BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Honorable Arlen Specter, Chairman, Subcommittee On Juvenile Justice Committee On The Judiciary United States Senate

Information On The National School Safety Center

The Department of Justice's Office of Juvenile Justice and Delinquency Prevention awarded Pepperdine University a grant to establish the National School Safety Center. This report contains information on the Center's accomplishments since it opened for business on June 1,1984, the financial management of the grant during its first year, and various allegations made by former Center staff. The report also discusses the Center's plan for its second year of operation.

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GENERAL GOVERNMENT DIVISION

B-202245

The Honorable Arlen Specter
Chairman, Subcommittee on
Juvenile Justice
Committee on the Judiciary
United States Senate

Dear Mr. Chairman:

This report responds to your request of May 9, 1985, in which you asked us to review a Department of Justice, Office of Juvenile Justice and Delinquency Prevention (OJJDP) grant awarded to Pepperdine University to establish the National School Safety Center (Center). The Center's overall goal is to provide a national focus on school safety. You asked that we determine whether grant funds were being spent in accordance with project design and all applicable regulations and statutes and whether grant funds were being properly allocated among the Center's various functions. You requested that we report to you before July 15, 1985.

On June 14, 1985, we met with staff from your office to discuss our preliminary work and audit approach. We agreed to provide you with a report by July 29, 1985, containing information on (1) the Center's accomplishments during the grant's first funding year[1], (2) financial management of the grant during the first year, and (3) various allegations made by former Center staff.

We conducted our review at Pepperdine University in Malibu, California; the Center in Sacramento, California; and OJJDP in Washington, D.C., between May 26, 1985, and July 26, 1985. We interviewed Justice, Pepperdine, and current and former Center officials and reviewed grant files, financial records, correspondence, regulations, and procedures. To the extent considered appropriate, we relied on information contained in a Pepperdine University draft internal audit report covering the Center's financial activities from January 10, 1984, through January 31, 1985. We assessed the adequacy of the internal auditor's work by testing a randomly selected sample of his work. We also reviewed all nonpayroll transactions of $1,000 or more occurring between February 1, 1985, and May 31, 1985. Our

[1]January 10, 1984, through July 10, 1985.

review was performed in accordance with generally accepted government auditing standards except we did not independently assess the grant's internal controls.

The results of our review are summarized below and discussed in detail in the appendix.

--The Center Director and Chief Counsel's management style and his approach for accomplishing the grant's objectives led to confrontations between him and former Center staff. This ultimately led to an investigation by Pepperdine and a decision by Pepperdine to take a more active role in managing the Center. On May 16, 1985, Pepperdine officials announced that its Grant Director was moving from Pepperdine to the Center in Sacramento, California, as the Center's Executive Director. The Director and Chief Counsel now reports to the Executive Director.

--First-year federal funding for the Center totaled about $2.1 million. OJJDP officials told us that second-year funding of about $1.7 million will be approved about August 1, 1985.

--The Center will use 47 percent fewer permanent staff during its second year, relying more on outside consultants. Two-thirds of the original Center staff have either been laid off or resigned.

--The Center completed 75 percent of its workplan tasks scheduled for completion during the first grant year. In addition, the Center performed 96 percent of the workplan tasks that had no specific beginning or ending dates.

--A draft audit report on the grant's expenditures prepared by a Pepperdine University internal auditor reported that, overall, the grant's expenditures were reasonable and allocable. It also identified about $8,702 (less than 1 percent of funds checked) of questionable expenditures. There were also questions regarding the Center's full compliance with Justice and/or Pepperdine policy. The Office of Justice Programs Comptroller advised us that Justice will review the final internal audit report when it is issued and take appropriate actions to resolve the audit findings. We also reviewed a sample of grant expenditures made after the internal audit and found them to be appropriate.

--We found no basis to question the Center's furniture purchases, use of consultants, and use of its facilities to conduct a Pepperdine masters degree program, all of which former staff members have alleged to have been improper. All appear to have occurred with OJJDP's knowledge and approval. We also found that the Center currently has unused office space that it is trying to sublet.

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We obtained the views of directly responsible Justice, Pepperdine, and Center officials and incorporated them in the report where appropriate. We trust the information provided will be useful to your continuing oversight efforts. As arranged with your office, unless you publicly announce the contents of the report earlier, we plan no further distribution until 15 days from the date of the report. At that time, we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,

W. J. Anderson

William J. Anderson
Director

NATIONAL SCHOOL SAFETY CENTER

OVERVIEW

The National School Safety Center (Center) was established in 1984 by Pepperdine University under a noncompetitive 2-year grant from the Department of Justice's Office of Juvenile Justice and Delinquency Prevention (OJJDP). The Center was established to help restore school safety and discipline through a comprehensive national program of training, technical assistance, and coordination. The Center was modeled after the California School Safety Center which was established in 1981 within the State Attorney General's office.

