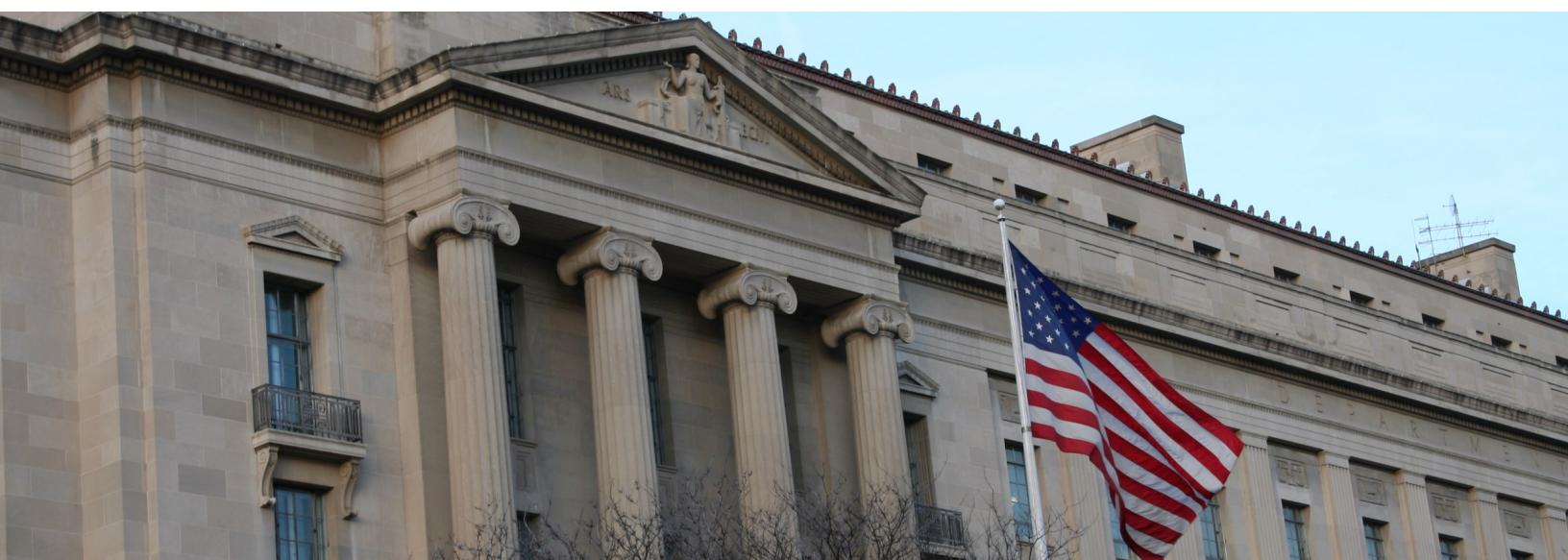




Office of the Inspector General

U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



Audit of the Office of Justice Programs, Office for Victims of Crime, Victim Assistance Formula Grants Awarded to the Vermont Center for Crime Victim Services, Waterbury, Vermont



Executive Summary

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Objective

The objective of this U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) audit was to evaluate how the Vermont Center for Crime Victim Services (VCCVS) designed and implemented its crime victim assistance program. To accomplish this objective, we assessed performance in the following areas of grant management: grant program planning and execution; program requirements and performance reporting; grant financial management including expenditures, drawdowns, matching cost requirements, financial reporting; and monitoring of subrecipients.

Results in Brief

We found evidence that VCCVS used its victim assistance grant funding to enhance services for crime victims. However, we also identified improvements that could be made to VCCVS's grant management. As a result of our audit, we identified \$44,690 in total questioned costs. In addition, we found VCCVS's subrecipients were not adequately monitored because VCCVS did not follow its own subrecipient monitoring procedures to adequately assess subrecipient risk of noncompliance with grant requirements. We also found VCCVS had unsupported subrecipient personnel expenditures and fringe benefit charges, unsupported and unallowable consultant charges, inadequately accounted for matching costs, unsupported subrecipient matching costs, and submitted inaccurate Federal Financial Reports.

Recommendations

Our report contains nine recommendations to OJP to assist VCCVS to improve its grant administration and remedy questioned costs. We provided a draft of this report to the VCCVS and OJP, whose responses can be found in Appendices 3 and 4, respectively. The OIG analyzed those responses in Appendix 5 and provides actions necessary to close the report.

Audit Results

The OIG completed an audit of four *Victims of Crime Act* (VOCA) victim assistance formula grants awarded by the Office of Justice Programs (OJP) Office for Victims of Crime (OVC) to the VCCVS. The OVC awarded these formula grants, totaling \$8,072,231 from fiscal years (FY) 2012 to 2015, to enhance crime victim services throughout Vermont. VCCVS drew down a cumulative amount of \$7,540,390 for all of the grants we reviewed.

Program Goals and Accomplishments

We found evidence that VCCVS used its VOCA victim assistance grant funding to enhance services for crime victims. We determined that VCCVS identified and planned to meet additional victim service needs with its increased FY 2015 funding. We also did not identify any issues with its process to select subrecipients, and found that VCCVS adequately communicated to its subrecipients applicable award requirements.

Grant Financial Management

VCCVS grant financial management had several internal control shortcomings. Specifically, we identified \$9,100 in unsupported and \$3,413 in unallowable consultant costs. In addition, VCCVS did not adequately monitor, record, or report its subrecipient matching costs, resulting in \$13,966 in unsupported matching costs. VCCVS also submitted inaccurate Federal Financial Reports.

Monitoring of Subrecipients

We determined VCCVS subrecipients were not adequately monitored. VCCVS did not follow its own subrecipient monitoring procedures to adequately assess subrecipient risk, did not determine whether subrecipients had a reasonable and documented cost allocation methodology or mechanism, did not conduct site visits as required, did not perform adequate financial desk reviews where supporting documentation from subrecipients was requested and reviewed. We questioned \$21,624 in personnel expenditures and fringe benefit charges as unsupported costs.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS,
OFFICE FOR VICTIMS OF CRIME,
VICTIM ASSISTANCE FORMULA GRANTS AWARDED TO THE
VERMONT CENTER FOR CRIME VICTIM SERVICES,
WATERBURY, VERMONT**

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INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four grants awarded by the Office of Justice Programs (OJP) Office for Victims of Crime (OVC) to the Waterbury, Vermont, based Vermont Center for Crime Victim Services (VCCVS). The OVC awards victim assistance grants to state administering agencies under the *Victims of Crime Act* (VOCA).¹ As the Vermont state administering agency for this program, VCCVS received these grants according to a population-based formula. As of June 2016, VCCVS had received four VOCA assistance grants totaling \$8,072,231, shown in Table 1.²

Table 1
Audited Grants
Fiscal Years 2012 – 2015

Award Number	Award Amount
2012-VA-GX-0039	\$1,199,578
2013-VA-GX-0053	\$1,283,754
2014-VA-GX-0044	\$1,339,087
2015-VA-GX-0045	\$4,249,812
Total	\$8,072,231

Note: Each of these awards has a 4-year period of performance.

Source: OJP's Grants Management System (GMS)

Established by the *Victims of Crime Act* of 1984, the Crime Victims Fund (CVF) supplies funds to grant programs that support both assistance services and compensation for victims and survivors of crime. The CVF holds the fines, penalties, and bond forfeitures of convicted federal offenders. The OVC annually distributes proceeds from the CVF to states and territories. The total amount of funds that the OVC may distribute each year depends largely upon the amount of CVF deposits made during the preceding years and limits set by Congress.

In FY 2015, Congress significantly raised the previous year's cap on CVF disbursements, which more than quadrupled the available funding for victim assistance grants from \$455.8 million to \$1.96 billion. As a result, the OVC

¹ The VOCA Victim Assistance Formula program is funded under 42 U.S.C 10603 (a).

² The VCCVS received a 2016 VOCA Assistance grant for \$4,718,903 that was not included as part of our audit because spending amounted to only about five percent at the start of our audit.

increased its annual VOCA assistance formula grant to VCCVS from \$1.34 million in FY 2014, to \$4.25 million in FY 2015.

