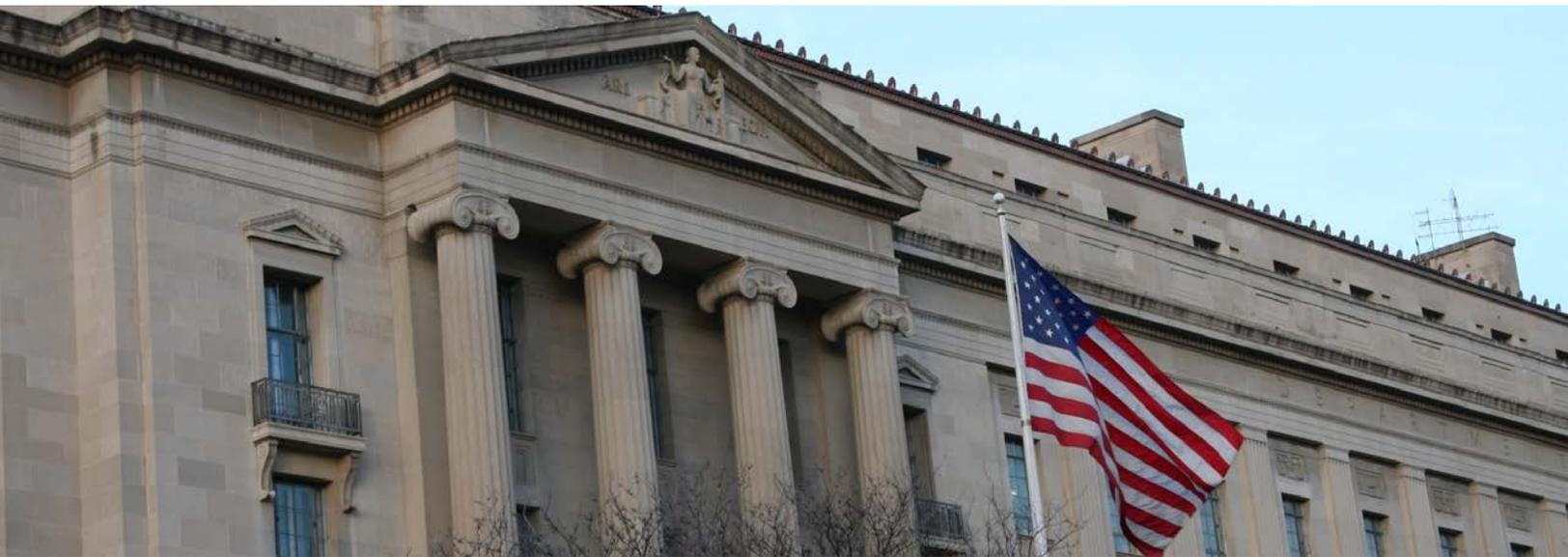




Office of the Inspector General
U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



Audit of the Office of Justice Programs
Victim Assistance Grants
Awarded to the
Wisconsin Department of Justice,
Madison, Wisconsin



Executive Summary

Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the Wisconsin Department of Justice, Madison, Wisconsin

Objective

The objective of the audit was to evaluate how the Wisconsin Department of Justice (WI DOJ) designed and implemented its crime victim assistance program. We assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients.

Results in Brief

We concluded that the WI DOJ generally enhanced services for crime victims with its grant funding. We found that the WI DOJ took appropriate steps to announce and provide funding to subrecipients. However, we found that the WI DOJ subaward cycle did not allow programs to receive additional, available funds to meet unanticipated opportunities to serve victims. We identified \$196,499 of questioned administrative expenditures, subrecipient expenditures, and subrecipient match. Additionally, we found issues with the WI DOJ's drawdowns, match requirement implementation, and Federal Financial Reports. Lastly, we identified deficiencies with the frequency and adequacy of financial and programmatic monitoring of its subrecipients.

Recommendations

Our report contains 20 recommendations for the Office of Justice Programs (OJP) to assist the WI DOJ in improving its grant management and administration and remedy questioned costs. We provided our draft audit report to the WI DOJ and OJP, and their responses can be found in Appendices 3 and 4. Our analysis of those responses is included in Appendix 5.

Audit Results

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three Victims of Crime Act (VOCA) victim assistance formula grants awarded by OJP's Office for Victims of Crime (OVC) to the WI DOJ in Madison, Wisconsin. The OVC awarded these formula grants, totaling \$107,011,629 from fiscal years 2015 to 2017, from the Crime Victims Fund (CVF) to enhance crime victim services throughout Wisconsin. As of January 2019, the WI DOJ drew down a total of \$59,173,055 for all of the grants we reviewed.

Program Execution - In general, the WI DOJ provided additional services for crime victims by distributing the increased VOCA funding it received. However, we found its subaward cycle to be overly restrictive because it did not allow for funding increases based on unexpected program needs that may arise. We also identified a conflict of interest concern for one subrecipient.

Program Requirements and Performance

Reporting – The WI DOJ complied with the priority funding allocation requirements; however, we identified issues with the review and reporting of performance data.

Grant Financial Management – While the WI DOJ generally established adequate controls over the majority of its grant financial activities we reviewed, we identified various issues impacting the overall financial management of the grants. We questioned \$196,499 of administrative and subrecipient expenditures and matching funds as unsupported or unallowable. Further, the WI DOJ submitted drawdown requests that included duplicate amounts and failed to correct the errors in a timely manner. We also found that the WI DOJ unilaterally changed OVC-approved match amounts for some subrecipients with partial match waivers and did not report to OJP program income from VOCA-funded training.

Subrecipient Monitoring – The WI DOJ did not adequately monitor subrecipients. It did not fully execute its plan for site visits and desk reviews. Further, questioned costs, as well as unsupported performance data, indicate that the WI DOJ should strengthen its subrecipient monitoring.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM ASSISTANCE GRANTS
AWARDED TO THE WISCONSIN DEPARTMENT OF JUSTICE,
MADISON, WISCONSIN**

TABLE OF CONTENTS

INTRODUCTION	1
The Grantee	2
OIG Audit Approach	2
AUDIT RESULTS.....	4
Grant Program Planning and Execution	4
Subaward Allocation Plan	4
Subaward Selection Process	7
Subaward Requirements	8
Program Requirements and Performance Reporting	9
Priority Areas Funding Requirement	9
Annual Performance Reports	10
Compliance with Special Conditions.....	11
Grant Financial Management	11
Grant Expenditures	12
Drawdowns	17
Matching Requirement	19
Financial Reporting	21
Monitoring of Subrecipients	22
Financial Monitoring	23
Performance Monitoring.....	25
CONCLUSION AND RECOMMENDATIONS.....	28
APPENDIX 1: OBJECTIVE, SCOPE, AND METHODOLOGY	30
APPENDIX 2: SCHEDULE OF DOLLAR-RELATED FINDINGS.....	32

APPENDIX 3: WISCONSIN DEPARTMENT OF JUSTICE RESPONSE TO THE DRAFT AUDIT REPORT	33
APPENDIX 4: U.S. DEPARTMENT OF JUSTICE OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT AUDIT REPORT	39
APPENDIX 5: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT	46

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
VICTIM ASSISTANCE GRANTS
AWARDED TO THE WISCONSIN DEPARTMENT OF JUSTICE,
MADISON, WISCONSIN**

INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three victim assistance formula grants awarded by the Office of Justice Programs' (OJP), Office for Victims of Crime (OVC) to the Wisconsin Department of Justice (WI DOJ) in Madison, Wisconsin. The OVC awards victim assistance grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, from fiscal years (FY) 2015 to 2017, these OVC grants totaled \$107,011,629.

**Table 1
Audited Grants
Fiscal Years 2015 – 2017**

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2015-VA-GX-0052	9/15/2015	10/1/2014	9/30/2018	\$ 34,957,532
2016-VA-GX-0065	9/08/2016	10/1/2015	9/30/2019	39,393,093
2017-VA-GX-0054	9/28/2017	10/1/2016	9/30/2020	32,661,004
Total:				\$ 107,011,629

Note: Grant funds are available for the fiscal year of the award plus 3 additional fiscal years.

Source: OJP

Established by the Victims of Crime Act (VOCA) of 1984, the CVF is used to support crime victims through DOJ programs and state and local victim services.¹ The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments. 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 upon the amount of CVF deposits made during the preceding years and limits set by Congress (the cap).

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. In FYs 2016 and 2017, Congress continued to modify the cap, adjusting the available funding for victim assistance to \$2.22 billion for FY 2016 and \$1.85 billion for FY 2017. The OVC allocates the annual victim assistance program awards based on the amount available for victim assistance each year and the states' population. As such, the annual VOCA victim assistance grant funds available to the WI DOJ increased from

¹ The VOCA victim assistance formula program is funded under 34 U.S.C. § 20103.

\$8 million in FY 2014 to \$35 million in FY 2015, \$39 million in FY 2016, and \$33 million in FY 2017.

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 public and private nonprofit 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 Wisconsin state administering agency for the audited formula grants, the WI DOJ is responsible for administering the VOCA victim assistance program. The mission of the Office of Crime Victim Services (OCVS) within the WI DOJ is to provide resources and programs for crime victims, victims' family and friends, and professionals in the victim service field. These programs include the crime victim compensation program, an address confidentiality program, a victim resource center, and various grant programs based on federal grants and state funding streams.² The OCVS employs over 40 employees, including 3 VOCA grant specialists who oversee a portfolio of VOCA subrecipients based on geographic regions.

OIG Audit Approach

The objective of the audit was to evaluate how the WI DOJ designed and implemented its crime victim assistance program. To accomplish this objective, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients.

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 victim assistance program guidelines (VOCA Guidelines) and Final Rule; the DOJ Grants Financial Guide (Financial Guide); and 2 C.F.R. 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) as our primary criteria. We also reviewed relevant WI DOJ policies and procedures and interviewed WI DOJ personnel to determine how they administered the VOCA funds. We interviewed WI DOJ and subrecipient personnel and further obtained and reviewed WI DOJ and

² The U.S. Department of Justice Office of the Inspector General previously issued a report on the Wisconsin victim compensation grant program, [Audit of the Office of Justice Programs Office for Victims of Crime Victim Compensation Formula Grants Awarded to the Wisconsin Department of Justice, Madison, Wisconsin](#); Audit Report GR-50-18-005 (August 2018).

subrecipient records reflecting grant activity.³ We also conducted site visits of seven VOCA-funded subrecipients throughout the state of Wisconsin.

³ 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

The main purpose of the VOCA victim assistance grants is to enhance crime victim services. The WI DOJ, which is the primary recipient of victim assistance grants at the state level in Wisconsin, must distribute the majority of the funding to organizations that provide direct services to victims, such as rape treatment centers, domestic violence shelters, and other community-based victim coalitions and support organizations. As the state administering agency, the WI DOJ has the discretion to select subrecipients from among eligible organizations, although the VOCA Guidelines require state administering agencies give priority to victims of sexual assault, domestic abuse, and child abuse. State administering agencies must also make funding available for previously underserved populations of violent crime victims.⁴ As long as a state administering agency allocates at least 10 percent of available funding to victim populations in each of these victim categories, it has the discretion in determining the amount of funds each subrecipient receives.

As part of our audit, we assessed the WI DOJ's overall plan to allocate and award the victim assistance funding. We reviewed how the WI DOJ planned to distribute its available victim assistance grant funding, made subaward selection decisions, and informed its subrecipients of necessary VOCA requirements. As discussed below, in our overall assessment of grant program planning and execution, we determined that the WI DOJ appropriately identified and planned to meet additional victim service needs with its increased FY 2015 funding and adequately communicated to its subrecipients applicable VOCA requirements. However, we believe that adjustments to the WI DOJ's subaward cycle could provide more opportunities to serve victims. Finally, while we generally did not identify issues with the WI DOJ's process to select subrecipients, we identified a conflict of interest concern related to one subrecipient.

Subaward Allocation Plan

The WI DOJ provides VOCA subawards on a 3-year cycle. At the beginning of the subaward cycle, any organization may submit an application to receive a VOCA subaward. Subsequent years in the 3-year subaward cycle are considered "continuation" years. Only those subrecipients receiving an award during the first year may reapply for VOCA funding in the second and third years of the 3-year subaward cycle. If an organization is awarded VOCA funding, the funds must be expended within that award year. Continuation year grants are limited to the same funding amount and project scope of the year one award. While subrecipients may make adjustments to their requested funds within budget categories in years two and three, they cannot request additional funds or extend the breadth of a VOCA-funded program. If a subrecipient identifies a need for additional VOCA funds, the subrecipient must wait for the next competitive funding announcement

⁴ The VOCA Guidelines indicate that in defining underserved victim populations, states should identify gaps in available services by victims' demographic characteristics.

to request the increased funding. At the conclusion of a 3-year subaward cycle, all subrecipients, as well as any new applicants, must apply through the competitive application process.