The grant is the Center's sole source of funding. Funds totaling about $2.09 million were approved by OJJDP for the first year. The first-year budget authorization began on January 10, 1984, and was scheduled to end January 9, 1985. However, OJJDP approved a no-cost grant extension, authorizing funds to be spent until July 10, 1985. On July 24, 1985, OJJDP officials advised us that second-year funding for the Center of $1.7 million covering the period May 15, 1985, to May 14, 1986, would be approved about August 1, 1985. To avoid disrupting the Center's operations while the grant's second-year budget was being reviewed, Pepperdine has been paying for the Center's operations. Pepperdine expects to be reimbursed once second-year funding is approved.

After 5 months of startup activities, including hiring staff and obtaining office space, the Center opened for business on June 1, 1984, with 30 staff positions. The Center was organized into five specialized sections: Research, Legal, Education, Law Enforcement, and Communications. The Center's executive staff was composed of a Director and Chief Counsel (one person), a Chief Deputy Director, and five deputy directors, one for each of the specialized sections. In addition to the on-site staff, a part-time Grant Director and administrative assistant were located at Pepperdine. In addition, a Center Steering Council met periodically to review Center activities and determine future plans and activities. This Council was composed of various Pepperdine officials, including the University President, the University's Grant Director, and the Center's Director and Chief Counsel.

The Center's organizational structure remained intact until the Justice Department announced plans to reprogram $13 million of appropriated funds from OJJDP to the U.S. Marshals Service. OJJDP officials informed us that, as a result, they told the Center's Director and Chief Counsel in March 1985 that second-year funding would be cut by about $160,000. On the basis of this information, the Director and Chief Counsel announced on March 13, 1985, that three Center employees would be laid off. Subsequent to the layoffs, the following events occurred:

--The Research Unit was disbanded, the Deputy Director for Research was demoted to a writer-editor position, and the unit's two support staff members were assigned to the Education and Law Enforcement units;

--The Chief Deputy Director submitted his resignation because he did not agree with the way the Center was being run, prompting an investigation by Pepperdine officials;

--Pepperdine officials told the Director and Chief Counsel to take time off due to the stress he had been under and placed the Chief Deputy Director, who temporarily rescinded his resignation, in charge of the Center;

--The Chief Deputy Director reestablished the Research Unit and the staff wrote a second-year grant proposal;

--Pepperdine officials conferred with OJJDP officials on the Center's future direction;

--An outside consultant reviewed the Center's operations and recommended to Pepperdine's President that the Center pare down its operations by further reducing staff, refocusing its efforts on preparing more external publications, and relying more heavily on consultants to accomplish its work.

On the basis of their assessment of the situation, discussions with OJJDP officials, and the outside consultant's recommendations, Pepperdine officials (1) announced on May 16, 1985, that the Director and Chief Counsel would continue in his position but that he would report to a newly established Executive Director position, which would be filled by the former part-time Grant Director who moved to Sacramento; (2) decided to use more outside consultants rather than a large permanent staff to provide services; and (3) laid off six additional staff members. Within 1 week of this announcement, four staff members not affected by the layoff action submitted their resignations, including the Chief Deputy Director and two deputy directors. By June 3, three more staff members had resigned.

CURRENT STATUS

As of July 16, 1985, the Center employed 13 staff members--6 clerical/technical and 7 professional. Pepperdine has submitted a second-year application to OJJDP which reflects the Center's planned staffing and revised operating approach. The Center exhausted its first-year budget allocation in early June 1985, about 17 months after its budget authorization began. Pepperdine University has continued to pay the Center's expenses in the expectation that federal funding will continue for the second year.

Five of the six most recently laid off employees have filed grievances with the Personnel Office at Pepperdine University to protest their terminations; the grievances were still pending as of July 16, 1985. In addition, a group of former employees submitted an unsigned, undated memorandum to the Senate Judiciary's Subcommittee on Juvenile Justice. The memorandum described their version of the Center's history and contained numerous allegations about the Center's operations and financial management as well as criticisms of the Director and Chief Counsel's management style.

CENTER'S FIRST-YEAR ACCOMPLISHMENTS

The Center's overall goal is to provide a national focus on school safety. To accomplish this goal, the Center's grant application defined ten broad objectives that were further defined in specific workplan tasks. Both the objectives and the workplan covered a 2-year period of time (January 10, 1984, through January 9, 1986), the approved project duration. The ten objectives, as contained in the grant application, were

> "(1) Acting with the U. S. Department of Justice and U. S. Department of Education to encourage an effective and cooperative interagency effort to improve campus safety;
>
> (2) Gathering and analyzing nationwide information on school safety and crime prevention techniques and programs that may, in turn, be utilized by education, law enforcement, and other criminal justice practitioners and policymakers;
>
> (3) Gathering and analyzing nationwide legal information regarding school discipline, campus safety and criminal law rules and procedures and proceedings in federal, state and local jurisdictions;

(4) Developing and conferring with a carefully recruited, distinguished national school safety information network representing 50 states and the District of Columbia;

(5) Developing and participating in relevant conferences;

(6) Creating a national awards program to recognize and publicize exemplary school safety and campus-related juvenile delinquency prevention programs from everywhere in America;

(7) Publishing a national school safety bulletin to inform 75,000 of the nation's leaders about emerging school safety issues and campus crime prevention programs identified by the National School Safety Center;

(8) Preparing and/or promoting school crime and safety materials for use by educators, law enforcers, criminal justice leaders, other interested practitioners and professionals;

(9) Conducting a nationwide multi-media school safety advertising campaign; and

(10) Visiting with key education, law enforcement, criminal justice, and other professionals as well as community leaders in the 50 states and the District of Columbia to provide technical advice and assistance to help deal with their particular school crime, violence, drug abuse and law in the school problems."