VOCA victim assistance grant funds support the provision of direct services – such as crisis intervention, assistance filing restraining orders, counseling in crises arising from the occurrence of crime, and emergency shelter – to victims of crime. The OVC distributes these assistance grants to states and territories, which in turn fund subawards to organizations that directly provide the services to victims. Eligible services are efforts that: (1) respond to the emotional and physical needs of crime victims, (2) assist primary and secondary victims of crime to stabilize their lives after a victimization, (3) assist victims to understand and participate in the criminal justice system, and (4) provide victims of crime with a measure of safety and security.

The Grantee

As the Vermont state administering agency, VCCVS is responsible for administering the VOCA victim assistance program. VCCVS coordinates and funds programs that seek to serve crime victims and prevent crimes throughout Vermont. According to its website, VCCVS strives to support and encourage providers and programs across the state in responding equally, respectfully, and compassionately to all victims, and, to the extent possible, to protect them from further victimization. VCCVS supports services that are made available to victims and survivors regardless of whether the crime is reported or prosecuted, and are independent of the offender's status or progress within the criminal justice system. Although VCCVS is a state-related agency and receives most of its funding from federal and state grants, it is staffed by non-state employees and is supported to a lesser extent by donations. The authority to sign for the federal grant awards is delegated by the State of Vermont to VCCVS.

OIG Audit Approach

The objective of the audit was to evaluate how VCCVS designed and implemented its crime victim assistance program. To accomplish this objective, we assessed VCCVS's grant management performance in the following areas: grant program planning and execution; program requirements and performance reporting; grant financial management including expenditures, drawdowns, financial reporting; and monitoring of subrecipients. Our scope encompassed VOCA victim assistance formula grants 2012-VA-GX-0039, 2013-VA-GX-0053, 2014-VA-GX-0044, and 2015-VA-GX-0045 to VCCVS. We also performed fieldwork at three subrecipient locations to gain an understanding of both VCCVS's monitoring of subrecipients, as well as the administration of grant funds at the subrecipient level.

We tested compliance with what we considered the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA assistance program guidelines (VOCA Guidelines), and the OJP Financial Guide and DOJ Grants Financial Guide (Financial

Guides) as our primary criteria.³ We also reviewed relevant VCCVS policies and procedures and interviewed VCCVS personnel to determine how they distributed and administered the VOCA funds. We further obtained and reviewed VCCVS and subrecipient records reflecting grant activity.⁴

³ The OJP Financial Guide governs the FY 2012 - 2014 grants in our scope, while the revised 2015 DOJ Grants Financial Guide applies to the FY 2015 award. The revised DOJ Grants Financial Guide reflects updates to comply with the Uniform Guidance, 2 C.F.R. Part 200.

⁴ Appendix 1 contains additional information on the audit's objective, scope, and methodology, as well as further detail on the criteria we applied for our audit. Appendix 2 presents a schedule of our dollar-related findings.

AUDIT RESULTS

Grant Program Planning and Execution

VOCA victim assistance awards should enhance crime victim services through subawards to local community-based organizations. VOCA Guidelines define eligible services as those efforts that: (1) respond to the emotional and physical needs of crime victims, (2) assist primary and secondary victims of crime to stabilize their lives after a victimization, (3) assist victims to understand and participate in the criminal justice system, and (4) provide victims of crime with a measure of safety and security. Based on the VOCA Guidelines, state administering agencies must give priority to victims of sexual assault, domestic abuse, and child abuse. Under this program, state administering agencies must also make funding available for previously underserved populations of violent crime victims. The OVC distributes VOCA victim assistance grants to the state administering agencies, which have the discretion to select subrecipients from among eligible organizations that provide direct services to crime victims and, additionally, must distribute the majority of the funding to those organizations.⁵

Overall, we determined that VCCVS identified and planned to meet additional victim service needs with its increased FY 2015 funding. We did not identify any issues with its process to select subrecipients, and we found that VCCVS adequately communicated applicable award requirements to its subrecipients.

Subaward Allocation Plan

In response to the significant increase in CVF available funding, the OVC's FY 2015 VOCA Victim Assistance Formula Solicitation required that state applicants submit a subrecipient funding plan that detailed their efforts to identify additional victim service needs, as well as subaward strategies to spend the substantial increase in available funding. Included with its application for VOCA assistance program grant 2015-VA-GX-0045, VCCVS said it would base its subaward plan on the VOCA State of Vermont Strategic Planning Guide. The strategic plan assessed the needs of victim service organizations in Vermont and prioritized funding for victim legal service subrecipients, child advocacy centers, and grant management software. According to the plan, VCCVS was going to use the increase in FY 2015 VOCA funding to make larger awards to existing VCCVS service providers. We found that the VCCVS subaward allocation plan met the OVC guidance expectations.

Subaward Selection Process

The VOCA Guidelines encourage state administering agencies to rely on open competition to award funds to subrecipients when feasible. To assess how VCCVS implemented its victim assistance program, we interviewed VCCVS officials and

⁵ As long as a state administering agency allocates at least 10 percent of available funding to victim populations in each of the victim categories of sexual assault, domestic abuse, child abuse, and underserved victims, a state administering agency has the sole discretion in determining the amount of funds each subrecipient receives.

reviewed the state funding plan. Based on our discussions with VCCVS officials, we found VCCVS relied on a non-competitive process to award funds to subrecipients, with FY 2015 VOCA funding, based on the results of a needs assessment documented within VCCVS's VOCA State of Vermont Strategic Planning Guide. According to VCCVS officials, Vermont's rural location and low population density made competitive selection of subrecipients a challenge for VCCVS due to a lack of potential subrecipients that had the capacity to provide direct services to victims, adequate case management systems in place, and direct technical assistance to victim service organizations. We reviewed Vermont's funding plan and found funds were allocated to non-profit and governmental victim assistance programs. We determined that VCCVS selected its FY 2015 VOCA subrecipients non-competitively. However, although the FY 2016 VOCA award was not included in our audit scope, we found that VCCVS did make an effort to select human trafficking and legal assistance subrecipients by open competition with its FY 2016 VOCA funding based on our review of the Request for Proposal and the solicitations for FY 2016 subawards. In our review of VCCVS's selection process, we believe it met expectations established under the VOCA Guidelines.

Subaward Requirements

State administering agencies are required to communicate VOCA requirements to their subrecipients. We reviewed VCCVS's subaward documents, which conveyed the VOCA-specific award limitations, restrictions on use of funds, and reporting and matching requirements to applicants. In reviewing these documents, we found that VCCVS made its subrecipients aware that they were required to follow the applicable Financial Guides, make their financial statements electronically available to the public, and submit Subgrant Award Reports (SARs) to VCCVS. The SARs are intended to provide detail how the state administering agencies intend to distribute funds among subrecipients.

Program Requirements and Performance Reporting

To determine whether VCCVS distributed VOCA assistance program funds to local community-based organizations to serve crime victims or enhance crime victim services, we reviewed VCCVS's distribution of grant funding through subawards made to local direct service providers. We also reviewed VCCVS performance measures and performance documents that VCCVS used to track goals and objectives. We further examined OVC solicitations and award documents and verified VCCVS compliance with special conditions governing recipient award activity.

Based on our analysis overall, we believe that VCCVS: (1) fulfilled the distribution requirements to priority victim groups, (2) implemented adequate procedures to compile annual performance reports, and (3) complied with the remaining special conditions we tested.