In response to the significant increase in CVF available funding, the OVC's FY 2015 VOCA Victim Assistance Formula Solicitation required that state and territory 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 VOCA funding. According to the WI DOJ's VOCA 2015 Preliminary Plan to subaward funds, the WI DOJ initially conducted a preliminary needs assessment survey to identify top victim priorities for the state. This needs assessment identified three priorities to assist subrecipients in providing direct services to victims: (1) personnel enhancements, (2) increasing services, and (3) staff training. Subsequently, the WI DOJ initiated the VOCA Planning Committee, which consisted of stakeholders within the victim services community including law enforcement, other state programs, health and mental health providers, state coalitions, tribal programs, and campus services providers. The WI DOJ worked with the VOCA Planning Committee to utilize the initial needs assessment results to develop a three-phase plan for the VOCA funding increase. The three-phase plan introduced initiatives that were in addition to the existing 3-year VOCA subaward cycle that, during the fall of 2015, was already in its second year.

In phase one, the WI DOJ announced a competitive supplemental grant opportunity for current subrecipients to enhance their existing VOCA subawards. Subrecipients that applied for this funding requested increases to staff wages, benefits, and training, as well as emergency funds for victims, technology upgrades, and one-time purchases such as a security fence and security system. The supplemental grants were offered for a period of January through September 2016; however, for the next year's continuation grant those subrecipients that received a supplemental subaward could only apply for funding up to the amount of their original subaward plus their supplemental subaward. In the second phase of its plan, the WI DOJ moved up its next competitive award cycle to run concurrent to the already-in-progress third year of the existing cycle. This change allowed for new organizations or new programs to apply for VOCA funding. As a result, the WI DOJ funded 31 new organizations. Lastly, phase three consisted of two parts, which we noted was still ongoing as of February 2019. First, the WI DOJ planned to reconvene the VOCA Planning Committee to evaluate the projects funded by VOCA subawards and conduct a new needs assessment. Second, the WI DOJ identified a newly emerging need to provide civil legal services to victims of crime. To address this need, the WI DOJ solicited from, and awarded grants to, two legal firms to develop a state-wide centralized legal services network for crime victims.

Overall, we found that the WI DOJ made an effort to provide additional funding for victim services in Wisconsin and, as a result, made adjustments to its existing subaward cycle, awarded VOCA funds to 31 new organizations, and identified and targeted a gap in the availability of legal services for victims of crime. Although the WI DOJ instituted these changes, we believe its subaward allocation plan may be overly restrictive and that some organizations could have benefitted

from the receipt of additional, available VOCA funding. Due to the timing of the WI DOJ's standard 3-year competitive subaward cycles, subrecipients with unplanned opportunities to serve victims may find themselves unable to receive additional VOCA funding. While the WI DOJ did provide supplemental subaward opportunities, as discussed above, these opportunities did not always address the unplanned needs of the subrecipients. As such, we believe that opportunities exist for a more effective process to distribute VOCA funding to subrecipients.

In the fall of 2018, which was the last year of a 3-year subaward cycle, we met with subrecipients and they commented that the requirement to wait for the next competitive cycle to make substantive funding changes to their programs negatively impacted their programs. For example, one program identified an additional need for services that could be addressed by expanding into another county, doubling the amount of victims they serve. However, due to the WI DOJ subaward cycle structure, this expansion could not be completed until a request was included in a new competitive award application. Additionally, another program had stopped accepting new therapy patients because it did not have enough capacity in its current VOCA subaward to add the necessary staff to provide additional therapy services. Officials of this program stated that, as a result, they experienced situations of turning victims away.

We discussed the subaward cycle with a WI DOJ official who stated that subrecipient budget category changes are allowed, provided that the subrecipient's program scope has not changed, but requests for funding increases are not accepted. Additionally, this official explained that the subaward cycle was established to ensure that, in the event of a VOCA funding decrease, the WI DOJ would have 3 years of funding available in reserve. Although we understand the philosophy of having a funding reserve, we believe that the WI DOJ's methodology might too aggressively budget for potential future victims at the expense of serving current people in need.

When we examined the amount of VOCA funding utilized by the WI DOJ for the grants in our review, we noted that although the WI DOJ expended all of the 2015 funds within the 4-year federal award period, it took the entire 4 years. While we are encouraged that the WI DOJ distributed all of these funds to subrecipients to serve victims, we noted that as of January 2019, \$15.5 million remained on the 2016 award and \$32.3 million remained on the 2017 award. WI DOJ officials stated that they are confident that the total value of the 2016 award will be expended by the end of the period of performance on September 30, 2019. We are concerned, however, that the remaining balances on the 2016 and 2017 VOCA awards seem to indicate that the reserve maintained by the WI DOJ is significantly increasing every year, while at the same time some subrecipients are unable to increase services or help all of their clients due to the restrictive nature of the WI DOJ's subaward cycle. Therefore, we recommend that OJP coordinate with the WI DOJ to determine the appropriateness of reexamining the WI DOJ subaward structure to ensure that VOCA funds are efficiently and effectively awarded to subrecipients.

Subaward Selection Process

To assess how the WI DOJ granted its subawards, we identified the steps that the WI DOJ took to inform, evaluate, and select subrecipients for VOCA funding. The WI DOJ announced its competitive year funding opportunities on its website, through Wisconsin victim assistance coalition organizations, and through its OCVS e-mail list. These funding notifications were shared with current subrecipients, victim services agencies, coalitions, child advocacy centers, victim and witness agencies, and any programs that indicated interest in receiving information about the open competition process.

Wisconsin subrecipient applicants were required to complete and submit VOCA applications through an automated grant information tracking and management system used by the WI DOJ. The competitive year applications were evaluated by external reviewers, which included professionals involved in the field of victim services and non-grant OCVS staff. These reviewers then participated in a Grant Review Team meeting where each application's final group ranking was determined. Next, the OCVS internal reviewers assessed external reviewers' rankings and comments, and subrecipients' VOCA eligibility, budget categories, and proposed award amounts. A final funding recommendation was developed and provided to the OCVS Executive Director and the Wisconsin Attorney General for final approval. Although the WI DOJ has an established review process for its VOCA subawards, a WI DOJ official stated that generally all applications are funded and it would be rare that an applicant organization would be denied. As of March 2018, the WI DOJ made 264 subawards to 113 organizations with VOCA 2015 award funds and 118 subawards to 109 organizations with VOCA 2016 award funds.⁵

We found that the WI DOJ's subaward selection process was generally adequate to provide funding for a variety of services and types of victims. However, we noted a specific concern about the relationship between the state administering agency and one subrecipient. According to the VOCA Guidelines, state administering agencies are allowed to use up to 10 percent of the annual VOCA grant to fund their own direct service projects. One of the subawards included in the above figures was provided to a program managed and administered by the same WI DOJ unit that manages the VOCA grants, the OCVS. WI DOJ officials told us that the program had been in existence since the 1990s and that it had been receiving VOCA subaward funds throughout its history. These officials also told us that the program competed for the subawards and followed the same procedures as all other WI DOJ subrecipients for the solicitation application, review and approval process, reimbursement of expenses, and performance reporting. We confirmed with WI DOJ officials that the program has been managed in a subrecipient capacity and not as funds awarded through the 10-percent allowance established by the VOCA Guidelines. Moreover, due to a recent change

⁵ Under the WI DOJ's subaward structure, subrecipients can receive multiple subawards. As of February 2019, the WI DOJ subawarded the VOCA 2015 award in its entirety, the VOCA 2016 award was not completely subawarded, and there had been no subawards from the VOCA 2017 award.

in organizational structure, the individual managing this program is also the Deputy Director of OCVS and therefore also responsible for the VOCA program as a whole.

We have concerns about this structure because the same individual oversees the overall VOCA program and a particular subaward that competes against other unrelated parties for VOCA resources. For example, in the role as Project Director for the subaward, the OCVS Deputy Director submitted a request for a waiver of the matching funds requirement. This request was addressed to an OCVS grant specialist who reports to the OCVS Deputy Director. We would not find this to be an issue if the WI DOJ handled these funds as part of the 10-percent allowance for direct service projects rather than a competitive subrecipient, for which programmatic decisions are made within the reporting structure that concurrently manages the state award as well as the subaward.

We reviewed the state of Wisconsin's Code of Ethics, which includes a chapter specifically related to conflicts of interest. This chapter outlines the actions a state employee should take when matters arise that could result in a conflict of interest. While this policy should mitigate the risk of an internal conflict occurring, we believe that the WI DOJ did not have an adequate system to recognize and handle such matters internally and, in this instance, had not established adequate controls or made organizational structure adjustments to ensure that there was no conflict of interest or appearance thereof. We discussed our concerns with WI DOJ officials and they stated that they are considering how to address this matter going forward. We recommend that OJP ensure that the WI DOJ has an appropriate structure that adequately mitigates the risk of any apparent or real conflicts of interest, including establishing a procedure to recognize and address internal conflicts.

Subaward Requirements

State administering agencies must adequately communicate VOCA requirements to their subrecipients. We reviewed the WI DOJ's subaward solicitations and award packages to determine how the grantee communicated its subaward requirements and conveyed to potential applicants the VOCA-specific award limitations, applicant eligibility requirements, eligible program areas, restrictions on uses of funds, and reporting requirements. We found that the subaward solicitation document specifically informed potential subrecipients of requirements related to matching funds, supplanting restrictions, and System for Award Management (SAM) reporting. The solicitation also included a link to the WI DOJ's VOCA Program Guidelines, which includes other VOCA requirements such as subrecipient reporting requirements, allowability of expenditures, and monitoring. In addition, successful subrecipients received additional information through the award package. We believe that the WI DOJ adequately communicated to its subrecipients the applicable VOCA requirements. However, as discussed later in this report, we identified instances of subrecipient non-compliance with the VOCA Guidelines. Furthermore, although VOCA requirements were adequately communicated to subrecipients, we did identify areas of confusion regarding specific terms the WI DOJ included in its subawards.

The WI DOJ used a standard template for its subawards that included terms that we believe could cause misunderstanding with subrecipients. For example, while the WI DOJ generally prohibits its subrecipients from using its grant funds to pay for non-emergency legal costs arising directly from family violence, that subaward condition was likely not appropriate for a subaward specifically for legal services, although it was included in the subrecipient's subaward terms. Another standard term would appear to imply that indirect costs were unallowable, which could confuse a subrecipient whose approved budget included indirect costs. We believe that the WI DOJ should be more attentive in editing the standard template when certain standard terms do not apply to a particular subaward. Therefore, we recommend that OJP ensure that the WI DOJ has adequate procedures in place to verify that subaward documents contain only relevant terms and conditions.

Program Requirements and Performance Reporting

To determine whether the WI DOJ distributed VOCA victim assistance program funds in accordance with certain program guidelines, we reviewed the WI DOJ's distribution of grant funding to direct service providers. We also reviewed the WI DOJ performance measures and documents used to track goals and objectives. Further, we examined OVC solicitations and award documents and verified the WI DOJ's compliance with special conditions governing recipient award activity.

Based on our assessment, we identified issues relating to the review and reporting of performance data, as detailed below.

Priority Areas Funding Requirement

The VOCA Guidelines require state administering agencies to 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. The VOCA Guidelines give each state administering agency the latitude for determining the method for identifying "previously underserved" crime victims.⁶ The WI DOJ did not have an established definition for a "previously underserved" population and instead utilized the VOCA Guidelines definition, which includes victims of impaired driving incidents, elder abuse, and survivors of homicide victims. According to a WI DOJ official, the OCVS is currently undertaking a review to help identify the underserved population within the state.

We examined how the WI DOJ allocated VOCA subawards to gauge whether it was on track to meet the program's priority areas distribution requirements. The WI DOJ required each subrecipient to enter priority area spending estimates within the automated grant information tracking and management system at the beginning of the grant year and to update these figures at the end of the grant year with actual expenditures in each category. The WI DOJ used this data to report the information to OVC through its system, the Performance Measurement Tool (PMT).

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

We reviewed the reported amounts for each priority funding area for the 2015 and 2016 awards to determine whether the WI DOJ met or was on track to meet the requirement. Although the 2016 award period had not ended, we included it in our assessment because the majority of funds had been subawarded; we did not review the 2017 award because the funds had not yet been allocated to subrecipients. We found that the WI DOJ's reported amounts complied with the minimum VOCA distribution requirement for the two grants tested.