Center staff devised a detailed workplan that defined 69 specific tasks covering all of the 10 objectives. The workplan contained timeframes in which the tasks were to be accomplished and identified the Center sections with primary and secondary responsibility for their completion.

According to the workplan, 67 tasks were to be addressed during the first year. Of these, 28 were to be started and completed within the project year, 12 were to begin during the first year and carry over to the second, and 27 had no specific starting or ending dates. The remaining two tasks were designated as second-year tasks. The workplan was submitted to OJJDP for its approval on August 10, 1984, and was approved on October 23, 1984.

To determine whether the Center did the work it planned to do with its first year's funds, we reviewed and verified accomplishment reports submitted to OJJDP covering the period January 10, 1984, to March 31, 1985; interviewed current and former Center staff; reviewed pertinent correspondence and grant files; physically examined products, such as publications; and conducted other verification tests.

As of July 5, 1985, the Center had accomplished the following work:

--21 of the 28 tasks (75 percent) designated for start and completion during the first year were either completed or substantially completed;

--12 of the 12 tasks (100 percent) designated to start during the first year and to be continued during the second year were begun; and

--26 of the 27 tasks (96 percent) that had no specific beginning or ending dates were performed.

Examples of the Center's first-year accomplishments include the following:

--the Center published three issues of the "School Safety" journal and distributed about 80,000 copies free of charge;

--Center field staff made numerous personal and telephone contacts with high-level state officials to discuss school safety issues and programs;

--the Center co-sponsored a conference on "Campus Safety in the 80's" with Stanford University;

--the Center created an information clearinghouse that contained materials on legislation, case law, and school safety programs in 47 states;

--the Center responded to requests for technical assistance and information; and

--the Center conducted training workshops and gave presentations at conferences in various locations around the country.

In the final analysis, all but 8 of the 67 first-year workplan tasks were conducted according to plan during the year. Of these eight, six related to creating national awards programs. The seventh task, to conduct a National School Safety Leadership Conference, has been postponed with OJJDP approval until October 1985. For the eighth task, we found no evidence that the Center had, as the task required, established criteria to identify exemplary school safety programs nor had they submitted the names of exemplary programs to OJJDP for approval.

During the Center's second funding year (tentatively scheduled for May 15, 1985, through May 14, 1986), project officials told us they intend to address essentially the same objectives using fewer staff resources and placing greater emphasis on preparing publications. According to the grant application, the Center's staff will be cut nearly in half. The Center plans to use outside consultants and cooperative efforts with other federally funded programs to provide some services. Table 1 compares the original second-year budget proposal (as amended to reflect the $160,000 reduction in the Center's budget (see pp. 1 and 2)) to the Center's current second-year budget proposal.

Table 1

Comparison Of The Center's Original Second-Year Budget Proposal To Its Current Proposed Second-Year Budget

Budget category	Original budget proposal	Current budget proposal	Net change Dollars	Net change Percent
Personnel	$ 818,550	$ 479,800	$-338,750	- 41
Fringe benefits	163,710	95,960	- 67,750	- 41
Travel	102,500[a]	87,100	- 15,400	- 15
Equipment	0	0	no change	--
Supplies	94,273	119,633	+ 25,360	+ 27
Contractual	6,160	92,500	+ 86,340	+1,402
Subtotal	1,185,193	874,993	-310,200	- 26
Other:				
Lease	97,407	97,407	no change	--
Telephones	35,000	35,000	no change	--
Printing	189,000	258,000	+ 69,000	+ 37
Duplication	4,000	4,000	no change	--
Books	1,500	1,500	no change	--
Miscellaneous	33,355	14,555	- 18,800	- 56
Cooperative efforts	0	60,000	+ 60,000	+100
Conferences	0	100,000	+100,000	+100
Film production	0	100,000	+100,000	+100
Subtotal	360,262	670,462	+310,200	+ 86
Total direct costs	1,545,455	1,545,455	no change	--
Indirect costs	154,545	154,545	no change	--
Total	$1,700,000	$1,700,000	no change	--

[a]This amount covers a 10-month period of time rather than 12 months.

As table 1 shows, the Center's current second-year budget proposal has the same total as its original budget, but several of the budget categories have been substantially revised. Reasons provided to us by Center officials for some of the budget revisions include the following:

--<u>Personnel and fringe benefits, cut 41 percent</u>: Permanent staff positions were reduced to 15 full-time and 1 part-time position.

--<u>Contractual, up 1,402 percent</u>: Center officials plan to make more use of consultants for services formerly provided by in-house staff. In addition, one consultant with grant management and inter-organizational liaison expertise has been designated to receive up to $15,000 in fees.

