



Audit of the Office of Justice Programs Grant Awarded to Illuminate Colorado, Denver, Colorado



AUDIT DIVISION

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REDACTED FOR PUBLIC RELEASE

The redaction is only contained in Appendix 4, the grantee's response, and is of an individual's name



Executive Summary

*Audit of the Office of Justice Programs Grant Awarded to Illuminate Colorado
Denver, Colorado*

Objectives

The Office of Justice Programs (OJP) awarded the Illuminate Colorado (Illuminate) a grant totaling \$749,491 for enhancing community responses to the opioid crisis. The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

As a result of our audit, we concluded that Illuminate has made progress in achieving the goals and objectives of the award, but we are concerned about whether Illuminate will be able to fully achieve the goals and objectives by the grant period end date. We identified several areas for improvement within Illuminate's grant and financial management to incorporate stronger internal controls and to ensure compliance with DOJ requirements. Specifically, we found deficiencies with the accounting system and lack of formalized policies and procedures related to payroll, subrecipients, drawdowns, and reporting information through the federal financial reports (FFRs). This audit did not identify significant concerns regarding Illuminate's budget management. However, we identified budgeted contractors should have been categorized as subrecipients. We also identified \$22,175 in unsupported questioned costs and \$3,519 in unallowable questioned costs, resulting in net questioned costs of \$25,195.

Recommendations

Our report contains 14 recommendations to OJP. We requested a response to our draft audit report from the OJP and Illuminate, 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 support service providers in expanding their current scope and expertise to ensure that children and youth impacted by the opioid crisis are supported as they heal from the impact of crime and substance abuse. The project period for the grant was from October 2018 through September 2021. As of April 2020, Illuminate had drawn down a total of \$161,575 for the grant we reviewed.

Program Performance and Accomplishments – Based on our review, we verified that Illuminate has made progress in achieving the goals and objectives, but with less than 12 months remaining in the project period we are concerned about whether Illuminate will be able to fully achieve the goals and objectives of the grant by the grant period end date. We also found of the eight performance measures tested, five were inaccurately reported and one was not adequately supported.

Grant Financial Management – We found Illuminate's grant financial management related to its accounting system needs improvement. We also determined that Illuminate did not comply with the drug-free workplace policy, and suspension and debarment requirements. In addition, Illuminate did not have policies and procedures to ensure compliance with grant requirements for payroll, subrecipients, drawdowns, and FFRs.

Grant Expenditures – We determined that contract expenditures should have been categorized as subrecipients expenditures and treated as such. We also identified \$25,195 in net questioned costs, including \$22,175 in unsupported questioned costs and \$3,519 in unallowable questioned costs.

Federal Financial Reports – We found that for four of the six FFRs tested, the expenditures reported did not match Illuminate's accounting records due to Illuminate's accounting system needing improvement.

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DENVER, COLORADO**

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INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of a grant awarded by the Office of Justice Program (OJP), under the Enhancing Community Responses to the Opioid Crisis: Serving Our Youngest Crime Victims program to Illuminate Colorado (Illuminate) in Denver, Colorado. Illuminate was awarded a grant totaling \$749,491, as shown in Table 1.

**Table 1
Grants Awarded to Illuminate**

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2018-V3-GX-0071	OJP	09/29/2018	10/01/2018	09/30/2021	\$749,491
				Total:	\$749,491

Source: OJP's Grant Management System

The purpose of the Enhancing Community Responses to the Opioid Crisis: Serving Our Youngest Crime Victims program is to address an urgent gap in crime victim services related to the opioid epidemic and to expand upon existing or establish new programs to provide services to children and youth who are victimized as a result of the opioid crisis.¹

The Grantee

Illuminate is a statewide, non-profit organization working to strengthen families, organizations, and communities to prevent child maltreatment. Illuminate works to address systemic and multi-sector issues affecting the well-being of children, collaborating with partners at the state and national level to develop powerful programs, policies, and initiatives that keeps kids safe. Illuminate was formed in December 2015, programs are fully integrated to leverage resources and increase capacity to implement powerful programs to keep kids safe. Since January 2017, Illuminate has developed strategic partnerships with: (1) Colorado Alliance for Drug Endangered Children, (2) Prevent Child Abuse Colorado, (3) Colorado Chapter of the National Organization on Fetal Alcohol Syndrome, and (4) Sexual Abuse Forever Ending.

¹ Children and youth may be victims of a range of crimes including, but not limited to: child abuse, criminal neglect, assault, sexual abuse/assault, theft, exploitation, endangering the welfare of a child, human trafficking, and kidnapping.

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the grants 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 goals 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 (FFRs).

We tested compliance with what we consider to be the most important conditions of the grants. The 2017 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.

AUDIT RESULTS

Program Performance and Accomplishments

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

Program Goals and Objectives

For Grant Number 2018-V3-GX-0071, the program's overarching goal was to support children and youth who are crime victims as a result of the opioid crisis. The goal would be achieved by providing direct services and support to these young victims at a community or jurisdictional level.

In the program narrative, Illuminate stated the project would serve children ages 0 to 18, who are victims of crime related to the opioid crisis, specifically those negatively impacted by caregiver substance abuse. The program was coordinated on a state level and focused on four project sites in Colorado, with the objectives to: (1) increase the provision and resource referral network for trauma-informed Children's Circle for Drug Endangered Children groups offered concurrently with existing Circle of Parents (COP) support groups for families impacted by substance use and trauma; (2) build and implement a cross-discipline feedback system to identify and define the needs of children and youth impacted by the opioid crisis to better meet the evolving needs of this vulnerable population; and (3) establish and enhance community-led, multidisciplinary coalition infrastructure and coordination to meet the current, emerging, and ongoing needs of impacted children and youth into the future.²

We verified that Illuminate has made progress in achieving the goals and objectives. As it relates to Objective 1, Illuminate partnered with different community agencies for four COP groups in three of the four project sites. To support Objective 2, the partner agencies have collected qualitative data, which will be compiled into a deliverable at each project site to ensure community stakeholders are aligned to best serve the needs of children and youth. Finally, for Objective 3, the partner agencies have joined existing coalition spaces in order to elevate the need for coordination to support children and youth impacted by caregiver substance use. However, due to the current COVID pandemic, progress has been delayed in fully implementing the objectives. Since the COVID pandemic was declared in March 2020, Illuminate has shifted to providing services remotely for the COP programs. Illuminate found that remote services for the Children's Circle groups was difficult and not

² The four project sites were focused in Adams, Boulder, Montrose, and Huerfano/Las Animas Counties.

beneficial for the children. As such, Children's Circle groups have not been offered. Additionally, Illuminate will not be able to train the Children's Circle Facilitators or implement the Children's Circle curriculum until it is safe to reconvene for in-person learning. As of October 2020, there are less than 12 months remaining in the project period. In light of these circumstances, we are concerned about whether Illuminate will be able to fully achieve the goals and objectives of the grant by the grant period end date. According to the Illuminate Executive Director, she has reached out to the OJP Technical Assistance provider to develop different options for this situation. Therefore, we recommend OJP coordinate with Illuminate to develop a plan to ensure goals and objectives are achieved for the grant.

Required Performance Reports

According to the DOJ Grants Financial Guide, progress reports provide information relevant to the performance and activities of a program and are submitted semi-annually into OJP's Grant Management System (GMS).³ For this grant program, Illuminate used the Performance Measurement Tool (PMT) to record a variety of performance measures on a quarterly basis. To submit the semi-annual progress report into GMS and comply with the grant requirement, Illuminate generates the semi-annual report in PMT that is then uploaded into GMS.

