP staff noted past performance issues related to four shelters but recommended that all but one receive funding. However, the former executive director opposed one of the three that staff had recommended for funding.

Although OCJP's decisions not to fund the two shelters may have been justified, it did not adequately document the reasons for its decisions.

The two domestic violence shelters that were denied funding did not receive specific warnings indicating that due to their past performance, future funding might be in jeopardy. In fact, both shelters received indications that despite some earlier problems, OCJP judged their subsequent performance to be satisfactory.

On October 2, 2002, OCJP's interim executive director placed a moratorium on using an applicant's past performance in any funding decisions until a formal policy on this issue is developed and put into effect.

When Denying Awards, OCJP Has Not Given Applicants the Information or Time Necessary to Appeal Its Decisions

The process for notifying applicants it turns down for funding is flawed and as a result it has not always given applicants the information or time necessary to present appeals.

OCJP sends out a standard rejection letter that includes both an applicant's scores and the total points possible when informing denied applicants that they were not selected for funding. Because the letter does not specifically state why an applicant was not selected for funding, the applicant might assume that the score was the reason. Consequently, applicants might submit an appeal that does not adequately address OCJP's reasons for denying funding.

OCJP's process does not guarantee that grant applicants will have sufficient time to file appeals.

OCJP's guidelines require that justifications for appeals be filed within 10 calendar days for state-funded grants and 14 calendar days for federally-funded grants from the date of the letter notifying them of OCJP's grant award decision. Because the date of the notification letter rather than the date applicants actually receive the letter starts the clock on the filing period, OCJP deprives applicants of the full period to justify and file appeals.

OCJP has not consistently used Advisory Committees to receive guidance and input from grant recipients and related advisory groups.

OCJP Has Not Performed Planned Site Visits, nor Has It Established a Policy for Prioritizing Visits

OCJP has not consistently performed either technical or monitoring site visits of its grant recipients within its established timelines.

Technical site visit: An OCJP program specialist provides technical advice and makes an on-site assessment of the activities a grant recipient conducts.

OCJP's policy is to visit newly funded grant recipients within the first six months of the grant period. Of the 14 newly funded recipients we tested from its domestic violence program, OCJP only visited three within the required timeframe.

For established grant recipients, OCJP's policy is to visit them at least once every three years. Of the 19 we tested, four had not received a technical site visit.

Monitoring visit: An OCJP monitor reviews a grant recipient's compliance with the applicable requirements of the grant.

Of 14 grant recipients we reviewed; four had not received monitoring visits within the past three years per OCJP's policy of monitoring grantees at least once every three years. In addition, over the past three years, OCJP has only monitored 329 of its 555 grant recipients, or 59 percent.

OCJP has not considered a review process that factors in the possibility that some grant recipients may be more at risk than others of not fulfilling grant requirements.

OCJP Has Not Always Followed Up With Grant Recipients That Failed to Submit Required Reports On Time

OCJP requires grant recipients to submit progress reports approximately 30 days after the end of a reporting period that provide statistics and narrative regarding their progress in achieving grant objectives.

Of the 53 reports we reviewed, 12 were submitted more than 30 days after their due dates and only one grant recipient was sent a late notice.

OCJP also requires grant recipients to submit annual financial audits to ensure that they are spending federal and state funds according to grant requirements. If reports are late, OCJP should send late notices and then place current funds on hold until it receives the audit report.

Although eight of 14 reports we reviewed were submitted more than three months late, OCJP did not contact five of the grant recipients. In addition, it failed to place a hold on funds for four of the grant recipients, even though their reports ranged from 3.6 months to over 15 months late.

OCJP Has Not Promptly Reviewed Required Reports

OCJP reports having a backlog of 700 unreviewed audit reports because it allowed a contract with an outside accounting firm to review these reports to lapse on June 30, 2001, and did not sign a new contract until June 2002.

During fiscal year 2001-02, when it was not reviewing audit reports, OCJP violated federal guidelines requiring that it review audit reports within six months of their receipt.

We reviewed 100 of the backlogged reports and found that 24 contained information requiring further investigation or resolution. Seven contained questioned costs, such as claims for reimbursement of costs that were not allowable according to the grant. We also noted that 17 reports contained administrative findings, such as grant recipients lacking procurement policies and personnel files missing required documents.