--<u>Other, up 86 percent</u>: In addition to increased printing expenses, this category includes $260,000 in expenses for new activities including conferences, production of an audio-visual school safety presentation, and cooperative efforts with other federally funded programs.

CENTER'S FINANCIAL MANAGEMENT

Due to the time constraints of this assignment we did not review the Center's financial transactions in detail. Instead, we (1) relied on the results of a Pepperdine University internal audit of the grant, which we tested and verified for accuracy and completeness, and a Justice review of the grant's internal controls which we did not verify and (2) reviewed all nonpayroll transactions of $1,000 or more that were processed between February 1 and May 31, 1985. We also performed a limited review of Justice and Pepperdine University regulations and guidelines and discussed various items with Center and Pepperdine personnel.

In brief, the system used for paying the Center's expenses was as follows. Both payroll documents and invoices for goods, services, travel expenses, and the like were prepared for payment by the Center's business manager and approved by the Chief Deputy Director. Since the Chief Deputy Director's resignation, they have been approved by the new Executive Director. Payroll documents and original invoices were attached to an approved check requisition form and then forwarded to Pepperdine University for approval by the University's Grant Director before being paid through the University's financial system. The University then requested reimbursement from OJJDP through monthly drawdowns of the grant funds.

First-year grant spending

Table 2 compares the Center's OJJDP approved first-year budget to the amounts processed for payment by the Center as of June 30, 1985, the latest data available at the time of our audit.

Table 2

Comparison Of Approved First-Year Budget To Spending As Of 6/30/85

Budget category	Approved amount	Amount spent as of 6/30/85	Net difference Dollars	Net difference Percent
Personnel	$ 868,000	$ 960,722	$+92,722	+11
Fringe benefits	173,600	179,104	+ 6,104	+ 3
Travel	123,300	123,862	+ 562	+ 0
Equipment	216,750	183,651	-33,099	-15
Supplies	107,970	119,908	+11,938	+11
Contractual	65,250	17,059	-48,191	-74
Other	345,330	406,042	+60,712	+18
Total direct costs	$1,900,200	$1,990,348	$+90,148	+ 5
Indirect costs	190,020	187,087	- 2,933	- 2
Total	$2,090,220	$2,177,435	$+87,215	+ 4

As indicated in table 2, actual spending differed from the approved budget in all categories. Pepperdine provided $87,215 of its funds to continue the Center's operations after grant funds were totally expended. Pepperdine University officials told us they continued to fund the Center's activities in anticipation of receiving funding for the second year. They further anticipate that the funding will be awarded covering a period that overlaps first-year funding so that Pepperdine will be reimbursed for its interim funding. The Office of Justice Programs Comptroller, who approves financial aspects of OJJDP grants, told us that it is common for grantees to expend amounts that differ somewhat from budgeted amounts and that these transfers are routinely approved retroactively.

Pepperdine University audit

In January 1985, Pepperdine University's internal auditor began, at the University President's request, a routine audit of the Center's grant to determine whether the expenditures had been made in accordance with applicable procedures. The audit work has been completed but, as of July 16, 1985, the final report had not been issued. We reviewed a draft version of the report which was marked "for discussion purposes." However, the Pepperdine University Controller cautioned that University and Center comments on the draft findings may result in revisions to the draft report. The Center's Executive Director did not cite specifics but told us that explanations would be offered to clarify or explain many of the findings cited in the draft report. In addition to any revisions, the final report will also contain Pepperdine and Center comments on each finding and recommendation.

The internal auditor told us that, in his opinion, and based on documentation contained in the University's "account paid" files, with a few exceptions, the costs incurred by the Center were reasonable and allocable to the grant. The draft report, however, identified questionable grant expenditures totaling $8,702, representing less than 1 percent of the $1.2 million in expenditures checked by the auditor. In addition, the report raised questions about other items, including the acquisition of capital items, the allocation of lease costs to Pepperdine for its use of the Center to conduct masters degree classes, and the apparent lack of OJJDP approval for a lease cost increase.

The internal auditor tested 89 percent of the transactions occurring primarily between January 10, 1984, and January 31, 1985, including over $672,000 in payroll transactions. The audit was based on regulations contained in Office of Management and Budget circulars, Justice guidelines, and Pepperdine University Policy and Operations Guidelines. The draft report noted that it did not examine internal control systems.

We tested the work of the internal auditor by randomly selecting every tenth transaction he reviewed. The test involved a review of supporting documentation and appropriate authorizing signatures, a brief examination of applicable regulations, and discussions with Pepperdine and Center officials. For every item we checked, we found that the auditor's documentation supported the items he had checked. Examples of some of the items questioned by the internal auditor are discussed below.

--Travel costs totaling $6,053 were questioned for various reasons. The largest questioned amount of $4,404 was paid to University officials not directly associated with the grant for grant-related travel. The internal auditor recommended that the University clarify the Center's travel policy and ensure that it is followed.

