



Audit of the Office of Justice Programs Second
Chance Act Adult Reentry Initiative Grant Awarded
to Connecticut Department of Correction,
Wethersfield, Connecticut



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EXECUTIVE SUMMARY

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Objectives

The Office of Justice Programs (OJP) Bureau of Justice Assistance (BJA) awarded the Connecticut Department of Correction (DOC) one grant with two supplements totaling \$3,000,000 for the Second Chance Act Reentry Initiative. The objectives of this audit were to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the DOC demonstrated adequate progress towards achieving the program's goal and objectives.

Results in Brief

As a result of our audit, we concluded that DOC demonstrated adequate progress towards the grant's stated goal and objectives. This audit did not identify significant concerns regarding DOC's grant financial management, supplies, budget management, drawdown, and federal financial reports. However, we found that DOC did not comply with essential award conditions related to subrecipient monitoring, subrecipient expenditures, consultant expenditures, and personnel and fringe benefit expenditures.

Recommendations

Our report contains eight recommendations for OJP. We requested a response to our draft audit report from DOC and OJP, which can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

The purpose of the OJP grant we reviewed was to promote more effective and successful reentry for formerly incarcerated individuals. The project period for the grant was from October 2016 through September 2022. DOC drew down a cumulative amount of \$1,842,663 for the grant we reviewed.

Subrecipient Monitoring

We found that DOC did not document its effort to ensure subrecipient costs were reasonable and could not demonstrate familiarity with its subrecipients' financial and procurement operations and expenditure support as required by Department of Justice Grants Financial Guide. In addition, DOC did not adequately document that it reviewed documentation supporting subrecipient reimbursement requests.

Consultant Expenditures

DOC did not document its efforts to ensure consultant pay rates were reasonable, and it did not review consultant time and effort reports and travel cost documentation. In addition, one of its subrecipients charged \$5,300 in unsupported travel costs.

Personnel and Fringe Benefit Expenditures

DOC's time and effort reports did not include support for reasonable allocation or distribution of costs among specific activities.

Table of Contents

Introduction	1
The Grantee	1
OIG Audit Approach	2
Audit Results	3
Program Performance and Accomplishments	3
Program Goal and Objectives	3
Required Performance Reports.....	3
Grant Financial Management	4
Single Audit.....	4
Subrecipient Monitoring.....	5
Pre-Award Subrecipient Monitoring Process.....	5
Post-Award Subrecipient Monitoring Process.....	5
Grant Expenditures	6
Subrecipient Costs.....	6
Consultants Costs.....	7
Personnel and Fringe Benefit Costs.....	7
Supplies Costs	8
Budget Management and Control	8
Drawdowns	8
Federal Financial Reports.....	9
Conclusion and Recommendations	10
APPENDIX 1: Objectives, Scope, and Methodology	11
Objectives	11
Scope and Methodology.....	11
Internal Controls.....	12
APPENDIX 2: Schedule of Dollar-Related Findings	13
APPENDIX 3: The Connecticut Department of Correction Response to the Draft Audit Report	14
APPENDIX 4: The Office of Justice Programs Response to the Draft Audit Report	18
APPENDIX 5: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report	24

Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of one grant with two supplements awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), under the Second Chance Act Reentry Initiative to the Connecticut Department of Correction (DOC) in Wethersfield, Connecticut. DOC was awarded a total of \$3,000,000, as shown in Table 1.

Table 1

Grants Awarded to Connecticut Department of Correction

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2016-CZ-BX-0017	OJP/BJA	9/28/2016	10/1/2016	9/30/2022	1,000,000
Supplement 1	OJP/BJA	9/29/2017	10/1/2016	9/30/2022	1,000,000
Supplement 2	OJP/BJA	9/4/2018	10/1/2016	9/30/2022	1,000,000
				Total:	\$3,000,000

Source: OJP's Grant Management System

Funding through the Second Chance Act Reentry Initiative is aimed at promoting more effective and successful reentry for formerly incarcerated individuals. The grant recipient is expected to use the funds to address risk and needs assessment, case management, promote quality programs, and enhance supervision practices.

The Grantee

According to the DOC's website, the department was established in 1968 by consolidating pre-trial jails for accused offenders and prisons for sentenced inmates, and it has been committed to the successful reintegration of offenders into the community since its inception. DOC combined youth and adult correctional institutions and manages parole functions under one central authority and resource base. As inmate populations increased, DOC stated it has expanded to 18 correctional facilities, a training academy, and a central office in Wethersfield.

To promote more effective and successful reentry for formerly incarcerated individuals, DOC relied on four nonprofit organizations to provide services such as training and quality assurance monitoring, technical assistance and consultation on parole supervision strategies, cognitive-based therapy, and outcomes evaluations. By hiring subrecipients, DOC acted as a pass-through entity responsible for overseeing the subrecipient organizations to ensure they achieved the subaward goals and objectives, complied with grant requirements, and received fiscal oversight.

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether DOC demonstrated adequate progress towards achieving the program goal and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

We tested compliance with what we consider to be the most important conditions of the grants. The DOJ Grants Financial Guide and the award documents contain the primary criteria we applied during the audit.

The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2. In addition, we requested a response to our draft audit report from DOC and OJP, and their responses are appended to this report in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

Program Performance and Accomplishments

We reviewed required performance reports, grant solicitations and documentation, and interviewed DOC officials to determine whether DOC demonstrated adequate progress towards achieving the program goal and objectives. We also reviewed progress reports to determine if the required reports were accurate. We found DOC demonstrated adequate progress toward achieving the program goal and objectives, and it submitted progress reports as required. The following sections describe the results of our review.

