



Audit of the Office of Justice Programs Cooperative  
Agreement Awarded to Reaching Above Hopelessness  
and Brokenness (RAHAB) Ministries, Incorporated,  
Canton, Ohio



23-004

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**NOVEMBER 2022**

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# EXECUTIVE SUMMARY

## **Audit of the Office of Justice Programs Cooperative Agreement Awarded to Reaching Above Hopelessness and Brokenness (RAHAB) Ministries, Incorporated, Canton, Ohio**

### **Objectives**

The Office of Justice Programs (OJP) Office for Victims of Crime (OVC) awarded Reaching Above Hopelessness and Brokenness Ministries, Incorporated (RAHAB), one cooperative agreement totaling \$672,528 to identify and provide support to victims of human trafficking and ensure those victims have access to comprehensive services. The objectives of this audit were to determine whether costs claimed under the award 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 RAHAB did not adhere to all the award requirements we tested but demonstrated adequate progress towards achieving the cooperative agreement's stated goals and objectives. We found that RAHAB did not comply with the essential award conditions related to financial management, use of funds, budget management and control, drawdowns, and Federal Financial Reports (FFR). In total, we identified \$37,338 in questioned costs, which included unsupported matching costs, overdrawn grant funds, and other unsupported and unallowable expenditures.

### **Recommendations**

Our report contains six recommendations for OJP to address the above deficiencies and remedy \$37,338 in dollar-related findings. We requested a response to our draft audit report from RAHAB 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 purposes of the OJP cooperative agreement we reviewed were to identify and provide support to victims of human trafficking and ensure those victims have access to comprehensive services. The project period for the cooperative agreement was from October 2020 through September 2023. RAHAB drew down a cumulative amount of \$182,879 through April 2022.

#### **Program Goals and Accomplishments**

Based on our review of supporting documentation, we found that RAHAB accurately reported the total number of confirmed and potential victims of human trafficking who received services during the two reporting periods tested, and there were no indications that RAHAB was not adequately achieving the stated purposes of the cooperative agreement.

#### **Financial Management, Use of Funds, and Drawdowns**

We determined that RAHAB lacked policies and procedures to ensure appropriate financial management of its award funds, including adequate controls over gift card procurement and distribution. In addition, we identified an unsupported training expenditure totaling \$1,000 and unallowable expenditures totaling \$404, including food for RAHAB staff appreciation events, rent, and a charitable donation. We also identified unsupported matching costs of \$34,782 and an additional \$1,152 in unallowable costs associated with overdrawn award funds.

#### **Budget Management and Control and Reporting**

We found that RAHAB's accounting records were incomplete and did not coincide with the approved budget categories. Moreover, we found that the expenditures reported on the four FFRs we reviewed did not match RAHAB's accounting records.

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# Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of a cooperative agreement awarded by the Office of Justice Programs (OJP) Office for Victims of Crime (OVC) to Reaching Above Hopelessness and Brokenness Ministries, Incorporated (RAHAB), in Canton, Ohio. RAHAB was awarded one cooperative agreement totaling \$672,528 as shown in Table 1.<sup>1</sup>

**Table 1**

**Cooperative Agreement Awarded to RAHAB**

Award Number	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2020-VT-BX-K014	09/21/2020	10/01/2020	09/30/2023	\$672,528
<b>Total:</b>				<b>\$672,528</b>

Source: OJP

This award made to RAHAB is funded under OVC’s fiscal year (FY) 2020 Enhanced Collaborative Model Task Force to Combat Human Trafficking program. The purpose of this OVC program is to develop, expand, or strengthen victim service programs for victims of human trafficking, to include enhancing the capacity of law enforcement and other stakeholders to identify victims and provide justice for those victims through the investigation and prosecution of their traffickers. Under this award, RAHAB stated that it would provide support to victims of human trafficking and ensure those victims have access to comprehensive services, which include identifying immediate victim needs, providing crisis intervention and emotional support, and exploring options and potential resources for referrals.