--Salary costs totaling $2,543 were questioned. Of this amount, $1,472 was for salary and benefits paid one employee for Center work conducted while he was still employed by the State of California. Federal regulations prohibit dual compensation of this type. The auditor also questioned $1,071 paid from grant funds for vacation time accrued while a staff member was a University employee, but taken after he transferred to the Center. The auditor recommended that the University recover the $1,472 in dual compensation and clarify its policies concerning other salary and benefit areas.

--The auditor was unsure whether a portion of the Center's lease costs should have been allocated to Pepperdine for classes that were held at the Center for a masters degree program in educational leadership and positive campus climate. The draft report noted that classes were held after hours and did not infringe on the Center's operations but that Pepperdine received tuition income for the masters program. The auditor recommended that Pepperdine seek written Justice approval to use the facility for the masters degree program and, if an allocation of lease costs is deemed appropriate, that the calculations and charges be made in advance of each month's lease payment. (Also see pp. 20 through 22.)

--The auditor cited the lack of OJJDP approval for an increase in lease costs, for rental charges per square foot exceeding the amount allowed in Justice guidelines, and for exceeding the amount of square footage per employee allowed in the guidelines. (Also see p. 16.)

--The auditor also cited a lack of a documented cost analysis for the purchase of capital equipment and furniture as required by Justice and Pepperdine University regulations. (Also see p. 17.)

--Several expenses were charged to apparently incorrect budget codes. The internal auditor said some of these were too minor to consider while others represented close cost accounting judgment calls that were not clear-cut as to which budget codes should have been charged. For example, the internal auditor said he questioned charging the consultant budget code instead of payroll for temporary wages paid to several Pepperdine University Law School Students who assisted in preparing a Center publication. (Also see p. 19.)

The Office of Justice Programs Comptroller informed us that, once the final audit report is issued, Justice will review it and take appropriate actions to resolve the audit findings.

Independent test of other transactions

We also tested all nonpayroll direct cost transactions of $1,000 or more that the Center processed for payment between February 1 and May 31, 1985. These transactions occurred after the period covered by the internal auditor. These transactions were well documented and appeared to be proper.

Internal controls

The Office of Justice Programs Comptroller told us that, because we had been requested to review the Center's financial activities, in June he sent a staff member to review the quality of Pepperdine University's financial system with respect to transactions relating to the Center's grant. On June 11, 1985, the representative summarized his review in a memorandum to the Comptroller, as follows:

--"The systems accounting for the receipt and expenditure of grant funds, was found to be excellent in every respect";

--". . . from a financial standpoint, the grantee has and is maintaining adequate records and has instituted adequate internal controls to properly protect the federal funds received under this grant."

ALLEGATIONS OF GRANT MISMANAGEMENT

We also investigated allegations made by former staff members regarding the way in which the Center's operations were conducted during the first year. In an unsigned, undated memorandum submitted to members of the Senate Judiciary Subcommittee on Juvenile Justice, former Center staff members provided a description of events at the Center during the past year. In addition to a chronology of events, the memorandum contained numerous allegations regarding the Center's general and fiscal management. The memorandum's allegations fell into two general categories: (1) the managerial style exercised by the Center's Director and Chief Counsel and other grant officials and (2) mismanagement of grant funds and staff resources.

Managerial style allegations

To obtain information on the managerial style allegations, we interviewed the Center's Director and Chief Counsel, all five Deputy Directors (two current and three former employees), the former Chief Deputy Director, two other former employees, and the Executive Director; the OJJDP Administrator, Deputy Administrator, and Grant Manager; the President of Pepperdine

University and four other Pepperdine University officials; and a private consultant who reviewed the Center's management for Pepperdine and recommended changes to its structure and staffing. Because the preponderance of the evidence provided to us on these allegations was oral and varied greatly from person to person, we have presented only that information on which there was general agreement.

The persons we interviewed regarding the alleged managerial problems at the Center generally agreed on one thing: there was friction between the Center's Director and Chief Counsel and certain key staff. They also generally agreed that much of the conflict centered around the work to be performed by Center staff, the type of contacts to be made by field staff, and the philosophical approach toward school safety issues.

The former staff members said they disagreed with the Center Director and Chief Counsel's approach to accomplishing the Center's objectives. Their disagreement centered around three things: (1) the Center's target audience--the Director said the audience should be top-level officials in state governments and institutions while the former staff said it should also include lower-level practitioners; (2) the Research section's purpose--the Director used this section as a support unit for the Center's field staff while the former staff said it should be used as an independent unit directly answering technical assistance requests from state and local officials and conducting original research; and (3) the Center's emphasis--the Director emphasized public relations and publications while the former staff said that individualized technical assistance and advice should be emphasized.

Although former staff members disagreed with the approach, the Director's approach appears to be the one upon which the grant was approved. For example:

--The introductory portion of the grant application states that "The National School Safety Center will address school safety problems through a comprehensive, national effort to make schools safer places in which to learn, work and teach. By bringing key professionals and policymakers (underlining added) together to discuss the best possible ways and means to handle this complex issue, centralizing school safety information gathering and disseminating efforts in one agency, and allocating appropriate resources to conduct a responsible professional nationwide school safety effort, the NSSC will approach this problem from a unique, comprehensive and experienced perspective."