Annual Performance Reports

Each state administering agency must annually report to the OVC on activity funded by any VOCA awards active during the federal fiscal year. The OVC requires states to upload reports annually to its Grants Management System. As of FY 2016, the OVC also began requiring states to submit performance data through the web-based PMT. With this system, states may provide subrecipients direct access to report quarterly data for state review, although the OVC still requires that if the subrecipient completes the performance measure data entry directly, the state must approve the data.

For the victim assistance grants, the states must report the number of agencies funded, VOCA subawards, victims served, and victim services funded by these grants. Additionally, according to a special condition of the victim assistance grants, the state must collect, maintain, and provide to the OVC data that measures the performance and effectiveness of activities funded by the award. The WI DOJ submitted annual performance reports to the OVC for FYs 2015 through 2017. We reviewed the FY 2017 report, which included data regarding activities funded by the 2015 and 2016 VOCA grants awarded.

We discussed with a WI DOJ official how the agency compiled performance report data from subrecipients. This official stated that subrecipients were required to enter quarterly performance statistics directly into PMT. Once the PMT data was entered, OCVS staff was responsible for completing a quality assurance review of certain data categories reported. For example, WI DOJ officials stated that OCVS staff verified the number of new victims reported against the demographic data required for the same reporting period. If inconsistencies were found with the data reported, the WI DOJ worked with individual subrecipients to correct the errors. However, we found that the accuracy of the data reported by the subrecipients was not confirmed by the WI DOJ.

To determine whether the annual performance reports submitted by the WI DOJ as a summary of statewide activity accurately reflected the performance reported by the subrecipients, we reviewed the Annual Performance Report covering the period of October 1, 2016, through September 30, 2017. Table 2 presents summary data from this annual performance report.

Table 2

Summary from WI DOJ's Victim Assistance Program Annual Performance Report for FY 2017

Performance Category	Data Reported
Number of Victims Served	54,518
Number of Services Provided	144,784

Source: WI DOJ Annual State Performance Report for FY 2017

To assess whether the WI DOJ's annual performance report fairly reflected the performance figures reported for the state, we reviewed performance reports and supporting documentation for the seven subrecipients selected for site visits. Based on our review, we found that only three of the seven subrecipients were able to support their reported data. Therefore, we are not confident that the data reported to the OVC is accurate. Failure to ensure complete and accurate performance reporting undermines the OVC's ability to demonstrate the value and specific benefits of the program to government agencies, the victim services field, the general public, and other stakeholders. The *Monitoring of Subrecipients* section below provides an in-depth discussion of our review of the reported performance figures at the subrecipient level as well as our recommendations for improvement.

Compliance with Special Conditions

The special conditions of a federal grant award establish specific requirements for grant recipients. In its grant application documents, the WI DOJ certified it would comply with these special conditions. We reviewed the special conditions for the victim assistance program grants and identified special conditions that we deemed significant to grant performance that are not otherwise addressed in another section of this report.

We tested special conditions that related to restrictions on using funds on lobbying, compliance with attending the annual VOCA National Training Conference, reporting of subrecipient information under the Federal Funding Accountability and Transparency Act, and submission of a Subgrant Award Report. We did not identify any areas of non-compliance with these special conditions.

Grant Financial Management

Award recipients must establish an adequate accounting system and maintain financial records that accurately account for awarded funds. To assess the adequacy of the WI DOJ's financial management of the VOCA grants, we reviewed the process the WI DOJ used to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. To further evaluate the WI DOJ's financial management of the VOCA grants, we also reviewed the state of Wisconsin's Single Audit Reports for FYs 2015 through 2017 and identified no significant deficiencies or material weaknesses specifically related to the WI DOJ. We also interviewed WI DOJ personnel who were

responsible for financial aspects of the grants, reviewed WI DOJ written policies and procedures, inspected award documents, and reviewed financial records.

In our overall assessment of grant financial management, we determined that generally the WI DOJ established adequate controls over the majority of its grant financial activities that we reviewed, such as payroll procedures and financial reporting. However, we identified issues that should be corrected, as discussed below.

During our review of supporting documentation for WI DOJ administrative expenditures, we found three check request forms with the same signature for the requestor and approver of funds. This check request form was used by the WI DOJ as an internal control measure to separate the funds requestor from the funds approver. As such, it appears as though the WI DOJ circumvented this internal control. We believe that utilizing a check request form is a good practice to mitigate the risk of fraud or other malfeasance, and that by circumventing this internal control the WI DOJ increased the risk of incorrect or improper payments. Therefore, we recommend that OJP ensure the WI DOJ reiterates the check request procedures to appropriate grant management personnel.

Also during our review of WI DOJ administrative expenditures, we found costs from multiple consultants for which the consultant agreements did not include a rate of compensation or an estimate of the time needed for the task. The Financial Guide includes a limit on the cost for consultants and compensation above this limit requires prior written approval from OJP. The consultant agreements that we reviewed included a flat fee and did not detail the rate of compensation or an estimate of time worked. Therefore, it is unknown how the WI DOJ determined that the agreed-upon flat fee was reasonable and complied with the limits in the Financial Guide. Ensuring costs are reasonable and compliant with appropriate guidelines prior to their incurrence reduces the risk for unallowable costs to be charged on federal grants. As a result, we recommend OJP ensure that the WI DOJ's consultant policy addresses how federal limits on consultant rates are incorporated into consultant agreements and the evidence necessary to adequately support consultant costs.

In addition to the above instances of weaknesses in the WI DOJ's grant financial management controls, we identified concerns related to grant expenditures, drawdowns, matching requirements, and financial reporting, which are discussed below.

Grant Expenditures

State administering agency victim assistance expenses fall into two overarching categories: (1) reimbursements to subrecipients – which constitute the vast majority of total expenses, and (2) administrative expenses – which are allowed to 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.

Reimbursements to Subrecipients

According to the WI DOJ, all subrecipients receive their grant funding through reimbursement from the WI DOJ for expenses already incurred. Subrecipient reimbursement requests, called Financial Status Reports (FSR), are submitted electronically to the WI DOJ via the automated grant information tracking and management system either monthly or quarterly at the subrecipient's discretion. Regarding the reimbursement of expenditures, as previously stated we believe that the WI DOJ adequately communicated to its subrecipients the applicable VOCA requirements, including those related to the allowability of expenditures. We also noted the WI DOJ provided training pertaining to allowability of expenditures, and from our interviews with subrecipients we found the WI DOJ responded timely when subrecipients asked questions on this topic. Additionally, the WI DOJ required all FSRs be certified by the subrecipient's project director and financial officer.

Based on the factors described above, we believe the procedures the WI DOJ developed for informing subrecipients of allowability guidelines and the reimbursement process were adequate. As of May 2018, we found that the WI DOJ had paid a total of \$37,982,848 to its subrecipients from the \$107,011,629 in VOCA victim assistance program funds within the scope of our audit.

To evaluate the effectiveness of the WI DOJ's financial controls over VOCA victim assistance grant expenditures, we reviewed a sample of subrecipient transactions to determine whether the payments were in accordance with the VOCA Guidelines and other grant requirements. We judgmentally selected 1 FSR from 13 different subrecipients; these FSRs represented a total of \$874,677 in VOCA transactions. The transactions we reviewed included costs in the following subrecipient budget categories: (1) personnel, (2) employee benefits, (3) staff development, (4) travel, (5) supplies and operating expenses, (6) consultant/contractual, and (7) indirect costs.

We found that the majority of expenditures were properly authorized, accurately recorded, computed correctly, and properly allocated to the subawards. The personnel and fringe costs generally reconciled to the support we reviewed, including timesheets, paystubs, and labor allocation records. Other costs examined reconciled to the support we reviewed, such as invoices, travel reports, and allocation records. However, we identified a total of \$20,418 in questioned costs and an issue with the initial budget approval process, as described below.

- We identified unsupported subrecipient personnel costs totaling \$13,765. The WI DOJ and its subrecipient were unable to provide sufficient, appropriate evidence to support that these costs complied with the VOCA Guidelines and other grant requirements.

- We questioned \$2,160 of WI DOJ employee benefit costs as unsupported. As discussed previously in the *Subaward Selection Process* section of our report, one of the subawards the WI DOJ awarded was for a program managed within the same organizational unit that manages the WI DOJ's VOCA grants. During our review of expenditures on this subaward, we identified \$2,160 of unsupported costs associated with pension and post-retirement healthcare costs. Although such costs are allowable, the Uniform Guidance limits the allowable amount to the actuarially determined cost for these items. The WI DOJ was unable to provide adequate support for the actuarially determined cost. In addition, this amount charged did not represent specific payments for these benefits but instead represented costs associated with the state's repayment of a bond issued in 2003 to finance the unfunded portion of these costs.
- We identified questioned costs totaling \$4,493 related to leased equipment, including associated indirect costs. Specifically, we identified \$1,256 in unallowable costs for subrecipient expenditures related to 2 months of equipment leased from a related party. The Uniform Guidance limits allowable costs for such expenses to the related party's cost of ownership for the equipment. The questioned amount represents the amount in excess of that limit. Additionally, we identified \$3,237 associated with 3 other months on the lease as unsupported. The subrecipient did not provide the related party's cost of ownership applicable to the lease costs for these months. As such, compliance with grant requirements could not be determined.

In addition to the \$20,418 discussed above, during our review of subrecipient expenditures we noted other nominal instances of unallowable or unsupported costs across multiple subrecipients. For example, we identified subrecipients that utilized federal lodging and per diem rates versus the required state rates or claimed mileage and meal costs for attending unallowable training. We also identified other travel, supplies, and staff development expenditures for which the subrecipients could not provide sufficient evidence supporting the expenditures and an instance where the reimbursement request was more than the expenditures recorded in the accounting system.

Although we found that the majority of subrecipient expenditures were allowable and appropriately supported, we do believe the volume of questionable items identified are indicative of subrecipients not entirely understanding the VOCA Guidelines and other grant requirements as they relate to the allowability of expenditures and the evidence necessary to adequately support such expenses. We believe that these items are not the result of WI DOJ failing to inform subrecipients of the allowability guidelines and the reimbursement process, but from the WI DOJ not sufficiently monitoring subrecipients to ensure individual subrecipients understood the allowability guidelines applicable to their own specific expenditures, as well as the amount of evidence necessary to fully support their expenditures. As a result, and as discussed later in the *Financial Monitoring* section of our report, we believe that a more timely and robust subrecipient monitoring process may have identified these issues and allowed the WI DOJ to take steps to ensure compliance and understanding on the part of the subrecipients. Therefore,

in addition to the recommendations contained in the *Financial Monitoring* section, we recommend that OJP remedy the \$19,162 of unsupported WI DOJ subrecipient expenditures. We further recommend that OJP remedy the \$1,256 of unallowable WI DOJ subrecipient lease costs that are in excess of a related party's cost of ownership.

Also during our review of subrecipient expenditures we identified an issue with the initial budget approval process related to indirect costs. Specifically, in one FSR we identified costs for items such as a phone system and a subscription to an online database that related to the overall organization rather than any one project. These costs were grouped together and allocated to calculate the costs charged to the VOCA subaward. Based on the nature of the costs (applicable to the organization as a whole) and the cost allocation structure (multiple allocation bases), these were indirect general administration costs that were charged directly to the subaward. Additionally, this same FSR included indirect costs from the use of the 10 percent de minimis indirect rate.⁷ Because the general administration costs were indirect they should have been recovered by the subrecipient through the de minimis indirect rate and therefore should not have also been charged directly to the subaward.

We found that the subrecipient's original subaward proposal included these indirect costs as direct costs within various line items of its budget. Since this proposal was the basis for the approved subaward, the subaward budget approved by the WI DOJ included these improperly identified costs. While we only found this one instance during our review, because the Final Rule removed the prohibition on subrecipients charging indirect costs to VOCA subawards we expect that more subrecipients may charge indirect costs to subawards. As a result, opportunities for duplicate costs identified as both direct and indirect may increase. We believe that the WI DOJ could improve its financial controls by ensuring subrecipients understand the distinction between direct and indirect costs and by emphasizing that internal reviewers should analyze subrecipient budgets for costs duplicated as direct and indirect during the proposal evaluation process. Therefore, we recommend OJP ensure that the WI DOJ's subrecipient proposal review procedures address the risk of a subrecipient proposing costs as both direct and indirect.

Administrative Expenditures

The state administering agency may retain up to 5 percent of each grant to pay for administering its crime victim assistance program and for training. According to the 2016 VOCA Final Rule, such costs must derive from efforts to expand, enhance, or improve how the agency administers the state crime victim assistance program and to support activities and costs that impact the delivery and quality of services to crime victims throughout the state. At the initiation of our audit, the WI DOJ had only charged administrative expenses against the 2015 VOCA victim assistance grant award, and none for the 2016 and 2017 awards. For the victim assistance grant program, we tested the WI DOJ's compliance with the

⁷ The Uniform Guidance allows for the use of a de minimis indirect cost rate of 10 percent when the entity has not received a negotiated indirect cost rate.