Program Goal and Objectives

The program goal of the grant was to promote more effective and successful reentry for formerly incarcerated individuals by using comprehensive, evidence-based reentry plans that addressed the identified needs of individuals and were supported by trained mentors. As described earlier in the introduction section of this report, DOC expected to make progress towards this goal by using the funds in areas such as risk and needs assessment, case management, promoting quality programs, and enhancing supervision practices. DOC's strategy for achieving this goal was based on an implementation plan that was developed specific for this grant program.

From DOC's established implementation plan, we selected two goals to review; (1) building quality assurance and program evaluation capacities across all DOC-funded activities by integrating the use of the Correctional Program Checklist (CPC), and (2) ensuring that risk assessment tools are being used effectively when case planning.

In the first goal, we found DOC made adequate progress by demonstrating it partnered with a subrecipient to train DOC staff on the CPC, conduct a CPC assessment, and issue an evaluation report. We also found DOC made adequate progress on the second goal by demonstrating its subrecipient developed risk assessment tools, reviewed and evaluated risk assessment tools across all its programs, and provided training on risk principles and assessments for DOC's staff. We found DOC used the funds in areas such as risk and needs assessment, case management, promoting quality programs, and enhancing supervision practices.

During our fieldwork, DOC officials told us that they had planned grant activities that they were still working towards achieving, such as expanding its data collection system to include residential providers, completing quality assurance reviews, and discussing quality assurance results. DOC requested and received a no-cost extension to the grant, with a new project end date of September 30, 2022.

Based on our review, there were no indications that DOC was not demonstrating progress towards achieving the stated goal and objectives of the grant.

Required Performance Reports

According to the DOJ Grants Financial Guide, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in

the program solicitation. To verify the information in the progress reports, we selected a sample of two performance measures from the two most recent reports submitted for the grant. We then traced the items to supporting documentation maintained by DOC.

Based on our progress report testing, we did not identify any instances where the accomplishments described in the required reports did not match the supporting documentation.

Grant Financial Management

According to the DOJ Grants Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records, and to accurately account for funds awarded to them. To assess DOC's financial management of the grant covered by this audit, we conducted interviews with financial staff, examined policies and procedures, and inspected grant documents to determine whether DOC adequately safeguards the grant funds we audited. We also reviewed the State of Connecticut Single Audit Report for 2019 and DOC's Audit Reports for 2016 and 2017 to identify internal control weaknesses and significant non-compliance issues related to federal awards. Finally, we performed testing in the areas that were relevant for the management of this grant, as discussed throughout this report.

Based on our review, we did not identify concerns related to grant financial management.

Single Audit

Non-federal entities that receive federal financial assistance are required to comply with the *Single Audit Act of 1984*, as amended. The Single Audit Act provides for recipients of federal funding above a certain threshold to receive an annual audit of their financial statements and federal expenditures. Under 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), such entities that expend \$750,000 or more in federal funds within the entity's fiscal year must have a "single audit" performed annually covering all federal funds expended that year.

We reviewed the State of Connecticut's Single Audit Report for the fiscal year ending June 30, 2019, to identify any control weaknesses and significant non-compliance issues related to federal awards. Based on our review, we did not find significant deficiencies or material weaknesses in the Single Audit related to grant administration.

Subrecipient Monitoring

We assessed DOC's compliance with its pass-through entity responsibilities by reviewing DOC's pre-award and post-award subrecipient monitoring processes. During our review, we found that DOC did not document its review of subrecipients' budget submissions for cost reasonableness. We also found that DOC's staff did not document reviews of its subrecipients' financial and procurement procedures, or document reimbursement review during its post-award process. The following sections describe the results of our review of DOC's pre-award and post-award subrecipient monitoring processes.

Pre-Award Subrecipient Monitoring Process

The DOJ Grants Financial Guide requires pass-through entities to have a written subrecipient monitoring policy. Based on our review, we determined that DOC demonstrated it established and implemented written policies and procedures on monitoring its subrecipients, performed risk assessments on its subrecipients, complied with the requirement to communicate all the required data elements to its subrecipients, and provided a fair and transparent subrecipient selection process.

However, we found DOC did not have written procedures in place to review subrecipient budget submissions and evaluate the reasonableness of the related costs. DOC's staff told us they reviewed and approved the subrecipients' budgets during its pre-award process, but it did not document its efforts to ensure it was not overpaying for subrecipient-related expenditures.

We recommend OJP ensures DOC improves its written subrecipient policies and procedures to adequately document the efforts to assess whether subrecipient costs are reasonable.

Post-Award Subrecipient Monitoring Process

After selecting subrecipients, DOJ Grants Financial Guide requires DOC to monitor its subrecipients for the life of the subawards to ensure they are fiscally responsible in managing federal grant funds. We reviewed DOC's policies and procedures, interviewed DOC's responsible staff, and reviewed relevant supporting documentation and reimbursement requests, and we found DOC did not comply with the DOJ Grants Financial Guide requirements in its subrecipient post-award process.

During our audit, DOC's officials told us its monitoring staff were only able to conduct remote desk reviews and did not conduct any in-person reviews at subrecipient offices because of travel restrictions due to the COVID-19 pandemic. The DOJ Grants Financial Guide states, "when no site visit is conducted, the pass-through entity should be familiar with the subrecipient's financial operations and procedures, as well as their maintenance of current financial data such as timesheets, invoices, contracts, and ledger that tie back to financial reports."