## The Grantee

Founded in 2002, RAHAB is a non-profit, Christian organization that collaborates with all sectors of society. Today, RAHAB provides mentoring, outreach, drop-in housing, jail ministries, safe housing, transitional housing, education, training, and inspiration to human trafficking victims. RAHAB has more than 50 staff and 100 core volunteers to provide its services. The senior leadership team is comprised of a Chief Executive Officer (CEO), Vice President (VP) of Programming, VP of Finance & Administration, and Executive Assistant.

## OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the cooperative agreement were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the cooperative agreement; and to determine whether RAHAB demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed

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<sup>1</sup> OJP awards a cooperative agreement when it anticipates being substantially involved with the recipient during performance of the funded activity. We use the terms “cooperative agreement,” “grant,” and “award” interchangeably throughout the report.

performance in the following areas of award management: program performance and accomplishments, 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 cooperative agreement. The DOJ Grants Financial Guide and the award documents contain the primary criteria we applied during the audit. The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

# Audit Results

## Program Performance and Accomplishments

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

## Program Goals and Objectives

The purpose of the award is to identify and provide support to victims of human trafficking and ensure those victims have access to comprehensive services. To determine whether RAHAB was accurately reporting the number of victims serviced, we selected and reviewed a sample of two recent progress reports submitted for the quarters ended September 30, 2021, and December 31, 2021, for the cooperative agreement. Based on our review of supporting documentation, we found that RAHAB accurately reported the total number of confirmed and potential victims of human trafficking who received services during the two reporting periods tested, and there were no indications that RAHAB was not adequately achieving the stated purposes of the cooperative agreement.

## Compliance with Special Conditions

Special conditions are additional terms and conditions that are included with the award. We selected a judgmental sample of a special condition that is not addressed in other sections of this report. Specifically, we evaluated Special Condition Number 5 that required RAHAB's point of contact and all financial points of contact to complete OJP's financial management and grant administration training. Based upon our review of RAHAB's training records, we determined that all relevant personnel had completed the required training.

## Financial Management

According to the DOJ Grants Financial Guide, all recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess RAHAB's financial management of the cooperative agreement covered by this audit, we conducted interviews with RAHAB's financial staff, examined policies and procedures, and inspected cooperative agreement documents. We also reviewed RAHAB's Single Audit Reports for FY 2019 and FY 2020 to identify any internal control weaknesses and significant non-compliance issues related to federal awards. Finally, we performed testing in the areas that were relevant for the management of this cooperative agreement, as discussed throughout this report.

Based on our review, we concluded that RAHAB's grant financial management could be improved. As discussed in other sections of the report, we determined that RAHAB's accounting records for the cooperative agreement were incomplete. In particular, RAHAB provided us a general ledger dated February 28, 2022, yet the general ledger did not include all expenses incurred as of February 2022, including salary expenses and indirect costs. Additionally, we found that RAHAB had drawn down cooperative agreement funds in excess of the amount of expenditures recorded in its general ledger, and its Federal Financial Reports (including its matching costs) were inaccurate and unsupported. These deficiencies are discussed in more detail in the following sections of the report.

## Single Audit

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

We reviewed RAHAB's FY 2019 and FY 2020 Single Audit Reports (SAR). The FY 2019 SAR identified two significant deficiencies related to the authorization and review of purchases and recommended that RAHAB establish written policies for purchasing and document retention. The FY 2020 SAR did not identify any deficiencies and noted that the two purchasing-related deficiencies identified in the FY 2019 SAR had been corrected. However, as noted in the Expenditures section of this report, we found that RAHAB had not retained adequate documentation for all expenses incurred and charged to the award in accordance with DOJ requirements.

## Expenditures

As shown in Table 2, RAHAB's approved budget includes categories for personnel, fringe benefits, travel, equipment, supplies, subgrants, contracts, other costs, and indirect costs. RAHAB was also required to expend \$224,176 in local funds for the program, which represents a 33-percent local match.

**Table 2**

### RAHAB's Cooperative Agreement Budget Categories

Budget Category	Award Amount
Personnel	\$421,931
Fringe Benefits	\$67,181
Travel	\$24,173
Equipment	\$3,424
Supplies	\$22,995
Subgrants	\$30,621
Contracts	\$33,995
Other	\$35,014
Indirect Costs	\$33,195
<b>Total<sup>a</sup></b>	<b>\$672,528</b>

<sup>a</sup> The difference in the total amount is due to rounding.

