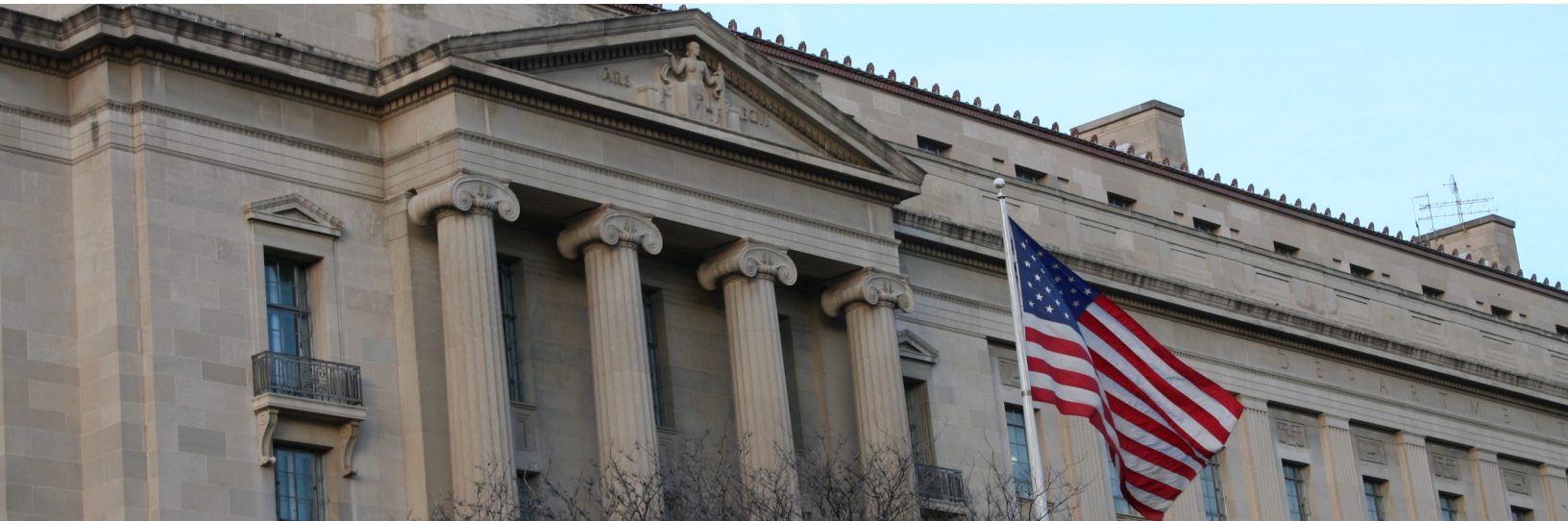




Office of the Inspector General U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



Audit of the Office of Justice Programs Cooperative Agreements Awarded to the Colorado Organization for Victim Assistance, Denver, Colorado

REDACTED FOR PUBLIC RELEASE

Redactions were made to the full version of this report for privacy reasons. The redactions are contained only in Appendix 3, the grantee's response, and are of individuals' names.

Audit Division 20-066

May 2020



Executive Summary

*Audit of the Office of Justice Programs Cooperative Agreements Awarded to the Colorado Organization for Victim Assistance
Denver, Colorado*

Objectives

The Office of Justice Programs (OJP) awarded the Colorado Organization for Victim Assistance (COVA) two cooperative agreements totaling \$1,675,000 under the Comprehensive Services for Victims of Human Trafficking Program. The objectives of this audit were to determine whether costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the awardee demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

As a result of our audit, we concluded that COVA demonstrated adequate progress towards achieving the awards' stated goals and objectives and was adequately managing its award budgets and drawdowns. However, we determined that COVA did not comply with essential award conditions related to progress reports, compliance with award special conditions, use of award funds, matching funds, and Federal Financial Reports. In addition, we found that COVA's policies and procedures need to be strengthened. We also found that COVA charged unallowable expenditures totaling \$10,161, and unsupported expenditures totaling \$467,780 to the awards.

Recommendations

Our report contains 11 recommendations to OJP. We requested a response to our draft audit report from COVA 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 two awards we reviewed was to enhance the quality and quantity of services available to assist victims of human trafficking. The project period for the awards was from October 2015 through September 2021. COVA drew down a cumulative amount of \$779,259 for all the awards we reviewed.

Program Goals and Accomplishments – Based on our review, we concluded that COVA demonstrated that it was adequately progressing on the stated goals and objectives of the awards. However, we also found that all progress reports we tested were inaccurate or not adequately supported.

Compliance with Special Conditions – We found that COVA was not in compliance with five special conditions for the awards.

Award Financial Management – We found that COVA's policies and procedures did not have specific language regarding separation of duties, procurement, verifying that its vendors are not debarred or suspended from doing business with the federal government, approving and paying expenditures, matching costs, indirect costs, and performance measurement and outcome assessment.

Payroll Costs – We identified \$12,418 in unsupported personnel costs. We also identified \$5,840 in unallowable personnel costs related to unauthorized positions that were not included in the award budget.

Other Direct Costs – We identified \$195,535 in unsupported other direct costs. We also identified \$1,533 in unallowable other direct costs related to information technology services and team meals.

Matching Costs – We identified \$259,827 in unsupported and \$2,788 in unallowable matching costs. We also found that COVA did not meet its matching cost requirements for the closed award and identified concerns related to COVA's ability to meet the required match for the ongoing award.

Federal Financial Reports – We found that COVA submitted inaccurate Federal Financial Reports for all seven reports in our sample.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
COOPERATIVE AGREEMENTS AWARDED TO
THE COLORADO ORGANIZATION FOR VICTIM ASSISTANCE,
DENVER, COLORADO**

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
COOPERATIVE AGREEMENTS AWARDED TO
THE COLORADO ORGANIZATION FOR VICTIM ASSISTANCE,
DENVER, COLORADO**

INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of two cooperative agreements awarded by the Office of Justice Programs (OJP), under the Comprehensive Services for Victims of Human Trafficking Program, to the Colorado Organization for Victim Assistance (COVA) in Denver, Colorado. COVA received two awards totaling \$1,675,000, as shown in Table 1.

Table 1
Cooperative Agreements Awarded to COVA

Award Number	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2015-VT-BX-K050	09/24/2015	10/1/2015	12/31/2018	\$750,000
2018-VT-BX-K036	09/27/2018	10/1/2018	09/30/2021	925,000
Total:				\$1,675,000

Source: OJP Grants Management System (GMS)

Funding through the Comprehensive Service for Victims of Human Trafficking Program enhances the quality and quantity of services available to assist victims of human trafficking, as defined by the Trafficking Victims Protection Act of 2000, by enhancing interagency collaboration and the coordinated community response to victims of human trafficking, and through the provision of high-quality services that address the individual needs of trafficking victims. The Comprehensive Services for Human Trafficking Program also provides funding to increase communities' capacity to respond to human trafficking victims through the development of interagency partnerships, professional training, and public awareness activities as well as provide client-driven, intensive, comprehensive case management services to victims of all forms of human trafficking.

The Awardee

Since 1982, COVA has been committed to fairness and healing for crime victims, their families, and communities through leadership, education, and advocacy. COVA is a nonprofit statewide membership organization, with over 800 members throughout Colorado. Membership includes personnel from the criminal justice system, nonprofit organizations assisting victims of crime, survivors of crime, concerned citizens, and members of allied professions. According to COVA's website, due to the complexity and continuously changing needs of the victims, COVA's Human Trafficking Program provides primary case management or

coordinated case management with other programs, depending on what is best for the individual client.¹

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the awardee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of award 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 awards. The 2015 and 2017 DOJ Grants Financial Guides 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.

¹ Background information on COVA has been taken from the organization's website directly (unaudited).

AUDIT RESULTS

Program Performance and Accomplishments

We reviewed required performance reports, award documentation, and interviewed recipient officials to determine whether COVA demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed the progress reports to determine if the required reports were accurate. Finally, we reviewed COVA's compliance with the special conditions identified in the award documentation.

Program Goals and Objectives

For Award Numbers 2015-VT-BX-K050 and 2018-VT-BX-K036, the goals and objectives for each award included: (1) identify victims of sex trafficking and labor trafficking in the State of Colorado and offer intensive, client-driven case management; (2) collaborate, as appropriate, with law enforcement, local service providers, and nonprofit and faith-based organizations to ensure that victims of human trafficking are identified and referred to for appropriate resources; (3) conduct training, public awareness, and outreach activities statewide; and (4) conduct data collection and action research activities and evaluation activities to determine if the program is meeting stated goals and objectives.