We interviewed members of DOC subrecipient monitoring staff, who told us that they did not document an assessment of subrecipients' financial operations, procedures, or expenditure supporting documentation.

From our review of consultant expenditures made by one of DOC's subrecipients, we found that instead of completing a rate reasonableness assessment to establish consultants pay rates, this subrecipient used

\$650 per day, the maximum allowable rate without providing appropriate justification. According to the DOJ Grants Financial Guide, awardees should not use \$650 per day as a standard rate for all consultants, but should determine a rate that is reasonable for the specific service and location provided.

We recommend OJP ensures DOC improves its written policies and procedures related to monitoring subrecipient to include reconciling supporting documentation with reimbursement requests. We also recommend OJP ensures DOC improves its written subrecipient policies and procedures to include a process to demonstrate familiarity with the subrecipient financial and procurement operations and expenditure support.

Grant Expenditures

Between October 2016 and May 2021, DOC expended \$1,826,870, which consisted of \$1,167,274 for subrecipients, \$301,378 for consultants, \$84,776 for personnel and fringe benefits, and \$261,887 for supplies. We found DOC provided subrecipients with grant funding without reviewing supporting documentation neither at the time subrecipients made requests for reimbursement nor during routine monitoring. We also found that DOC did not adequately document its assessment of the reasonableness of consultant pay rates, did not review consultant time and effort reports, and reimbursed consultants for travel costs based on budgeted costs not actual expenses. In addition, DOC did not have adequate time and effort reports for its own personnel and fringe benefit costs to support hours charged to the federal award. The following sections describe the results of that testing.

Subrecipient Costs

For the 2016-CZ-BX-0017 award, DOC charged \$1,167,274 in subrecipient costs to the award, or 64% of the total drawdowns, for four subrecipients to provide services for incarcerated participants.

We reviewed six reimbursement requests from the four subrecipients, totaling \$179,801, and determined that the costs were allowable, necessary, and reasonable. However, we found DOC did not document its reviewed and reconciled subrecipient support to the reimbursement requests. As DOC did not document familiarity with its subrecipients' financial and procurement operation, and it did not review support for reimbursement requests during its subrecipient monitoring process, we believe DOC should have periodically requested and reviewed documentation supporting these subrecipient reimbursement requests. Instead, we found DOC paid all subrecipient reimbursement requests only after comparing requests to the subrecipient's approved subaward budget. We found subrecipients occasionally submitted supporting documentation with reimbursement requests, but DOC did not have written procedures for reviewing and reconciling documentation with requests and did not document any review that may have occurred.

As we discussed in the subrecipient monitoring section of the report, we recommend OJP ensure DOC strengthen and revise its policies and procedures related to monitoring subrecipients to include reconciling supporting documentation with reimbursement requests.

Consultants Costs

DOC charged \$301,378 to this award for three consultants that provided (1) in-person training for DOC staff, (2) enhancements to its web-based data collection tool that works with a network of community providers, and (3) developed a dashboard for parole officers to track participants and transfer data for use in required federal reports. We found DOC did not document an assessment of the reasonableness of the consultant rates, did not review consultant's time and effort reports, and improperly reimbursed the consultants for estimated, not actual, travel costs.

We determined that DOC used its sole source procurement process to hire all four consultants, and it adhered to the procedures and complied with the DOJ Grants Financial Guide. However, DOC could not demonstrate it conducted any analysis of consultant rates, such as a comparison for similar services within the marketplace, to make sure consultant costs were reasonable. For its consultant costs, DOC officials told us they used the OJP maximum \$650 a day rate, which does not need prior approval by OJP, because these consultants normally charged more than this rate. The DOJ Grants Financial Guide states the maximum limit does not mean that the rate can or should be the rate used for all consultants. Although DOC staff told us they discussed and reviewed the consultant rates to ensure they were reasonable, DOC did not document these efforts. We recommend OJP ensure DOC improves its policies and procedures to adequately document its efforts to ensure consultant pay rates are reasonable.

As part of our expenditure testing, we also reviewed two transactions totaling \$20,780 for two consultants to determine if the charges were allowable, necessary, supported, and reasonable. Based on our testing of the consultant expenditures, we determined the reviewed expenditures were allowable and necessary. However, we identified issues regarding support and reasonableness.

In accordance with DOJ Grants Financial Guide, time and effort reports that state actual hours a consultant worked in relation to the scope of the agreement are required for consultants. One of the two consultants we tested did not provide any time and effort reports because the consultant never prepared and submitted the reports. Although DOC could not provide the required time and effort reports for the consultant, DOC officials told us its responsible staff were in regular contact with the consultant and observed her participation in the meetings to assert that she did provide the agreed services for the period charged to the grant. Based on this ancillary support, we did not question the consultant's costs. However, we recommend OJP ensure DOC improves its policies and procedures, to be completed and documented, regarding review and approval of consultant's time and effort reports.

In addition, we found DOC did not require supporting documentation for its consultant travel costs. Specifically, a consultant charged \$5,300 in budgeted travel expenses to the award, but DOC did not obtain receipts or proof of payment. We recommend OJP work with DOC to remedy the \$5,300 in unsupported consultant travel costs. We also recommend that OJP work with DOC to strengthen its policies and procedures regarding review and approval of consultant invoices.

Personnel and Fringe Benefit Costs

DOC charged \$43,258 in personnel and \$41,518 in fringe benefit costs to the award, totaling \$84,776. Within this personnel category, DOC had an individual spending 50% of his time performing grant-specific technology duties. As part of our testing, we reviewed four payroll transactions totaling \$15,551, which

included salary expenditures for four non-consecutive pay periods. We determined all salary charges tested were allowable, necessary, and reasonable according to the grant budget.