Priority Areas Funding Requirement

VOCA Guidelines require that VCCVS award a minimum of 10 percent of the total grant funds to programs that serve victims in each of the four following categories: (1) child abuse, (2) domestic abuse, (3) sexual assault, and (4) previously underserved. Because VOCA assistance program grants cover a 4-year period, state administering agencies may take more than 1 year to distribute funds to subrecipients in each of the priority funding areas. The VOCA Guidelines give each state administering agency latitude for determining the method for identifying "previously underserved" crime victims.⁶ To assess whether it was on track to meet the program's distribution requirements, we examined how VCCVS allocated VOCA subgrants and found that VCCVS tracked its priority area funding requirements using a summary spreadsheet that identified grant funds specific to the priority funding areas and that facilitated compliance with the 10 percent requirement. For greater assurance, we also reviewed SARs and found the priority area funding amounts reported within the SAR reconciled to the amounts reported within VCCVS's summary spreadsheet and believed that the spreadsheet was reliable. Consequently, we found VCCVS tracked the percentage of funds awarded to each victim category and complied with the priority areas funding requirement for each grant we audited.

Annual Performance Reports

Each state administering agency must annually report to OVC on activity funded by any VOCA awards active during the fiscal year. These reports include the number of: (1) agencies funded, (2) VOCA subawards, (3) victims served, and (4) victim services, funded by VOCA assistance program grants.

The VCCVS submitted annual performance reports to the OVC for FYs 2012 through 2015. We discussed with VCCVS officials how they compiled the performance report data from their subrecipients to complete these reports. A VCCVS official told us that subrecipients provide quarterly subaward performance data, as well as a completed version of an annual performance report to VCCVS. The VCCVS grant manager then compares this annual data to the quarterly information each subrecipient previously reported. Once the grant manager reconciles the annual subrecipient performance data, VCCVS relies on these reports to compile its consolidated annual performance report for OVC. VCCVS also conducts site visits in which validation testing is performed of the subrecipient's programmatic supporting documentation. However, we found that VCCVS did not always perform site visits for its subrecipients every three years, as its procedures required. Without periodic site visits to confirm the subrecipients understanding and ensure compliance, the risk of identifying inaccurate performance reporting is increased.

⁶ Methods for identifying "previously underserved" victims may include public hearings, needs assessments, task forces, and meetings with statewide victim services agencies.

To determine whether the annual performance reports submitted by VCCVS accurately reflected the activity of the grants, we judgmentally tested performance statistics and claims of accomplishment from each annual performance report. We reconciled the performance statistics and claims of accomplishments back to the supporting documentation retained by VCCVS during its site visits. Additionally, we performed site visits at three subrecipients and, as a part of our fieldwork, we reconciled subrecipient performance statistics, reported to VCCVS, to source documents and noted no exceptions.⁷ Based on our review, we concluded VCCVS was able to adequately support its performance reporting.

Compliance with Special Conditions

The special conditions of a federal grant award establish specific grant recipient requirements. We reviewed the special conditions for each VOCA assistance program grant we audited and identified five that we deemed significant to grant performance and that were not tested under any of the other areas we reviewed for compliance. We then tested compliance with these special conditions imposed on VCCVS regarding: (1) reporting fraud, waste, abuse and misconduct to the OIG; (2) attending the annual VOCA National Training Conference; (3) reporting discrimination findings to OJP; (4) submitting Subgrantee Award Reports (SARs) to OVC; and (5) requiring all non-profit subrecipients of VOCA assistance funding under this award to make their financial statements available online. We found VCCVS complied with all of the special conditions we tested.

Grant Financial Management

The Financial Guides require that award recipients establish and maintain an adequate accounting system and financial records that accurately account for awarded funds. To assess VCCVS's financial management of the VOCA grants, we reviewed the State of Vermont's most current Single Audit Reports, covering FYs 2014 and 2015, and identified no significant deficiencies or material weaknesses specifically related to VCCVS or any cross-cutting issues that would have impacted VCCVS. We also interviewed personnel at VCCVS responsible for financial aspects of the grants, reviewed VCCVS's written policies and procedures, inspected award documents, and reviewed financial records. Although our audit did not assess VCCVS's overall system of internal controls, we did review the internal controls of VCCVS's financial management system specific to the management of funds for each grant award during the grant periods under review.

We found VCCVS established grant specific accounting codes for each VOCA grant and had adequate internal controls in place to receive and account for these grant funds. However, we also identified concerns related to: VCCVS's accounting for administrative personnel expenditures and fringe benefit charges, ensuring subrecipients maintain support for and comply with matching cost requirements, adhering to requirements for support and allowable charges when using consultants, and submitting complete and accurate Federal Financial Reports (FFR).

⁷ Our fieldwork at subrecipients is discussed in greater detail later in this report.

Administrative Grant Expenditures

State administering agency may use VOCA Victim Assistance funds to support costs in two overarching categories: (1) reimbursements to subrecipients, which constitute the vast majority of total expenditures, and (2) administrative expenditures, which can total up to 5 percent of each award. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions from each of these categories by reviewing accounting records and verifying support for select transactions. VCCVS's administrative expenditures are discussed here, while reimbursements to subrecipients are discussed specifically in the Monitoring of Subrecipients section later in this report.

State administering agencies participating in the VOCA program may retain up to 5 percent of each grant to pay for administering its crime victim assistance program and training, among other allowable uses. Based on our review of VCCVS's financial records we found that VCCVS complied with, or was in a position to comply with, the 5 percent administrative cost limitation requirement, as shown in Table 2.⁸

Table 2
Administrative Expenditures
As of December 2016

Award Number	Total Award	Allowable Administrative Expenditures	Actual Administrative Expenditures
2012-VA-GX-0039	\$1,199,578	\$59,979	\$59,978
2013-VA-GX-0053	\$1,283,754	\$64,188	\$64,187
2014-VA-GX-0044	\$1,339,087	\$66,954	\$66,954
2015-VA-GX-0045	\$4,249,812	\$212,491	\$162,910

Source: VCCVS Records

Personnel Administrative Expenditures

In examining the specific funds used for administrative purposes, we found that VCCVS generally used the funds for personnel expenditures and associated fringe benefit charges. We tested the charges of 33 employee-specific payroll transactions, across multiple pay periods, for the FY 2012 through 2015 awards.⁹ We reviewed timesheets, payroll data reports, and labor and distribution reports to

⁸ VOCA grants have a 4-year project period, and VCCVS had budgeted to spend 5 percent for the VOCA grants that were active at the time of our fieldwork.

⁹ We tested three employees in the second pay cycle because one of the employees no longer worked at VCCVS.

determine whether the amount charged to the awards were properly authorized, supported, allocated, reasonable, and allowable.

Through our review, we found VCCVS employees were funded by federal and multiple state sources of funding, including VOCA funds. VCCVS employees maintained timesheets, but those timesheets did not separately account for individuals' time worked specifically on different funding sources. The Director of Victim Services told us that VCCVS's payroll system was incapable of producing personnel activity reports that included specific sources of funding. Therefore, we inquired how VCCVS determined what to charge to the VOCA grant. VCCVS's Director of Victim Services told us that the grants were charged "predetermined" amounts based off the amount of time the Executive Director and finance manager believed each employee worked on the grant.

While grant-funded administrative costs generally must relate to a specific program, for VOCA assistance awards, the VOCA Victim Assistance Program Final Rule states that funds for administration may be used to pay for costs directly associated with administering a state's victim assistance program.¹⁰ OVC officials have indicated that this may include both VOCA and non-VOCA activities supported by the state administering agency, as long as they relate to the state victim assistance program. Under the Uniform Guidance, the state must have records based on actual time supporting the allocation of grant funds to specific allowable activities.¹¹ Budget estimates may be used only for interim accounting purposes. If the staff person has other functions, the proportion of their time spent administering the state victim assistance program must be documented. Therefore, we recommend that OJP work with VCCVS to ensure its process of charging the VOCA grants is in compliance with the VOCA Guidelines.

Other Administrative Expenditures

For non-payroll administrative expenditures, for the FY 2012 through 2015 awards, we reviewed expenditures that included transactions in the following categories: (1) travel, (2) contracts and consultants, (3) supplies, (4) rent, and (5) training costs. From our review, we identified consultant transactions that were not in compliance with award requirements.