We examined 10 reports, which OCJP's outside accounting firm had received for the audit review process before the contract expired. We found that the contractor had not reviewed any of the 10 reports within six months of their receipt as required, and three had yet to be reviewed at the time of our testing in July 2002.

OCJP's Audit Reviews of Municipalities Duplicates Work Done by the State Controller's Office

The State Controller's Office (SCO) reviews audit reports of municipalities such as cities, counties, and school districts and sends the appropriate administering entity—such as OCJP—copies of the audit report and the grant recipient's corrective action plan for any findings pertaining to the recipient's use of federal funds.

Although this review is completed by SCO, OCJP performs an identical review of municipalities' audit reports, the only difference being that it reconciles audited expenditures to the amount the municipality has requested for reimbursement.

OCJP claimed that SCO's audits were not prompt enough to allow for OCJP follow-up within the time period required by federal regulations. However, we tested 11 of the audit reports and found that in eight instances, SCO's work was prompt enough to allow OCJP to follow up within the time allowed by federal requirements.

OCJP Has Not Ensured That Grant Recipients Promptly Implement Corrective Actions When It Identifies Problems

- OCJP could not provide evidence that it followed up on four of eight progress reports we sampled that had identified problems.
- In addition, OCJP could not provide evidence of follow-up for eight of the 14 technical site visits OCJP conducted in which it requested documents that the grant recipients never sent.
- OCJP waits a full year before ensuring that grant recipients have corrected problems that are identified through the recipients' annual audit reports.

OCJP HAS NOT PROPERLY PLANNED ITS EVALUATIONS OR MANAGED ITS EVALUATION CONTRACTS

An evaluation assesses how well all of the funded activities as a whole have achieved a grant's or program's objectives.

Over the past three fiscal years, OCJP has spent \$2.1 million on activities culminating in evaluations of uneven quality, content, and usefulness.

OCJP Lacks a Process for Planning Its Evaluations

- Most of OCJP's programs do not have mandated evaluation requirements; thus OCJP has the discretion to determine if and when to evaluate these programs.
- OCJP has not determined what its evaluations should include and when in-depth evaluations may be necessary.
- OCJP has not developed general criteria concerning what it wants its evaluations to accomplish.
- Until recently, OCJP had no process for its program staff to provide feedback to evaluators regarding the suitability of proposed recommendations.

OCJP Has Not Held Contract Evaluators Accountable for Measurable Deliverables

Because it failed to include measurable deliverables in one of its evaluation contracts, OCJP has spent more than \$156,000 since May 2001 but still does not know if the program being evaluated is producing the desired result.

Although OCJP had paid nearly \$300,000 for services provided through one of its contracts, the evaluators failed to provide several key deliverables specified in the contract's scope of work.

OCJP Executed an Interagency Agreement With the University of California at Santa Cruz in Violation of State Requirements

OCJP violated competitive bidding requirements when it entered into a \$625,000 agreement with the University of California at Santa Cruz because it did not involve the use of existing faculty, staff, or students as evaluators.

OCJP's ALLOCATION OF INDIRECT AND PERSONNEL COSTS MAY HAVE RESULTED IN SOME PROGRAMS PAYING FOR THE ADMINISTRATION OF OTHERS

Because of flaws in OCJP's process for allocating indirect and personnel costs, it cannot be sure that it assigned these costs to the programs that incurred them.

OCJP sometimes reassigns a program's indirect costs to other unrelated programs when such costs will exceed the original program's allowable limit for administrative costs.

OCJP and DHS Can Both Improve How They Administer the Domestic Violence Program

OCJP's Decision Not to Correct an Inconsistency in Its Request for Proposals Resulted in Fewer Shelters Receiving Funding

OCJP funded three fewer domestic violence shelters than it could have in fiscal year 2001-02 because it chose not to correct an inconsistency in the 2001 request for proposals for its domestic violence grant. The decision resulted in a reduction of nearly \$450,000 a year of funds available for shelters.

Program staff set the minimum amount that a small shelter could receive at \$185,000 a year, even though a table in the proposal stated that \$185,000 was the maximum amount that a small shelter could receive. Rather than correct the error, OCJP adjusted the funding levels of several small shelters to accommodate the higher \$185,000 minimum funding amount. The minimum amount was over \$30,000 more for some small shelters than the OCJP had previously awarded.