However, we found that DOC was unable to provide adequate time and effort reports to support the hours charged to the grant for personnel and fringe benefit costs. According to the DOJ Grants Financial Guide, "... where grant recipients work on multiple grant programs or cost activities, documentation must support a reasonable allocation or distribution of costs among specific activities or cost objectives." DOC did provide monthly narratives of the employee's grant-related performance. However, these reports were not detailed enough to support actual time or detail on the employee's other activities.

During our interview with the grant-funded employee, he told us there are pay periods when other cost activities became priority, and he did not work 50% of his time towards the grant. We did not question this employee's misallocation because he further stated that he has worked on grant-related activities beyond the 50% charged to the federal award when all pay periods are taken together. We recommend OJP ensure DOC strengthens its employee time and effort reports to include support for reasonable allocation or distribution of costs among specific activities.

Supplies Costs

DOC charged \$261,887 to the federal grant for various supplies, including laptops and hardware accessories. We reviewed a sample of expenditures totaling \$246,962 and determined that the costs were allowable, necessary, reasonable, supported, and properly allocated to the award. Additionally, we reviewed DOC's property management system and inventory inspections process and determined that DOC complied with the DOJ Grants Financial Guide by adequately maintaining an inventory and periodically inspecting equipment purchased with federal award funds.

During this audit, we did not identify significant deficiencies related to DOC's process for supplies expenditures.

Budget Management and Control

According to the DOJ Grants Financial Guide, the recipient is responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for each award. Additionally, the grant recipient must initiate a Grant Adjustment Notice for a budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total award amount.

We compared grant expenditures to the approved budgets to determine whether DOC transferred funds among budget categories in excess of 10 percent. We determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent.

Drawdowns

According to the DOJ Grants Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, recipients

have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. According to DOC's practices and our interviews with DOC's responsible officials, drawdown requests were made biweekly or monthly, and on a reimbursement basis.

As of May 22, 2021, DOC's drawdown requests totaled \$1,842,663 for the 2016-CZ-BZ-0017 award on a reimbursement basis. To assess whether DOC managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records.

During this audit, we did not identify significant deficiencies related to DOC's process for developing drawdown requests.

Federal Financial Reports

According to the DOJ Grants 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 DOC submitted accurate Federal Financial Reports, we compared the five most recent reports to DOC's accounting records.

We determined that quarterly and cumulative expenditures for the reports reviewed matched the accounting records.

Conclusion and Recommendations

As a result of our audit testing, we conclude that DOC did not comply with all the grant requirements we tested but demonstrated adequate progress towards achieving the grant's stated goal and objectives. We did not identify significant issues regarding DOC's grant financial management, supplies, budget management, drawdown, and federal financial reports. However, we found that DOC did not comply with essential award conditions related to subrecipient monitoring, subrecipient expenditures, consultant expenditures, and personnel and fringe benefit expenditures. We provide eight recommendations to DOC to address these deficiencies.

We recommend that OJP:

1. Coordinate with DOC to improve its written subrecipient policies and procedures to adequately document the efforts to assess whether subrecipient costs are reasonable.
2. Coordinate with DOC to improve its written subrecipient policies and procedures related to monitoring subrecipients to include reconciling supporting documentation with reimbursement requests.
3. Coordinate with DOC to improve its written subrecipient policies and procedures to include a process to demonstrate familiarity with subrecipient financial and procurement operations and expenditure support.
4. Coordinate with DOC to improve its policies and procedures to adequately document its efforts to ensure consultant pay rates are reasonable.
5. Coordinate with DOC to improve its policies and procedures, to be completed and documented, regarding review and approval of consultant time and effort reports.
6. Remedy the \$5,300 in unsupported consultant travel costs.
7. Coordinate with DOC to strengthen its policies and procedures to be completed and documented regarding review and approval of consultant invoices.
8. Coordinate with DOC to strengthen its employee time and effort reports to include support for reasonable allocation or distribution of costs among specific activities.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goal and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

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

This was an audit of Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA) grant awarded to the Connecticut Department of Correction (DOC) under the Second Chance Act Reentry Initiative. 2016-CZ-BX-0017 and two supplements totaled \$3,000,000, and as of May 22, 2021, had drawn down \$1,842,663 of the total grant funds awarded. Our audit concentrated on, but was not limited to September 28, 2016, the award date for Grant Number 2016-CZ-BX-0017, through December 14, 2021, the last day of our audit work. As a result of the COVID-19 pandemic response, we performed our audit fieldwork exclusively in a remote manner.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of DOC's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including subrecipient charges, consultant charges, personnel and fringe benefit charges, supplies charges, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grant reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The DOJ Grants Financial Guide and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System and DOJ's JustGrants System as well as DOC's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems were verified with documentation from other sources.

We discussed our audit results with DOC officials throughout the audit and at a formal exit conference. In addition, we also provided DOC a draft of our report and allowed an opportunity to respond, which can be found in Appendix 3. OJP provided a written response, which can be found in Appendix 4.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of DOC to provide assurance on its internal control structure as a whole. DOC's management is responsible for the establishment and maintenance of internal controls in accordance with OMB Circular A-123, 2 C.F.R. § 200. Because we do not express an opinion on DOC's internal control structure as a whole, we offer this statement solely for the information and use of DOC and OJP.¹

We assessed the design, implementation, and operating effectiveness of these internal controls and identified deficiencies that we believe could affect DOC's ability to effectively operate, to correctly state financial and performance information, and to ensure compliance with laws and regulations. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

¹ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2: Schedule of Dollar-Related Findings

Description	Grant No.	Amount	Page
Questioned Costs:²			
Unsupported Consultant Travel Costs	2016-CZ-BX-0017	5,300	7
Unsupported Costs		\$5,300	
TOTAL DOLLAR-RELATED FINDINGS		<u>\$5,300</u>	

² **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.