--The workplan states that "The National School Safety Leadership Conference will involve key (underlining added) educators, lawyers, judges, professors, law enforcers, criminal justice professionals, business, marketing, media, governmental and labor leaders and focus on school safety issues."

--In an October 19, 1984, memorandum to executive staff, the Chief Deputy Director advised staff to "Plan and carry-out travel and field commitments that deal with Governors, Attorneys General, Superintendents of Public Instruction, major associations identified in the workplan . . ."

The parties involved in the disagreements who spoke to us agreed that the problems surfaced soon after the Center began operations. In three memorandums to the Director and Chief Counsel and Chief Deputy Director, one dated September 14, 1984, another dated December 7, 1984, and the other undated, the field staff made a number of suggestions regarding ways to create a more positive climate within the Center. For example, the December 7 memorandum contained the following statement: "It is essential that a mutually agreed upon definitional, organizational and operational structure be established to achieve maximum Center coordination and efficiency." The memorandums cited specific problems in communication, decisionmaking processes, and conflict resolution.

Sometime in October 1984, a Center employee telephoned Pepperdine officials to tell them that problems were occurring. In response, Pepperdine's President asked the University's Personnel Director to visit the Center to, in addition to other duties, determine whether there were staff problems that needed attention. Pepperdine's President told us that the Personnel Director reported orally to him that, during his visit, he observed what he considered to be normal staff problems not unusual for any organization.

Whether or not any significant managerial problems had existed before, the decision to lay off three employees in March 1985 to meet proposed budget cuts sparked a major confrontation between the Director and the Deputy Director for Research. This led to the series of events described on p. 2. The Deputy Director for Research was demoted, the Chief Deputy Director submitted his resignation and Pepperdine initiated an investigation.

In a confidential report to Pepperdine's President, one of the two officials who conducted the investigation reported that while the staff had many complaints regarding the Director's style and personality, they were also positive about his creative abilities and "charisma." He also reported that the Director was told to take a month off due to stress and that the employees would be working on ways to resolve some of the problems identified.

According to a report to the President of Pepperdine prepared by a consultant, who the President asked to review the situation, the Center was overstaffed, resulting in an undue encumbrance of funds that could be better invested in outside services. He said that the Center should shift to a mode that emphasizes the production and dissemination of products. The consultant recommended that the Center (1) reorganize and reduce its staff, (2) use consultants to prepare most of the products, and (3) convert a maximum number of professional functions to clerical level support activities. He believed that Pepperdine should assert firm and continuous control over the project and recommended that Pepperdine give the Director "marching orders" and reassign him to the Center under new terms.

As a result of Pepperdine's investigation and the recommendations of the independent consultant, Pepperdine decided to assume greater managerial control of the project by moving its Grant Manager to Sacramento in the position of Executive Director of the Center. The Director and Chief Counsel was retained in his position because, according to Pepperdine's President, he was a good "idea man" and of great value to the Center. The President acknowledged that there were philosophical differences between the Director and the staff which, in combination with the Director's "combative" style, caused problems, but he emphasized that, in his opinion, the Director had done nothing to warrant his termination. Pepperdine officials believe the recent organizational changes will provide needed managerial stability while retaining the Director and Chief Counsel's creative talents.

Mismanagement allegations

The second group of allegations from the former Center staff contained four specific charges: (1) that excessive expenses were incurred for office space and furniture; (2) that substantial consultant fees were paid for services which could have been provided by existing Center staff; (3) that staff with skills essential to the Center's goals and objectives were laid off, leaving specialized equipment idle; and (4) that staff time was used for activities not included in the grant application, specifically to develop a Pepperdine Masters Degree Program in Educational Leadership. We followed up on each of these allegations by reviewing the appropriate Justice guidelines and regulations; the approved grant application; correspondence between the Center, Pepperdine, and OJJDP officials; relevant financial documentation and support; and by interviewing Pepperdine, OJJDP, and current and former Center officials.

Excessive space

Former Center staff have alleged that, despite the staff reductions, the Center does not plan to reduce its office space which, they further allege, is more expensive than is appropriate. Center officials acknowledged that the space is excessive given their plans to operate with a reduced staff but said that they are committed to a 2-year lease and are trying to either sublease part of the space or turn back some of the space to the landlord. They maintain that the lease costs are not excessive, especially in view of the estimated $100,000 in modifications made specifically for the Center by the landlord during construction at no cost to the government. In addition, Center officials said the landlord granted the Center 3 months' free rent during initial occupancy.

We noted that while the lease costs were originally estimated at $78,750, the actual annualized cost is about $105,781 because the Center leased more space than originally planned. Center officials said that they leased more space than planned because the Administrator of OJJDP had told them that the facility would house two other separately funded OJJDP activities. They told us that after execution of the lease, the other activities were not funded, leaving the Center with more space than it needed for its operations.