Based on our review, there were no indications that COVA was not adequately achieving the stated goals and objectives of the awards.

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. In order to verify the information in progress reports, we selected a sample of 5 performance measures from the 2 most recent reports submitted for award 2015-VT-BX-K050 and 5 performance measures from the most recent report submitted for award 2018-VT-BX-K036 for a total sample size of 15.² We then traced the items to supporting documentation maintained by COVA.

Based on our review, we found that the progress reports we tested were generally inaccurate or not supported. COVA uses the Trafficking Information Management System (TIMS) to track progress report data related to client services and referrals for assistance; technical assistance and training activities; the number of partner organizations; and community outreach and public awareness activities.³

² At the time of our review, only two progress reports had been submitted for Award Number 2018-VT-BX-K036 and no activity was reported on the first progress report.

³ TIMS is designed to assist the OJP Office for Victims of Crime (OVC) Human Trafficking awardees in gathering, recording, analyzing, and reporting required performance measures. This tool serves as a central repository of information related to all activities under the OVC human trafficking cooperative agreement initiative and enables OVC awardees to organize, standardize, and centralize data collection efforts on a wide variety of core performance measures.

For the performance measures we tested related to these activities, COVA provided TIMS reports. In order to verify the reliability of the TIMS data, we selected a judgmental sample of client information and services from the periods included in our analysis. We then traced the sample to supporting documentation maintained by COVA. Based on our review, we found that COVA could not provide adequate documentation to support client services. We also noted the TIMS data related to client information was not always accurate. As a result, we determined that we could not rely on the progress report information provided from TIMS; therefore, we could not verify the accuracy of the performance measures that were based on TIMS data. Our concerns related to the accuracy of the TIMS data were confirmed by COVA's Chief Deputy Director, who stated during our interviews that the data in TIMS may not be accurate. COVA's Chief Deputy Director also expressed concerns related to the accuracy of the information included in the progress reports for the Award Number 2015-VT-BX-K050. Our analysis of the accuracy of the progress report performance measures we tested for each award is summarized below.

- Award Number 2015-VT-BX-K050: For Report Number 6, we determined that none of the five performance measures tested were adequately supported. We were unable to verify the accuracy of the TIMS data related to the number of partner organizations, awareness presentations, other services, total number of trainings conducted, and new client cases closed reported. We also noted that the TIMS data related to the number of partner organizations included paid vendors such as Lyft, Uber, and United Airlines. According to COVA officials, they believe prior human trafficking employees erroneously entered all outside organizations into TIMS, regardless of whether the services were provided by partner organizations or paid vendors. As a result, for performance measures related to partner organizations, COVA also overstated the numbers reported. In addition to the TIMS data, COVA provided summary documentation to support the number of total trainings conducted and the number of awareness presentations reported. However, COVA could not provide documentation supporting the summary report data; as a result, we could not verify the accuracy of the numbers reported. For Report Number 7, we determined that none of the five performance measures tested were adequately supported. We were unable to verify the accuracy of the TIMS data related to the number of community outreach activities, direct and street outreach activities, trafficking victims served, new client cases and total number of trainings conducted reported. In addition to the TIMS data, COVA provided summary documentation to support the number of total trainings conducted and the number of direct and street outreach activities reported. However, COVA could not provide documentation supporting the summary report data; as a result, we could not verify the accuracy of the numbers reported.
- Award Number 2018-VT-BX-K036: For Report Number 2, we determined that none of the five performance measures tested were adequately supported. For four performance measures, we were unable to verify the

accuracy of the TIMS data related to the number of community outreach activities reported and the number of trafficking victims served reported. For one performance measure COVA provided summary documentation to support the total financial assistance provided to trafficking clients. However, COVA could not provide documentation supporting all the summary report data; as a result, we could not verify the accuracy of the numbers reported.

Based on our analysis we found that the progress reports we tested were inaccurate or not adequately supported. Therefore, we recommend that OJP coordinate with COVA to ensure that progress reports are accurate and fully supported.

Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the awards. We evaluated the special conditions for each award and selected a judgmental sample of four requirements that are significant to performance under the awards and are not addressed in another section of this report. We evaluated special conditions that required additional or revised plans and policies or ongoing communication with state and federal stakeholders.

Based on our review, we found that COVA was not in compliance with the four special conditions we tested. Specifically, we found that COVA was not in compliance with the following special conditions. Number 40 for Award Number 2015-VT-BX-K050 and Number 43 for Award Number 2018-VT-BX-K036, requiring that the awardee submit to the Office of Victims of Crime (OVC), within 30 days of the award, a revised time-task plan. We also found that COVA was not in compliance with special condition 54 for award 2015-VT-BX-K050, requiring that the awardee notify the State Victims of Crime Act (VOCA) Assistance and Compensation program administrators and appropriate United States Attorney's Victim Witness Coordinators of all training events that will be held in their states as a result of this award. Additionally, we found that COVA was not in compliance with special condition Number 50 for award 2018-VT-BX-K036, requiring that the awardee submit to OVC, within 90 days of the date of award, for review and approval, its policies and procedures that it has established to maintain the confidentiality of victims' names, addresses, telephone numbers, or any other identifying information, and its policies and procedures relating to information sharing between partners. Finally, although not included in our sample, we found that COVA was not in compliance with special condition Number 57 for Award Number 2018-VT-BX-K036, requiring that the recipient may not obligate, expend or draw down funds until the Office of the Chief Financial Officer has approved the budget and budget narrative and a Grant Adjustment Notice (GAN) has been issued to remove this special condition. Therefore, we recommend that OJP coordinate with COVA to develop policies and procedures that ensure it adheres to all special conditions for the awards.

Award Financial Management

According to the DOJ Grants Financial Guide, all award recipients are required to establish and maintain adequate accounting systems and financial records, and to accurately account for funds awarded to them. To assess COVA's financial management of the awards covered by this audit, we conducted interviews with COVA program and financial staff, examined COVA's policies and procedures, and reviewed award documents to determine whether COVA adequately safeguards the award funds we audited. We also reviewed COVA's Single Audit Report for the fiscal year ending June 2018 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 the awards, as discussed throughout this report.

Based on our analysis, we identified weaknesses in COVA's financial management that resulted in unallowable and unsupported questioned costs totaling \$477,941. Specifically, we found that COVA: (1) charged unallowable and unsupported costs to the awards; (2) did not maintain adequate documentation to support the required matching costs for the awards; and (3) submitted FFRs that were inaccurate. These deficiencies are discussed in more detail in the Payroll Costs, Other Direct Costs, Indirect Costs, Matching Costs, and Federal Financial Reports Sections of this report.

Additionally, we found that COVA's written policies and procedures could be strengthened. We found that COVA's policies and procedures do not clearly define separation of duties. We also noted that COVA's policies and procedures did not have specific language regarding procurement, verifying that its vendors are not debarred or suspended from doing business with the federal government, approving and paying expenditures, matching costs, indirect costs, or performance measurement and outcome assessment. Therefore, we recommend that OJP coordinate with COVA to ensure it develops and implements new policies and procedures that include specific language regarding separation of duties, procurement, verifying that its vendors are not debarred or suspended from doing business with the federal government, approving and paying expenditures, matching costs, indirect costs, and performance measurement and outcome assessment.

Award Expenditures

For the awards in our scope, COVA's approved budgets included personnel, fringe benefits, travel, supplies, contractual, subrecipient, other direct, and indirect costs. In addition, COVA was required to provide a total of \$558,333 in local matching funds, which represents a 25 percent local match.⁴ 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. Our

⁴ Throughout this report, differences in the total amounts are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded.

sample included 526 transactions, totaling \$348,316.⁵ We also tested all matching costs for the awards.⁶ We reviewed documentation, accounting records, and performed verification testing related to award expenditures. As discussed in the following sections, we identified \$477,941 in questioned costs, including \$10,161 in unallowable questioned costs and \$467,780 in unsupported questioned costs.⁷

Personnel Costs

As part of our initial sample, we reviewed 34 payroll transactions totaling \$56,852, which included all salary expenditures for 3 non-consecutive pay periods for each award in our scope. Additionally, COVA charged fringe benefits to the awards on a quarterly basis and accounted for fringe benefit costs on a separate spreadsheet, rather than the general ledgers for the awards. As a result, we selected a sample of fringe benefit transactions for 5 quarters. We reviewed our sample payroll transactions to determine if labor charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the award. Based on our analysis, we identified \$18,258 in total questioned costs, including \$12,418 in unsupported personnel costs and \$5,840 in unallowable personnel costs charged to Award Numbers 2015-VT-BX-K050 and 2018-VT-BX-K036.