APPENDIX 3: The Connecticut Department of Correction Response to the Draft Audit Report



Ned Lamont
Governor

STATE OF CONNECTICUT DEPARTMENT OF CORRECTION Office of the Commissioner



Angel Quiros
Commissioner

February 23, 2022

Thomas Puerzer
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Philadelphia Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
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VIA EMAIL: Thomas.O.Puerzer@usdoj.gov

Dear Mr. Puerzer:

Thank you for the opportunity to review and respond to the recommendations outlined in the Draft Audit Report of the Office of Justice Programs Second Chance Act Adult Reentry Initiative Grant (Award Number 2016-CZ-BX-0017), awarded to Connecticut Department of Correction (DOC). The DOC Administration welcomes the opportunity to further strengthen the agency's fiscal integrity by addressing the areas of improvement identified in the report with guidance from your office.

Please accept the following responses to the eight recommendations:

1. Coordinate with DOC to improve its written subrecipient policies and procedures to adequately document the efforts to assess whether subrecipient costs are reasonable.

The Department of Correction (DOC) concurs with the recommendation to improve its written subrecipient policies and procedures to adequately document the efforts to assess whether subrecipient costs are reasonable. While DOC currently follows prescribed procurement regulations (*further described below*) for conducting procurements and requires and reviews a detailed budget submitted by subrecipients, DOC will look to further improve efforts to assess cost reasonableness for any noncompetitive procurements where comparison of competing bids or previous procurements for like or similar goods or services is not possible. In response to this recommendation, DOC will develop written policies and procedures related to evaluating costs submitted by subrecipients, specifically for any noncompetitive procurements, and submit said procedures to OJP within 90 days. DOC will look to implement procedures immediately following OJP's review.

DOC conducts open market procurements based on competitive solicitation where possible and practical as provided for in Section 4a-57 of the Connecticut General Statutes and the Office of Policy and Management (OPM) Procurement Standards and in accordance with the Code of Federal Regulations Part 200 (2 CFR 200) which provides “when procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds”. In cases where the agency may find it necessary to conduct non-competitive procurements, for example, in situations where the contractor can be classified as providing specialized or proprietary services or where the timelines and/or anticipated cost of the process would outweigh the benefits of issuing an RFP, DOC is required and does request a Waiver from Competitive Solicitation from the State’s cognizant entity, the OPM or the State’s Department of Administrative Services (DAS). DOC is not permitted to proceed with a contract until authorization is received by OPM/DAS and in cases of subrecipient contracts, the Federal awarding agency. When a subrecipient is not identified in a DOC grant application, but selected after an award has been made, a Grant Adjustment Modification (GAM) request is submitted to OJP through JustGrants for review and approval. [See Attachment 1 Excerpts from OPM Procurement Standards]

2. Coordinate with DOC to improve its written subrecipient policies and procedures related to audit monitoring subrecipients to include reconciling supporting documentation with reimbursement requests.

DOC concurs with the recommendation to improve its written subrecipient policies and procedures related to audit monitoring subrecipients to include reconciling supporting documentation with reimbursement requests. DOC submits that during the period of review, procedures lacked sufficient checks and balances to ensure thorough monitoring of subrecipient reimbursement requests. However, as the grant progressed, and following the on-site review conducted March 11, 2019, by the BJA Grant Officer, the process for reviewing requests for payment was improved to include requiring itemized back up to support expenses, comparing receipts to the program budget, and tracking expenditures to monitor overall spending. Although policies related to approval of subrecipient payment requests were implemented and included in the contract documents, as a requirement for payment reimbursement, they were not specifically documented in agency procedures. To further strengthen and improve internal controls, DOC will update written policies and procedures to facilitate responsible review of subrecipient receipts/payment requests and submit said procedures to OJP within 90 days. DOC will look to implement procedures immediately following OJP’s review.

3. Coordinate with DOC to improve its written subrecipient policies and procedures to include a process to demonstrate familiarity with subrecipient financial and procurement operations and expenditure support.

DOC concurs with the recommendation to improve its written subrecipient policies and procedures to include a process to demonstrate familiarity with subrecipient financial and procurement operations and expenditure support. In response to the recommendation, DOC will draft policy and procedures and submit them to OJP within 90 days. Procedures will include requesting and reviewing subrecipient policies for procurement of travel and other project related expenditures to verify that such processes allow for the tracking of grant funds. DOC will incorporate this requirement into any new RFPs and may include the review of such policies as part of proposal scoring. For sole source procurement, such documentation would be required in advance of any contract being signed. DOC will look to implement procedures immediately following OJP’s review.

4. Coordinate with DOC to improve its policies and procedures to adequately document its efforts to ensure consultant pay rates are reasonable.