The Financial Guides require that time and effort reports be retained for consultants. Additionally, when consultant compensation exceeds the limit of \$650 for an 8-hour day, or an \$81.25 hourly rate, written prior approval is required. In performing our testing, we identified unallowable and unsupported consultant costs charged to the VOCA grant. Specifically, we found that \$9,100 was charged to the VOCA grant for the performance of a needs assessment and that the consultant's invoices were not supported by time and activity reports, as required by the Financial Guides. Additionally, we found that the same consultant charged VCCVS at a rate of \$130 per hour, which exceeded the maximum hourly rate of \$81.25 and

¹⁰ The Final Rule became effective August 8, 2016. 28 C.F.R. § 94.

¹¹ 2 C.F.R. § 200.430.

a daily rate of \$650. In discussing this finding with VCCVS, we found staff were unfamiliar with the Financial Guides' requirements and did not limit payment to the consultant. We calculated that the difference between the allowable rate and the \$9,100 charged was \$3,413, and we question this amount as unallowable. VCCVS officials agreed that the consultant's invoices did not include time and activity reports and exceeded the consultant cost limit included in the Financial Guides. We recommend that OJP remedy the \$9,100 in unsupported consultant expenditures, and we recommend that OJP remedy \$3,413 in unallowable consultant charges. We further recommend VCCVS develops policies and procedures that ensure consultant rates do not exceed the maximum allowable rate and that consultant invoices are supported by time and activity reports.

Drawdowns

OJP provides recipients access to an electronic financial management system in order to request awarded funds via drawdowns. Award recipients should request funds based upon immediate disbursement or reimbursement needs, and drawdown requests should be timed to ensure that federal cash on hand is held for a minimum amount of time - as needed for disbursements or reimbursements made immediately or within 10 days. During our audit, VCCVS officials stated that they requested VOCA funds on a reimbursement basis. As of January 2018, VCCVS drawdowns for all VOCA grants we audited totaled \$7,540,390, or more than 93 percent of the total grant funds awarded, shown in Table 3.

Table 3
Drawdowns for Each Grant
As of January 2018

Award Number	Total Award	Amount Drawn Down	Amount Remaining
2012-VA-GX-0039	\$1,199,578	\$1,199,578	\$0
2013-VA-GX-0053	\$1,283,754	\$1,283,754	\$0
2014-VA-GX-0044	\$1,339,087	\$1,339,087	\$0
2015-VA-GX-0045	\$4,249,812	\$3,717,971	\$531,841
Subtotal:	\$8,072,231	\$7,540,390	\$531,841

Source: OJP Records

To assess whether VCCVS properly requested these funds, we compared the drawdowns for each award to the expenditures recorded for each award in VCCVS's financial records. This comparison confirmed that VCCVS requested VOCA funding on a reimbursement basis and did not hold an excess of grant funds.

Matching Requirement

VOCA Guidelines require that subrecipients match 20 percent of each subaward to increase the amount of resources to VOCA projects. This requirement is intended to prompt VOCA subrecipients to obtain independent funding sources to help ensure future sustainability. Although subrecipients must derive required matching contributions from non-federal, non-VOCA sources, subrecipients can provide either cash or an in-kind match to meet matching requirements.¹² The Financial Guides establish that matching cost expenditures must be verifiable. According to the Financial Guides, charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed.

During an interview with VCCVS officials, they told us their subrecipients planned to meet their matching cost requirement through a combination of cash match and in-kind contributions. As part of our audit, we judgmentally selected three subrecipients for an on-site visit that included discussions with subrecipient officials, a review of award related documentation, and detailed testing of the subrecipient matching cost requirement. The three subrecipients we visited are discussed below (additional information on our selection process is included in the Subrecipient Expenditure section of this report).

Subrecipient A was a state-agency that supported victim assistance in Vermont through the victim advocate program. Subrecipient A received about \$3.5 million of the \$8 million awarded from the four grants we audited, about 43 percent of the grant funds awarded by VCCVS. During our site visit, we found Subrecipient A was unable to provide documentation to support in-kind contributions of employee time. The agency contributed state grant funds for the salaries of positions partially funded by VOCA. However, we found employee timesheets provided by the subrecipient did not allocate hours worked to the different sources that funded the position. An official at the subrecipient acknowledged employees did not record their hours worked to specific funding sources. As a result, we determined the subrecipient's matching cost contributions were not verifiable and we questioned \$5,190 of the matching costs that we tested as unsupported. Furthermore, while VCCVS provided the subrecipient a state grant to fund victim advocate positions, VCCVS did not define this grant as a source of matching funds within its financial records, or report it on the final FFRs for the FY 2012 and FY 2013 VOCA grants.

Subrecipient B was a non-profit that supported domestic violence and sexual assault victims through providing legal assistance and sexual assault training and technical assistance to health care providers. During our site visit, we found Subrecipient B was unable to document the basis of the matching contribution. We were told that in-kind personnel and other services were to be used as the match. As a result, we questioned \$8,776 of the subrecipient's matching costs that we tested as unsupported.

¹² In-kind matches may include donations of expendable equipment, office supplies, workshop or classroom materials, workspace, or the value of time contributed by those providing integral services to the funded project.

Subrecipient C was a non-profit that supported victim assistance services in the refugee and minority communities. During our site visit, we found no exceptions with Subrecipient C's compliance with the matching cost requirement.

VCCVS communicated the matching cost requirement to its subrecipients as part of the subaward documents. However, we found that all of the subrecipients we visited told us that VCCVS did not provide adequate guidance about accounting requirements for matching cost. Additionally, VCCVS officials we spoke with were unaware of all the accounting requirements, even though they accepted the grant terms and conditions when they received VOCA grants.

When grantees do not fully understand grant requirements, the risk of non-compliance is greatly increased. We recommend that OJP ensure VCCVS remedies \$13,966 in unsupported matching costs associated with two subrecipients. We further recommend OJP ensure VCCVS develops policies and procedures that ensure subrecipient matching cost requirements and contributions are fully understood, accurately recorded, and properly reported to OJP.

Federal Financial Reports

According to the Financial Guides, recipients are required to report actual expenditures and unliquidated obligations incurred for the reporting period on financial reports, as well as cumulative expenditures. Additionally, the Financial Guides require grantees to record and report matching costs (non-federal share) that contributed to the grants. To determine whether VCCVS submitted accurate FFRs, we compared the four most recent FFR reports for the FY 2012 through 2015 awards to expenditures shown in VCCVS's accounting records for each grant.

In its quarterly FFR submissions to OJP, VCCVS certified that it used the cash basis of accounting. However, our audit testing disclosed a non-cash basis of accounting was utilized to prepare FFRs. A VCCVS official told us that the cash-basis of accounting was not always used to prepare FFRs. As a result, transactions recorded in VCCVS's accounting records did not always reconcile to the amounts reported on VCCVS's FFRs. In total, 10 of the 16 FFRs we tested were found to be inaccurate. Consequently, VCCVS could not fully rely on its accounting records to submit complete and accurate FFRs. Moreover, we found that VCCVS did not report the accurate amount of non-federal share that it contributed to the grants. Therefore, OJP's ability to effectively monitor the financial aspects of the awards was impaired. We recommend that OJP ensure VCCVS develops and implements comprehensive written financial reporting policies and procedures to ensure the submission of complete and accurate FFRs.

Monitoring of Subrecipients

The Financial Guides state that the purpose of subrecipient monitoring is to ensure that grant funds are spent in accordance with the federal program and grant requirements, laws, and regulations, and that award performance goals are achieved. Further, VCCVS, as the primary grant recipient, was responsible for developing systems, policies, and procedures to ensure that all fiscal and programmatic subrecipient activities are conducted in accordance with these requirements.

Despite having comprehensive financial subrecipient monitoring procedures in place, we found VCCVS did not adequately assess subrecipients to determine the potential risk of non-compliance with VOCA Guidelines, as required, did not conduct site visits as frequently as its policies and procedures required, and did not conduct financial desk reviews where supporting documentation was requested and reviewed. As result of our site visits we identified \$21,624 in unsupported subrecipient personnel expenditures and fringe benefit charges, as discussed in the following sections. Despite VCCVS's financial monitoring shortcomings, we found VCCVS adequately monitored subrecipient progress toward achieving subaward goals and objectives through (1) site visits where programmatic source documentation was evaluated, (2) regular communication with subrecipients, and (3) subrecipient training via the Vermont Victim Assistance Academy.