Although we do not take issue with its authority to change the minimum funding level, OCJP could provide no documentation of the decision-making process it used to arrive at the \$185,000 funding minimum.

Because OCJP decided not to revise its request for proposals, it increased the funding level of 22 shelters with smaller service population areas by a total amount of more than \$300,000 a year and increased the funding for 32 shelters with larger service areas by nearly \$150,000 a year.

DHS HAS NOT CONSIDERED PAST PERFORMANCE OR BEEN ABLE TO USE ITS ADVISORY COMMITTEE WHEN AWARDING GRANTS

DHS has not established criteria or guidelines for determining when a grant recipient's poor past performance issues rise to the level that would cause it to deny that recipient funding during the next grant cycle.

Although it states in its grant application documents that it has the right to consider past performance issues when making funding decisions, thus far it has chosen not to exercise that right.

DHS HAS NOT FULLY MET ITS RESPONSIBILITY TO OVERSEE GRANT RECIPIENTS

DHS does not have a process to conduct state-mandated site visits of its grant recipients.

It is currently not visiting all of its grant recipients according to its required schedule of making site visits to all grantees once every three years nor has it considered prioritizing its visits to first monitor those with the highest risk of problems.

DHS has been inconsistent in following up on its grant recipients' late submission of required reports and it has not always reviewed required reports promptly and consistently.

DHS Has Conducted Few Site Visits and Has Not Established a Process for Determining Which Sites Are at Risk

Since July 2000, DHS has made technical site visits to only three of the 91 shelters it funds. A state law that took effect in January 2002 requires that DHS conduct site visits of all its domestic violence shelters at least once during the three-year grant period.

DHS stated that it currently does not have the resources to comply with state law, and was unable to augment its workforce.

DHS Has Not Consistently Followed Up With Grant Recipients Concerning Late Reports, Nor Has It Promptly Reviewed All Reports

DHS requires its shelters to submit progress reports approximately 30 days after the end of a reporting period. Although four of the 13 progress reports we sampled were submitted more than 30 days after their due dates, DHS could not demonstrate that it had contacted the shelters concerning the late reports.

- DHS failed to review 11 of the 13 reports when it did receive them.

DHS also requires its shelters to submit audit reports to ensure that they are spending state funds according to grant requirements. DHS's policy is to send three late notices to shelters within 90 days after their reports are due.

- In our review of nine reports we found five that were at least 90 days late in submitting their reports. DHS did not promptly send out late notices to two shelters that never submitted reports or to a third that submitted its report over three months late.

California Could Improve Its Provision of Domestic Violence Services by Moving Toward Greater Coordination or Consolidation

SIGNIFICANT OVERLAP EXISTS BETWEEN THE DOMESTIC VIOLENCE ACTIVITIES THAT OCJP AND DHS FUND

The two domestic violence shelter-based programs established by state law at OCJP and DHS often fund similar activities, although DHS funds some services that OCJP does not.

Federal funding sources and state law constrain OCJP to funding 13 specific domestic violence services at shelters.

Although DHS is not limited by similar mandates, it requires that applicants demonstrate they can provide the 13 services established in OCJP's authorizing statute.

Table 4 (attached) shows the sources of funds and the activities funded for OCJP and DHS.

DHS's and OCJP's Shelter-Based Programs Primarily Fund Similar Activities

DHS has adopted the 13-services definition from OCJP's statute; therefore, all shelters that are eligible for one department's shelter-based program are also eligible for the other's program.

In fact, 70 of the 91 shelters, or 77 percent, that receive funds from DHS also receive funding from OCJP.

OCJP AND DHS DUPLICATE CERTAIN ASPECTS OF THEIR PROGRAM ADMINISTRATION

Table 5 (attached) identifies some components for the two departments' programs that overlap.

OCJP and DHS Require Separate Grant Applications for Similar Activities

Much of the information required in the applications for OCJP's and DHS's shelter-based programs is the same.

Because both departments require that shelters identify the services for which they are requesting funding, shelters must describe in separate applications they submit to the two departments, many of the 13 services that they will target.

OCJP and DHS Perform Some of the Same Oversight Activities

Duplication of oversight activities wastes resources at both departments and at the shelters.