Source: Final OVC-Approved Budget

To determine whether costs charged to the award were allowable, supported, and properly allocated in compliance with award requirements, we tested a judgmental sample of transactions. This sample consisted of 56 transactions covering all budget categories and totaling \$101,917, or 56 percent of the total funds expended as recorded in RAHAB's general ledger through February 28, 2022. We reviewed documentation, accounting records, and financial policies, and using that information, we performed verification testing related to the award expenditures. In summary, we identified one unsupported transaction totaling \$1,000 and four unallowable transactions totaling \$404, as discussed in greater detail in the following paragraphs.

## **Payroll**

During our transaction testing, we initially found that RAHAB was unable to provide timesheets to support several of its payroll transactions. According to RAHAB officials, they switched payroll providers about 8 months prior to our fieldwork in April 2022 and did not retain timesheets from the prior provider. However, following the audit exit conference where we informed RAHAB officials of unsupported payroll costs, RAHAB officials told us that they contacted RAHAB's previous payroll provider and obtained the necessary documentation to support all of the payroll transactions that were initially unsupported. We reviewed the provided documentation and confirmed that it supported the payroll costs incurred and charged to the grant. Nonetheless, according to the DOJ Grants Financial Guide, auditees are required to retain all financial records, supporting documents, statistical records, and all other records pertinent to the award for a period of 3 years from the date of submission of the final expenditure report. We, therefore, recommend that OJP ensure RAHAB develops and implements policies and procedures for retaining supporting documents for all award-related expenditures, including payroll, in accordance with DOJ requirements.

## **Training**

We also found that RAHAB spent \$1,000 in cooperative agreement funds for an internal group training event. However, RAHAB did not maintain training certificates documenting attendance at and completion of the training. As a result, we consider these costs to be unsupported. We recommend that OJP remedy the \$1,000 in unsupported training expenses.

## **Other Direct Costs**

According to the DOJ Grants Financial Guide, award expenditures for food or beverages are generally not allowed. In addition, donations made to non-profit organizations and charged as direct or indirect costs to the award are prohibited. During our transaction testing, we found that RAHAB used \$114 in award funds to pay for food on two separate occasions for staff appreciation and also donated \$15 in award funds to a non-profit organization. RAHAB should not have used award funds for these purposes, and we consider the \$129 associated with these purchases to be unallowable.

In addition to its headquarters, RAHAB maintains the Portage House, a former residential home where four RAHAB employees work. RAHAB uses cooperative agreement funds to pay the Portage House rent. We tested one of these rent transactions and found that RAHAB paid the full monthly rent with award funds although not all RAHAB employees at the Portage House work on cooperative agreement-related matters. Of the four RAHAB employees working at the Portage House, three work on the cooperative agreement. Therefore, we believe that RAHAB should have only used award funds to pay 75 percent of the monthly rent, and we computed that \$275 of the rent transaction we reviewed was unallowable. When we discussed

this matter with a RAHAB official, the official told us that they believed all personnel paid under the cooperative agreement worked at the Portage House, which is why the entire rent expense was charged to the cooperative agreement. This official said that going forward, RAHAB would properly allocate the rental expense based upon the number of personnel working on cooperative agreement matters. Overall, we recommend that OJP remedy the total \$404 (\$129 + \$275) in unallowable other direct costs.

We also found that RAHAB used \$1,346 in award funds to purchase gift cards to use in its victim advocacy work and to distribute to victims in emergency situations. According to RAHAB officials, the purchased gift cards were from either major retailers, gas stations, and grocery stores, or were general cash cards and were intended to be used for food, bus passes, clothing, and toiletries.