Subrecipient Risk Assessments

The DOJ Grants Financial Guide advises that grantees rate subrecipient's risk as high or low to determine the need for closer monitoring. The DOJ Grants Financial Guide notes that new subrecipients and large subaward amounts are of greater risk for non-compliance with grant requirements. Based on our discussions with VCCVS officials and review of VCCVS's subrecipient monitoring procedures, we found VCCVS monitoring activities were to include pre- and post-award reviews of subrecipient financial and programmatic records through the review and approval of subrecipient detailed budgets and budget narratives. Additionally, VCCVS was to complete a risk assessment for each subrecipient that designated the subrecipient as either high, medium, or low risk prior to awarding funds to a subrecipient.

During our fieldwork, we were told that VCCVS performed pre-award risk assessments, and all VOCA subrecipients were considered low risk based on the pre-award risk assessment. We were also told that no additional risk assessments were performed after funds were awarded. Moreover, we identified subrecipients that had DOJ Grants Financial Guide high risk indicators, such as large dollar funding amounts and changes in key management staff. However, VCCVS did not incorporate the DOJ Grants Financial Guide's risk indicators into its risk assessment methodology. We also found that VCCVS's pre-award risk assessment did not consider whether the subrecipients had documented cost allocation methodologies established to satisfy the allocation requirements. Further, a VCCVS official told us that VCCVS did not perform pre-award risk assessments for state government agency subrecipients because they were covered by the State of Vermont's Single

Audit, even though state subrecipients received large subaward amounts and one subrecipient in particular had high turnover of key staff.¹³

According to VCCVS's written policy, VCCVS was to require subrecipients to complete and submit a reimbursement request worksheet, which detailed expenditures by cost category on a monthly or quarterly basis, but VCCVS did not request or require subrecipients to provide supporting documentation. A VCCVS official told us that post-award risk assessments were unnecessary because VCCVS assessed subrecipient risk through the review and approval of these subrecipient reimbursement requests. However, the reimbursement requests we reviewed did not demonstrate that any comprehensive risk assessment was conducted, and we did not find evidence of VCCVS routinely requesting subrecipients include supporting documentation as part of their reimbursement requests.

In our judgment, VCCVS's failure to rank its subrecipients based on risk, to not assess subrecipient non-compliance risk after funds were awarded, to not conduct risk assessments for all subrecipients, and to not ensure that all subrecipients had a documented cost allocation methodology, impaired VCCVS's ability to prioritize its monitoring activities based on a robust risk assessment methodology consistent with the DOJ Grants Financial Guide requirements.

VCCVS's Subrecipient Site Visits and Financial Desk Reviews

VCCVS's subrecipient monitoring procedures established that VCCVS was to conduct site visits of each subrecipient at least once every 3 years, during which VCCVS would conduct interviews, review supporting documentation for expenditures claimed for reimbursement, and review programmatic data that supports performance reporting. While VCCVS did conduct some site visits, we found that VCCVS did not conduct site visits of each subrecipient at least once every 3 years. VCCVS told us subrecipients did not receive site visits because they were well-established with a good track record of compliance, including meeting all performance expectations, and because several were state agencies covered by Vermont's Single Audit. Additionally, VCCVS management told us the influx of 2015 VOCA funding made it difficult to conduct the required frequency of site visits because of a lack of available personnel. We asked VCCVS officials how it intended to conduct site visits for each subrecipient every 3 years in the future, and they told us that they believe it will be able to meet the requirement but offered no specifics. In our judgment, the failure to conduct periodic site visits places funds at risk because, in the absence of site visits, VCCVS has less assurance that a subrecipient is complying with award terms and conditions.

VCCVS's subrecipient monitoring procedures recommend the review of supporting documentation such as invoices, payroll registers, and time and effort

¹³ The Single Audit's objective among others is to provide assurance to the federal government as to the management and use of grant funds by recipients such as states, cities, universities, and non-profit organizations. We reviewed the most recent Single Audit reports and identified no significant deficiencies or material weaknesses specifically related to VCCVS or its state agency subrecipients.

reports as part of a financial desk review. VCCVS's financial manager told us that financial desk reviews were performed for each reimbursement request submitted by a subrecipient. However, according to VCCVS's existing procedures, subrecipient expenditures were only compared to the approved budget categories. Moreover, we found no evidence that VCCVS conducted periodic financial desk reviews in which VCCVS requested subrecipients submit supporting documentation so that expenditures presented for reimbursement were subject to an independent verification. A VCCVS official told us that such reviews were unnecessary because all of VCCVS's subrecipients were low-risk. In our view, the absence of requesting and reviewing supporting and verifiable documentation in conjunction with its desk review undermines VCCVS's ability to make any reasonable and accurate ongoing risk assessment.

Subrecipient Expenditures

We selected 3 of the 27 subrecipients who received and spent VOCA subawards from VCCVS for detailed expenditure testing and site visits.¹⁴ When determining which subrecipients to select for testing, we considered the amount of VOCA grant funding received, type of victim program, whether the agency was a new VOCA award recipient, and whether the subrecipient had a site visit performed by VCCVS. To determine the allowability of subrecipient expenditures, we judgmentally selected quarterly reimbursement request packages for each VOCA grant associated with each of the three subrecipients. These reimbursement requests totaled \$1,409,422.

We found that VCCVS did not require or request that subrecipients provide any supporting documentation as part of their quarterly reimbursement requests submitted to VCCVS. Because subrecipient reimbursement requests were in summary format and included numerous transactions, we tested 67 subrecipient transactions totaling \$67,148 to determine if expenditures charged to the awards were allowable, properly authorized, adequately supported, and in compliance with award terms and conditions.

The Financial Guides state that charges made to federal awards for salaries, wages, and fringe benefits must reasonably reflect the total activity for which an employee is compensated, and cover both federally funded and all other activities. In particular, when employees of an award recipient work on multiple programs or cost activities, the award recipient must reasonably allocate costs to each activity and base that allocation on adequate source documentation that facilitates separate expenditure tracking, such as through the use of time and attendance reports timesheets, or some other authorizing documentation.

During our testing performed at Subrecipient A, we found that salary and associated fringe benefits were charged to the award program and the basis of those charges was not on a documented methodology. Instead, Subrecipient A

¹⁴ We selected 3 subrecipients from a universe of 27 subrecipients. When determining which subrecipients to select for site visits we noted that 13 of the new subrecipients had not yet spent the VOCA grant funding received for FY 2015.

created a pool of funds from federal and multiple state funding sources, and claimed reimbursements from that pool as needed. In our review, we found Subrecipient A's timesheets did not differentiate the number of hours each employee worked on various activities. Officials at Subrecipient A told us that the victim advocate positions funded by the awards worked exclusively on victim assistance activities. However, the timesheets only documented the total time employees worked each day. While this subrecipient charged payroll and fringe benefit costs to the VOCA grant and other funding sources, we were unable to tie this distribution to any record of actual hours worked on VOCA grant activities. The subrecipient could not demonstrate that it properly allocated payroll and fringe benefit costs based on the actual time its employees spent working on VOCA-specific activities. We therefore recommend OJP remedy the \$21,624 in unsupported salary and associated fringe benefit costs charged to the VOCA subawards for the timeframes we tested.

From our remaining testing performed during site visits to Subrecipients B and C, we found sufficiently-documented allocation methods used for tracking expenditures associated with employees working on the award-funded program.