5 percent limit on the administrative category of expenses. We compared the total administrative expenditures recorded to the 2015 project cost ledger as of May 15, 2018, to the total grant award value. We found that the WI DOJ had not exceeded the 5 percent limit on administrative expenses.

In addition to testing the WI DOJ's compliance with the 5 percent administrative allowance, we also tested a sample of these administrative transactions. We judgmentally selected 118 transactions totaling \$432,060, or 31 percent, of the \$1,381,445 administrative expenditures incurred on the 2015 VOCA award. The transactions we reviewed included costs in the following categories: (1) personnel, (2) fringe benefits, (3) rent, (4) travel, (5) consultants, (6) training, and (7) indirect costs.

The WI DOJ's administrative expenditures consisted of costs incurred by the WI DOJ itself and those incurred by training and technical support providers operating under agreements with the WI DOJ. Regarding the administrative costs originating from training and technical support providers, the WI DOJ awarded funds from its administrative allowance to various coalitions and organizations to provide training and technical support for the state victim assistance program. The VOCA Guidelines allow state administering agencies to use their administrative allowance for both administration and victim assistance-related training. The WI DOJ issued requests for proposals soliciting organizations to apply to organize and facilitate training events. The proposals identified the expected total cost of the events as well as the proposed WI DOJ share of those costs.

The judgmental sample of administrative expenditures we tested included some originating from the WI DOJ and some originating from training and technical support providers. Based on our testing, we found that the majority of expenditures were properly authorized, accurately recorded, computed correctly, and properly allocated to the grant. The personnel and fringe costs reconciled to timesheets, paystubs, and labor allocation records. Other costs reviewed reconciled to the support provided, such as purchase requisitions, invoices, travel reports, allocation records, and indirect cost rate agreements. However, we identified \$95,599 in questioned costs, as described below. We recommend that OJP remedy these unsupported questioned costs.

Our review identified \$67,791 in unsupported costs incurred by the WI DOJ for rent, consulting expenses, and fringe benefits. These unsupported costs include rent totaling \$47,386, which is the entire amount of rent costs charged during the period we audited. The WI DOJ provided a memo from the Wisconsin Department of Administration (WI DOA) detailing the building rent rates to be charged on all federal awards. However, additional supporting information provided showed that rent costs in excess of these rates were charged to the VOCA grant. A WI DOJ official stated that adjustments were made to account for the lower federal rate established by WI DOA; however, the WI DOJ did not provide evidence of these adjustments. Because WI DOJ could not provide adequate evidence of the amount charged for rent or the appropriateness of that amount, we have questioned these costs as unsupported. We also identified \$2,000 in consultant fees that were not supported by adequate documentation. In addition, our review identified \$18,405

of unsupported costs associated with pension and post-retirement healthcare costs that the WI DOJ charged to the VOCA grants, which is the entire amount of these costs charged during the period we audited. These are the same type of costs for which the WI DOJ was unable to provide adequate support for the actuarially determined amount, as discussed previously in the *Reimbursements to Subrecipients* section of our report.

Additionally, the VOCA Guidelines allow administrative funds to be used to provide technical assistance to subrecipients. The WI DOJ elected to have an outside organization provide technical assistance and granted them a subaward, from administrative funds, that included the same terms and conditions as subawards granted to direct service providers. Our review identified \$27,808 of unsupported personnel costs and associated employee benefits costs because sufficient, appropriate evidence was not provided to support that these costs complied with the VOCA Guidelines and other grant requirements.

Similar to our analysis above in the *Reimbursements to Subrecipients* section of the report, we believe these questioned costs were a result of the WI DOJ not sufficiently monitoring this administrative subrecipient to ensure the subrecipient understood the allowability guidelines applicable to its own specific expenditures and the amount of evidence necessary to fully support its expenditures. Therefore, as discussed in the *Financial Monitoring* section of our report, we believe a more robust and timely subrecipient monitoring process (covering both administrative subrecipients and direct service provider subrecipients) may have identified these issues and allowed the WI DOJ to take steps to ensure compliance and understanding on the part of the subrecipient organization.

Drawdowns

Award recipients should request funds based upon immediate disbursement or reimbursement needs, and the grantee should time drawdown requests to ensure that the federal cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days. VOCA grant funds are available for the fiscal year of the award plus 3 additional fiscal years. To assess whether the WI DOJ managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed to the total expenditures in the WI DOJ's accounting system and accompanying financial records.

For the VOCA victim assistance awards, the state of Wisconsin uses the WI DOA to execute requests for federal funds, which includes determining the timing of drawdown requests. The WI DOA used a centralized drawdown process to request reimbursements, which are prepared via an automated process wherein every evening grant expenditures recorded within the accounting system are collected and used to create a temporary invoice. These temporary invoices are then used to create drawdown requests. Table 3 shows the total amount drawn down for each audited grant as of January 11, 2019.

Table 3

Amount Drawn Down for Each Audited Grant as of January 11, 2019

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
2015-VA-GX-0052	\$34,957,532	9/30/2018	\$34,957,532	\$ 0
2016-VA-GX-0065	39,393,093	9/30/2019	23,877,650	15,515,443
2017-VA-GX-0054	32,661,004	9/30/2020	337,873	32,323,131
Total:	\$107,011,629		\$59,173,055	\$47,838,574

Source: OJP

In addition to the deficiencies and questioned costs described in the *Grant Expenditures* section above, we identified deficiencies related to the state of Wisconsin's process for developing drawdown requests. We identified three separate instances in which expenditures from a prior approved drawdown were included in subsequent drawdown requests on the FY 2015 award. In each of these three instances the subsequent drawdown request was approved, resulting in the WI DOJ being reimbursed twice for the same expenditures. WI DOJ officials subsequently became aware of the duplicate drawdowns and provided evidence supporting that each of the three duplicated amounts was corrected. However, we found that considerable time passed between when the duplicated items occurred versus when they were corrected (14 months in 2 of the 3 instances), as noted in Table 4 below.

Table 4

Duplicated Drawdowns on FY 2015 Award

Date of Duplicate	Amount	Date Duplicate Corrected	Length of Time to Correct (Months)
4/5/2016	\$ 21,426	6/13/2017	14
6/13/2017	75,921	8/13/2018	14
11/28/2017	29,082	1/26/2018	2
	\$126,429		

Source: OIG analysis of WI DOJ general ledger

WI DOJ officials stated that the duplicate drawdowns resulted from the accounting system timing out during the nightly process of collecting grant expenditure data to create temporary invoices. After timing out, the system restarted the process of collecting expenditure data to create temporary invoices. However, the temporary invoices created prior to the system timing out were not deleted and instead were combined with the temporary invoices created after the system restart to prepare drawdown requests, resulting in three drawdown requests that included expenditures already included in prior drawdowns.

Regarding the considerable time between when the duplicated items occurred versus when they were corrected, officials at the WI DOJ stated this was due to

miscommunication; the WI DOJ was under the impression that either the WI DOA or another state organization would fix the issue since it was a statewide problem.⁸ However, according to WI DOJ officials, the WI DOA did not know that it needed to take measures to fix the issue, resulting in the delayed remedy of these duplicate billings. The WI DOJ and WI DOA have since designed a control by updating their policies and procedures to include a new process to help prevent duplicate billings in the future. Additionally, WI DOJ officials stated that quarterly reconciliations will be performed to help identify any duplicate billings after the fact.

Although the WI DOJ took action to remedy the situation, it is unclear if the policy change is adequate to ensure duplicate drawdowns do not occur in the future or are timely identified and corrected if they occur. The policy change was implemented during our audit and the first quarterly reconciliation had not been performed at that time. In addition, the reconciliation process had not yet been formally documented as part of a written policy or procedure. Therefore, we recommend that OJP ensure that the WI DOJ updates its drawdown policy with the newly instituted reconciliation process.

Matching Requirement

VOCA Guidelines require that subrecipients match 20 percent of the project cost.⁹ The purpose of this requirement is to increase the amount of resources available to VOCA projects, prompting subrecipients to obtain independent funding sources to help ensure future sustainability. Match contributions must come from non-federal sources and can be either cash or an in-kind match.¹⁰ VOCA Guidelines state that any deviation from this policy requires OVC approval. The state administering agency has primary responsibility for ensuring subrecipient compliance with the match requirements.

To review the provision of matching funds, we reviewed a sample of subrecipient match transactions to determine whether the match amounts were in accordance with the VOCA Guidelines and other grant requirements. We reviewed all match transactions included in the judgmental sample of subrecipient FSRs discussed in the *Reimbursements to Subrecipients* section above; these match transactions totaled \$330,521. We found two separate issues with the WI DOJ's administration of the match requirement, resulting in \$80,482 in unsupported costs.

First, we identified an issue relating to subrecipients that received partial match waivers. The VOCA Guidelines allow subrecipients to request a waiver of the

⁸ The audit team noted that this issue also could have impacted other federal award drawdowns; however, our audit only focused on the VOCA awards.

⁹ The match requirement for subawards to Native American tribes and organizations located on reservations was waived with the Final Rule update in August 2016. For subawards provided after that date, the WI DOJ did not require tribes to provide match.

¹⁰ 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.

match requirement from the OVC. For our review period, 40 subawards received partial match waivers approved by OVC. However, we found that the WI DOJ changed the match requirements from what was agreed to with the OVC when subrecipients returned portions of their VOCA subaward(s).

As an example, a subrecipient received a total subaward of \$878,410, which would require a 20 percent match of \$175,682. The subrecipient requested and received a partial match waiver, reducing the required match amount to \$89,096. This resulted in an effective match rate of 11.25 percent, as shown in Table 5 below.

Table 5
Example of Initial Partial Match Waiver Calculation

	Full Subaward	Less Partial Match Waiver	Revised Subaward
Federal Portion	\$ 702,728	\$ -	\$ 702,728
Match	175,682	(86,586)	89,096
Total Project Cost	\$ 878,410	\$ (86,586)	\$ 791,824
Match Rate	20%		11.25%

Source: OIG analysis of information from the OVC and the WI DOJ's grants management system

However, the subrecipient only expended \$476,596 of the \$702,728 federal portion of the award, relinquishing \$226,132 in VOCA subaward funds. Rather than requiring the subrecipient to meet the OVC-approved match amount of \$89,096, the WI DOJ unilaterally recalculated the match requirement. The WI DOJ used the actual federal expenditures of \$476,596 and calculated that based on this new amount, 20 percent match would equate to \$119,149. From this \$119,149, the WI DOJ subtracted the full amount of the original OVC-approved partial match waiver of \$86,586 to arrive at a new required match amount of \$32,563 with an effective match rate of 6.4 percent. As shown in Table 6 below, this method resulted in a significantly lower match amount than the OVC-approved amount.

Table 6
Example of the WI DOJ Partial Match Waiver Final Calculation

	Reduced Subaward with Standard Match	Partial Match Waiver Adjustment	Revised Subaward
Federal Portion	\$ 476,596	\$ -	\$ 476,596
Match	119,149	(86,586)	32,563
Total Project Cost	\$ 595,745	\$(86,586)	\$ 509,159
Match Rate	20%		6.4%

Source: OIG analysis of information from the OVC and the WI DOJ's grants management system

WI DOJ officials stated that they used this methodology for all subrecipients with partial match waivers. There were 40 partial waivers requested and granted for subawards under WI DOJ's 2015 and 2016 VOCA awards. Of these 40 subawards with partial waivers, 20 relinquished a portion of the subaward and the WI DOJ unilaterally recalculated the required match amount for these subawards. We spoke with OJP and OVC officials about this situation and they acknowledged that there are various methods that could be used to calculate a partial match waiver request, but that a subrecipient should contribute the amount detailed in the match waiver approval letter and that if another amount were to be used, they would expect the state administering agency to submit another partial match waiver request. However, as described above, the WI DOJ unilaterally determined the revised match amount without consulting the OVC.

We believe there is a lack of clear guidance on this matter. We further believe that OJP should ensure appropriate management of VOCA matching funds, including ensuring that WI DOJ appropriately administers the matching funds requirement of the VOCA grants. Therefore, we recommend that OJP: (1) determine the required match amounts for the WI DOJ subrecipients with both reduced award amounts and partial match waivers, and (2) ensure that the WI DOJ remedies any unmet subrecipient match amounts. We further recommend that OJP ensure that future match waivers provide clear guidance on the requirements of the waiver, including an approved calculation method should a subrecipient with a partial match waiver not spend all of its VOCA funding.