We selected and reviewed two transactions that were related to gift card purchases, and we found both transactions were properly supported. However, we determined that RAHAB's internal controls over procuring and distributing its gift cards could be improved. Specifically, we found that RAHAB did not readily maintain adequate records that show each gift card purchased, including the dollar amount. In addition, RAHAB did not have any policies or procedures to aid in appropriately purchasing and distributing the gift cards.<sup>2</sup>

The DOJ Grants Financial Guide does not provide guidance on the purchase and use of gift cards with award funds. Rather, OVC's Gift Card Best Practices, a document issued in June 2021, provides suggestions for how and when grantees should purchase gift cards with award funds. According to this document, gift cards should only be used when reasonably necessary, and proper internal controls must be in place to ensure the cards are used properly. Although this guidance was issued in June 2021, we determined that RAHAB did not receive it from the OVC until almost a year after it was created (and after the scope of our audit and our fieldwork). Because RAHAB did not have any guidance to govern its purchase and use of gift cards, we are not questioning the amount RAHAB spent on them. However, we believe that RAHAB needs policies and procedures to ensure it appropriately uses award funds to purchase and distribute gift cards. As a result, we recommend that OJP ensure that RAHAB develops and implements policies and procedures for the purchase and distribution of gift cards.

## 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. RAHAB had an approved indirect cost rate of 5 percent. However, as of February 2022, a RAHAB official confirmed to us that RAHAB had not expensed any indirect costs on the cooperative agreement. While not indirect costs, the same RAHAB official told us that a portion of RAHAB's Vice President of Programming's salary has not been recorded in the general ledger even though those costs were incurred and were approved in the award's budget. The DOJ Grants Financial Guide requires grantees to accurately account for federal funds awarded to them, and because RAHAB was not accounting for all costs incurred, RAHAB's financial records and reporting are incomplete and inaccurate. Therefore, we recommend that OJP ensure that RAHAB records all costs, including payroll and indirect costs, on its general ledger when those costs are incurred.

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<sup>2</sup> The original gift card records were incomplete and did not match the accounting records for the scope of the audit.

## Matching Costs

Matching costs are the non-federal recipient's share of the total project costs that can be contributed as a cash match or an in-kind contribution. According to the DOJ Grants Financial Guide, matching contributions do not need to be applied at the exact time or in proportion to the obligation of the federal funds. However, the full matching share must be contributed by the end of the award period. As previously noted, RAHAB is responsible for providing \$224,176 in matching costs. According to RAHAB's Federal Financial Report (FFR) for the period ending December 31, 2021, RAHAB claimed \$34,782 as matching costs for the period.<sup>3</sup> To determine the accuracy of reported matching costs, we requested documentation from RAHAB to support the reported cash match or in-kind match for the cooperative agreement during the reporting period, but RAHAB was not able to provide it. According to a RAHAB finance official, RAHAB did not retain documentation to support the amount listed on the FFR. Moreover, we determined that RAHAB lacked policies and procedures for how to document matching costs for the cooperative agreement. We therefore recommend that OJP ensure that RAHAB develops and implements procedures to track and retain proper documentation to support its compliance with matching cost requirements. We also recommend that OJP remedy the \$34,782 in unsupported matching costs.

## Budget Management and Control

According to the DOJ Grants Financial Guide, the award 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 (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 were unable to complete our budget analysis because the approved budget categories did not always tie to the expense categories within RAHAB's general ledger. As a result, we recommend that OJP ensure that RAHAB's general ledger expense categories accurately represent the approved budget categories so that RAHAB can confirm it has not exceeded the approved budget amounts.

## 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. As noted previously, the audit team determined that RAHAB does not have adequate accounting processes in place. A RAHAB finance official stated that he is responsible for submitting all drawdown requests for this cooperative agreement and that he keeps a separate spreadsheet outside of the accounting system to determine what the requested drawdown amount should be. However, despite requesting this spreadsheet, we were never provided it or any other documentation supporting RAHAB's drawdowns. This official later told us that RAHAB would be unable to provide support for its award drawdowns.

To assess whether RAHAB managed award receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the general ledger. According to OJP, as of April 13, 2022, RAHAB had drawn down \$182,879 dollars on the cooperative agreement with the last draw

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<sup>3</sup> FFRs are completed every 3 months. The December 31, 2021, FFR was the most recent FFR filed by RAHAB at the time of our initial fieldwork.

down occurring on March 3, 2022. However, according to RAHAB’s general ledger, its total award-related expenditures were \$181,727 as of March 3, 2022. Thus, RAHAB had overdrawn award funds by \$1,152, as shown in Table 3. According to a RAHAB finance official, RAHAB’s drawdown requests were a “guesstimate.”