DOC concurs with the recommendation to improve its written policies and procedures to adequately document its efforts to ensure consultant pay rates are reasonable. As stated in our response to recommendation 1, DOC follows state and federal procurement guidelines that allow DOC to do noncompetitive procurements as necessary and follows grant specified guidelines for use of funding. Although it is difficult to compare proprietary costs, DOC does stay within federal guidelines for maximum payment allowances. In response to OIG's recommendation, DOC will look to improve policies and procedures related to ensuring consultant pay rates are reasonable, which may include requiring sole source consultants to certify that they are providing the best rate. DOC will develop written policies and procedures related to ensure consultant pay rates are reasonable, specifically for any noncompetitive procurements, and submit said procedures to OJP within 90 days. DOC will look to implement procedures immediately following OJP's review.

5. Coordinate with DOC to improve its policies and procedures, to be completed and documented, regarding review and approval of consultant time and effort reports.

DOC concurs with the recommendation to improve its policies and procedures regarding review and approval of consultant time and effort reports. As stated in our response to recommendation 2, DOC submits that during the period of review DOC did require vendors to submit Time and Effort Reports per the contract although that requirement was not specifically included in our written procedures. To further strengthen and improve internal controls, DOC will update written policies and procedures to include the requirement and measures to ensure the vendors submitted reports meet the needs of the project for reporting purposes.

6. Remedy the \$5,300 in unsupported consultant travel costs.

DOC concurs with the finding of unsupported documentation of travel costs in the case of two consultants who traveled here from out-of-state to perform services 11-13-2017 through 11-15-2017. While DOC is able to confirm that the consultants provided the required services in Connecticut for the specified period of time for which payment was made, we have not been able to recover all the related documentation associated with their travel. Copies of SRR Steering Committee Minutes and letter from Cheryl Cepelak, deputy commissioner of administration at the time, authorizing Bauman Consulting Group's work in Connecticut, are being provided as support that services were provided. DOC has also contacted the consultants for these services in order to retrieve any additional invoices or documentation that supports the expenditures that they may have been able to locate. Travel documents, outlining some of the costs incurred, have been received by the consultant and have been attached. [See Attachment 2 *SRR Meeting Minutes 11-6-17*, Attachment 3 *Cultural Assessment Authorization* & Attachment 4 *Consultant's Documentation*]

7. Coordinate with DOC to strengthen its policies and procedures to be completed and documented regarding review and approval of consultant invoices.

DOC concurs with the recommendation to strengthen its policies and procedures regarding review and approval of consultant invoices. As stated in our response to recommendation 2, the process for

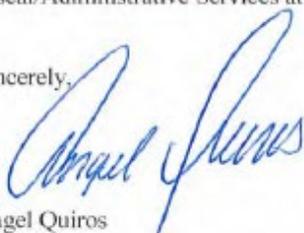
reviewing invoices for payment has evolved since the period of review under audit, but guidelines for approval of consultant invoices has not been specifically documented in agency procedures. To further strengthen and improve internal controls and provide guidance to agency approvers, DOC will update written policies and procedures to facilitate responsible review of consultant invoices and submit said procedures to OIG for review and approval within 90 days. Once approved, DOC will look to implement procedures immediately.

8. Coordinate with DOC to strengthen its employee time and effort reports to include support for reasonable allocation or distribution of costs among specific activities

DOC concurs with the recommendation to strengthen its employee time and effort reports to include support for reasonable allocation or distribution of costs among specific activities. In October 2021, DOC improved the format of its time and effort report form to require employee tracking of dates spent on specific grant activities and a signature line for supervisor approval for all grants that have staff assigned. To further strengthen our procedures, we will also expand the use of payroll grant codes allowing employees to track time worked on different grants in Connecticut's HRMS (Human Resource Management System) / Financial system CORE-CT. Time and effort reports will be reconciled against time reported in CORE-CT and copies of timesheets kept as documentation. DOC will draft written policies and procedures and submit to OJP within 90 days. DOC will look to implement the new procedures with any current and future grants.

If you have any questions concerning the audit response, please contact me at (860) 692-7482 or by email at Angel.Quiros@ct.gov. You may also contact Michael Regan, DOC's Chief of Fiscal/Administrative Services at (860) 692-7700 or by email at Michael.Regan@ct.gov.

Sincerely,



Angel Quiros
Commissioner

cc: Sharonda Carlos, DOC Deputy Commissioner
Michael Regan, DOC
Christine Fortunato, DOC
Linda J. Taylor (via email: Linda.Taylor2@usdoj.gov)

APPENDIX 4: The 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

March 2, 2022

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

FROM: Ralph E. Martin *Ralph E. Martin*
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Second Chance Act Adult Reentry Initiative Grant Awarded to the Connecticut Department of Correction, Wethersfield, Connecticut*

This memorandum is in reference to your correspondence, dated February 4, 2022, transmitting the above-referenced draft audit report for the Connecticut Department of Correction (DOC). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **eight** recommendations and \$5,300 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 DOC to improve its written subrecipient policies and procedures to adequately document the efforts to assess whether subrecipient costs are reasonable.**

OJP agrees with this recommendation. In its response, dated February 23, 2022, DOC stated that while it currently follows prescribed procurement regulations in accordance with *Section 4a-57 of the Connecticut General Statutes*, the *Office of Policy and Management Procurement Standards* and the *Code of Federal Regulations Part 200 (2 CFR 200)*, it will develop procedures related to evaluating costs submitted by subrecipients, specifically for any non-competitive procurements, and provide those procedures to OJP within 90 days.

Accordingly, we will coordinate with DOC to obtain a copy of their written subrecipient policies and procedures, developed and implemented, to ensure that they adequately document their efforts to assess whether subrecipient costs are reasonable.