Finally, we identified a total of \$80,482 of unsupported matching costs from various subrecipients in our sample. We questioned \$75,304 of donated services for which the subrecipient did not provide evidence supporting the services should be valued at rates higher than those paid for similar work in the subrecipient's organization. We also questioned \$4,218 of labor costs for which the subrecipient did not provide timekeeping records, as well as \$960 for labor and associated indirect costs from another subrecipient that charged a rate for an intern significantly higher than the rate approved in the budget, for a total of \$5,178. Therefore, we recommend that OJP remedy the \$80,482 of unsupported WI DOJ subrecipient matching costs.

In addition, similar to our review of subrecipient expenditures, we identified other nominal instances of unsupported match amounts. Considering parallel concerns laid out elsewhere in this report, we believe a more robust subrecipient monitoring process would help subrecipients better understand the evidence necessary to adequately support match amounts and help ensure compliance with matching funds requirements.

Financial Reporting

According to the Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether the WI DOJ submitted accurate Federal Financial Reports (FFR), we compared the four most recent reports to the WI DOJ's accounting records for each grant.

We determined that quarterly and cumulative expenditures for the reports reviewed matched the WI DOJ's accounting records. However, although the financial reports are required to include cumulative and reporting period program income figures, we found that the WI DOJ did not account for the totality of program income earned with VOCA funds. While the program income earned by subrecipients was appropriately reported, the WI DOJ's FFRs did not include any program income generated by VOCA-funded training administered by the WI DOJ. As discussed earlier in the *Administrative Expenditures* section, the WI DOJ awarded administrative funds to training and technical support providers for the purpose of facilitating training events. We found that three of the six training events in our sample generated program income, yet this program income was not recognized by the WI DOJ, not recorded in the WI DOJ's accounting records, and, therefore, not included on the WI DOJ's FFRs.

The Financial Guide requires program income to be accounted for at the same ratio of federal participation in the project. For example, if the project was 75 percent funded by federal funds, 75 percent of the total program income earned by the project must be accounted for and reported as program income on the FFR. We found that training providers charged registration fees, which we found to have been used appropriately to offset training costs, for the training events that were partially or fully funded by the WI DOJ administrative allowance. Officials at the WI DOJ stated they do not consider these registration fees to be program income because the VOCA funds they awarded to the training providers were only for very specific expenses. However, because the Financial Guide requires program income to be accounted for in the same ratio as federal participation in the project, regardless of what specific expenses the VOCA funds were awarded to fund, the fact that VOCA funds were awarded at all results in VOCA-funded participation in the project. Therefore, we recommend that OJP ensure the WI DOJ properly tracks and reports all program income generated with VOCA funds from any source.

Monitoring of Subrecipients

According to the Financial Guide, the purpose of subrecipient monitoring is to ensure that subrecipients: (1) use grant funds for authorized purposes; (2) comply with the federal program and grant requirements, laws, and regulations; and (3) achieve subaward performance goals. As the primary grant recipient, the WI DOJ must develop policies and procedures to monitor subrecipients. To assess the adequacy of the WI DOJ's monitoring of its VOCA subrecipients, we interviewed WI DOJ personnel, evaluated WI DOJ monitoring procedures, and obtained records of interactions between the WI DOJ and its subrecipients. In addition, we conducted site visits of seven subrecipients, which included interviewing personnel, touring facilities, and reviewing accounting and performance records.

The WI DOJ designates subrecipients as either high, medium, or low risk based on an assessment of various factors including subaward amount, program complexity, organizational history, and WI DOJ's assessment of the entity's accounting system. The WI DOJ also established a monitoring program based on the subrecipient risk levels that included subrecipient programmatic assessments (site visits and phone or e-mail contact) and financial reviews. The risk assessment

assignment defines the type and frequency of the WI DOJ's monitoring activities. The WI DOJ's risk-based monitoring structure defines the following:

- High risk subrecipients are monitored through an annual telephone check-in and desk monitoring, as well as a full site visit every 2 years.
- Medium risk subrecipients receive a site visit if the organization has not been visited in over 2 years.
- Low risk subrecipient monitoring is determined at the grant specialist's discretion and can include a telephone check-in, request of back-up documentation for reimbursement, or a site visit.

We believe that these descriptions lack clarity. We were not able to decipher from its policy the exact frequency of all types of monitoring activity at any risk level. For example, a low risk subrecipient's level of monitoring appears to be at the discretion of the grant specialist and therefore it is possible that a low risk subrecipient may not receive any form of monitoring. However, according to a WI DOJ official, all subrecipients should receive a site visit and desk monitoring once every 3 years. Additionally, when we compared the monitoring plan the WI DOJ submitted to OJP in its grant application to the VOCA policies and procedures provided to subrecipients, we found alternate descriptions of monitoring frequency, such as a statement that low risk subrecipients were to receive a site visit once every 4 years.

We do not believe that the WI DOJ monitoring procedures as designed provide sufficient assurance that subrecipients were appropriately using VOCA funds. We did note that the WI DOJ provided guidance and training sessions for subrecipients, which included financial and programmatic information on the appropriate use of VOCA funding. We also spoke with subrecipient officials about the support received from the WI DOJ and these officials indicated that the level of support from the WI DOJ was appropriate. Still, we believe that the WI DOJ should clarify its procedures to ensure that subrecipients, WI DOJ officials, and OJP understand the frequency with which subrecipients should be monitored. As such, we recommend that OJP ensure that the WI DOJ updates its monitoring policies for consistency and clarity with regard to the frequency of monitoring activities.

In addition to its unclear policy, our review found that the WI DOJ did not complete its monitoring activities with appropriate frequency, nor did it properly review financial and performance data, which may have led to the questioned costs we identified above in the *Reimbursements to Subrecipients* section. Our results are detailed below.

Financial Monitoring

According to the WI DOJ, program personnel review every FSR submitted. For a majority of expenditures, the WI DOJ does not require subrecipients to submit supporting documentation with each FSR. Instead, the WI DOJ stated that a financial grant specialist checks that the expenditures identified on the FSR are in line with the grant budget, verifies indirect cost calculations, and evaluates documentation for certain expenditures including in-kind match transactions,

inventory reports for equipment purchases over a certain threshold, and training report forms.

In addition to the reviews of each FSR, the WI DOJ's procedures prescribe that financial monitoring be conducted through desk monitoring, which includes a review of supporting documentation for all expenditures requested for reimbursement on an FSR selected by WI DOJ staff for review. This desk monitoring is to be performed either once every 3 years, in coordination with a subrecipient's site visit, or more frequently as determined by WI DOJ personnel. The desk monitoring consists of a WI DOJ financial grant specialist reviewing the documentation supporting each expenditure to ensure that the expenditures were obligated and expended in accordance with grant requirements.

To assess the effectiveness of the WI DOJ's financial monitoring practices, we reviewed data for the last two most recent desk monitoring cycles. We found that in 2015, the WI DOJ planned and completed 19 desk reviews.¹¹ A WI DOJ official told us that desk reviews were not completed in 2016 and 2017 due to staffing shortages. The WI DOJ resumed desk monitoring in 2018; however, we found that as of January 2019, only 3 out of 38 planned reviews, or 8 percent, were completed.¹² As a result, in a span of 4 years, the WI DOJ completed only 22 desk reviews and, as such, the WI DOJ did not comply with its own financial monitoring procedures.

Additionally, as stated in the *Grant Expenditures* section of our report, we selected a judgmental sample of 13 subrecipients to test expenditures submitted on the FSRs and questioned \$20,418 related to personnel, employee benefits, leases, and indirect costs. Further, as discussed in the *Matching Requirement* section of our report, our review of the reported match on these FSRs identified an additional \$80,482 of questioned costs. We believe that the minimal supporting documentation required to be submitted with the FSR along with the limited desk reviews completed contributed to the identified questioned costs.

Also, during our site visits and review of subrecipient expenditures, we identified numerous instances where subrecipients claimed costs that were not in line with their approved budgets. Our review of FSRs originating from 13 different subrecipients identified submissions from 5 subrecipients that were not in line with the established budget for the subaward. For example, we found subrecipients incurred costs for unapproved budget line items, such as costs for interpreters or employee positions that were not included in the approved budget.

The WI DOJ structured subawards to include budgetary limits for each approved category and line item. Further, the WI DOJ policy outlines requirements for budget modifications related to approved budget line items. This subaward

¹¹ Five subrecipients that were awarded VOCA funds may have received desk monitoring specifically related to other federal or state grants awarded by the WI DOJ. The numbers in our report reflect the VOCA-specific desk monitoring conducted by the WI DOJ.

¹² As of January 2019, the WI DOJ completed an additional desk review related to a non-VOCA subaward.

structure and budget modification process, used in conjunction with review and oversight of expenditures, serves as part of the internal control process that the WI DOJ uses to help ensure subrecipients are spending funds in accordance with both specific subaward expectations and general grant regulations.

Although we did not question costs related to instances where claimed amounts exceeded the approved subaward budgets, the number of instances of this that we identified indicates that WI DOJ's internal control process may not be working as effectively as it could be, which increases the risk of inappropriate costs being charged to the WI DOJ's VOCA awards. The current level of financial monitoring may not be detailed enough to recognize when subrecipient charges exceed budgeted amounts. While each subrecipient is responsible for managing its own costs for compliance with the terms of its subaward and applicable budget guidelines, the WI DOJ should be monitoring subrecipients to ensure that all reported costs are compliant with the terms of the award. We believe that because the WI DOJ reviewed only minimal documentation for FSRs and performed a limited number of desk reviews, the WI DOJ was unaware of instances where subrecipients claimed costs on FSRs that were in excess of or not approved in the subaward budget.

In our overall assessment of financial monitoring, we believe that more frequent and rigorous financial monitoring by the WI DOJ may have discovered the items we identified as questioned costs prior to their reimbursement, educated subrecipients on the amount and type of documentation necessary to adequately support expenditures, and identified areas of noncompliance with approved budgets. Without awareness of how its subrecipients are spending VOCA funds, the WI DOJ cannot ensure that the subrecipients are in compliance with grant requirements. Therefore, we recommend that OJP ensure the WI DOJ conducts financial monitoring in a timely manner, with an emphasis on completing desk monitoring for those subrecipients that did not receive a desk review in the last subaward cycle. In addition, we recommend that the WI DOJ revises its approach to reviewing financial reports to provide reasonable assurance that subrecipient expenditures charged to the VOCA grant are supported and in compliance with grant requirements, including approved budgets.

Performance Monitoring

As previously stated, in general, subrecipients can expect to receive a site visit at least one time during the 3-year subaward cycle. To prepare for a site visit, subrecipients are required to complete a grant monitoring form prior to the WI DOJ representatives arriving on site. The grant monitoring form included sections such as a summary of the subrecipient's program, staff, training, and volunteers. Prior to the scheduled site visit, WI DOJ representatives review the grant monitoring form and other subrecipient documentation, including in-kind match support, past site visit reports, the program website, past narratives and reports, and review FSRs with a WI DOJ Financial Specialist. While on site, the WI DOJ representatives tour facilities, review financial and programmatic operations, and conduct interviews with grant-funded staff. Upon completion of a site visit, a results letter would be prepared outlining findings, if any, and instructing the subrecipient to

resolve the identified issues. We find that having a letter summarizing site visit findings and steps to resolve them is a good practice to ensure that both parties have a mutual understanding of matters requiring correction.

To test the frequency of the WI DOJ's programmatic monitoring activities, we reviewed the number of site visits completed for subawards covering FYs 2014 through 2019, which encompassed two subaward cycles.¹³ We found the amount of monitoring activities for the previous subaward cycle was inadequate and not in compliance with the WI DOJ's policy, as only 64 percent of subrecipients received a site visit. However, we found that the amount of monitoring activities for the current subaward cycle improved as the WI DOJ completed or was on track to complete site visits for 83 percent of its subrecipients. Although the WI DOJ improved the frequency of monitoring activities from the previous subaward cycle to the current, because the current cycle will not be completed until September 2019, it cannot be determined whether the WI DOJ will comply with its monitoring plan. Therefore, we recommend that OJP ensure that the WI DOJ completes all performance monitoring activities for the subaward cycle ending in 2019.

Review of Performance Statistics

As stated earlier in the *Annual Performance Reports* section, the WI DOJ requires its subrecipients to enter quarterly performance data directly into PMT. The WI DOJ then completes a limited quality assurance check based on the data entered and notifies subrecipients of data inconsistencies.

While reviewing how the WI DOJ compiled performance data from its subrecipients to prepare Annual Performance Reports, we also assessed subrecipient quarterly performance reports. During our site visits of seven subrecipients, we reviewed available support for select subrecipient-reported figures to confirm the performance statistics.¹⁴ Specifically, we attempted to verify certain quantifiable items, including the number of victims served, the number of new victims served, and the types of victimization. We found that we were unable to reconcile the subrecipient supporting documentation against the information reported by the subrecipients into PMT for approximately half of the data categories tested. In addition, in some instances we found inadequate or no supporting documentation for the data reported by the subrecipients.