Additionally, the DOJ Grant Financial Guide states 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 the semi-annual progress reports, we judgmentally sampled 34 performance measures from the 2 most recent reports submitted for the grant. We then traced the items to supporting documentation maintained by Illuminate.

Overall, we found that 12 of the 34 performance measures we sampled did not match the supporting documentation. Of these 12 performance measures, 9 were inaccurately reported and 1 did not have support available. Additionally, we determined there were 2 performance measures that had discrepancies in the PMT and GMS reports for the first and second quarters of 2019 (1Q2019 and 2Q2019). The OJP Grant Manager stated that it was a common occurrence for the PMT and GMS data to have differences because the grantees revise the data in PMT. The OJP Grant Manager also provided information where Illuminate had made a revision 4 months after 1Q2019 was completed. Based on this information, we believe Illuminate revised the PMT data after they submitted their semi-annual progress report in GMS causing the discrepancies between the two reports.

Based on our interviews with Illuminate personnel and the lack of written policies and procedures, we determined that Illuminate's process for the required performance

³ As of October 2020, GMS is no longer in use, but was during the scope of the audit.

reports could be improved. We recommend that OJP coordinate with Illuminate to develop and implement formal written performance reporting policies and procedures to ensure the grantee reports accurate accomplishments in its progress reports.

Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the award. We evaluated the special conditions for the grant and selected a judgmental sample of the requirements that are significant to performance under the grant and are not addressed in another section of this report. We evaluated the requirements for OJP training for the grantee point of contact and financial point of contact, addressing audit issues, justification of consultant rates, and supplanting.

Based on our sample, we did not identify any instances of Illuminate: (1) violating the OJP training requirement for the point of contact and financial point of contact, (2) addressing audit issues, and (3) violating supplanting special conditions. However, due to a lack of supporting documentation for the payments made to the subject matter expert contractors (i.e., consultants), we were unable to assess if they were paid in excess of \$650 per day. We discuss our review of the subject matter expert contractors in more detail in the Contractor Costs subsection of this report.

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. In addition, the DOJ Grants Financial Guide states that an adequate accounting system collects and reports financial data for planning, controlling, measuring, and evaluating direct and indirect costs. To assess Illuminate's financial management of the grants covered by this audit, we conducted interviews with financial staff, examined policy and procedures, and inspected grant documents to determine whether Illuminate adequately safeguards the grant funds we audited. Finally, we performed testing in the areas that were relevant for the management of this grant, as discussed throughout this report.

Accounting System and Internal Controls

Based on our review, we concluded that Illuminate's accounting system needs improvement. We found that accounting records management was outsourced by Illuminate. However, we discovered that the accounting records did not include indirect costs associated with the grant, it did not include some expenses that were included on the monthly spreadsheets, and there were delays in the expenses being allocated in the accounting records. In addition, as detailed in the Drawdowns and Federal Financial Reports sections of this report, Illuminate used the internal monthly spreadsheets to complete the drawdowns and the FFRs which resulted in inaccurate FFRs.

According to Illuminate, the internal monthly spreadsheets were used because Illuminate officials were not comfortable and did not have the skillset to use the accounting software. As such, the informal process for purchasing and paying expenditures was complicated and inefficient which caused inaccurate accounting records and did not ensure that all direct and indirect costs are accounted for or reported. Therefore, we recommend that OJP ensure that Illuminate enhance the accounting policies and procedures to ensure that an adequate accounting system is in place to certify all grant related expenditures are recorded and reported.

Additionally, we found that Illuminate's debarment and suspension management for employees and contractors could be improved. We determined that Illuminate does not perform a review of the System for Award Management (SAM) for new or existing employees, contractors, consultants, or vendors. The DOJ Grants Financial Guide states agencies are required to establish and implement procedures to ensure that Federal assistance is not awarded to entities that are prohibited from receiving Federal funds. Award recipients must perform a SAM review of potential contractors and individuals. We recommend that OJP ensure Illuminate develops formal written policies and procedures that ensures compliance with debarment and suspension requirements.

As discussed in the following sections, we also found Illuminate did not have policies and procedures to ensure compliance with grant requirements for payroll, subrecipients, drawdowns, and FFRs. We also found inadequate segregation of duties within Illuminate, where Illuminate's Executive Director manages all the financial aspects, requesting drawdowns, and completing the FFRs. The Illuminate Board of Directors provides counsel and oversight of the Executive Director. The Illuminate Board of Directors and the Executive Director are in agreement that more delegation is necessary and are currently working on hiring additional personnel to take some of the responsibilities.

Employee Handbook

We also found that Illuminate's Employee Handbook did not comply with the 28 Code of Federal Regulations (CFR) Part 83 for drug-free workplace policy requirements. Per the Illuminate Employee Handbook, it states that "Cannabis is not permitted on work grounds at any time unless it is recommended by a medical professional and communicated to the [Illuminate's] Executive Director and Operations Director." However, the 28 CFR Part 83 states there is no exemption for a drug-free workplace. In addition, recipients must comply with two general requirements:

- Make a good faith effort, on a continuing basis, to maintain a drug-free workplace. Specifically, recipients must publish drug-free workplace statements and establish a drug-free awareness program for your employees; and take actions concerning employees who are convicted of violating drug statutes in the workplace.
- Identify all known workplaces under the Federal award.

Illuminate was not aware of any employee or contractor approved for medical marijuana use. Without knowledge of or formal policies and procedures it could result in a risk for grant noncompliance. Therefore, we recommend OJP coordinate with Illuminate to develop and implement drug-free workplace policies and procedures that comply with the Federal requirements.

Grant Expenditures

For Grant Number 2018-V3-GX-0071, Illuminate's approved budget included personnel, travel, supplies, contractual, and indirect costs. To determine whether costs charged to the awards were allowable, supported, calculated accurately, properly authorized, and properly allocated in compliance with award requirements, we tested a sample of transactions. Between April 1, 2019, and May 31, 2020, Illuminate expended \$206,917, or 28 percent of the total award.⁴ Our sample included 187 transactions totaling \$61,680, or 30 percent of the total grant funds expended. We reviewed documentation, accounting records, and performed verification testing related to grant expenditures. As discussed in the following sections and shown in Table 2 below, we identified \$25,695 in questioned costs, including \$22,175 in unsupported questioned costs and \$3,519 in unallowable questioned costs.⁵ The following sections describe the results of that testing.

Table 2
Illuminate Expenditure Testing Questioned Cost Summary

Expenditure Type	Unsupported Questioned Cost	Unallowable Questioned Cost	Total Questioned Costs	Duplication	Net Questioned Costs
Payroll	\$5,136	\$392	\$5,528	\$0	\$5,528
Direct	17,039	3,128	20,167	500	19,667
Indirect	0	0	0	0	0
Total:	\$22,175	\$3,519	\$25,695	\$500	\$25,195

Source: OIG Analysis

Personnel and Fringe Benefit Costs

As part of our payroll sample, we reviewed 113 payroll transactions totaling \$15,144, which included all personnel and fringe benefit expenditures for 3 non-consecutive pay periods during our audit period. We examined Illuminate's financial records, timesheets, and personnel and fringe benefits supporting documentation to determine if the payroll

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.

⁵ The total questioned costs of \$25,695 includes \$500 in duplicate questioned costs, resulting in net questioned costs of \$25,195, as shown in Appendix 2 of this report.

charges were allowable, supported, calculated accurately, properly authorized, and properly allocated to the award.