Although OCJP and DHS require that shelters use the same progress report form, they have not synchronized their reporting periods. This creates a burden for the shelters.

Duplication also occurs in OCJP's and DHS's efforts to monitor shelters' compliance with program and financial guidelines. Although the two departments review different grant funds, both test shelters' fiscal controls, creating an overlap in their efforts. Additionally, DHS's contract audit of the services it funds through its shelter-based program duplicates portions of OCJP's review because OCJP also reviews some of the 13 domestic violence services during its monitoring site visits.

GREATER COOPERATION OR CONSOLIDATION BETWEEN OCJP'S AND DHS'S PROGRAMS COULD INCREASE EFFICIENCY

Four alternative approaches:

INCREASING COORDINATION BETWEEN THE DEPARTMENTS

Benefits:

- ✓ Synchronized progress report periods could allow shelters to prepare information once and submit it to both OCJP and DHS.
- ✓ The two departments could specialize in areas of program delivery.
- ✓ A baseline funding level could be established that would ensure all eligible shelters receive some funding, and remaining funding could be distributed competitively or through service-related factors.

Drawbacks:

- ✓ Some efforts, such as joint data collection software, would require significant time commitments from the departments and might not be successful.

DEVELOPING A JOINT GRANT APPLICATION FOR THE TWO DEPARTMENTS' SHELTER-BASED PROGRAMS

Benefits:

- ✓ The burden on shelters of preparing two separate applications for funding would be eliminated.
- ✓ The two departments would have the same grant cycle instead of the different cycles they have now.
- ✓ The amount of time the departments spend on overall review of the grant applications could be reduced.

Drawbacks:

- ✓ Both departments would need to commit significant effort to merge application requirements.
- ✓ Departments report that it would be extremely difficult to issue a joint application in 2004. Therefore, both departments' funding cycles would need to be extended.

COMBINING THE TWO SHELTER-BASED PROGRAMS AT ONE DEPARTMENT

Benefits:

- ✓ The burden on shelters of preparing two separate applications for funding would be eliminated.
- ✓ The two departments would have the same grant cycle instead of the different cycles they have now.
- ✓ The amount of time the department spends on overall review of the grant applications would be reduced.
- ✓ Duplication of oversight efforts by OCJP and DHS would be eliminated.
- ✓ Staff efficiencies could increase because staff at each department already provide assistance to shelters funded by the other department.
- ✓ Might require less lead time than a joint application because all requirements and administration would be in one location.

Drawbacks:

- ✓ State laws would need to be changed.
- ✓ If funds were competitively awarded and no base funding was provided, a shelter that scored poorly on its grant application would not receive any funding through the State for the three-year grant cycle.

COMPLETELY CONSOLIDATING ALL DHS'S AND OCJP'S DOMESTIC VIOLENCE PROGRAMS

Benefits:

- ✓ The overall efficiency of the programs should increase because all operations would be under one management.
- ✓ The overlap between DHS's and OCJP's administration would be eliminated.

Drawbacks:

- ✓ State law would have to be changed.
- ✓ The structure would not take advantage of each department's experience in related areas.

RECOMMENDATIONS

OCJP should take the following actions to ensure that it addresses issues regarding its application process:

- Create guidelines and criteria to determine when an applicant's past performance issues rise to the level that OCJP will consider those issues when deciding whether or not to continue the applicant's funding.
- Conduct a periodic uniform review of all applicants with regard to past performance issues that includes applying weighting factors that indicate the relative importance of each such issue as it relates to future funding.
- Promptly inform grant recipients when their past performances are jeopardizing their chances for future funding.
- Properly document the rationale not to fund grant recipients and clearly state in the rejection letters sent to the applicants the reasons they were denied funding.
- Change the process for the filing of appeals so that an applicant has 10 to 14 calendar days, depending on the type of grant award, from the registered receipt of the notification letter in which to justify and file an appeal.
- Create an advisory committee for the domestic violence program to provide guidance on key program decisions.

To improve its oversight of grant recipients, OCJP should:

- Ensure that it conducts prompt technical site visits of newly funded grant recipients.
- Establish a risk-based process for identifying which grant recipients it should visit first when it conducts monitoring visits.
- Establish guidelines for when and how to follow-up on late progress reports and follow existing guidelines for follow-up on late audit reports.
- Ensure that it reviews audit reports within six months of receipt in order to comply with federal guidelines.
- Revise its audit report review of municipalities to eliminate duplication of effort with the SCO.