For Award Numbers 2015-VT-BX-K050 and 2018-VT-BX-K036, we found that COVA was not using the actual time recorded on the timesheets to allocate salary costs for the Chief Deputy Director to the awards, instead they used a flat percentage every pay period. As a result, we expanded our sample to include all the Chief Deputy Director's salary costs charged to the awards for all pay periods in 2017. Based on our analysis, we determined that on average the questioned costs related to this issue were immaterial. However, the DOJ Grants Financial Guide requires that salaries allocated to federal awards should be based on actual time and effort reports, e.g., timesheets, that document hours worked by cost activity. Therefore, we recommend OJP coordinate with COVA to ensure that all personnel costs charged to the awards are based on actual time and effort.

For Award Number 2018-VT-BX-K036, we identified one position, the Human Trafficking Program intern that was not authorized in the approved budget. As a result, we expanded our analysis to include all salaries charged to the award for the unauthorized position, resulting in \$5,027 in unallowable questioned costs. We also found that for Award Number 2015-VT-BX-K050 COVA charged year-end bonuses for three employees to the award. However, bonuses were not included in the approved budget, resulting in \$813 in unallowable questioned costs. Additionally, for Award Number 2018-VT-BX-K036, COVA obligated payroll expenditures to the

⁵ Our sample included 79 monthly credit card transactions from the general ledgers for the awards, which were comprised of 575 individual charges from the monthly credit card statements.

⁶ COVA did not include matching costs in the general ledgers for the award and did not maintain any supplemental accounting records documenting individual matching cost transactions for the awards. Therefore, we requested and reviewed all supporting documentation for the matching costs.

⁷ The total questioned costs of \$477,941 includes \$37,395 in duplicate unsupported questioned costs, resulting in net questioned costs of \$440,546, as shown in Appendix 2 of this report.

award prior to complying with special condition Number 57, which states that the recipient may not obligate, expend or draw down funds until a GAN has been issued to remove this special condition. This issue is discussed in more detail in the Compliance with Special Conditions section of this report.

COVA did not account for fringe benefit costs in the general ledgers for the awards. Instead, COVA charged fringe benefits to the awards on a quarterly basis using a separate spreadsheet. According to the DOJ Grants Financial Guide, award recipients must have a financial management system in place that is able to record and report on the receipt, obligation, and expenditure of award funds, keeping detailed accounting records and documentation to track award expenditures. Therefore, we recommend that OJP ensure that COVA include all award-related expenditures in its general ledgers for the awards.

Additionally, based on our analysis, we found that the fringe costs we tested were incorrectly computed and allocated to the awards. Specifically, we found fringe benefits charged to the awards were not based on actual costs, instead COVA used 24 percent of the employees' salaries that were allocated to the awards. Based on our analysis, we found that actual fringe benefit costs were less than the amounts charged to the awards, resulting in \$12,418 in unsupported questioned costs. Additionally, we found that all employee retirement fund contributions were unsupported. Based on the supporting documentation, the employees were paying for their retirement fund contributions out of their own salaries. According to the COVA's Executive Director, rather than paying the costs associated with retirement fund contributions directly, COVA paid the employees a higher salary and then deducted the retirement contributions from the employees pay. However, since there was no documentation to support this statement and the retirement contributions were made from the employee's salary, we consider all retirement fringe benefits charged to the awards as unsupported. Because COVA did not maintain adequate accounting records detailing the fringe benefit costs charged to the awards, we were unable to determine the total unsupported questioned costs associated with this issue.

In total, we identified \$12,418 in unsupported and \$5,840 in unallowable personnel costs charged to the awards. Therefore, we recommend that OJP remedy the \$12,418 in unsupported and \$5,840 in unallowable personnel costs.

Contractor Costs

As part of our sample, we reviewed one contractor transaction for award Number 2015-VT-BX-K050 totaling \$7,096 to determine if charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the awards.⁸ In addition, we determined if rates, services, and total costs were in accordance with those allowed in the approved budgets. Based on our review, we did not identify any issues related to contractor costs.

⁸ There were no contractor costs for Award Number 2018-VT-BX-K036.

Other Direct Costs

As part of our sample, we reviewed 450 other direct cost transactions, totaling \$248,397 to determine if charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the award. Based on our review, we identified \$197,068 in questioned costs, including \$195,535 in unsupported costs and \$1,533 in unallowable other direct costs charged to Award Numbers 2015-VT-BX-K050 and 2018-VT-BX-K036.

For Award Number 2015-VT-BX-K050, we identified 412 transactions totaling \$171,727 that were not supported and 4 transactions totaling \$1,472 that were not allowable. Specifically, we identified the following unallowable and unsupported questioned costs.

- Our initial sample included 13 credit card transactions that were not supported. As a result, we expanded our analysis to include all 70 monthly credit card transactions from the general ledger, which were comprised of 521 individual charges from the monthly credit card statements. Based on our analysis, we identified \$55,326 in unsupported questioned costs, which included: (1) 189 transactions totaling \$53,894, for which COVA was unable to provide any supporting documentation; (2) 1 transaction for long distance bus travel, for which COVA only provided a copy of an email stating that the trip was booked, which did not include the date or amount of the fare, only a handwritten note on it stating the date and amount, resulting in \$205 in unsupported questioned costs; (3) 2 transactions for hotel stays for clients, for which COVA only provided copies of emails with the reservations, in which the reservation cost did not match the amounts charged, resulting in \$695 in unsupported questioned costs; (4) 3 credit card monthly transactions for which the individual charges on the monthly statement did not add up to the amount charged to the award, resulting in \$533 in unsupported questioned costs. Additionally, we identified \$29 in unallowable questioned costs for a team meal, which was not included in the approved budget.
- Our initial transaction sample for Award Number 2015-VT-BX-K050 included two rental assistance transactions that were supported; however, given the issues we identified related to rental assistance for Award Number 2018-VT-BX-K036, we expanded our sample to included 283 rental assistance transactions. Based on our analysis, we identified \$49,154 in unsupported questioned costs, which included 188 transactions totaling \$48,619 for which COVA was unable to provide any supporting documentation; and 1 transaction totaling \$535 for which the supporting documentation provided by COVA did identify the client receiving assistance, and the rental agreement was missing the property address, the monthly rent, the amount that COVA agreed to contribute towards the rent, and the client's signature.
- Three unallowable information technology services transactions totaling \$1,444 that were not included in the approved budget.

- One transaction for costs associated with client services totaling \$270, including transportation and lodging, for which COVA was unable to provide supporting documentation.
- One transaction for a reimbursement request submitted by a COVA employee for client services totaling \$374, for which COVA was unable to provide supporting documentation.
- We also found that COVA purchased gift cards for client financial assistance. However, COVA could not provide any documentation to support that the gift cards were given to human trafficking clients or any documentation detailing the purchases made using the gift cards, resulting in \$66,603 in unsupported questioned costs.

For Award Number 2018-VT-BX-K036, we identified 64 transactions totaling \$23,807 that were not supported and 1 transaction totaling \$61 that was not allowable. Specifically, we identified the following unallowable and unsupported questioned costs.

- Our initial sample included seven credit card transactions that were not supported. As a result, we expanded our analysis to include all nine monthly credit card transactions from the general ledger, which were comprised of 54 individual charges from the monthly credit card statements. Based on our analysis, we identified \$3,646 in unsupported questioned costs, which included: (1) 9 transactions totaling \$3,561, for which COVA was unable to provide any supporting documentation; (2) 1 credit card monthly transaction for which the individual charges on the monthly statement did not add up to the amount charged to the award, resulting in \$85 in unsupported questioned costs. Additionally, we identified \$61 in unallowable questioned costs for a team meal, which was not included in the approved budget.
- Our initial transaction sample included five rental assistance transactions that were not supported. As a result, we expanded our analysis to include all 64 rental assistance transactions from the general ledger. Based on our analysis, we identified \$9,641 in unsupported questioned costs related to 44 transactions for which COVA was unable to provide any supporting documentation.
- One transaction for a partial payment made to a COVA credit card for employee travel, for which COVA was unable to provide documentation to support travel costs, resulting in \$201 in unsupported questioned costs.
- We also found that COVA purchased gift cards for client financial assistance. However, COVA could not provide any documentation to support that the gift cards were given to human trafficking clients or any documentation detailing the purchases made using the gift cards, resulting in \$10,320 in unsupported questioned costs.