**Table 3**

**Comparison of Drawdowns to Expenditures**

Award Number	Date of Last Drawdown	Total Drawdowns Per OJP and General Ledger	Total Expenses Per General Ledger	Difference (Drawdowns-Expenditures)
2020-VT-BX-K014	3/3/2022	\$182,879	\$181,727	\$1,152

Source: OJP and RAHAB’s general ledger

We recommend that OJP ensure that RAHAB establishes and implements policies and procedures for properly completing drawdown requests. Additionally, we recommend that OJP remedy the \$1,152 in unallowable costs associated with overdrawn award funds.

**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 RAHAB submitted accurate FFRs, we compared the four FFRs covering January 1, 2021, to December 31, 2021, to RAHAB’s accounting records for the cooperative agreement and found that all four FFRs did not match RAHAB’s accounting records.

**Table 4**

**Federal Financial Reports**

Federal Financial Reports	Expenditures per FFR	Expenditures per General Ledger	Difference
01/01/2021 - 03/31/2021	\$0	\$26,204	(\$26,204)
04/01/2021 - 06/30/2021	\$0	\$29,630	(\$29,630)
07/01/2021 - 09/30/2021	\$117,732	\$42,672	\$75,060
10/01/2021 - 12/31/2021	\$139,128	\$43,407	\$95,721
<b>Totals</b>	<b>\$256,860</b>	<b>\$141,913</b>	<b>\$114,947</b>

Source: FFRs and RAHAB’s general ledger

According to a RAHAB finance official, RAHAB used a separate document outside of the official accounting records to track expenditures and to prepare the FFRs. We requested this document several times to assess why it did not match RAHAB’s official accounting records, but RAHAB was not able to provide it to us. We recommend that OJP ensure that RAHAB develops and implements procedures for completing accurate FFRs that are consistent with its official accounting records.

## Conclusion and Recommendations

As a result of our audit testing, we conclude that RAHAB did not adhere to all the award requirements we tested but demonstrated adequate progress towards achieving the cooperative agreement's stated goals and objectives. In particular, we found that RAHAB did not comply with the essential award conditions related to financial management, use of funds, budget management and control, drawdowns, and FFRs. Several of the deficiencies we identified are related to a lack of policies and procedures, and we make one recommendation that consolidates these individual policy-related issues identified in the report. In total, we provide 6 recommendations to OJP to address these deficiencies and remedy \$37,338 in dollar-related findings.

We recommend that OJP:

1. Ensure RAHAB develops and implements policies and procedures to ensure appropriate financial management of federal awards. These policies and procedures should cover, at a minimum: (1) the retention of supporting documents for all award-related expenditures, including payroll, in accordance with DOJ requirements; (2) the purchase and distribution of gift cards, (3) the retention of proper documentation to support RAHAB's compliance with matching costs requirements, (4) properly completing drawdown requests, and (5) completing accurate Federal Financial Reports that are consistent with RAHAB's official accounting records.
2. Remedy the \$1,000 in unsupported training expenses.
3. Remedy the \$1,556 in unallowable costs associated with other direct costs and overdrawn award funds.
4. Ensure RAHAB records all costs, including payroll and indirect costs, on its general ledger when they are incurred.
5. Remedy the \$34,782 in unsupported matching costs.
6. Ensure that RAHAB's general ledger expense categories accurately represent the approved budget categories so that RAHAB can confirm it has not exceeded the approved budget amounts.

# APPENDIX 1: Objectives, Scope, and Methodology

## Objectives

The objectives of this audit were to determine whether costs claimed under the cooperative agreement were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the cooperative agreement; and to determine whether the auditee 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 and accomplishments, 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 Office of Justice Programs (OJP) Office for Victims of Crime (OVC) cooperative agreement awarded to RAHAB Ministries, Incorporated (RAHAB) in Canton, Ohio, for \$672,528. The agreement (number 2020-VT-BX-K014) was funded under the FY 2020 Enhanced Collaborative Model Task Force to Combat Human Trafficking program and aims to provide support to victims of human trafficking and ensure those victims have access to comprehensive services. As of April 13, 2022, RAHAB had drawn down \$182,879 of the total funds awarded. Our audit concentrated on, but was not limited to, September 21, 2020, the award date, through September 2022, the end of our fieldwork.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of RAHAB's activities related to the audited cooperative agreement. We performed sample-based audit testing for award expenditures, including payroll 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 award being 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 legacy Grants Management System and JustGrants System, as well as RAHAB's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole; therefore, any findings identified involving information from those systems were verified with documentation from other sources.