According to the DOJ Grants Financial Guide, documentation must support a reasonable allocation or distribution of costs among [different projects]. Within the OJP approved budget, the employee's allocation on the OJP grant was broken down by percentages. When we reviewed Illuminate's payroll financial documentation, we found that Illuminate charged a percentage of OJP time, a percentage of COP time, and a percentage of administrative time. We also found for each pay period tested, a different percentage was used to charge the COP and administrative time. However, Illuminate could not provide any documentation or certification supporting the different allocations for the COP and administrative time. According to Illuminate's Executive Director, COP allocations are based on funding received, which includes non-DOJ sources. As a result, we questioned the COP and administrative hours as unsupported as shown in Table 3 below.

Table 3
Illuminate Personnel Questioned Costs

Pay Period Sample	Total Amount Sampled	Unsupported Personnel Costs	Unallowable Personnel Costs	Total Questioned Costs	Percentage of Questioned to Sampled
1	\$4,515	\$1,646	\$62	\$1,708	38%
2	4,862	1,934	330	2,264	47%
3	5,767	1,556	0	1,556	27%
Total:	\$15,144	\$5,136	\$392	\$5,528	37%

Source: OIG Analysis

We also questioned the personnel administrative hours as unallowable because Illuminate charged administration as part of the indirect costs. In total, we identified \$5,528 in personnel questioned costs, including \$5,136 in unsupported and \$392 in unallowable personnel costs as shown in Table 3 above.

While reviewing the payroll supporting documentation, we found that the timesheets were not certified by the employee or supervisor. We also determined the payroll segregation of duties was lacking. According to Illuminate's Executive Director, employees do not certify their timesheets, nor do their supervisors approve or review the employees' timesheets; all employee timesheets are reviewed by the Executive Director prior to payments being made. The Executive Director's timesheet does not get reviewed. The DOJ Grants Financial Guide states that examples of items that may support salaries and wages can include timesheets, time and effort reports, or activity reports that have been certified by the employee and approved by a supervisor with firsthand knowledge of the work performed. Payroll records should also reflect either after the fact distribution of actual activities or certifications of employee's actual work performed. We determined that Illuminate does not have formal written payroll policies and procedures, which can result in fraud, waste, and abuse of grant funds.

Therefore, we recommend OJP remedy \$5,136 in unsupported personnel costs and \$392 in unallowable personnel costs. We also recommend OJP coordinate with Illuminate to develop and implement formal payroll procedures to ensure that all payroll costs charged to the award are based on certified time and effort.

Travel Costs

During our review of the transactions charged to Grant Number 2018-V3-GX-0071, we judgmentally sampled 16 staff travel expenses totaling \$2,979. We noted five transactions, totaling \$739, where Illuminate personnel did not maintain accurate information to adequately support charging of these expenses to the grant. Illuminate's travel policy states that all expenses incurred, with the exception of meals, must be substantiated by the original receipt and attached to the expense report. Additionally, the DOJ Grants Financial Guide states that travel expenses are allowable costs for employees who are in travel status on official business related to the award. Specifically, we determined that four transactions totaling \$695 were not properly supported with original lodging receipts or expense reports, and one transaction totaling \$44 was mistakenly charged to the grant. Therefore, we recommend that OJP remedy the \$695 in unsupported and \$44 in unallowable expenditures related to staff travel expenses.

Also, during our review of Illuminate's staff travel expense supporting documentation, we found the implementation of the Illuminate expense reports could be improved. Of the 16 staff travel expenses, 3 expense reports were not provided and 4 expense reports were incomplete (i.e., missing signatures and/or lodging information). Additionally, we found two expense forms claiming different per diem rates for the same conference. Illuminate's travel policy states personnel will be reimbursed at a flat rate of \$64/day (\$48/travel day) for all meals calculated from current General Services Administration (GSA) approved rates of \$15 for breakfast, \$16 for lunch, \$28 for dinner, and \$5 for incidentals. Illuminate's Executive Director stated that mileage and per diem rates are reimbursed at flats rates due to the variation of allowed rates among state, Federal, and private funders. However, we were not able to verify the rates were within the travel policy. We believe that the conflicting information, between Illuminate's policy, GSA approved rates, and application of partial per diem rates, contributed to the different claimed per diem amounts on the travel expense forms. Therefore, we recommend OJP coordinate with Illuminate to update and implement travel policies and procedures that are consistent with requirements.

Supply Costs

During our review of the transactions charged to Grant Number 2018-V3-GX-0071, we judgmentally sampled four program supply expenses, totaling \$478. We did not question any supply expenses based on our testing due to the immaterial amount. However, our review of the transactions identified the process for approving and purchasing supplies could be improved. We found it difficult to reconcile the supplies

listed on the receipts to the approved supply list. We also found the approved supply list was not always clear on the description or costs for the supplies. As a result, we recommend that OJP coordinate with Illuminate to establish formal written policies and procedures for purchasing supplies.

Contractor Costs

During our audit period, according to Illuminate's accounting records, it charged \$47,745 in contractor costs and as part of our sample, we reviewed 40 contractor transactions totaling \$24,299. We found that Illuminate charged several different contractor expenses to the award, including for the provision of services at four project sites. Illuminate has established contracts at these specific locations to provide services related to COP and Children's Circle. However, we determined that many of these contractor expenses related to providing services at the four project sites should have been categorized as subgrantee costs and treated as such. Out of 40 contractor transactions tested, we determined 35 transactions, totaling \$9,799, should have been categorized as subgrantee transactions. We further discuss the determination of subgrantee verses contractor in the next section as well as the expenditures incurred related to these subgrantees.

The DOJ Grants Financial Guide states that grant recipients should have internal controls over grant activities, including the use of grant funds in contracting for services. We found that Illuminate did not have formal written policies for managing contractor activities.

For the four different contracts Illuminate used to perform different services, the contracts detail the contractor, the scope of services, the fee schedule (including rates and travel expenses), and the date of services. We reviewed the five contractor transactions, totaling \$14,500 to determine if the transactions were allowable, supported, calculated accurately, properly authorized, and properly allocated. For the five subject matter expert contractor transactions sampled, totaling \$14,500, we are questioning all five expenses as unsupported questioned costs. Illuminate could not provide supporting documentation that the contracted deliverables were completed. We also could not determine the rates paid to contractors because the invoices were not sufficient; specifically, there were no time and effort reports provided as required by the DOJ Grants Financial Guide. We believe these unsupported costs can be attributed to the lack of formal written contractor policies and procedures that ensure compliance with the DOJ Grants Financial Guide. Therefore, we recommend that OJP remedy \$14,500 in unsupported contractor questioned costs. We also recommend that OJP ensure that Illuminate implements formal written contractor related policies and procedures.

Subrecipient Costs

According to the DOJ Grants Financial Guide, a subaward is an award made by a

pass-through entity to a subrecipient for the purpose of carrying out a portion of the work funded by the pass-through entity's Federal award. The pass-through entity may use any form of legal agreement for making a subaward, including an agreement that the pass-through entity considers a contract. While we found that Illuminate developed contract agreements with four entities, in our judgement, Illuminate is acting as the pass-through entity and these four entities resemble subawards rather than procurement contracts.

According to the project narrative, Illuminate planned to focus on four project sites to achieve the objectives of the award. Each of the four communities would provide direct services for children and youth victims through Children's Circle alongside COP support groups. The project narrative describes each community adapting their program implementation based on community culture, needs, and capacity, which will be supported by Illuminate. In addition, Site Leads within each community would form or enhance a community coalition. The Site Leads would support the community coalitions by developing and disseminating awareness materials. Sharing information with local service providers that may encounter children and youth who are crime victims as a result of the opioid crisis would increase referrals to the Children's circle as well as increase coordination and communication within each community. Further, the project narrative states that local leadership, in each of the communities, will be at the helm of building cross discipline feedback systems.