We believe that the discrepancies we identified indicate that the overall accuracy of the data reported by the subrecipients was not confirmed by the WI DOJ and therefore the WI DOJ's quality assurance of performance data was not adequate. Without accurate information, the WI DOJ cannot fully demonstrate the performance and effectiveness of activities funded by the VOCA awards. We recommend that OJP ensure that the WI DOJ has adequate monitoring policies and

¹³ The audit team reviewed the WI DOJ's tracking spreadsheet to calculate the frequency of monitoring activities. This tracking spreadsheet included site visit dates scheduled for 2019. Although FY 2019 is not yet completed, we included these dates in our analysis because the WI DOJ's site visit plan for this subaward cycle goes through September 30, 2019.

¹⁴ Appendix 1 contains additional information on our sampling methodology.

procedures to provide assurance that subrecipients are reporting accurate performance information.

CONCLUSION AND RECOMMENDATIONS

Overall, we found the WI DOJ used its grant funds to enhance services for crime victims. However, our audit identified certain deficiencies in several key areas. Although we found that the WI DOJ planned for the increase in VOCA funding, the 3-year subrecipient cycle restricted program growth, which we believe resulted in missed opportunities to serve victims. Additionally, we identified a conflict of interest concern between the WI DOJ and its internal subrecipient. With respect to grant financial management, we determined that while the WI DOJ generally established adequate controls over the majority of grant financial activities we reviewed we identified some concerns. We found unsupported and unallowable administrative expenditures, subrecipient expenditures, and matching funds resulting in questioned costs of \$196,499. Further, we found that the WI DOJ included duplicate amounts in drawdowns and failed to correct the errors in a timely manner, unilaterally changed OVC-approved matching amounts, and failed to include all program income in its FFRs. Finally, we believe the WI DOJ subrecipient monitoring policy is unclear and found that the WI DOJ did not complete with appropriate frequency its monitoring activities, nor did it properly review subrecipient financial and performance data. We provide 20 recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Coordinate with the WI DOJ to determine the appropriateness of reexamining the WI DOJ subaward structure to ensure that VOCA funds are efficiently and effectively awarded to subrecipients.
2. Ensure that the WI DOJ has an appropriate structure that adequately mitigates the risk of any apparent or real conflicts of interest, including establishing a system to recognize and address internal conflicts.
3. Ensure that the WI DOJ has adequate procedures in place to verify that subaward documents contain only relevant terms and conditions.
4. Ensure the WI DOJ reiterates its check request procedures to appropriate grant management personnel.
5. Ensure that the WI DOJ's consultant policy addresses how federal limits on consultant rates are incorporated into consultant agreements and the evidence necessary to adequately support consultant costs.
6. Remedy the \$19,162 of unsupported WI DOJ subrecipient expenditures.
7. Remedy the \$1,256 of unallowable WI DOJ subrecipient lease costs that are in excess of a related party's cost of ownership.
8. Ensure that the WI DOJ's subrecipient proposal review procedures address the risk of a subrecipient proposing costs as both direct and indirect.
9. Remedy the \$95,599 of unsupported WI DOJ administrative expenditures.

10. Ensure that the WI DOJ updates its drawdown policy with the newly instituted reconciliation process.
11. Determine the required match amounts for the WI DOJ subrecipients with both reduced award amounts and partial match waivers.
12. Ensure that the WI DOJ remedies any unmet subrecipient match amounts.
13. Ensure that future match waivers provide clear guidance on the requirements of the waiver, including an approved calculation method should a subrecipient with a partial match waiver not spend all of its VOCA funding.
14. Remedy the \$80,482 of unsupported WI DOJ subrecipient matching costs.
15. Ensure the WI DOJ properly tracks and reports all program income generated with VOCA funds from any source.
16. Ensure that the WI DOJ updates its monitoring policies for consistency and clarity with regard to the frequency of monitoring activities.
17. Ensure that the WI DOJ conducts financial monitoring in a timely manner, with an emphasis on completing desk monitoring for those subrecipients that did not receive a desk review in the last subaward cycle.
18. Ensure that the WI DOJ revises its approach to reviewing financial reports to provide reasonable assurance that subrecipient expenditures charged to the VOCA grant are supported and in compliance with grant requirements, including approved budgets.
19. Ensure that the WI DOJ completes all performance monitoring activities for the subaward cycle ending in 2019.
20. Ensure that the WI DOJ has adequate monitoring policies and procedures to provide assurance that subrecipients are reporting accurate performance information.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of the audit was to evaluate how the Wisconsin Department of Justice (WI DOJ) designed and implemented its crime victim assistance program. To accomplish this objective, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients.

Scope and Methodology

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

This was an audit of Victims of Crime Act (VOCA) victim assistance formula grants 2015-VA-GX-0052, 2016-VA-GX-0065, and 2017-VA-GX-0054 from the Crime Victims Fund (CVF) awarded to the WI DOJ. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$107,011,629 to the WI DOJ, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 2014, the project start date for VOCA assistance grant number 2015-VA-GX-0052, through February 2019. As of January 11, 2019, the WI DOJ had drawn down a total of \$59,173,055 from the three audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the WI DOJ's activities related to the audited grants. The authorizing VOCA legislation, the VOCA victim assistance program guidelines, the DOJ Financial Guide, and the award documents contain the primary criteria we applied during the audit. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit charges, financial reports, and performance reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. For our selection of subrecipients for which to conduct testing of performance reports, expenditures, and match transactions, as well as subrecipients to observe through a site visit, we considered the dollar value of the awards to the subrecipients, geographical location throughout the state, type of victim services provided, the WI DOJ's risk assessment scores, and the frequency of previous monitoring activities performed by the WI DOJ. Our non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected.

During our audit, we obtained information from OJP's Grants Management System and Performance Measurement Tool, as well as the WI DOJ's automated grant information tracking and management system and its 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 documents from other sources.

While our audit did not assess the WI DOJ's overall system of internal controls, we did review the internal controls of the WI DOJ's financial management system specific to the management of funds for each VOCA grant within our review. To determine whether the WI DOJ adequately managed the VOCA funds we audited, we conducted interviews with state of Wisconsin financial staff, examined policies and procedures, and reviewed grant documentation and financial records. We also developed an understanding of the WI DOJ's financial management system and its policies and procedures to assess its risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants. We also reviewed the state of Wisconsin's fiscal year 2015-2017 Single Audit Reports.

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs ¹⁵		
Unallowable Costs		
Unallowable Lease Costs	\$1,256	14
Total Unallowable Costs	\$1,256	
Unsupported Costs		
Unsupported Personnel Costs	\$13,765	13
Unsupported Employee Benefit Costs	2,160	14
Unsupported Lease Costs	<u>3,237</u>	14
Subtotal Unsupported Subrecipient Costs	\$19,162	
Unsupported Rent Costs	\$47,386	16
Unsupported Consultant Costs	2,000	16
Unsupported Employee Benefit Costs	18,405	16
Unsupported Technical Support Provider Personnel Costs	<u>27,808</u>	17
Subtotal Unsupported Administrative Costs	\$95,599	
Unsupported Match - Donated Services	\$75,304	21
Unsupported Match - Labor	<u>5,178</u>	21
Subtotal Unsupported Match	\$80,482	
Total Unsupported Costs	\$195,243	
TOTAL DOLLAR-RELATED FINDINGS	<u>\$196,499</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, the provision of supporting documentation, or contract ratification, where appropriate.

WISCONSIN DEPARTMENT OF JUSTICE RESPONSE TO THE DRAFT AUDIT REPORT



STATE OF WISCONSIN
DEPARTMENT OF JUSTICE

Josh Kaul
Attorney General

Room 114 East, State Capitol
PO Box 7857
Madison WI 53707-7857
(608) 266-1221
TTY 1-800-947-3529

June 19, 2019

SENT VIA US MAIL

Carol S. Taraszka, Regional Audit Manager
Chicago Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
500 West Madison Street, Suite 1121
Chicago, IL 60661-2590

Re: Audit of the Office of Justice Programs Victim Assistance
Grants

Dear Ms. Taraszka:

Thank you for the opportunity to respond to the recommendations in the draft audit report regarding this Victim Assistance Grants Awarded to the Wisconsin Department of Justice (WI DOJ). We appreciate the knowledge and professionalism of your audit staff and the opportunity to improve and strengthen the grant management and administration processes for this important program.

1. Coordinate with the WI DOJ to determine the appropriateness of reexamining the WI DOJ subaward structure to ensure that VOCA funds are efficiently and effectively awarded to subrecipients.

WI DOJ Response: WI DOJ concurs and welcomes the opportunity to discuss the appropriateness of reexamining our subaward structure with Office of Justice Programs (OJP).

Through our subaward structure, WI DOJ has made a commitment to ensuring the sustainability of funding levels for subrecipients for a period of at least three years. WI DOJ believes the sustainability of victim service organizations is critical to meeting the needs of victims.

To provide flexibility for organizations in need of supplemental funding in the interim (non-award) years, WI DOJ routinely offers one-time and targeted grant opportunities utilizing turnback funds. In July 2018, WI DOJ created guidelines and procedures for awarding grant funding during non-regular grant cycles. In addition to setting forth a process for targeted grant opportunities, the guideline allows for agencies, organizations or partners to request grant funding at any time. Each request is considered on a case-by-case basis, and WI DOJ considers the factors outlined in the policy when making decisions about whether to award funding and how much funding will be awarded.

Finally, utilizing our current subaward structure, WI DOJ was one of twenty-five jurisdictions to spend the entire amount of our Fiscal Year (FY) 15 VOCA grant.

2. Ensure that the WI DOJ has an appropriate structure that adequately mitigates the risk of any apparent or real conflicts of interest, including establishing a system to recognize and address internal conflicts.

WI DOJ Response: WI DOJ concurs. The department has addressed potential conflicts of interest or appearance of conflicts of interest by removing the Office of Crime Victim Services (OCVS) deputy director position as a source of matching funds and making the Victim Services subgrant non-competitive.

3. Ensure that the WI DOJ has adequate procedures in place to verify that subaward documents contain only relevant terms and conditions.

WI DOJ Response: WI DOJ concurs. WI DOJ reviews each subaward document to ensure it is relevant to that program.

4. Ensure the WI DOJ reiterates its check request procedures to appropriate grant management personnel.

WI DOJ Response: WI DOJ concurs and is revising the check request form to clarify required signatures. A communication on the procedures will be sent to relevant department staff.

5. Ensure that the WI DOJ's consultant policy addresses how federal limits on consultant rates are incorporated into consultant agreements and the evidence necessary to adequately support consultant costs.

WI DOJ Response: WI DOJ concurs. A consultant policy will be implemented by September 30, 2019, to address these issues.

6. Remedy the \$19,162 of unsupported WI DOJ subrecipient expenditures.

WI DOJ Response: WI DOJ concurs. The subrecipients are being contacted to determine if the reported costs can be adequately supported.

7. Remedy the \$1,256 of unallowable WI DOJ subrecipient lease costs that are in excess of a related party's cost of ownership.

WI DOJ Response: WI DOJ concurs. We will work with the subgrantee and will reimburse the grant for unallowable costs.

8. Ensure that the WI DOJ's subrecipient proposal review procedures address the risk of a subrecipient proposing costs as both direct and indirect.

WI DOJ Response: WI DOJ concurs. The department will modify the Risk Assessment Procedures to include additional scrutiny when indirect costs are involved.

9. Remedy the \$95,599 of unsupported WI DOJ administrative expenditures.

WI DOJ Response: WI DOJ concurs. The department will provide the necessary documentation so that all costs are properly supported.

10. Ensure that the WI DOJ updates its drawdown policy with the newly instituted reconciliation process.

WI DOJ Response: WI DOJ concurs. As noted in the audit, a drawdown reconciliation process was put into place beginning March 2019 along with

system enhancements to prevent timeouts that could lead to duplicate billing in the statewide enterprise financial system implemented in October 2015. Procedures were developed by the Wisconsin Department of Administration that show steps to create system bills and withdraw funds from US DOJ to post against open bills and the quarterly reconciliation of the creation of those bills. Statewide procedures were created that ensure project expenses and revenues reconcile and that revenues are supported by actual expenses. This reconciliation is performed by the department monthly. The department also created a procedure that outlines the various reconciliations to ensure that fund draws are performed accurately.

11. Determine the required match amounts for the WI DOJ subrecipients with both reduced award amounts and partial match waivers.