In total, we identified \$195,535 in unsupported questioned costs and \$1,533 in unallowable questioned costs for items that were not included in the approved award budgets. Therefore, we recommend that OJP remedy the \$195,535 in unsupported and \$1,533 in unallowable other direct costs.

Indirect Costs

Indirect costs are costs of an organization that are not readily assignable to a particular project but are necessary to the operation of the organization and the performance of the project. We noted that indirect costs were included in the budget for Award Number 2018-VT-BX-K036. We selected the two indirect cost charges for Award Number 2018-VT-BX-K036.

Based on our analysis, we found that the indirect costs charged to Award Number 2018-VT-BX-K036 were generally supported.

Matching Costs

Matching costs are the non-federal recipient's share of the total project costs. These costs include cash spent for project-related costs and in-kind costs for services, supplies, real property, and equipment. The DOJ Grants Financial Guide requires recipients to maintain records that clearly show the source, amount, and timing for all matched contributions. The Financial Guide also states that documentation supporting the market value of in-kind match must be maintained in the award recipient files.

COVA's required match was \$250,000 for Award Number 2015-VT-BX-K050 and \$308,333 for 2018-VT-BX-K036. COVA used salaries and fringe benefits of non-award funded employees and in-kind volunteer services in order to meet its matching requirements. We found that COVA did not track matching transactions in its accounting records for the awards or on an electronic spreadsheet. Instead COVA maintained an electronic spreadsheet showing total matching costs for each quarter. As a result, we had to use COVA's supporting documentation in order to identify the matching cost transactions for each award. We also reviewed the supporting documentation provided by COVA to determine if the costs were in accordance with matching requirements, properly supported, computed correctly, authorized, and accurately reported. Based on our review, we identified \$259,827 in unsupported matching questioned costs and \$2,788 in unallowable matching questioned costs Award Numbers Award Numbers 2015-VT-BX-K050 and 2018-VT-BX-K036.

For Award Number 2015-VT-BX-K050, we identified \$250,000 in unsupported matching costs. Based on the matching cost documentation provided by COVA, matching costs for the award totaled \$181,607, which is \$68,393 less than the required match. COVA did not provide any supporting documentation for the remaining \$68,393 in reported matching costs. Additionally, we found that the \$181,607 in total matching costs for the award was not properly supported. Specifically, we found that for matching costs related to trainings, the only supporting documentation was a list of trainings that COVA either attended or provided, the number of attendees, and the number of training hours. COVA did not provide sign-in sheets to support the number of attendees, agendas to support the number of training hours and if the training was in support of the program goals, or documentation supporting attendee pay rates used to calculate the in-kind matching costs for services.

For Award Number 2018-VT-BX-K036, we identified \$2,788 in unallowable matching costs and \$9,827 in unsupported matching costs. Specifically, we identified \$2,788 in unallowable matching costs for the Executive Director's salary that was not in the approved budget. In addition, we found that COVA incorrectly calculated the Executive Director's wages that were allocated to the matching costs for the award, resulting in \$114 in unsupported matching costs. COVA Officials were unable to provide supporting documentation for the reported matching costs for the quarter ending June 30, 2019, resulting in \$9,713 in unsupported matching costs. Finally based on our analysis of the matching documentation, matching costs for the award as of June 30, 2019, totaled \$0 which is \$308,333 less than the required match. We are not questioning the \$308,333 as unsupported because the award is still open. As a result, COVA has until September 30, 2021, to meet the match requirement for the award. However, based on the inadequate documentation provided and the fact that COVA did not meet the match requirement for Award Number 2015-VT-BX-K050, we are not confident it will meet its match requirement for this award.

In total, we identified \$259,827 in unsupported and \$2,788 in unallowable matching questioned costs claimed for the awards. As a result, we recommend OJP coordinate with COVA to remedy the \$259,827 in unsupported and the \$2,788 in unallowable matching costs. In addition, we recommend OJP ensure COVA meets its matching requirements, tracks all matching transactions on its general ledgers, and implements new policies and procedures to ensure matching costs are properly supported.

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 award recipient must initiate a GAN 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 award expenditures to the approved budgets to determine whether COVA 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 for any of the awards we tested.

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 award period, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. As of September 5, 2019, COVA had drawn down \$779,259 from the awards included in our audit. To assess whether COVA managed award 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 the recipient's process for developing drawdown requests. However, we identified deficiencies and questioned costs related to compliance of individual expenditures with award rules. We address those deficiencies in the Award Expenditures section in this report.

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 COVA submitted accurate FFRs, we compared the four most recent reports for Award Number 2015-VT-BX-K050 and the three most recent reports for Award Number 2018-VT-BX-K036 to COVA's accounting records.⁹

We found that for six of the seven FFRs tested, the expenditures reported did not match COVA's accounting records, as shown in Table 1.

Table 1
FFR Accuracy

Report #	Quarterly Expenditures Difference (Qtr Exp per GL – Qtr Exp per FFR)	Cumulative Expenditures Difference Per GL (Cumulative Exp per GL – Cumulative Exp per FFR)
Award Number: 2015-VT-BX-K050		
10	-	(\$4,073)
11	\$4,217	(\$144)
12	(\$3,359)	(\$3,215)
13	\$3,215	-
Award Number: 2018-VT-BX-K036		
1	-	-
2	\$827	\$827
3	\$328	\$1,155

Source: OJP Grants Management System and COVA financial records.

In addition, we noted that the final FFR for Award Number 2015-VT-BX-K050 reported \$250,000 in matching costs. However, as discussed previously in the Matching Costs section of this report, based on our analysis of the matching documentation, matching costs for the award totaled \$181,607, meaning that COVA over reported its matching costs on the final FFR for the award by \$68,393. We also noted that the most recent FFR that we reviewed for Award Number 2018-VT-BX-K036 COVA reported \$12,501 in matching costs. However, based on our analysis of the matching documentation, matching costs for the award totaled \$2,788 meaning that COVA over reported its matching costs on the most recent

⁹ At the time of our analysis, only three FFRs had been submitted for Award Number 2018-VT-BX-K036.

FFR for the award by \$9,713. Therefore, we recommend OJP coordinate with COVA to ensure that it submits accurate FFRs.

COVA officials concurred that the FFRs did not match its accounting records for the awards. COVA officials explained they used the general ledgers for the awards to prepare the FFRs; however, since fringe benefit costs were not recorded in the general ledgers, when preparing the FFRs, they used estimated fringe benefit costs.

CONCLUSION AND RECOMMENDATIONS

As a result of our audit testing, we found that COVA demonstrated adequate progress towards achieving the awards' stated goals and objectives. Additionally, we did not identify significant issues regarding COVA's management of the award budgets or drawdowns. However, we found that COVA did not comply with essential award conditions related to progress reports, compliance with award special conditions, internal controls, use of award funds, matching funds, and FFRs. We provide 11 recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Coordinate with COVA to ensure that progress reports are accurate and fully supported.
2. Coordinate with COVA to develop policies and procedures to ensure it adheres to all special conditions of the awards.
3. Coordinate with COVA to ensure it develops and implements new policies and procedures that include specific language regarding separation of duties, procurement, verifying that its vendors are not debarred or suspended from doing business with the federal government, approving and paying expenditures, matching costs, indirect costs, and performance measurement and outcome assessment.
4. Coordinate with COVA to ensure that all personnel costs charged to the awards are based on actual time and effort.
5. Ensure that COVA include all award-related expenditures in its general ledgers for the awards.
6. Remedy the \$7,373 in unallowable questioned costs related to the \$5,840 in unallowable personnel costs and \$1,533 in unallowable other direct costs.
7. Remedy the \$207,953 in unsupported questioned costs related to the \$12,418 in unsupported personnel costs and \$195,535 in unsupported other direct costs.
8. Remedy the \$2,788 in unallowable matching funds.
9. Remedy the \$259,827 in unsupported matching costs.
10. Coordinate with COVA to ensure it meets its matching requirements, tracks all matching transactions on its general ledgers, and implements new policies and procedures to ensure matching costs are properly supported.
11. Coordinate with COVA to ensure it submits accurate FFRs.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objectives of this audit were to determine whether costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the awards; and to determine whether the awardee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of award 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 the Office of Justice Programs (OJP) cooperative agreements awarded to the Colorado Organization for Victim Assistance (COVA) under the Comprehensive Services for Victims of Human Trafficking Program. OJP awarded \$750,000 through Award Number 2015-VT-BX-K050 and \$925,000 through Award Number 2018-VT-BX-K036, and as of September 5, 2019, had drawn down \$779,259 of the total funds awarded. Our audit concentrated on, but was not limited to September 24, 2015, the award date for Award Number 2015-VT-BX-K050, through January 2020, the last day of our audit work. We also noted that Award Number 2015-VT-BX-K050 had reached its project end date and was closed prior to the start of our audit.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of COVA's activities related to the audited awards. We performed sample-based audit testing for award expenditures, including payroll and fringe benefit charges; as well as matching costs; indirect costs; financial reports; and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the awards reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The 2015 and 2017 DOJ Grants Financial Guides 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, as well as COVA's accounting system specific to the management of award 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.