We found that the four county agreements included contracts with five of the community entities and each community entity chose the individual who would serve as the Children's Circle and COP Facilitator and the Site Lead. Within each agreement, it details that the community entity would have exclusive control over the manner and means of performing the services [detailed within the individual role's (e.g., Facilitator or Site Lead) statement of work]. In addition, in some of the agreements the entity states that if there is a change in roles, the entity would notify Illuminate.

According to the DOJ Grants Financial Guide, a contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. As described, the services provided through these four agreements were not obtained for Illuminate's own use, but rather to implement the award objectives. Based on the guidance detailed in DOJ Grants Financial Guide, these four entities resemble subawards.

As described in the Contractor Costs section of this report, we determined many of the contractor expenses tested should have been categorized as subgrantees. We found the subrecipients were budgeted for \$191,500 of the \$749,491, or 26 percent of the total grant awarded to Illuminate. During our audit period, Illuminate had spent \$28,445 of grant funds on the subrecipients and we included \$9,799 or 35 subrecipient transactions in our transaction testing. These expenses included childcare services, compensation for Site Leads and Facilitators, and travel.

We identified four COP and Children's Circle Facilitators transactions, totaling \$613, for which Illuminate was unable to provide supporting documentation. We found seven transactions totaling \$1,028 for childcare services that were not included in the approved scope and budget. We also noted one unallowable transaction totaling \$1,054 that was outside of the scope of the agreement. For the Site Lead expenses, we found a \$269 unsupported transaction and seven unallowable transactions where the compensation calculations were inaccurate or charged incorrectly. As a result, we questioned the difference between what was charged and what was allowable, which amounted to \$498.

As it relates to subgrantee travel, according to the agreements, the subgrantees were required to follow Illuminate's travel policy. According to Illuminate's travel policy, all expenses incurred, except for meals, must be substantiated by original receipts and all receipts should be stapled to and submitted with an expense report. In addition, mileage costs are reimbursed at a fee specified within Illuminate's travel policy and must be detailed on a mileage reimbursement form which should be submitted with the expense report. The travel and expense reports are required to be submitted to obtain approval from the Illuminate Executive Director.

We identified two unallowable and unsupported transactions totaling \$500 where the wrong mileage rate was used and the subgrantees did not complete the required forms, and therefore was not approved per Illuminate's travel policy. We also identified one unallowable transaction where the wrong mileage rate was used and five unsupported transactions where the required forms were not completed, totaling \$466. We previously discussed our concerns with Illuminate's implementation of expense reports and our recommendation to enhance Illuminate's controls in this area.

In total, we found \$1,844 in unsupported and \$3,084 in unallowable subgrantee expenditures. Therefore, we recommend that OJP remedy the \$1,844 in unsupported and \$3,084 in unallowable subgrantee expenditures.

Subrecipient Monitoring

The DOJ Grants Financial Guide states that all pass-through entities are required to monitor their subrecipients. The pass-through entity must have established written policies on subrecipient monitoring and is required to monitor the subrecipient's use of federal funds during the program period. As part of the organization's subrecipient monitoring process, it is important to develop systems, policies, and procedures to ensure reviews are conducted in accordance with award requirements, laws, and regulations. Further, organizations should develop, implement, and perform procedures to ensure that the subrecipient obtains the required audits, and that audit findings identified in the subrecipient audit reports are resolved and corrected. This criteria further states that 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 general ledgers. The DOJ Grants

Financial Guide also explains that when a pass-through entity makes an award to a subrecipient, the Federal award information and applicable compliance requirements, including applicable special conditions, must be clearly identified in the subrecipient award agreement.

Illuminate was not aware that the contractors should have been categorized as subrecipients and therefore did not: (1) have subrecipient agreements, (2) have any written subrecipient monitoring policies and procedures, (3) perform on site visits, (4) ensure the required audits were performed, or (5) become familiar with the financial operations of the subrecipients. As a result, we recommend that OJP require Illuminate to develop and implement formal written policies and procedures to ensure that Illuminate's subrecipient agreements contain the proper elements and conduct adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide.

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. According to Illuminate's grant award package and the DOJ Grants Financial Guide, recipients that have never had an approved Federal indirect cost rate may either negotiate an indirect cost rate with their cognizant Federal agency or elect to charge a de minimis rate of 10 percent of modified total direct costs.

As previously mentioned in the Grant Financial Management section of this report, Illuminate did not include the indirect costs in the accounting records. However, Illuminate's internal monthly spreadsheets did include the monthly indirect amounts. These internal monthly spreadsheets were used by Illuminate to draw down funds. Then, once drawdowns were received, Illuminate accounted for the drawdowns by budget category as income (as credits), including a separate line item for indirect costs. Because Illuminate does not capture the expenditures for indirect costs (as debits), the accounting records do not reconcile. This further demonstrates our conclusion that Illuminate's accounting system needs improvement.

Despite the limitations of the accounting system, we calculated the indirect amount that should have been recorded and compared that to the amount of indirect costs documented as income. We did not find that Illuminate charged excess indirect costs to the award.

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 Illuminate 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. Additionally, the DOJ Grants Financial Guide states that recipients should develop written procedures for cash management of funds to ensure that Federal cash on hand is kept at or near zero. As noted above, Illuminate's policies for financial management did not include written procedures for grant drawdowns. According to the Illuminate Executive Director, drawdowns are done on a reimbursement basis. Specifically, the Illuminate Executive Director is responsible for tracking the grant expenditures on a monthly basis using Illuminate's internal monthly spreadsheets and for submitting all of the drawdown requests.

To assess whether Illuminate managed grant receipts in accordance with Federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. As of April 2020, Illuminate had drawn down a total of \$161,575. Illuminate's total expenditures as of April 2020 were \$186,415, meaning the expenditures exceeded drawdowns. Although the drawdown process did not result in Illuminate receiving excess federal funds, Illuminate did not have formalized policies and procedures for conducting drawdowns. Additionally, we highlighted concerns related to the accounting system in the Financial Management section. As a result, we recommend that OJP ensure Illuminate develops formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide.

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. As noted above, Illuminate's policies for financial management did not include written procedures for preparing and completing the required FFRs. To determine whether Illuminate submitted accurate FFRs, we compared the six most recent reports to Illuminate's accounting records for the grant. We found that four of the six FFRs tested expenditures were underreported compared to Illuminate's accounting records, as shown in Table 4.

Table 4
Accuracy of Illuminate FFRs

Report Number	Quarterly Expenditures Difference (Qtr. Exp. Per Acct. Records – Qtr. Exp. Per FFR)	Cumulative Expenditures Difference (Cumulative Exp. Per Acct. Records – Cumulative Exp. Per FFR)
1	\$0	\$0
2	0	0
3	(2,070)	(2,070)
4	(6,455)	(8,525)
5	(4,138)	(12,663)
6	(\$3,937)	(\$16,600)

Source: OIG Analysis

As discussed in previous sections, we believe Illuminate’s accounting system to be inadequate as it did not include all expenditures, including indirect costs, which is why the FFRs do not match the accounting records. Further, the DOJ Grants Financial Guide states that an adequate accounting system must support financial reporting that is accurate, current, complete, and compliant with all financial reporting requirements of the award or subaward.

We also found that the Illuminate Executive Director handles all financial aspects of the grant including drawdowns and completing the FFRs. We believe Illuminate’s lack of formal written FFR policies and procedures increases the risk that completing and submitting FFRs may not be performed consistently or accurately if staffing or other changes take place. Therefore, we recommend that OJP work with Illuminate to develop formal written FFR policies and procedures to ensure accurate FFRs are submitted.