In addition, we noted that the Center exceeded the per employee square footage allowed in Justice regulations without receiving written authorization to do so. The regulations specify that square footage exceeding 150 feet per employee must be approved in writing by OJJDP prior to execution of the lease. The Center signed a 2-year lease for 6,236 square feet of space which, as noted in the Pepperdine draft internal audit report, calculates to about 208 square feet for each of the Center's 30 employees. Although the draft internal audit report said that no approval was sought for this, Center officials said they obtained oral approval to sign the lease. Correspondence we reviewed between the OJJDP Grant Manager and the Center indicated an intention to approve the lease. However, no written authorization was granted. The Office of Justice Programs Comptroller advised us that as long as the Center makes a prudent effort to sublease the excess space, he would allow the expenditure.

Furniture

Former staff members have alleged that the Center's furniture purchases were excessively expensive and cited as an example a $4,000 oak conference table. Center officials acknowledged that the furniture looked expensive but said it was not and that they negotiated large discounts from the vendor. The Center's furniture expenditures of $61,576 exceeded its original budget estimate of $52,750 by $8,826. We also found that the conference table in question was 4.5 feet by 14 feet and was purchased for $2,847.

The Office of Justice Programs Comptroller advised us that he approved the budget estimate for furniture because he believed the amount was allowable, allocable, and reasonable. As noted on p. 11 the Pepperdine internal auditor found during his review that the Center did not follow Justice and Pepperdine regulations to prepare a cost analysis before purchasing capital equipment and furniture. To determine whether the furniture was purchased at excessive prices, we performed a limited check of prices on four of the items purchased in multiple quantities by the Center--desks, chairs, bookcases and cleatmats--with two randomly selected vendors in the Sacramento area. As shown in table 3, the results of this limited review, made about 1 year after the Center's purchase, indicated that the Center's purchase prices for two of the items were lower than the current prices we were quoted by other vendors. However, for the other two items, the Center's prices were higher.

Table 3

Comparison Of Selected Center Furniture Purchase Prices To Telephone Quotes Given For Same Items

Item	Center purchase price	Quotes as of July 1985: Company #1	Quotes as of July 1985: Company #2	Difference between Center purchase price and low quote: Dollars	Difference between Center purchase price and low quote: Percent
Desk	$ 696	$833	$689	$ + 7	+ 1.0
Bookcase	229	266	n/a	-36	- 16.2
Armchair	180	203	152	+24	+ 15.6
Cleatmat	50	n/a	55	- 5	- 10.0

We also attempted to check the conference table price with the same vendors; however, they did not carry such a table. We checked the current price from the vendor used by the Center who quoted a current price of $2,838 which is $9 (0.3 percent) less than it charged the Center for the same table. Due to time constraints, we did not try to determine whether comparable furniture was available through different manufacturers at lower prices, nor did we attempt to determine whether the type of furniture purchased was necessary to the Center's mission.

Consultants

Former Center staff members alleged that the Center paid about $10,000 to a legal consultant whose duties were not included in the workplan and who provided minimal services. According to Center records, total consultant fees for the year were $13,434, including $5,489 paid to the legal consultant in question. This was less than the Center originally budgeted for consultants. The workplan did not specify the work to be performed by consultants but a description of the Center's planned use of consultants was included in the approved grant application.

According to the Center's approved grant application, consultants from various fields were to be engaged to review manuscripts; evaluate and critique proposed training programs, conferences, video and audio training tapes; and participate in preparing such events and materials. The grant application also stated that the Center needed the services of a particular legal consultant. The application described the legal consultant as perhaps the Nation's leading authority on the legal problems of school crime victims.

According to Center records, the legal consultant was paid $5,489 for about 25 days of work at the rate of $220 per day. The approved grant application included an estimate of $9,900 for this consultant. This rate of payment, which exceeds usual Justice limits, was approved as part of the overall grant application as required by Justice regulations. The consultant mentioned by former staff members billed the Center for a variety of services, including researching and drafting sections of an anthology dealing with legal aspects of school crime tentatively titled "Failure to Protect." It will be published and distributed, according to the Center's Director and Chief Counsel, no later than November 1985. The consultant also billed the Center for several telephone conferences with Center staff members regarding a variety of Center and legal matters and for a draft article for publication in the Center's "School Safety" journal.

The Center's approved budget contained $65,250 for consultant fees. During the budget year, however, the Center reduced the consultant budget by $43,250, shifting the funds to the "Supplies" and "Other" budget categories. According to Center records, as of June 30, 1985, the Center had spent $13,434 of the $22,000 remaining in the consultant budget category. In addition to $5,489 paid to the legal consultant, another consultant was paid $4,995 to analyze the Center's data processing needs during the Center's startup period. He prepared a written summary of recommended data processing equipment, suggested manufacturers, and estimated costs. The remaining expenditures for consultants of $2,930, were paid to 12 Pepperdine University law students for work on a joint Center/Pepperdine publication. The Pepperdine law students helped research, write, and edit a special edition of the Pepperdine Law Review entitled, "Victim's Rights," which was co-sponsored by the Center. Individual payments to the students ranged from $100 to $400. As noted on p. 11, the Pepperdine internal auditor questioned the budget account that was charged for this expenditure.

Staff resources

Due to layoffs and resignations, the Center's staff had been reduced from 30 to 13 employees as of July 16, 1985. According to the Center's current second-year budget proposal, the Center intends to employ 16 (1 part-time) staff members during the second year--10 professional and 6 technical/clerical. Former Center staff members have charged that this staffing pattern will impair the Center's ability to fulfill its objectives and that, as a result of a particular layoff, specialized legal research software will sit idle.