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

## 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 RAHAB to provide assurance on its internal control structure as a whole. RAHAB management is responsible for the establishment and maintenance of internal controls in accordance with the DOJ Grants Financial Guide and the Uniform Guidance. Because we do not express an opinion on RAHAB's internal control structure as a whole, we offer this statement solely for the information and use of RAHAB and OJP.<sup>4</sup>

In planning and performing our audit, we identified particular internal controls and underlying internal control principles to be significant to the audit objectives. Specifically, our review of internal controls covered RAHAB's established policies and procedures pertaining to aspects of award performance and financial management. Any internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to those internal control components and underlying principles that we found significant to the objectives of this audit, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

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<sup>4</sup> This restriction is not intended to limit the distribution of this report, which is a matter of public record.

## APPENDIX 2: Schedule of Dollar-Related Findings

Description	Grant No.	Amount	Page
<b>Questioned Costs:<sup>5</sup></b>			
Unsupported Training Expenses		\$1,000	5
Unsupported Matching Contribution		<u>\$34,782</u>	7
Total Unsupported Costs		\$35,782	
Unallowable Other Direct Costs		\$404	5
Overdrawn Award Funds		<u>\$1,152</u>	8
Total Unallowable Costs		\$1,556	
<b>TOTAL DOLLAR-RELATED FINDINGS</b>		<b><u>\$37,338</u></b>	

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<sup>5</sup> **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, the provision of supporting documentation, or contract ratification, where appropriate.

## APPENDIX 3: RAHAB's Response to the Draft Audit Report<sup>6</sup>



10/3/2022

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

Dear Ms. Taraszka,

Enclosed is the response and supporting documentation for Reaching Above Hopelessness and Brokenness (RAHAB) Ministries, Incorporated's Cooperative Agreement Number 2020-VT-BX-K014 DRAFT Audit findings presented via email on September 15<sup>th</sup>, 2022. Thank you for allowing us the opportunity to indicate concurrence or non-concurrence with each recommendation in the report.

### RECOMMENDATION #1

*Ensure RAHAB Develops and Implements policies and procedures to ensure appropriate financial management of federal awards. These policies and procedures should cover, at a minimum: (1) the retention of supporting documents for all award-related expenditures, including payroll, in accordance with DOJ requirements; (2) the purchase and distribution of gift cards, (3) the retention of proper documentation to support RAHAB's compliance with matching cost requirements, (4) properly completing drawdown requests, and (5) completing accurate Federal Financial Reports that are consistent with RAHAB's official accounting records.*

#### RAHAB's RESPONSE – CONCUR

- **RAHAB has updated financial policies and procedures to include federal financial retention practices, OVC gift card best practices, and gift card policies and procedures. See "Attachment A Proposed 9-28-2022 RAHAB Ministries Policies and procedures revisions", Page 2, Section D. TIMEKEEPING for payroll retention and Page 5, Section L. RECORD RETENTION for documentation and FFR accuracy. See "Attachment B Use of Victim Supported Funds" for inclusion of OVC Gift Card Best Practices.**

### RECOMMENDATION #2

*Remedy the \$1,000 in unsupported training expenses.*

#### RAHAB's RESPONSE – CONCUR

- **RAHAB provided at the point of the audit multiple forms of evidence tracking these training expenses. The documentation supporting these trainings was deemed unacceptable since RAHAB did not have certificates of training completion for each attendee. RAHAB will obtain training certificates of completion for future federally**

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<sup>6</sup> RAHAB's response to the draft audit report included three attachments, which were not included in this report due to their size and technical nature.



funded training. RAHAB proposes excluding this \$1,000 expense from federal request fund expenditures but include it in the total program budget. This will reduce future draws by \$1,000 to remedy the discrepancy.