CONCLUSION AND RECOMMENDATIONS

As a result of our audit testing, we conclude that Illuminate did not adhere to all of the grant requirements we tested, but has made progress in achieving the goals and objectives. However, with more than two-thirds of the grant funds remaining to be spent in less than 12 months, we are concerned about whether Illuminate will be able to fully achieve the goals and objectives by the grant period end date. We did not identify significant issues regarding Illuminate's management of the grant budget. However, we found that Illuminate could enhance its grant financial management to incorporate stronger internal controls and to ensure compliance with DOJ requirements. Specifically, we found deficiencies with the accounting system and lack of formalized policies and procedures related to payroll, subrecipients, drawdowns and reporting information through the FFRs. We also found contracts and related expenditures that should have been categorized as subrecipients and an overall lack of formalized policies and procedures. We provide 14 recommendations to Illuminate to address these deficiencies.

We recommend that OJP:

1. Coordinate with Illuminate to develop a plan to ensure goals and objectives are achieved for the grant.
2. Coordinate with Illuminate to develop and implement formal written performance reporting policies and procedures to ensure the grantee reports accurate accomplishments in its progress reports.
3. Ensure that Illuminate enhance the accounting policies and procedures to ensure that an adequate accounting system is in place to certify all grant related expenditures are recorded and reported.
4. Ensure Illuminate develops formal written policies and procedures that ensures compliance with debarment and suspension requirements.
5. Coordinate with Illuminate to develop and implement drug-free workplace policies and procedures that comply with the federal requirements.
6. Remedy \$22,175 in unsupported questioned costs associated with the following issues:
 - a. \$5,136 in unsupported personnel costs.
 - b. \$695 in unsupported travel costs.
 - c. \$14,500 in unsupported contractor costs.
 - d. \$1,844 in unsupported subrecipient costs.

7. Remedy \$3,519 in unallowable questioned costs associated with the following issues:
 - a. \$392 in unallowable personnel costs.
 - b. \$44 in unallowable travel costs.
 - c. \$3,084 in unallowable subrecipient costs.
8. Coordinate with Illuminate to develop and implement formal written payroll procedures to ensure that all payroll costs charged to the award are based on certified time and effort.
9. Coordinate with Illuminate to update and implement travel policies and procedures that are consistent with requirements.
10. Coordinate with Illuminate to establish formal written policies and procedures for purchasing supplies.
11. Ensure that Illuminate implements formal written contractor related policies and procedures.
12. Require Illuminate to develop and implement formal written policies and procedures to ensure that Illuminate's subrecipient agreements contain the proper elements and conduct adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide.
13. Ensure Illuminate develops formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide.
14. Work with Illuminate to develop formal written FFR policies and procedures to ensure accurate FFRs are submitted.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objectives of this audit were to determine whether costs claimed under the grants 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 goals 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 an OJP grant awarded to Illuminate under the Enhancing Community Responses to the Opioid Crisis: Serving Our Youngest Crime Victims program. The 2018-V3-GX-0071 grant awarded to Illuminate was for \$749,491, and as of April 20, 2020, Illuminate had drawn down \$161,575 of the total grant funds awarded. Our audit concentrated on, but was not limited to September 29, 2018, the award date for the 2018-V3-GX-0071 grant, through September 2020, the last day of our audit work. The 2018-V3-GX-0071 grant is ongoing, and the project end date is September 30, 2021. 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 Illuminate's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including personnel and fringe benefit 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, OJP's Performance Measurement Platform, as well as Illuminate'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.

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 Illuminate to provide assurance on its internal control structure as a whole. Illuminate management is responsible for the establishment and maintenance of internal controls in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. §200. Because we do not express an opinion on Illuminate's internal control structure as a whole, we offer this statement solely for the information and use of Illuminate and the OJP.⁶

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

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 design the entity's information system and related control activities to achieve objectives and respond to risks.
	Management should implement control activities through policies.
Information & Communication Principles	
	Management should use quality information to achieve the entity's objectives.

We assessed the operating effectiveness of these internal controls and identified deficiencies that we believe could affect Illuminate's ability to effectively and efficiently 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.

⁶ 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

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs⁷:		
Unallowable Personnel Costs	\$392	8
Unallowable Travel Costs	44	9
Unallowable Subgrantee Costs	<u>3,084</u>	12
Unallowable Costs	\$3,519	
Unsupported Personnel Costs	\$5,136	8
Unsupported Travel Costs	695	9
Unsupported Contractor Costs	14,500	10
Unsupported Subgrantee Costs	<u>1,844</u>	12
Unupported Costs	\$22,175	
<i>Gross Questioned Costs⁸</i>	<i>\$25,695</i>	
Less Duplicate Questioned Costs ⁹	<u>(500)</u>	
Net Questioned Costs	\$25,195	
TOTAL DOLLAR-RELATED FINDINGS	<u>\$25,195</u>	

⁷ The differences in the total amounts are due to rounding.

⁸ **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.

⁹ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which includes \$500 in subrecipient travel costs that were both unallowable and unsupported.

APPENDIX 3

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



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

December 9, 2020

MEMORANDUM TO: David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General

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

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Grant, Awarded to Illuminate Colorado, Denver, Colorado*

This memorandum is in reference to your correspondence, dated November 3, 2020, transmitting the above-referenced draft audit report for Illuminate Colorado (Illuminate). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **14** recommendations and **\$25,195¹** 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 OJP's response.

- 1. We recommend that OJP coordinate with Illuminate to develop a plan to ensure goals and objectives are achieved for the grant.**

OJP agrees with the recommendation. We will coordinate with Illuminate to ensure that it works with OJP's Office for Victims of Crime (OVC) to initiate a Grant Adjustment Modification, to adjust the award goals and objectives for Grant Number 2018-V3-GX-0071, as applicable, to ensure that planned activities are properly achieved.

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

2. **We recommend that OJP coordinate with Illuminate to develop and implement formal written performance reporting policies and procedures to ensure the grantee reports accurate accomplishments in its progress reports.**

OJP agrees with the recommendation. We will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure that performance reports are complete and accurate; and that the supporting documentation is maintained for future auditing purposes.

3. **We recommend that OJP ensure that Illuminate enhance the accounting policies and procedures to ensure that an adequate accounting system is in place to certify all grant related expenditures are recorded and reported.**

OJP agrees with the recommendation. We will coordinate with Illuminate to obtain a copy of its revised and implemented policies and procedures, to ensure that its accounting system is used to properly certify that all grant-related expenditures are accurately recorded and reported.

4. **We recommend that OJP ensure Illuminate develops formal written policies and procedures that ensures compliance with debarment and suspension requirements.**

OJP agrees with the recommendation. We will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure that Federal award funds are only paid to individuals and subrecipients that are eligible to receive Federal funding; and that a review of the System for Award Management (SAM) is completed for each award on a regular basis.

5. **We recommend that OJP coordinate with Illuminate to develop and implement drug-free workplace policies and procedures that comply with the federal requirements.**

OJP agrees with the recommendation. We will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure compliance with the Federal drug-free workplace requirements.

6. **We recommend that OJP remedy \$22,175 in unsupported questioned costs associated with the following issues:**

- a. **Remedy \$5,136 in unsupported personnel costs.**
- b. **Remedy \$695 in unsupported travel costs.**
- c. **Remedy \$14,500 in unsupported contractor costs.**
- d. **Remedy \$1,844 in unsupported subrecipient costs.**

OJP agrees with each subpart of this recommendation. We will review the \$22,175 in unsupported questioned costs charged to Grant Number 2018-V3-GX-0071, and will work with Illuminate to remedy, as appropriate.