- 2. We recommend that OJP coordinate with DOC to improve its written subrecipient policies and procedures related to monitoring subrecipients to include reconciling supporting documentation with reimbursement requests.**

OJP agrees with this recommendation. In its response, dated February 23, 2022, DOC stated that their process for reviewing requests for payment was improved, to include requiring itemized back-up documentation to support expenses, comparing receipts to the program budget, and tracking expenditures to monitor overall spending. DOC also stated that to further strengthen and improve internal controls, it will update its procedures to facilitate responsible review of subrecipient receipts/payment requests, and submit the procedures to OJP within 90 days.

Accordingly, we will coordinate with DOC to obtain a copy of their written subrecipient monitoring policies and procedures, developed and implemented, to ensure it includes provisions for reconciling supporting documentation with reimbursement requests.

- 3. We recommend that OJP coordinate with DOC to improve its written subrecipient policies and procedures to include a process to demonstrate familiarity with subrecipient financial and procurement operations and expenditure support.**

OJP agrees with this recommendation. In its response, dated February 23, 2022, DOC stated that it will draft procedures, and submit it to OJP within 90 days, which will include provisions for requesting and reviewing subrecipient policies for procurement of travel and other project-related expenditures, to verify that such processes allow for the tracking of grant funds. Additionally, DOC indicated that it will incorporate this requirement into any new Request for Proposals (RFP), and may include the review of such policies as part of the proposal scoring. While for sole source procurement, such documentation would be required in advance of any contract being signed.

Accordingly, we will coordinate with DOC to obtain a copy of written subrecipient policies and procedures, developed and implemented, to ensure that it includes a process to demonstrate familiarity with subrecipient financial and procurement operations and expenditure support.

- 4. We recommend that OJP coordinate with DOC to improve its policies and procedures to adequately document its efforts to ensure consultant pay rates are reasonable.**

OJP agrees with this recommendation. In its response, dated February 23, 2022, DOC stated that it follows state and Federal procurement guidelines that allow it to do noncompetitive procurements, as necessary, and follows grant specified guidelines for use of funding. DOC indicated that, although it is difficult to compare proprietary costs, it stays within the Federal guidelines for maximum payment allowances. Furthermore, DOC stated that it will improve its procedures related to ensuring consultant pay rates are reasonable, which may include requiring sole source consultants to certify that they are providing the best rate. The procedures will be submitted to OJP within 90 days.

Accordingly, we will coordinate with DOC to obtain a copy of written policies and procedures, developed and implemented, to include adequate documentation of its efforts to ensure that consultant pay rates are reasonable.

- 5. We recommend that OJP coordinate with DOC to improve its policies and procedures, to be completed and documented, regarding review and approval of consultant time and effort reports.**

OJP agrees with this recommendation. In its response, dated February 23, 2022, DOC stated that during the period of review, it required vendors to submit time and effort reports per the contract, although that requirement was not specifically included in its written procedures. DOC indicated that to further strengthen and improve internal controls, it will update its procedures to include this requirement, and measures to ensure that reports submitted by vendors meet the needs of the project for reporting purposes.

Accordingly, we will coordinate with DOC to obtain a copy of written policies and procedures, developed and implemented, to ensure the review and approval of consultant time and effort reports.

- 6. We recommend that OJP remedy the \$5,300 in unsupported consultant travel costs.**

OJP agrees with this recommendation. In its response, dated February 23, 2022, DOC stated that the consultants who traveled here from out of state provided the required services in Connecticut for the specified period of time for which payment was made; however, they were unable to recover all the related documentation associated with their travel. DOC provided copies of the SRR Steering Committee Minutes and letter from Cheryl Cepelak, Deputy Commissioner of Administration at the time, authorizing Bauman Consulting Group's work in Connecticut as support that services were provided. DOC also provided rental car and hotel reservations from the consultants as support. However, the documents provided do not appear adequate to support the questioned costs \$5,300 in questioned costs charged to Grant Number 2016-CZ-BX-0017.

Accordingly, we will review the \$5,300 in unsupported consultant travel costs charged to Grant Number 2016-CZ-BX-0017, and will work with DOC to remedy, as appropriate.

- 7. We recommend that OJP coordinate with DOC to strengthen its policies and procedures to be completed and documented regarding review and approval of consultant invoices.**

OJP agrees with this recommendation. In its response, dated February 23, 2022, DOC stated that the process for reviewing invoices for payment has evolved since the period of review under audit, but the guidelines for approval of consultant invoices was not specifically documented in the agency's procedures. DOC indicated that to further strengthen and improve internal controls, and provide guidance to the agency approvers, it will update its written procedures to facilitate responsible review of consultant invoices and submit said procedures within 90 days.

Accordingly, we will coordinate with DOC to obtain a copy of written policies and procedures, developed and implemented, to ensure they include provisions for the sufficient review and approval of consultant invoices.

8. **We recommend that OJP coordinate with DOC to strengthen its employee time and effort reports to include support for reasonable allocation or distribution of costs among specific activities.**

OJP agrees with this recommendation. In its response, dated February 23, 2022, DOC stated that, in October 2021, it improved the format of its time and effort report form to require employee tracking of dates spent on specific grant activities, and a signature line for supervisor approval for all grants that have staff assigned. Additionally, DOC indicated that to further strengthen its procedures, it will expand the use of payroll grant codes allowing employees to track time worked on different grants in Connecticut's HRMS (Human Resource Management System)/Financial system CORE-CT. Further, time and effort reports will be reconciled against time reported in CORE-CT, and copies of timesheets kept as documentation. DOC indicated that it will draft written policies and procedures and submit to OJP within 90 days.