Improving Subrecipient Monitoring

Overall, we found that VCCVS did not adequately monitor its subrecipients according to the Financial Guides, VOCA Guidelines, and its own policies. Specifically, we determined that VCCVS did not conduct subrecipient risk assessments for each subrecipient, did not assess whether subrecipients had a reasonable and documented cost allocation methodology and mechanism in place, did not conduct site visits as frequently as required or perform effective financial desk reviews, and did not request or review any supporting documentation to accompany subrecipient reimbursement requests. Adequately monitoring subrecipients ensures that grant funds are spent in accordance with grant requirements. We recommend OJP ensure VCCVS develops and implements comprehensive subrecipient monitoring policies and procedures that are in accordance with grant terms and conditions.

CONCLUSION AND RECOMMENDATIONS

Overall, we found evidence that VCCVS used its VOCA victim assistance grant funding to enhance services for crime victims. However, we also identified improvements that could be made to VCCVS's grant management that would improve the efficient and effective delivery of crime victim services in Vermont. We found VCCVS had both unsupported and unallowable consultant expenditures, and had funded unsupported subrecipient expenditures that we identified from our site visits. Additionally we found VCCVS did not accurately and properly account for its matching costs, had unsupported matching costs, submitted inaccurate FFRs, and did not adequately monitor its subrecipients. As a result of our audit, we questioned \$44,690. We provided 9 recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Work with VCCVS to ensure it uses a process of time and effort reporting that is in compliance with the VOCA Guidelines.
2. Remedy \$9,100 in unsupported consultant expenditures charged by VCCVS.
3. Remedy \$3,413 in unallowable consultant expenditures charged by VCCVS.
4. Ensure VCCVS develop policies and procedures that ensure consultant rates do not exceed the maximum allowable rate and that consultant invoices are supported by time and activity reports.
5. Remedy the \$13,966 in unsupported matching costs associated with Subrecipients A and B.
6. Ensure VCCVS develops policies and procedures that ensure subrecipient matching cost requirements and contributions are fully understood, accurately recorded, and properly reported to OJP.
7. Ensure VCCVS develops and implements comprehensive written financial reporting policies and procedures to ensure the submission of complete and accurate Federal Financial Reports.
8. Remedy \$21,624 in unsupported subrecipient personnel expenditures and fringe benefit charges associated with Subrecipient A.
9. Ensure VCCVS develops and implements comprehensive subrecipient monitoring policies and procedures that are in accordance with grant terms and conditions.

APPENDIX 1

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of the audit was to evaluate how the Vermont Center for Crime Victim Services (VCCVS) designed and implemented its crime victim assistance program. To accomplish the objective, we assessed performance in the following areas of grant management: grant program planning and execution; program requirements and performance reporting; grant financial management including expenditures, drawdowns, matching cost requirements financial reporting; and monitoring of subrecipients.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This was an audit of Office of Justice Programs (OJP) grants awarded to VCCVS under the *Victims of Crime Act* (VOCA) Victim Assistance Formula Grant Program:

- 2012-VA-GX-0039, awarded for \$1,199,578
- 2013-VA-GX-0053, awarded for \$1,283,754
- 2014-VA-GX-0044, awarded for \$1,339,087
- 2015-VA-GX-0045, awarded for \$4,249,812

As of January 2018, VCCVS had drawn down \$7,540,390 of the total grant funds awarded. Our audit concentrated on, but was not limited to October 2011 through December 2016.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of VCCVS's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including personnel expenditures and fringe benefit charges and subrecipient expenditures. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The OJP Financial Guide and Department of Justice Grants Financial Guide, VOCA Final Program Guidelines, State of Vermont General Grant Program Administration Policies and Procedures and the award documents contain the primary criteria we applied during the audit. We also reviewed Vermont's most recent Single Audit Reports for 2014 and 2015.

During our audit, we obtained information from OJP's Grant Management System (GMS) as well as VCCVS's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those

systems as a whole, therefore any findings identified involving information from those systems was verified with documentation from other sources and site visits of 3 subrecipients.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs:		
Unsupported Consultant Expenditures	\$9,100	9
Unsupported Subrecipient Matching Costs	\$13,966	12
Unsupported Subrecipient Expenditures	<u>21,624</u>	16
Total Unsupported Costs	\$44,690	
Unallowable Consultant Expenditures	\$3,413	10
Total Unallowable Costs	\$3,413	
<i>Gross Questioned Costs¹⁵</i>	\$48,103	
Less Duplicate Questioned Costs ¹⁶	(3,413)	
Net Questioned Costs	<u>\$44,690</u>	

¹⁵ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

¹⁶ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which include consultant expenditures (\$3,413).

APPENDIX 3

VCCVS'S RESPONSE TO THE DRAFT AUDIT REPORT¹⁷



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Thomas O. Puerzer
Regional Audit Manager
Philadelphia, Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
701 Market Street, Suite 2300
Philadelphia, Pennsylvania 19106

Dear Mr. Puerzer,

Thank you for the opportunity to provide a written response to the draft audit report. This letter will serve as our official response to the audit recommendations which are listed on Page 17 of the audit report.

Recommendation 1

Work with VCCVS to ensure it uses a process of time and effort reporting that is in compliance with the VOCA Guidelines.

Response:

VCCVS concurs with this recommendation and has worked with our payroll company to ensure that time and effort reporting is being done. VCCVS has provided the OIG Audit Team with 2 pay period records showing that this has been implemented.

Recommendation 2

Remedy \$9,100 in unsupported consultant expenditures charged by VCCVS.

Response:

VCCVS partially concurs with this recommendation that these costs were unsupported because time and effort logs were not completed. VCCVS does believe that the costs could be supported by the deliverables from the contract. Please see Attachment 1.

Recommendation 3

Remedy \$3,413 in unallowable consultant expenditures charged by VCCVS.

Response:

VCCVS does not concur with this recommendation. The total number of hours worked was 112 and was reimbursed at the combined \$81.25 rate and \$48.75 rate. The \$81.25 was reimbursed using VOCA funding, the \$48.75 was reimbursed from State Special Funds. \$3,413 is a miscalculation of how this contract was reimbursed. There was a change in agency leadership and VCCVS staff were unable to respond accurately during the audit

¹⁷ The attachments to VCCVS's response are not included in this final report.



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period. Please see Attachment 2: Invoice and Attachment 3: VISION Entry Cover Sheet coding.

Recommendation 4

Ensure VCCVS develop policies and procedures that ensure consultant rates do not exceed the maximum allowable rate and that consultant invoices are supported by time and activity reports.

Response:

VCCVS concurs with this recommendation. VCCVS will add language to applications and grant documents asserting that contractors cannot be paid above the \$81.25 an hour, from any funding source. Our procedures have been amended to include language so that we will not reimburse at a rate higher than the \$81.25 and will also require time and activity logs from all consultants prior to payment. Please see Attachment 4: Standard Short Form for Eligible Services #3 a. and Attachment 5: Budget Detail and Narrative Section G.

Recommendation 5

Remedy the \$13,966 in unsupported matching costs associated with subrecipients A and B.

Response:

VCCVS partially concurs with this recommendation. VCCVS sees that there was confusion over match. Subrecipient A had turnover and staff had not read their grant documents. If they had they would have seen that VCCVS provides state dollars to match the federal VOCA funds. VCCVS issues a separate grant document so that grantees have 2 grants for the same service, one has VOCA funds, the other is matching state funds.

VCCVS believes that there were adequate match amounts but that the subrecipients could not, at the time of their visit, articulate or find these documents in their files. Please see Attachment 5: copy of VOCA grant facesheet with copy of State Special Funds grant facesheet that is used for match. These two grants together pay for the full cost of the advocates. Please see Attachment 6: copy of award letter outlining all grants, Attachment 7: copy of face sheet from VOCA grant and Attachments 8, & 9: copies of face sheets from State Special Fund grants.

Recommendation 6

Ensure VCCVS develops policies and procedures that ensure subrecipient matching cost requirements and contributions are fully understood, accurately recorded, and properly reported to OJP.



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Response:

VCCVS concurs with this recommendation. VCCVS is currently adding additional pieces to both the application and the grant about the match. VCCVS will also add a question to the monitoring form to have the grantee explain how and what they use for match. In addition during the application process grantees will need to describe the match and sign off on it to ensure an understanding of where it was coming from. Please see Attachment 10 Section 6: new monitoring form and Attachment 11: new application form.