7. **We recommend that OJP remedy \$3,519 in unallowable questioned costs associated with the following issues:**

- a. **Remedy \$392 in unallowable personnel costs.**
- b. **Remedy \$44 in unallowable travel costs.**
- c. **Remedy \$3,084 in unallowable subrecipient costs.**

OJP agrees with each subpart of this recommendation. We will review the \$3,519 in questioned costs charged to Grant Number 2018-V3-GX-0071, and will work with Illuminate to remedy, as appropriate.

8. **We recommend that OJP coordinate with Illuminate to develop and implement formal written payroll procedures to ensure that all payroll costs charged to the award are based on certified time and effort.**

OJP agrees with the recommendation. We will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure that all payroll costs charged to Federal grants are based on certified time and effort.

9. **We recommend that OJP coordinate with Illuminate to update and implement travel policies and procedures that are consistent with requirements.**

OJP agrees with the recommendation. We will coordinate with Illuminate to obtain a copy of its revised and implemented policies and procedures, to ensure compliance with travel requirements, as cited in the Department of Justice (DOJ) Grants Financial Guide.

- 10. We recommend that OJP coordinate with Illuminate to establish formal written policies and procedures for purchasing supplies.**

OJP agrees with the recommendation. We will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure that an adequate process for purchasing supplies is established and documented.

- 11. We recommend that OJP ensure that Illuminate implements formal written contractor related policies and procedures.**

OJP agrees with the recommendation. We will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure that the procurement of contractor-related services is conducted in accordance with the DOJ Grants Financial Guide and Federal regulations.

- 12. We recommend that OJP require Illuminate to develop and implement formal written policies and procedures to ensure that Illuminate's subrecipient agreements contain the proper elements and conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide.**

OJP agrees with the recommendation. We will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure that: subrecipient agreements contain the proper elements, as cited in the DOJ Grants Financial Guide and Federal regulations; and adequate oversight and monitoring of Illuminate's subrecipients is performed, as outlined in the DOJ Grants Financial Guide.

- 13. We recommend that OJP ensure that Illuminate develops formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide.**

OJP agrees with the recommendation. We will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure that its drawdowns of Federal grant funds are based on actual expenditures incurred, or are the minimum amounts needed for disbursements to be made immediately or within 10 days of draw down; and the amounts requested for reimbursement are reconciled to adequate supporting documentation.

- 14. We recommend that OJP work with Illuminate to develop formal written FFR policies and procedures to ensure accurate FFRs are submitted.**

OJP agrees with the recommendation. We will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure that future Federal Financial Reports (FFRs) are accurately prepared, reviewed and approved by management, and timely submitted; 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.

cc: Katharine T. Sullivan
Principal Deputy Assistant Attorney General

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

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Senior Advisor
Office of the Assistant Attorney General

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Louise Duhamel
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Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number IT20201104064034

ILLUMINATE COLORADO RESPONSE TO THE DRAFT AUDIT REPORT¹⁰



December 4, 2020

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

Dear Mr. Sheeren,

Thank you for the opportunity to respond in writing to the Department of Justice (DOJ) Office of the Inspector General's (OIG) audit of the Office of Justice Programs (OJP), Office for Victims of Crime grant awarded to Illuminate Colorado. This letter serves as our official response to the 14 recommendations made by the Office of Inspector General to the Office of Justice Programs (OJP), dated November 3, 2020.

Recommendation 1: Coordinate with Illuminate to develop a plan to ensure goals and objectives are achieved for the grant.

Concur. Illuminate has met with OVC Program Officer, [REDACTED], and is developing a plan to ensure goals and objectives are achieved for the grant. A Project Change of Scope Grant Award Modification will be submitted by December 31st, 2020 and a budget modification will be submitted following approval of the change of scope.

Recommendation 2: Coordinate with Illuminate to develop and implement formal written performance reporting policies and procedures to ensure the grantee reports accurate accomplishments in its progress reports.

Concur. Illuminate has developed and will implement formal written performance reporting policies and procedures to ensure we are reporting accurate accomplishments in all progress reports. See attachment A for final Performance Reporting Policies & Procedures.

Recommendation 3: Ensure that Illuminate enhance the accounting policies and procedures to ensure that an adequate accounting system is in place to certify all grant related expenditures are recorded and reported.

Concur. Illuminate is developing and will implement enhanced accounting policies and procedures to enable all grant related expenditures to be certified, recorded, and reported. The new Finance Policies & Procedures will be presented for approval at Illuminate's next Board of Directors meeting on December 11, 2020. See attachment B for draft Finance Policies & Procedures.

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¹⁰ The attachments referenced in this response were not included in the final audit report.

Recommendation 4: Ensure Illuminate develops formal written policies and procedures that ensures compliance with debarment and suspension requirements.

Concur. Illuminate is developing and will implement formal written policies and procedures that ensure compliance with debarment and suspension requirements. A policy related to debarment and suspension has been included in the new Finance Policies & Procedures, which will be presented for approval at Illuminate's next Board of Directors meeting on December 11, 2020. See attachment B for draft Finance Policies & Procedures.

Recommendation 5: Coordinate with Illuminate to develop and implement drug-free workplace policies and procedures that comply with the federal requirements.

Concur. Illuminate is developing and will implement a Drug-Free Workplace Policy to comply with federal requirements. This policy will be referenced in the new Finance Policies & Procedures. In addition, the Illuminate Employee Handbook will be revised in early 2021 and will incorporate this policy as well. The new Drug-Free Workplace Policy will be presented for approval at Illuminate's next Board of Directors meeting on December 11, 2020. See attachment C for draft Drug-Free Workplace Policy.

Recommendation 6: Remedy \$22,175 in unsupported questioned costs associated with the following issues:

a. Remedy \$5,136 in unsupported personnel costs.

Concur. Documentation was insufficient to support the questioned personnel costs. Illuminate is seeking additional documentation to sufficiently support the personnel costs and will work with OJP to remedy this issue.

b. Remedy \$695 in unsupported travel costs.

Concur. Documentation was insufficient to support the questioned travel costs. Illuminate is seeking additional documentation to sufficiently support the costs and will work with OJP to remedy this issue.

c. Remedy \$14,500 in unsupported contractor costs.

Concur. Documentation was insufficient to support the questioned contractor costs. Illuminate is seeking additional documentation to sufficiently support the costs and will work with OJP to remedy this issue.

d. Remedy \$1,844 in unsupported subrecipient costs.

Concur. Documentation was insufficient to support the questioned subrecipient costs. Illuminate is seeking additional documentation to sufficiently support the costs and will work with OJP to remedy this issue.

Recommendation 7: Remedy \$3,519 in unallowable questioned costs associated with the following issues:

a. Remedy \$392 in unallowable personnel costs.

Concur. Illuminate will work with OJP to remove these costs from the grant account.

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b. Remedy \$44 in unallowable travel costs.

Concur. Illuminate will work with OJP to remove these costs from the grant account.

c. Remedy \$3,084 in unallowable subrecipient costs.

- Concur with \$1,549.21. Illuminate will work with OJP to remedy this issue.
- Do not concur with \$506.07. Illuminate is seeking additional documentation from subrecipients on \$506.07 to either confirm costs were unallowable or to provide documentation that costs are allowable and adequately supported. Illuminate will work with OJP to remedy this issue.
- Do not concur with \$1,028.26. Illuminate believes the costs were allowable based on the approved grant budget and narrative. Illuminate seeks to either provide documentation or request grant award modifications to address these costs and will work with OJP to remedy this issue.

Recommendation 8: Coordinate with Illuminate to develop and implement formal written payroll procedures to ensure that all payroll costs charged to the award are based on certified time and effort.