WI DOJ Response: WI DOJ concurs. The department will obtain clear guidance from the Office of Justice Programs (OJP) regarding an approved calculation method for match amounts on partial match waivers and determine the required match amounts for subrecipients by September 30, 2019.

12. Ensure that the WI DOJ remedies any unmet subrecipient match amounts.

WI DOJ Response: WI DOJ concurs. After clarifying the match amounts with the OJP, the department will contact subrecipients with unmet match amounts to remedy deficits by October 31, 2019.

13. Ensure that future match waivers provide clear guidance on the requirements of the waiver, including an approved calculation method should a subrecipient with a partial match waiver not spend all of its VOCA funding.

WI DOJ Response: WI DOJ concurs. The department will obtain clear guidance from the OJP on the requirements of the match waiver, including correct calculations, and implement internal procedures by September 30, 2019.

14. Remedy the \$80,482 of unsupported WI DOJ subrecipient matching costs.

WI DOJ Response: WI DOJ concurs. The department will contact the subrecipient agencies to determine if proper supported matching costs can be identified.

15. Ensure the WI DOJ properly tracks and reports all program income generated with VOCA funds from any source.

WI DOJ Response: WI DOJ concurs. The department will develop a policy stating that all VOCA-funded trainings that accept registration fees must report registration income as program income.

16. Ensure that the WI DOJ updates its monitoring policies for consistency and clarity with regard to the frequency of monitoring activities.

WI DOJ Response: WI DOJ concurs. The department is updating its monitoring policies to clarify the frequency of monitoring and make the procedures consistent. The policy updates will be completed by September 30, 2019.

17. Ensure that the WI DOJ conducts financial monitoring in a timely manner, with an emphasis on completing desk monitoring for those subrecipients that did not receive a desk review in the last subaward cycle.

WI DOJ Response: WI DOJ concurs. The department continues to implement its plan to complete financial desk monitoring by December 31, 2019.

18. Ensure that the WI DOJ revises its approach to reviewing financial reports to provide reasonable assurance that subrecipient expenditures charged to the VOCA grant are supported and in compliance with grant requirements, including approved budgets.

WI DOJ Response: WI DOJ concurs. The department plans to hire additional staff in order to perform more in-depth reviews of subrecipient expenditures to ensure compliance.

Carol S. Taraszka, Regional Audit Manager
June 19, 2019
Page 6

19. Ensure that the WI DOJ completes all performance monitoring activities for the subaward cycle ending in 2019.

WI DOJ Response: WI DOJ concurs. The department hired additional staff to perform the programmatic monitoring and will complete monitoring for the subaward cycle ending in 2019. This will be completed by December 31, 2019.

20. Ensure that the WI DOJ has adequate monitoring policies and procedures to provide assurance that subrecipients are reporting accurate performance information.

WI DOJ Response: WI DOJ concurs. The department is working with staff to develop processes to adequately monitor subrecipient performance information. This will be completed by December 31, 2019.

If you have any questions on our responses, please contact Darcey Varese, Finance Section Chief, directly at (608) 266-9653 or varesedl@doj.state.wi.us.

Sincerely,



Eric J. Wilson
Deputy Attorney General

EJW:DLV:alm

**U.S. DEPARTMENT OF JUSTICE
OFFICE OF JUSTICE PROGRAMS
RESPONSE TO THE DRAFT AUDIT REPORT**



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

JUL - 3 2019

MEMORANDUM TO: Carol S. Taraszka
Regional Audit Manager
Chicago 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, Victim Assistance Grants Awarded to the Wisconsin Department of Justice, Madison, Wisconsin*

This memorandum is in reference to your correspondence, dated May 29, 2019, transmitting the above-referenced draft audit report for the Wisconsin Department of Justice (WI DOJ). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **20** recommendations and **\$196,499** in 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 coordinate with the WI DOJ to determine the appropriateness of reexamining the WI DOJ subaward structure to ensure that VOCA funds are efficiently and effectively awarded to subrecipients.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to determine the appropriateness of reexamining its subaward structure to ensure that Victims of Crime Act (VOCA) funds are awarded to subrecipients in an efficient and effective manner.

2. **We recommend that OJP ensure that the WI DOJ has an appropriate structure that adequately mitigates the risk of any apparent or real conflicts of interest, including establishing a system to recognize and address internal conflicts.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to ensure that they establish and maintain a system for recognizing and addressing conflicts of interest, including internal conflicts.

3. **We recommend that OJP ensure that the WI DOJ has adequate procedures in place to verify that subaward documents contain only relevant terms and conditions.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to obtain a copy of written policies and procedures, developed and implemented, to ensure that subaward documents contain only relevant terms and conditions.

4. **We recommend that OJP ensure the WI DOJ reiterates its check request procedures to appropriate grant management personnel.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to obtain documentation to ensure that its check request policies and procedures are redistributed to personnel responsible for managing Federal grant funds.

5. **We recommend that OJP ensure that the WI DOJ's consultant policy addresses how Federal limits on consultant rates are incorporated into consultant agreements and the evidence necessary to adequately support consultant costs.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to obtain a copy of written policies and procedures, developed and implemented, to ensure that Federal limits on consultant rates are included in all consultant agreements, and documentation to support consultant costs is maintained for future auditing purposes.

6. **We recommend that OJP remedy the \$19,162 of unsupported WI DOJ subrecipient expenditures.**

OJP agrees with the recommendation. We will review the \$19,162 in questioned costs, related to unsupported subrecipient expenditures that were charged to Grant Numbers 2015-VA-GX-0052, 2016-VA-GX-0065, and 2017-VA-GX-0054, and will work with WI DOJ to remedy, as appropriate.

7. **We recommend that OJP remedy the \$1,256 of unallowable WI DOJ subrecipient lease costs that are in excess of a related party's cost of ownership.**

OJP agrees with the recommendation. We will review the \$1,256 in questioned costs, related to unallowable subrecipient lease costs charged to Grant Numbers 2015-VA-GX-0052, 2016-VA-GX-0065, and 2017-VA-GX-0054, and will work with WI DOJ to remedy, as appropriate.

8. **We recommend that OJP ensure that the WI DOJ's subrecipient proposal review procedures address the risk of a subrecipient proposing costs as both direct and indirect.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to obtain a copy of written policies and procedures, developed and implemented, to ensure that all costs proposed by subrecipients, including costs classified as both direct and indirect, are closely reviewed for allowability.

9. **We recommend that OJP remedy the \$95,599 of unsupported WI DOJ administrative expenditures.**

OJP agrees with the recommendation. We will review the \$95,599 in questioned costs, related to unsupported administrative expenditures that were charged to Grant Numbers 2015-VA-GX-0052, 2016-VA-GX-0065, and 2017-VA-GX-0054, and will work with WI DOJ to remedy, as appropriate.

10. **We recommend that OJP ensure that the WI DOJ updates its drawdown policy with the newly instituted reconciliation process.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to obtain a copy of revised policies and procedures, developed and implemented, to ensure that the drawdown policy reflects the newly instituted reconciliation process.

11. **We recommend that OJP determine the required match amounts for the WI DOJ subrecipients with both reduced award amounts and partial match waivers.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to determine the match amounts required for WI DOJ subrecipients, with both reduced award amounts and partial match waivers, and will work with WI DOJ to remedy, as appropriate.

12. **We recommend that OJP ensure that the WI DOJ remedies any unmet subrecipient match amounts.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to remedy, as appropriate, any unmet subrecipient match amounts.

13. **We recommend that OJP ensure that future match waivers provide clear guidance on the requirements of the waiver, including an approved calculation method should a subrecipient with a partial match waiver not spend all of its VOCA funding.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to obtain a copy of written policies and procedures, developed and implemented, to ensure that future match waivers provide clear guidance on the requirements of the waiver, including an approved calculation methodology, should a subrecipient with a partial match waiver not spend all of its VOCA funding.

14. **We recommend that OJP remedy the \$80,482 of unsupported WI DOJ subrecipient matching costs.**

OJP agrees with the recommendation. We will review the \$80,482 in questioned costs, related to unsupported subrecipient matching costs, and will work with WI DOJ to remedy, as appropriate.

15. **We recommend that OJP ensure the WI DOJ properly tracks and reports all program income generated with VOCA funds from any source.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to obtain a copy of written policies and procedures, developed and implemented, to ensure that it properly tracks and reports all program income generated with VOCA funds from any source.

16. **We recommend that OJP ensure that the WI DOJ updates its monitoring policies for consistency and clarity with regard to the frequency of monitoring activities.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to obtain a copy of its revised monitoring policies and procedures, which ensure that the frequency of its monitoring activities is clearly and consistently documented.

17. **We recommend that OJP ensure that the WI DOJ conducts financial monitoring in a timely manner, with an emphasis on completing desk monitoring for those subrecipients that did not receive a desk review in the last subaward cycle.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to obtain a copy of written policies and procedures, developed and implemented, to ensure that financial monitoring is conducted in a timely manner, and that desk monitoring is performed for subrecipients that did not receive a desk review in the last subaward cycle.

18. **We recommend that OJP ensure that the WI DOJ revises its approach to reviewing financial reports to provide reasonable assurance that subrecipient expenditures charged to the VOCA grant are supported and in compliance with grant requirements, including approved budgets.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to obtain a copy of written policies and procedures, developed and implemented, to ensure that subrecipient expenditures charged to VOCA grants are adequately supported and in compliance with grant requirements, including approved budgets.

19. **We recommend that OJP ensure that the WI DOJ completes all performance monitoring activities for the subaward cycle ending in 2019.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to obtain documentation to support that all performance monitoring activities, for the subaward cycle ending in 2019, have been completed.

20. **We recommend that OJP ensure that the WI DOJ has adequate monitoring policies and procedures to provide assurance that subrecipients are reporting accurate performance information.**

OJP agrees with the recommendation. We will coordinate with WI DOJ to obtain a copy of written monitoring policies and procedures, developed and implemented, for ensuring that subrecipients are accurately reporting performance information.

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: Katharine T. Sullivan
Principal Deputy Assistant Attorney General

Maureen A. Henneberg
Deputy Assistant Attorney General
for Operations and Management

LeToya A. Johnson
Senior Advisor
Office of the Assistant Attorney General

Jeffery A. Haley
Deputy Director, Audit and Review Division
Office of Audit, Assessment and Management

cc: Darlene L. Hutchinson
Director
Office for Victims of Crime

Tracey Trautman
Principal Deputy Director
Office for Victims of Crime

Allison Turkel
Deputy Director
Office for Victims of Crime

Katherine Darke-Schmitt
Deputy Director
Office for Victims of Crime

Kathrina S. Peterson
Acting Deputy Director
Office for Victims of Crime

James Simonson
Associate Director for Operations
Office for Victims of Crime

Jalila Sebbata
Grants Management Specialist
Office for Victims of Crime

Charlotte Grzebien
Deputy General Counsel

Robert Davis
Acting Director
Office of Communications

Leigh A. Benda
Chief Financial Officer

Christal McNeil-Wright
Associate Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

cc: Joanne M. Suttington
Associate Chief Financial Officer
Finance, Accounting, and Analysis Division
Office of the Chief Financial Officer

Aida Brumme
Manager, Evaluation and Oversight Branch
Grants Financial Management Division
Office of the Chief Financial Officer

Louise Duhamel
Acting Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number: IT20190605150401

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

The OIG provided a draft of this audit report to the Department of Justice Office of Justice Programs (OJP) and the Wisconsin Department of Justice (WI DOJ). OJP's response is incorporated in Appendix 4 and the WI DOJ response is incorporated in Appendix 3 of this final report. In response to our draft audit report, OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Coordinate with the WI DOJ to determine the appropriateness of reexamining the WI DOJ subaward structure to ensure that VOCA funds are efficiently and effectively awarded to subrecipients.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the WI DOJ to determine the appropriateness of reexamining its subaward structure to ensure that VOCA funds are awarded to subrecipients in an efficient and effective manner.

The WI DOJ concurred with our recommendation and stated in its response that it welcomes the opportunity to discuss the appropriateness of reexamining its subaward cycle with OJP. The WI DOJ stated that under its current subaward cycle it makes a commitment to ensure sustainability of funding for 3 years by providing flexibility in funding through one-time and targeted funding opportunities. Additionally, the WI DOJ stated that in July 2018, WI DOJ created guidelines and procedures that allow agencies, organizations, or partners to request grant funding at any time.

This recommendation can be closed when we receive evidence that OJP has coordinated with the WI DOJ to determine the appropriateness of reexamining the subaward structure, including a review of the July 2018 guidelines and procedures established to ensure that VOCA funds are efficiently and effectively awarded.