Recommendation 7

Ensure VCCVS develops and implements comprehensive written financial reporting policies and procedures to ensure the submission of complete and accurate Federal Financial Reports.

Response:

VCCVS concurs with this recommendation. VCCVS has developed and implemented new written FFR policies and procedures. Please see Attachment 12: FFR procedures.

Recommendation 8

Remedy \$21,624 in unsupported subrecipient personnel expenditures and fringe benefit charges associated with subrecipient A.

Response:

VCCVS does not concur with this recommendation. Subrecipient A staff provide all VOCA eligible activities. Their salaries and benefits are paid with two funding sources: VOCA Assistance and State Special Funds. The Special Funds make the match for the VOCA funding. All activities must be allowable, match included, in order to be used for the program. Timesheets track actual time for these activities, all eligible activities, and do not track funding source. All the time is spent on VOCA eligible activities so VCCVS believes that these timesheets do reflect actual time and effort for the work and are allowable. Please see Attachment 13: Statement of work from VOCA grant and Attachment 14: Statement of work from State Special Fund grant.

Recommendation 9

Ensure VCCVS develops and implements comprehensive subrecipient monitoring policies and procedures that are in accordance with grant terms and conditions.

Response:

VCCVS concurs with this recommendation. As noted in the draft, VCCVS has comprehensive financial subrecipient risk and monitoring procedures in place. Unfortunately, VCCVS did not apply these to other state agencies to whom they were subgranting funds. Going forward VCCVS will be completing the Grantee Risk Based Assessment on all subgrantees



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and will complete on-site and desk review monitoring of all subgrantees. : Please see Attachment 15: risk assessment and Attachment 16: Monitoring policy and procedures.

Again, thank you for the opportunity to address the recommendations in the site report. We wish to cooperate and provide any and all information and justification you may need.

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CC: Tiffany Graham
Linda Taylor

APPENDIX 4

OJP'S RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

MAR 15 2018

Washington, D.C. 20531

MEMORANDUM TO:

Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
Office of the Inspector General

FROM:

Ralph E. Martin 
Director

SUBJECT:

Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Office for Victims of Crime, Victim Assistance Grants Awarded to the Vermont Center for Crime Victim Services, Waterbury, Vermont*

This memorandum is in reference to your correspondence, dated February 15 2018, transmitting the above-referenced draft audit report for the Vermont Center for Crime Victim Services (VCCVS). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **nine** recommendations and **\$44,690¹** in net questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. We recommend that OJP work with VCCVS to ensure it uses a process of time and effort reporting that is in compliance with the VOCA Guidelines.

OJP agrees with this recommendation. We will coordinate with the VCCVS to obtain a copy of written policies and procedures, developed and implemented, to ensure that its time and effort reporting process is in compliance with the Victim of Crime Act (VOCA) Guidelines and the Department of Justice (DOJ) Grants Financial Guide.

¹ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amounts.

2. We recommend that OJP remedy \$9,100 in unsupported consultant expenditures charged by VCCVS.

OJP agrees with this recommendation. We will review the \$9,100 in questioned costs, related to unsupported consultant expenditures, charged to Grant Numbers 2012-VA-GX-0039, 2013-VA-GX-0053, 2014-VA-GX-0044, and 2015-VA-GX-0045, and will work with the VCCVS to remedy, as appropriate.

3. We recommend that OJP remedy \$3,413 in unallowable consultant expenditures charged by VCCVS.

OJP agrees with this recommendation. We will review the \$3,413 in questioned costs, related to unallowable consultant expenditures, charged to Grant Numbers 2012-VA-GX-0039, 2013-VA-GX-0053, 2014-VA-GX-0044, and 2015-VA-GX-0045, and will work with the VCCVS to remedy, as appropriate.

4. We recommend that OJP ensure that VCCVS develop policies and procedures that ensure consultant rates do not exceed the maximum allowable rate and that consultant invoices are supported by time and activity reports.

OJP agrees with this recommendation. We will coordinate with the VCCVS to obtain a copy of written policies and procedures, developed and implemented, to ensure consultant rates do not exceed the maximum allowable rate, and that the consultant invoices are adequately supported by time and activity reports.

5. We recommend that OJP remedy \$13,966 in unsupported matching costs associated with subrecipients A and B.

OJP agrees with this recommendation. We will review the \$13,966 in questioned costs, related to unsupported matching costs associated with Subrecipients A and B, charged to Grant Numbers 2012-VA-GX-0039 and 2013-VA-GX-0053, and will work with the VCCVS to remedy, as appropriate.

6. We recommend that OJP ensure that VCCVS develops policies and procedures that ensure subrecipient matching cost requirements and contributions are fully understood, accurately recorded, and properly reported to OJP.

OJP agrees with this recommendation. We will coordinate with the VCCVS to obtain a copy of written policies and procedures, developed and implemented, to ensure subrecipient matching cost requirements and contributions are fully understood, accurately recorded, and properly reported to OJP.

- 7. We recommend that OJP ensure that VCCVS develops and implements comprehensive written financial reporting policies and procedures to ensure the submission of complete and accurate Federal Financial Reports (FFRs).**

OJP agrees with this recommendation. We will coordinate with the VCCVS to obtain a copy of written policies and procedures, developed and implemented, to ensure that future Federal Financial Reports are accurately prepared, and reviewed, and approved by someone independent of the preparation process, prior to submission; and the supporting documentation is maintained for future auditing purposes.

- 8. We recommend that OJP remedy \$21,624 in unsupported subrecipient personnel expenditures and fringe benefit charges associated with subrecipient A.**

OJP agrees with this recommendation. We will review the \$21,624 in questioned costs, related to unsupported subrecipient personnel expenditures and fringe benefits costs associated with Subrecipient A, which were charged to Grant Numbers 2012-VA-GX-0039, 2013-VA-GX-0053, 2014-VA-GX-0044, and 2015-VA-GX-0045; and will work with the VCCVS to remedy, as appropriate.

- 9. We recommend that OJP ensure that VCCVS develops and implements comprehensive subrecipient monitoring policies and procedures that are in accordance with grant terms and conditions.**

OJP agrees with this recommendation. We will coordinate with the VCCVS to obtain a copy of written policies and procedures, developed and implemented, to ensure adequate monitoring of subrecipients for programmatic and financial requirements, in accordance with the grant terms and conditions.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Jeffery A. Haley, Deputy Director, Audit and Review Division, on (202) 616-2936.

cc: Maureen A. Henneberg
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for Operations and Management

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APPENDIX 5

OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE AUDIT REPORT

The Department of Justice (DOJ) Office of the Inspector General (OIG) provided a draft of this audit report to the Vermont Center for Crime Victim Services (VCCVS) and the Office of Justice Programs (OJP). VCCVS's response is contained in Appendix 3 of this final report, and the OJP response is incorporated in Appendix 4. In response to our draft report, OJP concurred with our recommendations, and as a result, the status of the audit report is resolved. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations for OJP:

1. Work with VCCVS to ensure it uses a process of time and effort reporting that is in compliance with the VOCA Guidelines.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with VCCVS to obtain a copy of written policies and procedures to ensure its time and effort reporting is in compliance with the Victim of Crime Act (VOCA) Guidelines and the DOJ Grants Financial Guide.

VCCVS concurred with our recommendation. In its response, VCCVS stated that it has worked with its payroll company to ensure time and effort reporting is completed. After our audit fieldwork ended, VCCVS provided a spreadsheet that suggested it used a process of time and effort reporting that itemized employee time by activity and funding source. However, VCCVS did not provide records that supported the spreadsheet or updated policies and procedures to allow us to verify that VCCVS implemented a process of time and effort reporting that is in compliance with the VOCA Guidelines.

This recommendation can be closed when we receive documentation demonstrating that OJP has worked with VCCVS to ensure it uses a process of time and effort reporting that is in compliance with the VOCA Guidelines.