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 COVA to provide assurance on its internal control structure as a whole. COVA's management is responsible for the establishment and maintenance of internal controls in accordance with 2 C.F.R §200. Because we do not express an opinion on COVA's internal control structure as a whole, we offer this statement solely for the information and use of COVA and OJP.¹⁰

In planning and performing our audit, we identified the following internal control components and underlying principles as significant to the audit objectives:

Internal Control Components & Principles Significant to the Audit Objectives	
Control Activity Principles	
	Management should design control activities to achieve objectives and respond to risks.
	Management should implement control activities through policies.
Information & Communication Principles	
	Management should internally communicate the necessary quality information to achieve the entity's objectives.
	Management should externally communicate the necessary quality information to achieve the entity's objectives.

We identified deficiencies that we believe could affect COVA's ability to effectively and efficiently operate, and to ensure compliance with laws and regulations. However, because our review was limited to internal control components and underlying principles determined to be significant to the audit objectives, it may not have disclosed all deficiencies that may have existed at the time of this audit. The internal control deficiencies we found are discussed in the Audit Results section of this report.

¹⁰ 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	Amount	Page
Questioned Costs: ¹¹		
Unallowable Costs		
Personnel Costs	\$5,840	9
Other Direct Costs	\$1,533	11
Matching Funds	\$2,788	12
<i>Total Unallowable Costs</i>	<i>\$10,161</i>	
Unsupported Costs		
Personnel Costs	\$12,418	9
Other Direct Costs	\$195,535	11
Matching Funds	\$259,827	12
<i>Total Unsupported Costs</i>	<i>\$467,780</i>	
Gross Questioned Costs	\$477,941	
<i>Less Duplicate Questioned Costs</i> ¹²	<i>(\$37,395)</i>	
Net Questioned Costs	\$440,546	

¹¹ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

¹² Some costs were questioned for more than one reason. Net questioned costs exclude the duplicated amounts, which includes \$37,281 in costs associated with the unsupported purchase of the gift cards, as well as the unsupported use of the gift cards; and \$114 matching costs that were both unallowable and unsupported.

APPENDIX 3

COLORADO ORGANIZATION FOR VICTIM ASSISTANCE'S RESPONSE TO THE DRAFT AUDIT REPORT



April 28, 2019

Davie M. Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
1120 Lincoln Street, Suite 1500
Denver, CO 80203

Dear Mr. Sheeren:

The following is COVA's response to the Department of Justice (DOJ) Office of the Inspector General's (OIG) audit conclusions and recommendations of the Office of Justice Programs Award Nos. 2015-VT-BX-K050 and 2018-VT-BX-K036, awarded to Colorado Organization for Victims.

COVA appreciates the opportunity to respond to the eleven conclusions and recommendations set forth in the Draft Audit Report. As you will see in our response, for the majority of the conclusions and recommendations, we concur with the Inspector General's conclusions. Although our intent was to provide all the required grant reporting information, we realize that the systems we had in place at that time were not comprehensive enough to fulfill the requirements of the grant award. We appreciate the opportunity to review and strengthen our processes to ensure that COVA is in a position to comply with all requirements, which as you will see in our responses is what we have done. Some of the recommendations we do not concur with and have provided our responses to explain why we have determined that in our opinion we did meet those requirements.

1) Coordinate with COVA to ensure that progress reports are accurate and fully supported.

COVA concurs

COVA has developed the following remedies to address the recommendation:

- 1) *All reports are prepared by the Human Trafficking Program Director and then reviewed with the Chief Deputy Director prior to submission.*
- 2) *The Human Trafficking Program Director has implemented new procedures on how the TIMS system data is collected for accuracy, consistency and with appropriate back-up*

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documentation. All information is entered into TIMS by the Human Trafficking Program Director, based on client services sheets (i.e. "Green sheets") that summarize client contacts, services provided, time spent on each contact, and any financial assistance provided. These are maintained for verification purposes. COVA has sought guidance from OVC TTAC on what constitutes formal and informal partners. The Human Trafficking Program Director only enters those that follow those guidelines.

- 3) *Verification for all trainings, meetings, and outreach is maintained. The Human Trafficking Program Director created a cover sheet with details about the event that must be completed. All agendas, emails, sign-in sheets, etc. related to the event are stapled to the cover sheet and saved.*

Trafficking Information Management System (TIMS)

COVA concurs

COVA agrees that the numbers in TIMS, particularly for Award Number 2015-VT-K050, may not be reliable. The policy at that time was for each staff person to enter data into TIMS and guidelines and definitions were not established. Therefore, the data entered was not consistent. As of July 2019, Brandon Brehm was hired as the Human Trafficking Program Director. COVA has revised its policy so that only the Human Trafficking Program Director enters data into TIMS and this person also ensures the backup documentation supporting the information entered into TIMS is maintained. During a site visit in April 2018, COVA was informed that we needed to save sign in sheets, agendas, fliers, emails, etc. that could verify that trainings, outreach, and meetings had taken place. As we were unaware of this requirement, we took immediate steps to rectify our process. Since that time, Human Trafficking Program staff working under Award Number 2018-VT-BX-K036 created processes that ensure this takes place.

Award Number 2015-VT-BX-K050

COVA concurs

COVA agrees that there was a lack of supporting documentation for various performance measures including client entries, outreach and training entries, and partner entries. The staff who worked under this grant were each responsible for entering their own information in TIMS and it is our belief that this caused some of the inconsistencies. There was also a lack of clarity among staff as to which organizations were formal or informal partners. Many paid vendors

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were mistakenly included in this list and there were also duplicative and incorrectly entered businesses, organizations, and entities.

Award Number 2018-VT-BX-K036

COVA concurs

COVA agrees that there was insufficient supporting documentation for Report 2. However, COVA has implemented the following new procedures that are being carried out by new staff:

- 1) All reports are prepared by the Human Trafficking Program Director and then reviewed with the Chief Deputy Director prior to submission.
- 2) The Human Trafficking Program Director has implemented new procedures on how the TIMS system data is collected for accuracy, consistency and with appropriate back-up documentation. All information is entered into TIMS by the Human Trafficking Program Director, based on client services sheets (i.e. "Green sheets") that summarize client contacts, services provided, time spent on each contact, and any financial assistance provided. These are maintained for verification purposes. COVA has sought guidance from OVC TTAC on what constitutes formal and informal partners. The Human Trafficking Program Director only enters those that follow those guidelines.
- 3) Verification for all trainings, meetings, and outreach is maintained. The Human Trafficking Program Director created a cover sheet with details about the event that must be completed. All agendas, emails, sign-in sheets, etc. related to the event are stapled to the cover sheet and saved.

2) Coordinate with COVA to develop policies and procedures to ensure it adheres to all special conditions of the awards.

COVA concurs that the special conditions were not submitted via the GAN process.

COVA does not concur that some of the Special Conditions were not met. Please see the individual response to each of the Special Conditions.

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COVA will include specific information regarding how to handle Special Conditions for all grant awards in COVA's Office Policies and Procedures to be completed by June 30, 2020.

Both the Chief Deputy Director and the Human Trafficking Program Director have reviewed all the grant contract materials including the Special Conditions regarding the current grant. They are both now aware that all documentation regarding Special Conditions must be submitted via GAN and by email to the OVC Program Manager. The Human Trafficking Program Director has implemented several new procedures that address the various special conditions. A draft of the Human Trafficking Handbook was given to the Audit team. The Handbook is in the process of being updated to ensure that the submission of special conditions must be submitted both via GAN and by email to the OVC Program Manager. (Attachment #1)

Regarding special conditions # 40 for 2015-VT-BX-K050 AND #43 FOR 2018-VT-BX-K036:
requiring submission of a revised time-task plans.