**RECOMMENDATION #3**

*Remedy the \$1,556 in unallowable costs associated with other direct costs and overdrawn award funds.*

**RAHAB's RESPONSE – CONCUR**

- RAHAB's finance official (VP of Finance/Admin) has addressed and reclassified multiple expenditures including Indirect Costs not previously accounted for and VP of Programming allowable costs in GL. See "[Attachment C General Ledger](#)" for evidence that these reclassifications have resulted in an increase in total expenditures of \$43,517.42 from \$181,727.26 to \$225,244.68.

**RECOMMENDATION #4**

*Ensure RAHAB records all costs, including payroll and indirect costs, on its general ledger when they are incurred.*

**RAHAB's RESPONSE – CONCUR**

- RAHAB's finance official (VP of Finance/Admin) will ensure all costs will be reconciled and recorded monthly in the GL per recommendations and guidelines.

**RECOMMENDATION #5**

*Remedy the \$34,782 in unsupported matching costs.*

**RAHAB's RESPONSE – CONCUR**

- RAHAB Ministries currently tracks the value of physical in-kind donations received but does not have inventory records of in-kind gifts stored and distributed. RAHAB Ministries does have a process for tracking in-kind volunteer hours. To address this recommendation, RAHAB is adding to existing policies and procedures to account for the distribution of in-kind donations to victims served. Due to the historical in-kind data RAHAB does have record of, and the fact that matching costs do not need to be applied at the exact time or in proportion to the obligation of the federal funds, the RAHAB financial officer (VP of Finance/Admin) is confident RAHAB will contribute the full matching share by the end of the award period.

**RECOMMENDATION #6**

*Ensure that RAHAB's general ledger expense categories accurately represent the approved budget categories so that RAHAB can confirm it has not exceeded the approved budget amounts.*

**RAHAB's RESPONSE – CONCUR**

- RAHAB finance official (VP of Finance/Admin) has reclassified and recategorized GL to accurately reflect expenditure and approved budget amounts. See "[Attachment C General Ledger](#)"



RAHAB is grateful that the OIG has brought these recommendations to our attention and given RAHAB the opportunity to respond. This audit process has resulted in a clearer understanding of the financial control expectations of the award and how RAHAB can meet those expectations.

Sincerely,

Greg Colbeck

Chief Executive Officer  
RAHAB Ministries, Incorporated

Kelli Cary

Vice President of Programming  
RAHAB Ministries, Incorporated

Alan Montgomery

Vice President of Finance and Administration  
RAHAB Ministries

# APPENDIX 4: The Office of Justice Programs Response to the Draft Audit Report



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

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Washington, D.C. 20531

October 13, 2022

MEMORANDUM TO: Todd A. Anderson  
Acting Regional Audit Manager  
Chicago Regional Audit Office  
Office of the Inspector General

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

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Cooperative Agreement Awarded to Reaching Above Hopelessness and Brokenness (RAHAB) Ministries, Incorporated, Canton, Ohio*

This memorandum is in response to your correspondence, dated September 14, 2022, transmitting the subject draft audit report for the Reaching Above Hopelessness and Brokenness Ministries, Inc. (RAHAB). We consider the subject report resolved and request written acceptance of this action from your office.

The draft audit report contains six recommendations and \$37,338 in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by OJP's response.

1. **We recommend that OJP ensure RAHAB develops and implements policies and procedures to ensure appropriate financial management of federal awards. These policies and procedures should cover, at a minimum: (1) the retention of supporting documents for all award-related expenditures, including payroll, in accordance with DOJ requirements, (2) the purchase and distribution of gift cards, (3) the retention of proper documentation to support RAHAB's compliance with matching costs requirements, (4) properly completing drawdown requests, and (5) completing accurate Federal Financial Reports that are consistent with RAHAB's official accounting records.**

OJP agrees with the recommendation. In its response, dated October 3, 2022, RAHAB provided a copy of its updated financial policies and procedures, which it stated included procedures for Federal financial retention practices, and gift card best practices and related procedures. However, the updated financial policies did not include a revision date or implementation date, and were not signed by a RAHAB official.