We do not know whether the Center's mission and objectives can be adequately fulfilled during the second year with the reduced in-house staff. However, Center and Pepperdine officials told us that they can accomplish their mission and objectives effectively and more economically with the reduced staff, supplemented by the use of consultants and other federally funded programs to provide services formerly provided by in-house staff.

We reviewed agency records to determine what specialized legal software the Center has, whether it is sitting idle and, if so, at what cost to the grant. The Center leased access to two legal research systems: Dialog Information Services and Mead Data Central. Both are online retrieval services with several data bases; one has a criminal justice emphasis, the other has a legal emphasis. Agency records show that three Center employees, all from the legal section, had used the services. One employee has resigned and the other two were laid off.

The total initial cost for the two systems was $495. Of this amount, $275 was for supplementary materials and $220 was for training on the systems' use. One system has no minimum monthly charge, the other has a $50 minimum monthly charge. Additional charges are based on the amount of usage. The maximum loss to the grant in the event the systems are not used again is $50 per month in addition to the initial investment of $495.

The Center's Director and Chief Counsel acknowledged that the Center's legal research systems are not currently being used but said that he has not had time to deal with them since the last staff member using the systems left in June. If the Director and Chief Counsel or other remaining staff cannot productively use the systems, he advised us that he will determine whether to keep them on-site, discontinue their use, or transfer them to the Pepperdine Law School for use by students performing Center-related work.

Masters degree program

In April 1985, Pepperdine University introduced a masters degree program, conducted primarily at the Center facility in Sacramento, that offered successful candidates a masters degree and a certificate of advanced graduate studies in educational leadership, innovation, and positive campus climate. Former Center staff members have charged that the Center's involvement in the program was inappropriate because it was not part of the grant objectives. They have further charged that Center resources were invested to such an extent that the Center's "real" work was impaired. Center and Pepperdine officials denied these allegations, maintaining that the program is clearly related to the grant's objectives and that relatively few grant resources were used to support the program.

To determine the appropriateness of the Center's involvement in the program, we reviewed pertinent federal guidelines, the grant objectives and workplan, and correspondence between the Center, Pepperdine, and OJJDP. To determine the extent of the Center's involvement and the effect, if any, on other Center work, we reviewed word processing records, correspondence files, and other related documents. We also interviewed current and former Center clerical and professional staff, OJJDP, and Pepperdine officials.

Neither the grant objectives nor the workplan specifically mentioned the masters degree program as a Center project. However, one of the grant objectives appears to provide support for developing such a program. The supporting narrative for this objective reads, in part, "Finally Center staff will develop model training programs (including model laws and procedures) for school lawyers, administrators and teachers, relative to school disciplinary proceedings and procedures, for possible use in schools throughout the nation."

It appears also that Justice officials were aware of and approved the program development and the Center's involvement.

The Center's Director and Chief Counsel cited meetings and conversations with Justice staff in which the program was discussed and oral approval to proceed was granted. OJJDP's Director of the Special Emphasis and Technical Assistance Division confirmed that on November 28-29, 1984, he orally approved using grant resources for the masters program.

We were unable to measure the extent to which grant resources were invested in the masters program. However, classes were held weekly at Center facilities which were entirely paid for from grant funds and Center staff were involved in developing the program. In addition, Center officials estimated that approximately $92 of grant funds were spent for postage to mail out masters degree program materials. As noted on p. 11, the Pepperdine internal auditor has questioned whether a portion of the Center's lease costs should be allocated to Pepperdine for its use of Center facilities to conduct the program.

Because Center staff do not account for their time by type of work activity, we were unable to determine the amount of grant-paid salaries that were used for the masters program activities. However, interviews with involved staff members and reviews of agency files indicated the following:

--Management meeting minutes recorded by a staff member who has since left the Center show that the masters degree program was discussed with executive staff on at least three occasions starting as early as October 1984.

--Early in 1985, several staff members said they spent an estimated 3 to 4 days each evaluating and critiquing the program proposal. They recommended to Pepperdine that any further involvement on their part be as consultants paid separately from their Center activities. Their proposal was not accepted and they had no further involvement with the program.

--The Center's Director and Chief Counsel and a deputy director said they prepared a promotional brochure for the program, but did the work on their own time.

--Former clerical personnel estimated that one word processing operator worked for 1 to 2 weeks exclusively on the masters program materials and that the other two operators worked on them to some extent. As a result, they said, other staff work was backed up during this period.

--The Center's word processing library contains 48 pages of various documents pertaining to the masters degree program. Because we were unable to identify either the dates on which the materials were originally produced or the exact time period involved, we could not determine how many word processing hours were spent producing the materials or whether other materials were processed at the same time. The correspondence files maintained at the Center, however, contained over 300 letters unrelated to the program and signed by various staff members. These letters were produced on the word processing machines during the approximate time period involved, indicating that the masters degree program did not totally tie up the Center's word processing resources.

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