COVA concurs

The time lines for these two special conditions were not met. Revised time-task plans were submitted to the OVC Program Mangers for both grants.

Special Condition 40 for Award Number 2015-VT-BX-K050

COVA concurs

The revised time-task plans were not submitted within 30 days. The revised time-task plan was emailed to OVC Program Manager Kristin Weschler on February 6, 2017. Due to the changes in OVC staff, there were challenges with the communication process. For example, COVA was informed it received this award on September 25, 2015; however, between that time and early 2017, COVA had three different OVC Program Managers. As a result, there were difficulties in releasing the 2015 Special Conditions and closing out a previous 2013 award. Kristin Weschler began working with COVA in January 2017 and Special Conditions to the 2015 Award were removed on February 3, 2017. Please see the attached set of emails indicating that all of the special conditions were removed (April 13, 2017). (Attachment #2)

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Special Condition 43 for Award Number 2018-VT-BX-K036

COVA partially concurs

It is accurate that COVA did not submit a revised time-task plan within 30 days of the date of the award. During that time, there were no changes to the time-task plan that was submitted with the application. The Chief Deputy was not aware that the time-task plan was required to be resubmitted if there were no changes. However, a revised time-task plan was submitted in April 2020 because there were programmatic changes at that time that necessitated a change. A GAN was submitted and a copy of the revised time-task plan was emailed to OVC Program Manager. (Attachment #3)

Special Condition # 54 for 2015-VT-BX-K050 requiring awardee notify State VOCA & Compensation administrators and US Attorney's Victim Witness Coordinators of all training events that will be held in their states

COVA concurs

This was not done. This was an oversight.

Special Condition 50 for 2018-VT-BX-K036 requiring awardee to submit to OVC within 90 days of date of award, for review and approval, its policies and procedures that it has established to maintain the confidentiality of victims' names, addresses, telephone numbers or any other identifying information, and its policies and procedures relating to the information sharing between partners.

COVA does not concur

COVA was under the impression that it had complied with this Special Condition. COVA submitted a revised Privacy Certificate to OVC [REDACTED] on January 9, 2019. Based on prior communication with [REDACTED] during the Special Condition removal process for the 2015 award, our understanding was that this was sufficient to meet the requirements outlined in Special Condition 50. Ms. Weschler provided COVA with sample privacy certificate language on February 2, 2017. COVA used this as a template for the privacy certificate used under the 2018 award. COVA sent another revised Privacy Certificate and COVA's Code of Professional Ethics, which all new staff must sign and agree to comply with, in December 2019, after hiring new staff.

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Special condition #57 for 2018-VT-BX-K036 not to obligate, expend or draw down funds until the Office of OCFO has approved the budget and a budget narrative and a GAN has been issued to remove this special condition.

COVA does not concur

COVA is aware of this special condition. However, when the office received the grant award, the government was going into a shutdown mode. OVC required the office to make preparations to attend the required Grantee training. The only expenses that were charged to the grant at this time were for the Chief Deputy Director Sterling Harris to attend the required OVC Grantee Meeting and Boot camp. Please see attached emails regarding the budget approval. (Attachment #4)

COVA was contacted by OVC [REDACTED] on Friday, December 21, 2018 because she had noticed COVA had not signed up for the Required OVC Grantee Meeting and Boot camp and she wanted to remind us that we needed to have at least one person there. At the time, COVA was in the budget approval process and working on the release of the Special Conditions. The federal government shut down the next day, December 22, 2018 and did not reopen until January 25, 2019. The boot camp was scheduled from January 29—January 31, 2019 in Washington, D.C. Again, it was COVA's understanding that we were required to be there, based on communications with our OVC Program Manager. Therefore, Sterling Harris, Chief Deputy Director was sent to the training. Included in the above attachment is the email from the OVC Program Manger directing COVA to sign up for the boot camp. (Attachment #4)

3) Coordinate with COVA to ensure it develops and implements new policies and procedures that include specific language regarding separation of duties, procurement, verifying that its vendors are not debarred or suspended from doing business with the federal government, approving and paying expenditures, matching costs, indirect costs, and performance measurement and outcome assessment.

COVA partially concurs

Some of the documented processes are out-lined in the Board of Director's Policy Manual (separation of duties, approving and paying expenditures and reporting). COVA does agree that the information should also be included in a separate Office Policies & Procedure Manual. This manual will also include the procurement process, verifying that its vendors are not debarred or suspended from doing business with the federal government, match costs, indirect costs, and

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performance measurement and outcome assessment. COVA is working on creating the Office Policies & Procedure Manual and has an anticipated completion time of June 30, 2020.

4) Coordinate with COVA to ensure that all personnel costs charged to the awards are based on actual time and effort.

COVA concurs

*COVA has purchased and installed the **QuickBooks Intuit Payroll Software** package which became active on April 15. Timesheets have been reformatted to include reporting of exact hours worked per grant per employee. New procedures have also been implemented on how the timesheets are submitted and how the Book keeper codes the time to each grant. These procedures will be outlined in the revised Office Policies & Procedure mentioned in Recommendation #3. See revised timesheet. (Attachment #5)*

5) Ensure that COVA include all award-related expenditures in it general ledgers for the award.

COVA concurs

All COVA expenditures are now coded and entered into the upgraded QuickBooks system by each grant award. This also includes tracking staff time within the new QuickBooks Intuit Payroll System per grant award. COVA's Executive Director completes a time card which is then reviewed by the Book keeper who codes the time per grant to the grant in QuickBooks.

As to the conclusions listed in #6-#9, COVA has implemented the following system which will address all four of the conclusions: The Book keeper will double check charges against checks written per grant. All receipts will have the grant number on it and maintained within a specific grant file.

6) Remedy \$7,373 in unallowable questioned costs related to the \$5,840 in unallowable personnel costs, and \$1,533 in unallowable other direct costs.

COVA partially concurs

COVA hired a Spanish speaking intern to assist the Chief Deputy Director with cases during the transition while COVA was hiring a new Spanish speaking staff member. The \$5,840 for this

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intern was not submitted for approval via a GAN or email; however, COVA feels that this was an allowable expense to maintain services to Spanish speaking clients.

COVA concurs that the \$1,533 was unallowable as the costs were for technology expenses and two staff meals that should not have been charged to the grant.

7) Remedy \$207,953 in unsupported questioned costs related to the \$12,418 in unsupported personnel costs, and \$195,535 in unsupported other direct costs.

COVA concurs

The \$12,418 was unsupported personnel costs as required by financial guidance. COVA understands that the fringe costs cannot be calculated based on a percentage of staff time. Moving forward Fringe costs will be calculated based on actual time and included in the new QuickBooks Intuit Payroll system.

COVA partially agrees

The \$195,535 American Express amount in gift cards were not totally supported with documented receipts. COVA agrees that not all the King Soopers receipts were kept or received from the clients. However, every gift card can be linked to a client's case as indicated in the attached documentation. (Attachment #6)

To remedy this issue moving forward COVA is using the PEX card system. These are preloaded gift cards and COVA receives an actual print out for every purchase per card. Clients have been instructed as to allowable and unallowable expenses. Protocols have been put in place regarding how to issue PEX cards including signed agreement with the Client. (Attachment #7)

8) Remedy the \$2,788 in unallowable matching funds

COVA partially concurs

COVA agrees that the addition of the Executive Director's time for supervision of the Human Trafficking Program Director as match was not submitted through the GAN process. However, COVA feels that the cost of the Executive Director's time was allowable.

9) Remedy the \$259,827 in unsupported matching costs.

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COVA does not concur

The attached documentation is what COVA believed was sufficient information documenting match for the grant at the time of submission. (Attachment #8)

Based on the auditors' recommendation the following remedy has already been instituted.

Remedy: A new policy is in place for all trainings which includes the following information for documentation: Date of training, host of meeting, attendance (sign in sheets), duration of training, copy of agenda. The specific time and costs will be tracked in a Match Spreadsheet tied to the Quick book system. (Attachment #9)

10) Coordinate with COVA to ensure it meets its matching requirements; track all matching transitions on its general ledgers, and implements new policies and procedures to ensure matching costs are properly supported.