Concur. Illuminate is developing and will implement formal written payroll procedures to ensure that all payroll costs charged to the award are based on certified time and effort. The new Finance Policies & Procedures will be presented for approval at Illuminate's next Board of Directors meeting on December 11, 2020. See attachment B for draft Finance Policies & Procedures.

Recommendation 9: Coordinate with Illuminate to update and implement travel policies and procedures that are consistent with requirements.

Concur. Illuminate is developing and will implement travel policies and procedures that are consistent with requirements. The new Travel Policies and Procedures are included in the new Finance Policies & Procedures, which will be presented for approval at Illuminate's next Board of Directors meeting on December 11, 2020. See attachment B for draft Finance Policies & Procedures.

Recommendation 10: Coordinate with Illuminate to establish formal written policies and procedures for purchasing supplies.

Concur. Illuminate is developing formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide. The new Finance Policies & Procedures will be presented for approval at Illuminate's next Board of Directors meeting on December 11, 2020. See attachment B for draft Finance Policies & Procedures.

Recommendation 11: Ensure that Illuminate implements formal written contractor related policies and procedures.

Concur. Illuminate is developing formal written contractor related policies and procedures. The new Finance Policies & Procedures will be presented for

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approval at Illuminate's next Board of Directors meeting on December 11, 2020. See attachment B for draft Finance Policies & Procedures.

Recommendation 12: Require Illuminate to develop and implement formal written policies and procedures to ensure that Illuminate's subrecipient agreements contain the proper elements and conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide.

Concur. Illuminate is developing and will implement formal written policies and procedures to ensure that Illuminate's subrecipient agreements contain the proper elements and conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide. Illuminate's newly hired Finance Manager is currently completing the DOJ Grants Financial Management Training. The new Finance Policies & Procedures will be presented for approval at Illuminate's next Board of Directors meeting on December 11, 2020. See attachment B for draft Finance Policies & Procedures.

Recommendation 13: Ensure Illuminate develops formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide.

Concur. Illuminate is developing formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide. The new Finance Policies & Procedures will be presented for approval at Illuminate's next Board of Directors meeting on December 11, 2020. Illuminate's newly hired Finance Manager is currently completing the DOJ Grants Financial Management Training. See attachment B for draft Finance Policies & Procedures.

Recommendation 14: Work with Illuminate to develop formal written FFR policies and procedures to ensure accurate FFRs are submitted.

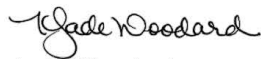
Concur. Illuminate is developing formal written Federal Financial Reporting (FFR) policies and procedures to ensure accurate FFRs are submitted. The new Finance Policies & Procedures will be presented for approval at Illuminate's next Board of Directors meeting on December 11, 2020. See attachment B for draft Finance Policies & Procedures.

In addition to these formal responses, the following attachments are included herein:

- **Attachment A:** Performance Reporting Policies & Procedures
- **Attachment B:** Draft Finance Policies & Procedures
- **Attachment C:** Draft Drug-Free Workplace Policy

Thank you for the opportunity to respond and for your consideration.

Sincerely,



Jade Woodard
Executive Director

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

The U.S. Department of Justice Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP) and Illuminate Colorado (Illuminate). OJP's response is incorporated in Appendix 3 and Illuminate'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. In its response, Illuminate concurred with 13 recommendations and did not concur with 1 aspect of the remaining recommendation. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

1. **Coordinate with Illuminate to develop a plan to ensure goals and objectives are achieved for the grant.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Illuminate to ensure that it works with OJP's Office for Victims of Crime (OVC) to initiate a Grant Adjustment Modification, to adjust the award goals and objectives for Grant Number 2018-V3-GX-0071 to ensure that planned activities are properly achieved. As a result, this recommendation is resolved.

Illuminate concurred with our recommendation and stated in its response that it is developing a plan to ensure goals and objectives are achieved for the grant. Illuminate also explained that a Project Change of Scope Grant Award Modification will be submitted and when that is approved a budget modification will be submitted.

This recommendation can be closed when we receive documentation that a plan was developed to ensure goals and objectives are achieved for the grant and the Project Change of Scope Grant Award Modification and budget modification were submitted and approved.

2. **Coordinate with Illuminate to develop and implement formal written performance reporting policies and procedures to ensure the grantee reports accurate accomplishments in its progress reports.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Illuminate to obtain a copy of written policies and procedures,

developed and implemented, to ensure that performance reports are complete and accurate; and that the supporting documentation is maintained for future auditing purposes. As a result, this recommendation is resolved.

Illuminate concurred with our recommendation and stated in its response that it developed and will implement formal written performance reporting policies and procedures to ensure they are reporting accurate accomplishments in all progress reports. Illuminate provided the final Performance Reporting Policies and Procedures and after review we found that the policies and procedures are adequate in ensuring that the grantee reports accurate accomplishments in the progress reports. However, we did find that the policies and procedures were specific for this grant.

This recommendation can be closed when we receive documentation that the policies and procedures can be used for future grants and evidence that the policies and procedures were implemented.

3. Ensure that Illuminate enhance the accounting policies and procedures to ensure that an adequate accounting system is in place to certify all grant related expenditures are recorded and reported.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Illuminate to obtain a copy of its revised and implemented policies and procedures, to ensure that its accounting system is used to properly certify that all grant-related expenditures are accurately recorded and reported. As a result, this recommendation is resolved.

Illuminate concurred with our recommendation and stated in its response that it is developing and will implement enhanced accounting policies and procedures to enable all grant related expenditures to be certified, recorded, and reported. Illuminate explained that the new Finance Policies and Procedures will be presented for approval at Illuminate's next Board of Directors meeting. Illuminate provided the draft Finance Policies and Procedures, which includes policies and procedures to certify all grant related expenditures are recorded and reported.

This recommendation can be closed when we receive evidence that the Finance Policies and Procedures were approved by Illuminate's Board of Directors and the policies and procedures were implemented.

4. Ensure Illuminate develops formal written policies and procedures that ensures compliance with debarment and suspension requirements.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure that Federal award funds are only paid to

individuals and subrecipients that are eligible to receive Federal funding; and that a review of the System for Award Management (SAM) is completed for each award on a regular basis. As a result, this recommendation is resolved.

Illuminate concurred with our recommendation and stated in its response that it is developing and will implement formal written policies and procedures to ensure compliance with debarment and suspension requirements. Illuminate explained that a policy related to debarment and suspension has been included in the new Finance Policies and Procedures, which will be presented for approval at Illuminate's next Board of Directors meeting. Illuminate provided the draft Finance Policies and Procedures, which includes a policy and procedure to ensure compliance with debarment and suspension requirements.

This recommendation can be closed when we receive evidence that the Finance Policies and Procedures were approved by Illuminate's Board of Directors and the policies and procedures were implemented.

5. Coordinate with Illuminate to develop and implement drug-free workplace policies and procedures that comply with the federal requirements.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented to ensure compliance with the Federal drug-free workplace requirements. As a result, this recommendation is resolved.

Illuminate concurred with our recommendation and stated in its response that it is developing and will implement a Drug-Free Workplace Policy to comply with federal requirements. Illuminate explained that the policy will be referenced in the new Finance Policies and Procedures, which will be presented for approval at Illuminate's next Board of Directors meeting. In addition, the Illuminate Employee Handbook will be revised in early 2021 and will incorporate the policy as well. Illuminate also stated that the new Drug-Free Workplace Policy will also be presented for approval at Illuminate's next Board of Directors meeting. Illuminate provided the draft Drug-Free Workplace Policy and we believe the policy and procedure is adequate in ensuring compliance with federal requirements.