- 2. Ensure that the WI DOJ has an appropriate structure that adequately mitigates the risk of any apparent or real conflicts of interest, including establishing a system to recognize and address internal conflicts.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the WI DOJ to ensure that it establishes and maintains a system for recognizing and addressing conflicts of interest, including internal conflicts.

The WI DOJ concurred with our recommendation and stated in its response that it has addressed the potential or appearance of a conflict of interest by removing the Office of Crime Victim Services (OCVS) deputy director position as a source of matching funds and making the subgrant in question a non-competitive subgrant. However, we noted that the WI DOJ did not describe how it intends to establish a system to recognize and address internal conflicts.

This recommendation can be closed when we receive evidence that OJP has ensured that the WI DOJ has removed the OCVS deputy director position as the source of matching funds and changed the subgrant to a non-competitive subgrant. Additionally, OJP should ensure that the WI DOJ established and implemented a system to recognize and address internal conflicts.

- 3. Ensure that the WI DOJ has adequate procedures in place to verify that subaward documents contain only relevant terms and conditions.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the WI DOJ to obtain a copy of written policies and procedures, developed and implemented, to ensure that subaward documents contain only relevant terms and conditions.

The WI DOJ concurred with our recommendation and stated in its response that it reviews each subaward document to ensure it is relevant to that program. However, as stated in our report, we found that the WI DOJ uses a standard template and we believe that the WI DOJ should be more attentive in editing the standard template when certain standard terms do not apply to a particular subaward.

This recommendation can be closed when we receive evidence that OJP ensured that the WI DOJ has a reliable process to ensure that the subaward documents contain only relevant terms and conditions.

4. Ensure the WI DOJ reiterates its check request procedures to appropriate grant management personnel.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the WI DOJ to obtain documentation to ensure that its check request policies and procedures are redistributed to personnel responsible for managing federal grant funds.

The WI DOJ concurred with our recommendation and stated in its response that it is revising the check request form to clarify required signatures. The WI DOJ also stated that it will communicate the procedures to relevant department staff.

This recommendation can be closed when we receive evidence that OJP ensured that the WI DOJ has executed its new form that more clearly guides employees in obtaining required signatures and that the check request procedures were appropriately communicated with grant management personnel.

5. Ensure that the WI DOJ's consultant policy addresses how federal limits on consultant rates are incorporated into consultant agreements and the evidence necessary to adequately support consultant costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the WI DOJ to obtain a copy of written policies and procedures, developed and implemented, to ensure that federal consultant rate limits are included in all consultant agreements and that documentation to support consultant costs is maintained for future auditing purposes.

The WI DOJ concurred with our recommendation and stated in its response that a consultant policy will be implemented by September 30, 2019, to address the issues identified in the audit.

This recommendation can be closed when we receive evidence that OJP ensured that the WI DOJ's consultant policy addresses how federal limits on consultant rates are incorporated into consultant agreements and documentation to support consultant costs is maintained for future auditing purposes.

6. Remedy the \$19,162 of unsupported WI DOJ subrecipient expenditures.

Resolved. OJP agreed with our recommendation. In its response, OJP stated that it will review and work to remedy, as appropriate, the \$19,162 in questioned costs related to the unsupported WI DOJ subrecipient expenditures.

The WI DOJ concurred with our recommendation and stated in its response that its subrecipients are being contacted to determine if the reported costs can be adequately supported.

This recommendation can be closed when we receive evidence that the \$19,162 in unsupported WI DOJ subrecipient expenditures has been adequately remedied.

7. Remedy the \$1,256 of unallowable WI DOJ subrecipient lease costs that are in excess of a related party's cost of ownership.

Resolved. OJP agreed with our recommendation. In its response, OJP stated that it will review and work to remedy, as appropriate, the \$1,256 in questioned costs related to the unallowable subrecipient lease.

The WI DOJ concurred with our recommendation and stated in its response that it will work with the subgrantee to reimburse the unallowable costs.

This recommendation can be closed when we receive evidence that OJP has appropriately remedied the \$1,256 in unallowable lease costs.

8. Ensure that the WI DOJ's subrecipient proposal review procedures address the risk of a subrecipient proposing costs as both direct and indirect.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the WI DOJ to obtain written policies and procedures, developed and implemented, to ensure that all direct and indirect costs are reviewed closely for allowability.

The WI DOJ concurred with our recommendation and stated in its response that it will modify its Risk Assessment Procedures to include additional scrutiny when reviewing instances of subrecipient indirect costs.

This recommendation can be closed when we receive evidence that OJP has ensured that the WI DOJ's procedures address the risk of subrecipients proposing costs as both direct and indirect.

9. Remedy the \$95,599 of unsupported WI DOJ administrative expenditures.

Resolved. OJP agreed with our recommendation. In its response, OJP stated that it will review and work to remedy, as appropriate, the \$95,599 in questioned costs related to unsupported administrative expenditures.

The WI DOJ concurred with our recommendation and stated in its response that it will provide the necessary documentation to properly support all costs.

This recommendation can be closed when we receive evidence that OJP has appropriately remedied the \$95,599 in unsupported administrative expenditures.

10. Ensure that the WI DOJ updates its drawdown policy with the newly instituted reconciliation process.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the WI DOJ to obtain a copy of revised policies and procedures, developed and implemented, to ensure that the drawdown policy reflects the newly instituted reconciliation process.

The WI DOJ concurred with our recommendation and stated in its response that, as written in the report, the WI DOJ and WI DOA updated the policies and developed procedures to prevent duplicate drawdowns. The WI DOJ further stated that the reconciliation of project expenses and revenues is performed monthly. Additionally, the WI DOJ stated that it created a procedure that outlines the various reconciliations to ensure that fund draws are performed accurately.

This recommendation can be closed when we receive evidence that OJP ensured that the new policies and procedures were updated to reflect the WI DOJ's reconciliation processes.

11. Determine the required match amounts for the WI DOJ subrecipients with both reduced award amounts and partial match waivers.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the WI DOJ to determine the match amounts required for WI DOJ subrecipients with reduced award amounts and partial match waivers.

The WI DOJ concurred with our recommendation and stated in its response that it will obtain guidance from OJP regarding the approved calculation method for partial match waivers and it will determine the required subrecipient match amounts by September 30, 2019.

This recommendation can be closed when we receive evidence that OJP has worked with the WI DOJ to determine the required match amounts for WI DOJ subrecipients with both reduced award amounts and partial match waivers.

12. Ensure that the WI DOJ remedies any unmet subrecipient match amounts.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will remedy, as appropriate, any unmet subrecipient match amounts.

The WI DOJ concurred with our recommendation and stated in its response that once it clarifies the unmet match amounts with OJP, it will work with its subrecipients to remedy any deficits by October 31, 2019.

This recommendation can be closed when we receive evidence that OJP has appropriately remedied the newly calculated unmet subrecipient match amounts.

13. Ensure that future match waivers provide clear guidance on the requirements of the waiver, including an approved calculation method should a subrecipient with a partial match waiver not spend all of its VOCA funding.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the WI DOJ to obtain a copy of written policies and procedures, developed and implemented, to ensure that future match waivers provide clear guidance on requirements and approved calculation methodology in instances of subrecipients with partial match waivers not spending all of its VOCA funds. However, OJP's response did not address what OJP will do to ensure that future match waivers issued by its office provide clear guidance to the grantee on the requirements of waivers it has approved, including how the waivers should be executed at the subrecipient level.

The WI DOJ concurred with our recommendation and stated in its response that it will obtain clear guidance from OJP on the requirement of the match waiver, including correct calculations. Additionally, the WI DOJ stated that it will implement new internal procedures by September 30, 2019.

This recommendation can be closed when we receive evidence that OJP provided clear guidance on the match waiver requirements, including an approved calculation method for subrecipients with unspent funds.

14. Remedy the \$80,482 of unsupported WI DOJ subrecipient matching costs.

Resolved. OJP agreed with our recommendation. In its response, OJP stated that it will review and work to remedy, as appropriate, the \$80,482 in questioned costs related to the unsupported subrecipient matching costs.

The WI DOJ concurred with our recommendation and stated in its response that it will contact its subrecipients to determine if proper supporting matching costs can be identified.

This recommendation can be closed when we receive evidence that OJP has appropriately remedied the \$80,482 in unsupported subrecipient matching costs.

15. Ensure the WI DOJ properly tracks and reports all program income generated with VOCA funds from any source.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the WI DOJ to obtain a copy of written policies and procedures, developed and implemented, to ensure that it properly tracks and reports all program income generated with VOCA funds.

The WI DOJ concurred with our recommendation and stated in its response that it will develop a policy stating that all VOCA-funded trainings that accept registration fees must report registration income as program income.

This recommendation can be closed when we receive evidence that OJP has ensured that the WI DOJ's policy includes guidance for the proper tracking and reporting of program income.

16. Ensure that the WI DOJ updates its monitoring policies for consistency and clarity with regard to the frequency of monitoring activities.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the WI DOJ to obtain a copy of revised monitoring policies and procedures to ensure that the expected frequency of monitoring activities is clearly and consistently documented.

The WI DOJ concurred with our recommendation and stated in its response that it is updating its monitoring policy to clarify the frequency of monitoring activities and to make its monitoring procedures consistent. This policy update will be completed by September 30, 2019.

This recommendation can be closed when we receive evidence that OJP has ensured that the WI DOJ's monitoring policies have been updated to clarify the expected frequency of monitoring activities.

17. Ensure that the WI DOJ conducts financial monitoring in a timely manner, with an emphasis on completing desk monitoring for those subrecipients that did not receive a desk review in the last subaward cycle.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the WI DOJ to obtain a copy of written policies and procedures, developed and implemented, to ensure that financial monitoring is conducted timely and that desk monitoring is performed for subrecipients that did not receive a review in the last subaward cycle.

The WI DOJ concurred with our recommendation and stated in its response that it continues to implement a plan to complete financial desk monitoring by December 31, 2019.

This recommendation can be closed when we receive evidence that OJP obtained the WI DOJ's monitoring policies and procedures and ensured that financial monitoring is conducted in a timely manner, with an emphasis on the desk monitoring of subrecipients that did not receive a desk review in the last subaward cycle.

18. Ensure that the WI DOJ revises its approach to reviewing financial reports to provide reasonable assurance that subrecipient expenditures charged to the VOCA grant are supported and in compliance with grant requirements, including approved budgets.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the WI DOJ to obtain a copy of revised policies and procedures, developed and implemented, to ensure that subrecipient expenditures charged to VOCA grants are adequately supported and in compliance with grant requirements, including approved budgets.

The WI DOJ concurred with our recommendation and stated in its response that it plans to hire additional staff to complete a more in-depth reviews of subrecipient expenditures.

This recommendation can be closed when obtain evidence that OJP obtained the WI DOJ's written policies and procedures and ensured that WI DOJ has taken adequate corrective action to improve the review of subrecipients' financial reports.

19. Ensure that the WI DOJ completes all performance monitoring activities for the subaward cycle ending in 2019.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the WI DOJ to obtain documentation to support that all performance monitoring activities have been completed for the subaward cycle ending in 2019.

The WI DOJ concurred with our recommendation and stated in its response that it hired additional staff to perform programmatic monitoring and will complete monitoring for the subaward cycle ending in 2019 by December 31, 2019.

This recommendation can be closed when receive evidence that OJP ensured that WI DOJ completed all performance monitoring for the subaward cycle ending in 2019.

20. Ensure that the WI DOJ has adequate monitoring policies and procedures to provide assurance that subrecipients are reporting accurate performance information.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the WI DOJ to obtain a copy of written monitoring policies and procedures, developed and implemented, to ensure that subrecipients are accurately reporting performance information.

The WI DOJ concurred with our recommendation and stated in its response that it is developing processes to adequately monitor subrecipient performance information and that these processes will be completed by December 31, 2019.

This recommendation can be closed when we receive evidence that OJP coordinated with the WI DOJ on written policies and procedures, developed and implemented, which provide assurance that subrecipients are reporting accurate performance information.



The Department of Justice Office of the Inspector General (DOJ OIG) is a statutorily created independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct in the Department of Justice, and to promote economy and efficiency in the Department's operations.

To report allegations of waste, fraud, abuse, or misconduct regarding DOJ programs, employees, contractors, grants, or contracts please visit or call the **DOJ OIG Hotline** at oig.justice.gov/hotline or (800) 869-4499.

U.S. DEPARTMENT OF JUSTICE OFFICE OF THE INSPECTOR GENERAL

950 Pennsylvania Avenue, Northwest
Suite 4706
Washington, DC 20530 0001

Website
oig.justice.gov

Twitter
[@JusticeOIG](https://twitter.com/JusticeOIG)

YouTube
[JusticeOIG](https://www.youtube.com/JusticeOIG)

Also at Oversight.gov