COVA concurs

The Chief Deputy Director and Executive Director will work with the OVC Program Manager to establish how the match will be met for the current contract. The tracking of information will be in a spreadsheet for all match requirements per grant.

11) Coordinate with COVA to ensure it submits accurate FFRs.

COVA concurs

As of April 2019, COVA has a Bookkeeper on site. The Executive Director is working with the Bookkeeper to update the coding of all expenditures and revenue. These two staff members will review all financial expenditures quarterly prior to the FFR being submitted for accuracy and documentation. The documentation will include Quick book reports per grant, timesheets and match documentation as described above. This process will be added to the Office Policies & Procedures Manual.

Information supporting the documentation for the FFRs is attached for OVC staff review. (Attachment #10)

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Sincerely,

Nancy Lewis
Executive Director

Angela Dunson
Board President

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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

May 5, 2020

MEMORANDUM TO: David M. Sheeren
Regional Audit Manager
Denver 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 Justice Programs, Cooperative Agreements Awarded to the Colorado Organization for Victim Assistance, Denver, Colorado*

This memorandum is in reference to your correspondence, dated March 17, 2020, transmitting the above-referenced draft audit report for the Colorado Organization for Victim Assistance (COVA). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **11** recommendations and **\$440,546¹** in net questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

- 1. We recommend that OJP coordinate with COVA to ensure that progress reports are accurate and fully supported.**

OJP agrees with this recommendation. With its response to the draft audit report, dated April 28, 2020, COVA provided a copy of its draft *Human Trafficking Program Policy & Protocol Handbook*, which was updated in November 2019, and includes procedures to ensure that progress reports are accurate and fully supported. Once implemented, we believe these procedures will adequately address this recommendation. As such, we will coordinate with COVA to obtain a copy of its finalized and fully implemented *Human Trafficking Program Policy & Protocol Handbook*.

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

2. **We recommend that OJP coordinate with COVA to develop policies and procedures to ensure it adheres to all special conditions of the awards.**

OJP agrees with this recommendation. We will coordinate with COVA to obtain a copy of written policies and procedures, developed and implemented, to ensure compliance with all award special conditions.

3. **We recommend that OJP coordinate with COVA to ensure it develops and implements new policies and procedures that include specific language regarding separation of duties, procurement, verifying that its vendors are not debarred or suspended from doing business with the Federal government, approving and paying expenditures, matching costs, indirect costs, and performance measurement and outcome assessment.**

OJP agrees with this recommendation. We will coordinate with COVA to obtain a copy of written policies and procedures, developed and implemented, to ensure compliance with grant administration requirements, including specific language regarding: separation of duties; procurement; verifying that its vendors are not debarred or suspended from doing business with the Federal government; approving and paying expenditures; matching costs; indirect costs; and performance measurement and outcome assessment.

4. **We recommend that OJP coordinate with COVA to ensure that all personnel costs charged to the awards are based on actual time and effort.**

OJP agrees with this recommendation. We will coordinate with COVA to obtain a copy of written policies and procedures, developed and implemented, to ensure that all personnel costs charged to its Federal awards are based on actual time and effort.

5. **We recommend that OJP ensure that COVA include all award-related expenditures in its general ledgers for the awards.**

OJP agrees with this recommendation. We will coordinate with COVA to obtain a copy of written policies and procedures, developed and implemented, for ensuring that all expenditures for each Federal award are properly recorded in its general ledger.

6. **We recommend that OJP remedy \$7,373 in unallowable questioned costs related to the \$5,840 in unallowable personnel costs, and \$1,533 in unallowable other direct costs.**

OJP agrees with this recommendation. We will review the \$7,373 in questioned costs, related to unauthorized personnel costs (\$5,840) and other direct costs (\$1,533) that were charged to Award Numbers 2015-VT-BX-K050 and 2018-VT-BX-K036, and will work with COVA to remedy, as appropriate.

7. **We recommend that OJP remedy \$207,953 in unsupported questioned costs related to the \$12,418 in unsupported personnel costs, and \$195,535 in unsupported other direct costs.**

OJP agrees with this recommendation. We will review the \$207,953 in questioned costs, related to unsupported personnel costs (\$12,418) and other direct costs (\$195,535), that were charged to Award Numbers 2015-VT-BX-K050 and 2018-VT-BX-K036, and will work with COVA to remedy, as appropriate.

8. **We recommend that OJP remedy the \$2,788 in unallowable matching funds.**

OJP agrees with this recommendation. We will review the \$2,788 in questioned costs, related to unauthorized matching funds for Award Number 2018-VT-BX-K036, and will work with COVA to remedy, as appropriate.

9. **We recommend that OJP remedy the \$259,827 in unsupported matching costs.**

OJP agrees with this recommendation. We will review the \$259,827 in questioned costs, related to unsupported matching costs for Award Numbers 2015-VT-BX-K050 (\$250,000) and 2018-VT-BX-K036 (\$9,827), and will work with COVA to remedy, as appropriate.

10. **We recommend that OJP coordinate with COVA to ensure it meets its matching requirements, tracks all matching transactions on its general ledgers, and implements new policies and procedures to ensure matching costs are properly supported.**

OJP agrees with this recommendation. We will coordinate with COVA to ensure that it meets matching requirements for Award Number 2018-VT-BX-K036. We will also coordinate with COVA to obtain a copy of written policies and procedures, developed and implemented, to ensure that all matching transactions are recorded in its general ledger and are properly supported.

11. **We recommend that OJP coordinate with COVA to ensure it submits accurate FFRs.**

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

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.

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

The OIG provided a draft of this audit report to the Colorado Organization for Victim Assistance (COVA) and the Office of Justice Programs (OJP). COVA's response is incorporated in Appendix 3 and OJP's response is incorporated in Appendix 4 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 provide the OIG analysis of the response and summary of actions necessary to close the report.

Recommendation for OJP:

- 1. Coordinate with COVA to ensure that progress reports are accurate and fully supported.**

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with COVA to obtain a copy of its finalized and fully implemented Human Trafficking Program Policy and Protocol Handbook.

COVA concurred with our recommendation. In its response, COVA included detailed actions that it will take to ensure that progress reports are accurate and fully supported. COVA also provided a copy of its draft Human Trafficking Program Policy and Protocol Handbook that includes its planned procedures to ensure that progress reports are accurate and fully supported.

This recommendation can be closed when we receive documentation showing that COVA has finalized and fully implemented its Human Trafficking Program Policy and Protocol Handbook.

- 2. Coordinate with COVA to develop policies and procedures to ensure it adheres to all special conditions of the awards.**

Resolved. OJP agreed with our recommendation and stated in its response that it will obtain a copy of written policies and procedures, developed and implemented, to ensure COVA adheres to all special conditions.

COVA concurred that all special conditions were not submitted through the required GAN process and that four special conditions were met. However, COVA did not concur or only partially concurred with our findings for the remaining three special conditions because it had an explanation as to why it did not meet the special conditions.

COVA partially agreed that special condition 43 for 2018-VT-BX-K036 was not met. COVA stated that it did not submit a revised time-task plan within 30 days of the date of the award because there were no changes to the time-task plan submitted with the application and the Chief Deputy was not aware

that the time-task plan was required to be resubmitted if there were no changes. However as stated in the report, a revised time-task plan was not submitted within 30 days of the date of the award, therefore the special condition was not met.

COVA disagreed that special condition 50 for 2018-VT-BX-K036 was not met. COVA stated that it submitted a revised Privacy Certificate to the OVC Program Manager on January 9, 2019. However as stated in the report, the awardee is required to submit this information to OVC within 90 days of award. The date of award for 2018-VT-BX-K036 was September 27, 2018, which means COVA was required to submit a revised Privacy Certificate to the OVC Program Manager by December 26, 2018, to meet special condition 50 for 2018-VT-BX-K036.

COVA disagreed that special condition 57 for 2018-VT-BX-K036 was not met. COVA cited multiple reasons to justify spending funds prior to meeting this special condition. However, in addition to the specific incident COVA cites, as stated in the report COVA obligated payroll expenditures prior to the removal of special condition 57.

This recommendation can be closed when we receive documentation showing that COVA has developed and implemented written policies and procedures to ensure it adheres to all special conditions of the awards.