2. Remedy \$9,100 in unsupported consultant expenditures charged by VCCVS.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will review the \$9,100 in unsupported consultant expenditures and coordinate with VCCVS to remedy, as appropriate.

In its response, VCCVS partially concurred with our recommendation stating that time and effort logs were not completed by the consultant; however, the costs could be supported by contract deliverables. While deliverables may

demonstrate costs associated with the work performed by a consultant, the DOJ Grants Guide requires that consultant time and activity reports be retained by the grantee to support the work performed.

This recommendation can be closed when we receive documentation that OJP has remedied \$9,100 in unsupported consultant expenditures.

3. Remedy \$3,413 in unallowable consultant expenditures charged by VCCVS.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will review the \$3,413 in unallowable consultant expenditures and coordinate with VCCVS to remedy, as appropriate.

In its response, VCCVS disagreed with our recommendation and stated that the consultant expenditure was reimbursed at a combined \$81.21 rate to VOCA funds and \$48.75 rate to state funds. VCCVS acknowledged that, due to a change in agency leadership, VCCVS staff was unable to respond accurately during the audit period. With its response, VCCVS provided an invoice with hand written notes and a cover sheet for coding of expenses; however, it did not provide supporting financial documentation to support the split disbursement for the actual transaction we tested. Additionally, according to the DOJ Grants Financial Guide, when a consultant rate exceeds the limit for a proportionate hourly rate, a written prior approval is required from the grant-making component. However, we were not provided evidence of such prior approval.

This recommendation can be closed when we receive documentation that OJP has remedied \$3,413 in unallowable consultant expenditures.

4. Ensure VCCVS develop policies and procedures that ensure consultant rates do not exceed the maximum allowable rate and that consultant invoices are supported by time and activity reports.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will work with VCCVS to develop policies and procedures that ensure consultant rates do not exceed the maximum allowable rate, and that consultant invoices are supported by time and activity reports.

VCCVS concurred with our recommendation. In its response, VCCVS stated it will add language to applications and grant documents asserting that contractors cannot be paid above \$81.25 an hour. VCCVS stated that its procedures had been amended and provided (1) an example of an unsigned contract, which indicated that \$81.25 per hour was the agreed upon compensation rate and (2) a revised Budget Detail and Narrative form, which included instructions to subrecipients that consultant/contractor pay could not exceed the \$81.25 per hour and that time and effort reports are required. The documentation conveys VCCVS staff's recognition of the grant

requirements and could help prevent some of these issues from occurring in the future. However, VCCVS did not provide evidence of comprehensive policies and procedures designed to ensure that the consultant rates do not exceed the maximum allowable rate and that consultant invoices are supported by time and activity reports.

This recommendation can be closed when we receive documentation that VCCVS has developed policies and procedures that ensure consultant rates do not exceed the maximum allowable rate without prior approval, and that consultant invoices are supported by time and activity reports.

5. Remedy the \$13,966 in unsupported matching costs associated with Subrecipients A and B.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will review the \$13,966 in unsupported matching costs associated with Subrecipients A and B and work with VCCVS to remedy, as appropriate.

VCCVS partially agreed with our recommendation. In its response, VCCVS stated that it provides its subrecipients state dollars to match the federal VOCA funds. Specifically, VCCVS stated it issues two separate grant documents to subrecipients for the same service: one for VOCA funds and the other for matching state funds. VCCVS admitted that its subrecipients could not, at the time of our site visit, articulate or find documentation to support the match. In its response, VCCVS provided a series of subrecipient award documents for Subrecipient A. However, during our site visit, we found Subrecipient A was unable to provide documentation to support in-kind contributions of employee time (See Report Page 11). VCCVS, in its response, did not provide timesheets that demonstrated Subrecipient A's employee time was specifically allocated to the state grant for VOCA eligible activities. VCCVS also did not provide any supporting documentation from Subrecipient B, which accounted for \$8,776 of the \$13,966 in unsupported matching costs we questioned.

This recommendation can be closed when we receive documentation that OJP has remedied \$13,966 in unsupported matching costs associated with Subrecipients A and B.

6. Ensure VCCVS develops policies and procedures that ensure subrecipient matching cost requirements and contributions are fully understood, accurately recorded, and properly reported to OJP.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with VCCVS to obtain a copy of written policies and procedures to ensure subrecipient matching cost requirements and contributions are fully understood, accurately recorded, and properly reported to OJP.

VCCVS concurred with our recommendation. In its response, VCCVS stated it was currently adding additional information about the match to both the subgrant application, the subgrant award documents, and the form used to perform subrecipient monitoring. VCCVS provided updated subrecipient matching cost procedures to be used in conjunction with its site visit checklist, as well as an updated grant application form where subrecipients will be required to describe the sources of their match. However, VCCVS did not provide any documentation demonstrating how it revised its financial procedures to ensure that subrecipient matching costs are accurately recorded and accurately reported. VCCVS still needs to provide evidence to address all aspects of the recommendation.

This recommendation can be closed when we receive documentation that demonstrates VCCVS has implemented policies and procedures that ensure subrecipient matching cost requirements and contributions are fully understood, accurately recorded, and properly reported to OJP.

7. Ensure VCCVS develops and implements comprehensive written financial reporting policies and procedures to ensure the submission of complete and accurate Federal Financial Reports.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with VCCVS to ensure that VCCVS develops written policies and procedures to ensure that future Federal Financial Reports are accurately prepared, reviewed, and approved by someone independent of the preparation process; and that supporting documentation is maintained for future auditing purposes.

VCCVS concurred with our recommendation. In its response, VCCVS provided updated "draft" financial reporting procedures that, if followed, should sufficiently address the recommendation. However, because the documentation indicated the procedures were in draft format, the procedures alone were insufficient to establish that VCCVS has developed and implemented comprehensive written financial reporting policies and procedures to ensure the submission of complete and accurate Federal Financial Reports.

This recommendation can be closed when we receive documentation that VCCVS has developed and implemented comprehensive written financial reporting policies and procedures to ensure the submission of complete and accurate Federal Financial Reports.

8. Remedy \$21,624 in unsupported subrecipient personnel expenditures and fringe benefit charges associated with Subrecipient A.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will review the \$21,624 in unsupported subrecipient personnel expenditures and fringe benefit charges associated with Subrecipient A and coordinate with VCCVS to remedy, as appropriate.

VCCVS did not concur with our recommendation. In its response, VCCVS maintained that because VOCA Assistance and State Special Funds supported only VOCA eligible activities, employee time and activity reports that demonstrated to which source of funding employee time was allocated was unnecessary at this subrecipient. In its response, VCCVS provided grant award details dated October and December 2017, which falls outside the scope of our testing. VCCVS did not provide source documentation from Subrecipient A to support the amount questioned in our sample. Without this supporting documentation, we are unable to verify if the expenditures were used to pay for VOCA eligible activity.

This recommendation can be closed when we receive documentation demonstrating that OJP has worked with VCCVS and remedied \$21,624 in unsupported subrecipient personnel expenditures and fringe benefit charges associated with Subrecipient A.

9. Ensure VCCVS develops and implements comprehensive subrecipient monitoring policies and procedures that are in accordance with grant terms and conditions.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with VCCVS to ensure that VCCVS develops and implements comprehensive subrecipient monitoring policies and procedures that are in accordance with grant terms and conditions.

VCCVS concurred with our recommendation and stated that going forward it would complete risk assessments and conduct on-site and desk monitoring for all subrecipients. In its response, VCCVS provided a risk assessment; however, the risk assessment did not include some high-risk indicators, as defined by the DOJ Grants Financial Guide, such as changes in key staff and documented allocation methodologies. VCCVS also did not provide revised policies and procedures that clearly required VCCVS staff to perform pre-award risk assessments for state subrecipients. Finally, VCCVS did not provide documentation in its response demonstrating desk reviews and site visits were being completed for state subrecipients.

This recommendation can be closed when we receive documentation that VCCVS has developed and implemented comprehensive subrecipient monitoring policies and procedures that are in accordance with grant terms and conditions.



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