- Establish written guidelines to address how staff should follow up on problems identified in progress reports or during site visits.
- Require that its monitors review grant recipients' corrective action plans to ensure problems identified during monitoring visits have been appropriately resolved.
- Promptly follow up on findings in audit reports to ensure appropriate resolution.

To improve the efficiency and effectiveness of its evaluations branch, OCJP should implement the following changes:

- Develop a planning process to determine what programs would profit most from evaluations, how rigorous evaluations should be, and follow its new process for discussing the relevance and feasibility of proposed recommendations to improve their chances for implementation. This interaction between program staff and evaluators should include the program branch chief.
- Develop general criteria establishing what evaluations should accomplish.
- Include measurable deliverables and timelines in its contracts' scope-of-work sections. Also, it should ensure that it does not make payments to contractors when those contractors do not provide established deliverables or when the deliverables are not of the quality expected.
- Ensure that when it uses interagency agreements with UC or CSU campuses that it is only contracting for services provided by existing faculty, students, or staff. In all other situations, OCJP should use a competitive bidding process to secure these services.

OCJP should take the following actions to improve its allocation of administrative costs:

- Ensure that it equitably allocates all indirect costs to the appropriate units and that it maintains sufficient documentation to support the basis for its cost allocation.
- Establish an adequate time-reporting system that uses activity reports or certifications, as appropriate, to document the total activity for each employee. It should then use such reports or certifications as the basis for allocating personnel costs.

DHS should:

- Create guidelines and criteria to determine when a grant applicant's past performance issues rise to the level for it to consider denying that applicant funding.
- Ensure that it consistently and promptly reviews progress reports submitted by shelters and complies with the state law mandating site visits.

- Establish a risk-based process for prioritizing visits to shelters and develop written guidelines to establish when staff should follow up on late progress reports.
- Follow existing guidelines regarding timely follow-up of late audit reports.

To improve the efficiency of the State's domestic violence programs, OCJP and DHS should coordinate the development of their application processes and identify areas common to both where they could share information or agree to request information in a similar format.

OCJP and DHS should consider aligning their reporting periods for progress reports, coordinating their visits to shelters, and establishing procedures for regularly communicating concerns or problems regarding shelters.

OCJP and DHS, along with the Legislature, should consider implementing one of the following alternatives:

- Continue to coordinate the departments' activities on projects in which both have interests in improving services. In addition, OCJP and DHS could identify opportunities that might allow each department to focus its funding on specific activities. This could include establishing base funding for shelters.
- Issue a joint application for both departments' shelter-based programs but have each department continue its separate oversight.
- Combine shelter-based programs at one department. This alternative would require some changes to state law and funding appropriations.
- Consolidate all domestic violence programs at one department. This alternative would also require legislative and funding appropriation changes.

TABLE 4

**Some Differences Exist Between
OCJP's and DHS's Shelter-Based Programs**

Characteristics	OCJP	DHS
Sources of funding	Federal Violence Against Women Grant Federal Victims of Crime Grant Federal Family Violence Prevention and Services Grant State's General Fund	State's General Fund
Activities funded	Generally restricted by state law to 13 services	Chooses to fund 13 services but can also fund other activities such as public health nurse visits or special services for pregnant women
Program requirements	Various limitations from federal funding sources, plus state law generally restricts funding to 13 services	No federal funding limitations, and state law does not restrict funding to 13 services

TABLE 5**Some Components of OCJP's and DHS's
Program Administration Overlap**

Components	OCJP	DHS
Award of funds	Reviews and scores applications for funding for the 2001 through 2004 grant cycle.	Reviews and scores applications for funding for the 2000 through 2003 grant cycle.
Progress reports	Requires shelters to submit nine progress reports during its three-year funding cycle.	Requires shelters to submit four progress reports during its three-year funding cycle.
Monitoring	Conducted 26 monitoring site visits at shelters over the past three years.	Performed 25 contract audits of shelters since 2000.
Technical assistance	Provides assistance to shelters through technical site visits.	Currently conducts few technical site visits. However, as of January 2002, state law requires it to review each of its funded shelters during its three-year funding cycle.