This recommendation can be closed when we receive evidence that the Drug-Free Workplace Policy was approved by Illuminate's Board of Directors and the policy was implemented.

6. Remedy \$22,175 in unsupported questioned costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$22,175 in unsupported questioned costs and will work with Illuminate to remedy. As a result, this recommendation is resolved.

Illuminate concurred with our recommendation and stated in its response that documentation was insufficient to support the questioned personnel, travel, contractor, and subrecipient costs. Illuminate explained that it is seeking additional documentation to sufficiently support the costs and will work with OJP to remedy the issues.

This recommendation can be closed when we receive evidence that OJP has remedied the total \$22,175 in unsupported questioned costs.

7. Remedy \$3,519 in unallowable questioned costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$3,519 in questioned costs and will work with Illuminate to remedy. As a result, this recommendation is resolved.

Illuminate concurred with the unallowable personnel, travel costs, and \$1,549 of the subrecipient costs.¹¹ It did not concur with the remaining \$1,534 of the questioned unallowable subrecipient costs. Illuminate stated in its response that it is seeking additional documentation from subrecipients for \$506, to either confirm costs were unallowable or to provide documentation that the costs are allowable and adequately supported. In addition, Illuminate stated that it believes \$1,028 of the subrecipient costs were allowable based on the approved grant budget and narrative and they will work with OJP to either provide documentation or request a grant award modification. These costs relate to childcare services provided at the Circle of Parents meetings. Childcare costs were not included in the grant budget and narrative.

This recommendation can be closed when we receive evidence that OJP has remedied the total \$3,519 in unallowable questioned costs.

8. Coordinate with Illuminate to develop and implement formal written payroll procedures to ensure that all payroll costs charged to the award are based on certified time and effort.

Resolved. OJP agrees with our recommendation. OJP stated in its response that it will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure that all payroll costs are charged to Federal grants are based on certified time and effort. As a result, this recommendation is resolved.

Illuminate concurred with our recommendation and stated in its response that it is developing and will implement formal written policies and procedures to ensure that all payroll costs charged to the award are based on certified time and effort.

¹¹ The difference in the total amount are due to rounding.

Illuminate explained that the new Finance Policies and Procedures will be presented for approval at Illuminate's next Board of Directors meeting. Illuminate provided the draft Finance Policies and Procedures, which includes a policy and procedure for ensuring that all payroll costs charged to the award are based on certified time and effort.

This recommendation can be closed when we receive evidence that the Finance Policies and Procedures were approved by Illuminate's Board of Directors and the policies and procedures were implemented.

9. Coordinate with Illuminate to update and implement travel policies and procedures that are consistent with requirements.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Illuminate to obtain a copy of its revised and implemented policies and procedures, to ensure compliance with travel requirements, as cited in the DOJ Grants Financial Guide. As a result, this recommendation is resolved.

Illuminate concurred with our recommendation and stated in its response that it is developing and will implement travel policies and procedures that are consistent with requirements. Illuminate explained that the new Travel Policies and Procedures are included in the new Finance Policies and Procedures, which will be presented for approval at Illuminate's next Board of Directors meeting. Illuminate provided the draft Finance Policies and Procedures, which are consistent with federal requirements.

This recommendation can be closed when we receive evidence that the Finance Policies and Procedures were approved by Illuminate's Board of Directors and the policies and procedures were implemented.

10. Coordinate with Illuminate to establish formal written policies and procedures for purchasing supplies.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure that an adequate process for purchasing supplies is established and documented. As a result, this recommendation is resolved.

Illuminate concurred with our recommendation and stated in its response that it is developing formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide. Illuminate explained that the new Finance Policies and Procedures will be presented for approval at Illuminate's next Board of Directors meeting. While Illuminate's response references drawdown policies and procedures, the draft Finance Policies and Procedures provided by Illuminate

include policies for purchasing supplies. We found that the policies and procedures are adequate for purchasing supplies.

This recommendation can be closed when we receive evidence that the Finance Policies and Procedures were approved by Illuminate's Board of Directors and the policies and procedures were implemented.

11. Ensure that Illuminate implements formal written contractor related policies and procedures.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure that the procurement of contractor-related services is conducted in accordance with the DOJ Grants Financial Guide and Federal regulations. As a result, this recommendation is resolved.

Illuminate concurred with our recommendation and stated in its response that it is developing formal written contractor related policies and procedures. Illuminate explained that the new Finance Policies and Procedures will be presented for approval at Illuminate's next Board of Directors meeting. Illuminate provided the draft Finance Policies and Procedures and we believe the policies and procedures are adequate contractor policies.

This recommendation can be closed when we receive evidence that the Finance Policies and Procedures were approved by Illuminate's Board of Directors and the policies and procedures were implemented.

12. Require Illuminate to develop and implement formal written policies and procedures to ensure that Illuminate's subrecipient agreements contain the proper elements and conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure that: subrecipient agreements contain the proper elements, as cited in the DOJ Grants Financial Guide and Federal regulations; and adequate oversight and monitoring of Illuminate's subrecipients is performed, as outlined in the DOJ Grants Financial Guide. As a result, this recommendation is resolved.

Illuminate concurred with our recommendation and stated in its response that it is developing and will implement formal written policies and procedures to ensure that Illuminate's subrecipient agreements contain the proper elements and conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide. Illuminate explained that the newly hired Finance

Manager is currently completing the DOJ Grants Financial Management Training. Illuminate further explained that the new Finance Policies and Procedures will be presented for approval at Illuminate's next Board of Directors meeting. Illuminate provided the draft Finance Policies and Procedures and we believe the policies and procedures are adequate to ensure that the subrecipient agreements contain the proper elements and Illuminate will conduct adequate oversight and monitoring of the subrecipients as outlined in the DOJ Grants Financial Guide.

This recommendation can be closed when we receive evidence that the Finance Policies and Procedures were approved by Illuminate's Board of Directors and the policies and procedures were implemented.

13. Ensure Illuminate develops formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure that its drawdowns of Federal grant funds are based on actual expenditures incurred, or are the minimum amounts needed for disbursements to be made immediately or within 10 days of draw down; and the amounts requested for reimbursement are reconciled to adequate supporting documentation. As a result, this recommendation is resolved.

Illuminate concurred with our recommendation and stated in its response that it is developing formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide. Illuminate explained that the new Finance Policies and Procedures will be presented for approval at Illuminate's next Board of Directors meeting. Illuminate also explained that the newly hired Finance Manager is currently completing the DOJ Grants Financial Management Training. Illuminate provided the draft Finance Policies and Procedures and we believe the policy and procedure is adequate to ensure compliance with the DOJ Grants Financial Guide.

This recommendation can be closed when we receive evidence that the Finance Policies and Procedures were approved by Illuminate's Board of Directors and the policies and procedures were implemented.

14. Work with Illuminate to develop formal written FFR policies and procedures to ensure accurate FFRs are submitted.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Illuminate to obtain a copy of written policies and procedures, developed and implemented, to ensure that future Federal Financial Reporting (FFRs) are accurately prepared, reviewed and approved by management, and timely submitted; and the supporting documentation is maintained for future auditing purposes. As a result, this recommendation is resolved.

Illuminate concurred with our recommendation and stated in its response that it is developing formal written FFR policies and procedures to ensure accurate FFRs are submitted. Illuminate explained that the new Finance Policies and Procedures will be presented for approval at Illuminate's next Board of Directors meeting. Illuminate provided the draft Finance Policies and Procedures and we believe the policy and procedure is adequate to ensure accurate FFRs are submitted.

This recommendation can be closed when we receive evidence that the Finance Policies and Procedures were approved by Illuminate's Board of Directors and the policies and procedures were implemented.