Accordingly, we will coordinate with DOC to obtain a copy of written policies and procedures, developed and implemented, to ensure that employee time and effort reports include support for reasonable allocation or distribution of costs among specific activities.

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.

Attachment

cc: 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

Karhlton Moore
Director
Bureau of Justice Assistance

cc: Kristen Mahoney
Principal Deputy Director
Bureau of Justice Assistance

Jonathan Faley
Associate Deputy Director
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Amanda LoCicero
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Rachel Johnson
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Christal McNeil-Wright
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Joanne M. Suttington
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cc: 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 IT20220204133951

APPENDIX 5: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report

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

Recommendations for OJP:

- 1. Coordinate with DOC to improve its written subrecipient policies and procedures to adequately document the efforts to assess whether subrecipient costs are reasonable.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DOC to obtain a copy of its written subrecipient policies and procedures, developed and implemented, to ensure that they adequately document their efforts to assess whether subrecipient costs are reasonable.

DOC concurred with our recommendation and stated in its response that it will develop written policies and procedures related to evaluating costs submitted by subrecipients, specifically for any noncompetitive procurement, and will submit these procedures to OJP within 90 days.

This recommendation can be closed when we receive evidence that DOC has implemented its updated process of documenting the efforts to assess whether subrecipient costs are reasonable.

- 2. Coordinate with DOC to improve its written subrecipient policies and procedures related to monitoring subrecipients to include reconciling supporting documentation with reimbursement requests.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DOC to obtain a copy of their written subrecipient monitoring policies and procedures, developed and implemented, to ensure it includes provisions for reconciling supporting documentation with reimbursement requests.

DOC concurred with our recommendation and stated in its response that it will update written policies and procedures to facilitate review of subrecipient receipts/payment requests and will submit these procedures to OJP within 90 days.

This recommendation can be closed when we receive evidence that DOC has implemented its updated subrecipients monitoring process to include reconciling supporting documentation with reimbursement requests.

- 3. Coordinate with DOC to improve its written subrecipient policies and procedures to include a process to demonstrate familiarity with subrecipient financial and procurement operations and expenditure support.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DOC to obtain a copy of written subrecipient policies and procedures, developed and implemented, to ensure that it includes a process to demonstrate familiarity with subrecipient financial and procurement operations and expenditure support.

DOC concurred with our recommendation and stated in its response that it will draft policy and procedures to include requesting and reviewing subrecipient policies for procurement of travel and other project related expenditure to verify that such processes allow for the tracking of grant funds. DOC stated that it will submit these procedures to OJP within 90 days.

This recommendation can be closed when we receive evidence that DOC has implemented its updated subrecipients monitoring process to include reconciling supporting documentation with reimbursement requests.

- 4. Coordinate with DOC to improve its policies and procedures to adequately document its efforts to ensure consultant pay rates are reasonable.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DOC to obtain a copy of written policies and procedures, developed and implemented, to include adequate documentation of its efforts to ensure that consultant pay rates are reasonable.

DOC concurred with our recommendation and stated in its response that it will develop written policies and procedures related to ensure consultant pay rates are reasonable, specifically for any noncompetitive procurements, and will submit these procedures to OJP within 90 days.

This recommendation can be closed when we receive evidence that DOC has implemented its updated process to adequately document its efforts to ensure consultant pay rates are reasonable.

- 5. Coordinate with DOC to improve its policies and procedures, to be completed and documented, regarding review and approval of consultant time and effort reports.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DOC to obtain a copy of written policies and procedures, developed and implemented, to ensure the review and approval of consultant time and effort reports.

DOC concurred with our recommendation and stated in its response that it will update written policies and procedures to ensure vendors submit reports that meet the needs of the project for reporting purposes.

This recommendation can be closed when we receive evidence that DOC has implemented its updated process to complete and document its efforts of reviewing consultant time and effort reports.

6. Remedy the \$5,300 in unsupported consultant travel costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$5,300 in unsupported consultant travel costs charged to Grant Number 2016-CZ-BX-0017, and will work with DOC to remedy, as appropriate.

DOC concurred with our recommendation and stated in its response that it has identified the two consultants and has contacted the consultants to retrieve any additional invoices or documentation that supports the expenditures.

This recommendation can be closed when we receive evidence that OJP has remedied the \$5,300 in unsupported consultant travel costs.

7. Coordinate with DOC to strengthen its policies and procedures to be completed and documented regarding review and approval of consultant invoices.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DOC to obtain a copy of written policies and procedures, developed and implemented, to ensure they include provisions for the sufficient review and approval of consultant invoices.

DOC concurred with our recommendation and stated in its response that it will update written policies and procedures to facilitate review of consultant invoices and will submit these procedures to OJP within 90 days.

This recommendation can be closed when we receive evidence that DOC has implemented its updated process to include completing and documenting review and approval of consultant invoices.

8. Coordinate with DOC to strengthen its employee time and effort reports to include support for reasonable allocation or distribution of costs among specific activities.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DOC to obtain a copy of written policies and procedures, developed and implemented, to ensure that employee time and effort reports include support for reasonable allocation or distribution of costs among specific activities.

DOC concurred with our recommendation and stated in its response that it will expand the use of payroll grant codes allowing employees to track time worked on different grants in Connecticut's human resource and financial system, and will submit these procedures to OJP within 90 days.

This recommendation can be closed when we receive evidence that DOC has implemented its updated process to include support for reasonable allocation or distribution of costs among specific activities.