3. **Coordinate with COVA to ensure it develops and implements new policies and procedures that include specific language regarding separation of duties, procurement, verifying that its vendors are not debarred or suspended from doing business with the federal government, approving and paying expenditures, matching costs, indirect costs, and performance measurement and outcome assessment.**

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with COVA to obtain a copy of written policies and procedures, developed and implemented, to ensure compliance with grant administration requirements, including specific language regarding separation of duties; procurement; verifying that its vendors are not debarred or suspended from doing business with the federal government; approving and paying expenditures; matching costs; indirect costs; and performance measurement and outcome assessment.

COVA partially concurred with our recommendation. In its response, COVA stated that processes for separation of duties, approving and paying expenditures, and reporting are already outlined in the Board of Director's Policy Manual. However, during our audit we reviewed the Board of Director's Policy Manual and found that it did not include policies and procedures that clearly define separation of duties and it did not have specific language regarding approving and paying expenditures. COVA agreed that these processes should also be included in a separate Office Policies and

Procedures Manual that it anticipates will be completed by June 30, 2020. COVA also stated that the Office Policies and Procedures Manual will include specific language regarding policies and procedures for verifying that its vendors are not debarred or suspended from doing business with the federal government, matching costs, indirect costs, and performance measurement and outcome assessment.

This recommendation can be closed when we receive documentation showing that COVA has developed and implemented new policies and procedures that include specific language regarding separation of duties, procurement, verifying that its vendors are not debarred or suspended from doing business with the federal government, approving and paying expenditures, matching costs, indirect costs, and performance measurement and outcome assessment.

4. Coordinate with COVA to ensure that all personnel costs charged to the awards are based on actual time and effort.

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with COVA to obtain a copy of written policies and procedures, developed and implemented, to ensure that all personnel costs charged to its federal awards are based on actual time and effort.

COVA concurred with our recommendation. In its response, COVA included detailed actions that it has or will take to ensure that personnel costs charged to the awards are based on actual time and effort.

This recommendation can be closed when we receive documentation showing that COVA has developed and implemented written policies and procedures to ensure that all personnel costs charged to its Federal awards are based on actual time and effort.

5. Ensure that COVA include all award-related expenditures in its general ledgers for the awards.

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with COVA to obtain a copy of written policies and procedures, developed and implemented, for ensuring that all expenditures for each federal award are properly recorded in its general ledger.

COVA concurred with our recommendation. In its response, COVA stated that all expenditures are now entered into its accounting system by grant award.

This recommendation can be closed when we receive documentation showing that COVA has developed and implemented written policies and procedures for ensuring that all expenditures for each federal award are properly recorded in its general ledger.

6. Remedy the \$7,373 in unallowable questioned costs related to the \$5,840 in unallowable personnel costs and \$1,533 in unallowable other direct costs.

Resolved. OJP agreed with our recommendation and stated in its response that it will review the \$7,373 in unauthorized questioned costs related to \$5,840 in personnel costs and \$1,533 in other direct costs that were charged to Award Numbers 2015-VT-BX-K050 and 2018-VT-BX-K036; and work with COVA to remedy, as appropriate.

COVA partially concurred with our recommendation. In its response, COVA stated that it feels the \$5,840 for the unauthorized Spanish speaking intern was an allowable expense necessary to maintain services for Spanish speaking clients. However, COVA acknowledged that the personnel costs for the intern were not submitted to OJP for approval. COVA also stated that the \$1,533 in unallowable other direct costs should not have been charged to the award.

This recommendation can be closed when we receive documentation that OJP has remedied the \$7,373 in unallowable questioned costs related to \$5,840 in unallowable personnel costs and \$1,533 in unallowable other direct costs.

7. Remedy the \$207,953 in unsupported questioned costs related to the \$12,418 in unsupported personnel costs and \$195,535 in unsupported other direct costs.

Resolved. OJP agreed with our recommendation and stated in its response that it will review the \$207,953 in unsupported questioned costs related to \$12,418 in unsupported personnel costs and \$195,535 in unsupported other direct costs that were charged to Award Numbers 2015-VT-BX-K050 and 2018-VT-BX-K036, and will work with COVA to remedy, as appropriate.

COVA partially concurred with our recommendation. In its response, COVA stated that the \$12,418 in personnel costs were unsupported. COVA also stated that moving forward fringe benefit costs will be calculated based on actual time and included in its accounting system. However, COVA partially agrees with our finding related to the \$195,535 in unsupported other direct costs. In its response, COVA agreed that \$195,535 related to gift cards was not totally supported with documented receipts. However, COVA stated that every gift card could be linked to a client's case as indicated on an attachment provided along with its response. We disagree with this statement. The attached documentation provided was included in the documentation we reviewed as part of the audit. Based on our review, we found that the documentation did not provide any support that the gift cards were given to human trafficking clients or provide any information detailing the purchases made using the gift cards.

This recommendation can be closed when we receive documentation that OJP has remedied the \$207,953 in questioned costs related to \$12,418 in unsupported personnel costs and \$195,535 in unsupported other direct costs.

8. Remedy the \$2,788 in unallowable matching funds.

Resolved. OJP agreed with our recommendation and stated in its response that it will review the \$2,788 in questioned costs related to unauthorized matching funds for Award Number 2018-VT-BX-K036, and will work with COVA to remedy, as appropriate.

COVA partially concurred with our recommendation. In its response, COVA stated that the Executive Director's time was not submitted to OJP for approval through the GAN process; however, COVA felt that the cost of the executive Director's time was allowable.

This recommendation can be closed when we receive documentation that OJP has remedied the \$2,788 in questioned costs related to unallowable matching funds.

9. Remedy the \$259,827 in unsupported matching costs.

Resolved. OJP agreed with our recommendation and stated in its response that it will review the \$259,827 in questioned costs, related to \$250,000 in unsupported matching costs for Award Number 2015-VT-BX-K050 and \$9,827 in unsupported matching costs for Award Number 2018-VT-BX-K036, and will work with COVA to remedy, as appropriate.

COVA did not concur with our recommendation. With its response, COVA provided additional information that it believed was sufficient to support its matching costs. As stated in the report, we found that for matching costs related to trainings, the only supporting documentation was a list of trainings that COVA either attended or provided, the number of attendees, and the number of training hours. However, COVA did not maintain training agendas, sign in sheets, or any other documentation to support the information listed. We reviewed the documentation COVA provided along with its response to the draft report to identify any new documentation. COVA's additional documentation included a list of trainings that COVA previously provided and was reviewed as part of the audit, and an additional four sign-in sheets, three meeting agendas, and email correspondence between its employees and individuals representing other organizations. Based on our review, we found that the additional documentation did not fully support any of the questioned matching costs identified in the report.

In its response, COVA also stated it has a new policy in place for tracking matching costs in spreadsheet tied to its accounting system. However, COVA's new policy does not address the required documentation necessary to fully support its matching costs.

This recommendation can be closed when we receive documentation that OJP has remedied the \$259,827 in unsupported matching costs.

10. Coordinate with COVA to ensure it meets its matching requirements, tracks all matching transactions on its general ledgers, and implements new policies and procedures to ensure matching costs are properly supported.

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with COVA to ensure that it meets matching requirements for Award Number 2018-VT-BX-K036. OJP also stated that it will coordinate with COVA to obtain a copy of written policies and procedures, developed and implemented, to ensure that all matching transactions are recorded in its general ledger and are properly supported.

COVA concurred with our recommendation. In its response, COVA stated that its Executive Director and Chief Deputy Director will work with the OVC Program Manager to establish how the matching will be met for the current award.

This recommendation can be closed when we receive documentation showing that OJP has coordinated with COVA to ensure that it meets matching requirements for Award Number 2018-VT-BX-K036 and COVA has written policies and procedures, developed and implemented, to ensure that all matching transactions are recorded in its general ledger and are properly supported.

11. Coordinate with COVA to ensure it submits accurate FFRs.

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with COVA to obtain a copy of written policies and procedures, developed and implemented, to ensure that future FFRs are accurately prepared, and reviewed and approved by management prior to submission; and the supporting documentation is maintained for future auditing purposes.

COVA concurred with our recommendation. In its response, COVA stated that the Executive Director and the bookkeeper will review all financial expenditures for accuracy on a quarterly basis prior to submitting the FFR. COVA also stated that this process will be added to the Office Policies and Procedures Manual.

This recommendation can be closed when we receive documentation that COVA has developed and implemented written policies and procedures to ensure that future FFRs are accurately prepared and reviewed and approved by management prior to submission; and the supporting documentation is maintained for future auditing purposes.



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