Accordingly, we will coordinate with RAHAB to obtain a copy of their finalized written policies and procedures, developed and implemented, to ensure appropriate financial management of its award funds. At a minimum, we will require that the policies and procedures ensure: (1) the retention of supporting documents for all award-related expenditures, including payroll, in accordance with DOJ requirements; (2) the purchase and distribution of gift cards; (3) the retention of proper documentation to support RAHAB's compliance with matching cost requirements; (4) properly completing drawdown requests; and (5) completing accurate Federal Financial Reports that are consistent with RAHAB's official accounting records.

- 2. We recommend that OJP remedy the \$1,000 in unsupported training expenses.**

OJP agrees with the recommendation. In its response, dated October 3, 2022, to remedy the \$1,000 in unsupported training expenses, RAHAB stated that it will: obtain training certificates of completion for future Federally-funded training; and reduce a future drawdown request for Cooperative Agreement Number 2020-VT-BX-K014 by \$1,000.

We will review the \$1,000 in questioned costs, related to unsupported training expenses, and will work with RAHAB to remedy, as appropriate.

- 3. We recommend that OJP remedy the \$1,556 in unallowable costs associated with other direct costs and overdrawn award funds.**

OJP agrees with the recommendation. In its response, dated October 3, 2022, RAHAB provided a copy of its updated general ledger report, broken down into sub-classifications, for Cooperative Agreement Number 2020-VT-BX-K014, and stated that it had reclassified and recategorized grant expenditures not previously accounted for, which resulted in an increase in total expenditures. However, RAHAB did not provide a listing of the reclassified expenditures, or a cumulative general ledger report for the award.

Accordingly, we will review the \$1,556 in questioned costs, related to unallowable other direct costs and overdrawn award funds, and will work with RAHAB to remedy, as appropriate.

- 4. We recommend that OJP ensure RAHAB records all costs, including payroll and indirect costs, on its general ledger when they are incurred.**

OJP agrees with the recommendation. In its response, dated October 3, 2022, RAHAB stated that the finance official will ensure that all costs will be reconciled and recorded monthly in the general ledger.

Accordingly, we will coordinate with RAHAB to obtain a copy of written policies and procedures, developed and implemented, to ensure that all costs, including payroll and indirect costs, are properly recorded in its accounting system, when they are incurred.

5. **We recommend that OJP remedy the \$34,782 in unsupported matching costs.**

OJP agrees with the recommendation. In its response, dated October 3, 2022, RAHAB stated that it currently tracks the value of physical in-kind donations received, but does not have an inventory of in-kind gifts stored and distributed, or a process for tracking in-kind volunteer hours. RAHAB further stated that, since matching costs do not need to be applied at the exact time, or in proportion to the obligation of Federal funds, it will contribute the full matching share by the end of the award period.

Accordingly, we will review the \$34,782 in questioned costs, related to unsupported matching costs charged to Cooperative Agreement Number 2020-VT-BX-K014, and will work with RAHAB to remedy, as appropriate.

6. **We recommend that OJP ensure that RAHAB's general ledger expense categories accurately represent the approved budget categories so that RAHAB can confirm it has not exceeded the approved budget amounts.**

OJP agrees with the recommendation. In its response, dated October 3, 2022, RAHAB provided a copy of its updated general ledger report, broken down into sub-classifications, which it stated showed that it had reclassified and recategorized expenditures under Cooperative Agreement Number 2020-VT-BX-K014, to the approved budget categories. However, RAHAB did not provide the cumulative general report, or a summary of budget to actual expenditures by the approved budget categories.

Accordingly, we will work with RAHAB to obtain a cumulative general ledger report, which accurately reflects the cumulative expenditures for Cooperative Agreement Number 2020-VT-BX-K014, by approved budget category.

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

cc: Maureen A. Henneberg  
Deputy Assistant Attorney General

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

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

Kristina Rose  
Director  
Office for Victims of Crime

cc: Katherine Darke Schmitt  
Principal Deputy Director  
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Brecht Donoghue  
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Louise Duhamel  
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Internal Review and Evaluation Office  
Justice Management Division

Jorge L. Sosa  
Director, Office of Operations – Audit Division  
Office of the Inspector General

OJP Executive Secretariat  
Control Number IT20220914140613

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

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and RAHAB. RAHAB'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. RAHAB concurred with all six recommendations. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

### Recommendations for OJP:

1. **Ensure RAHAB develops and implements policies and procedures to ensure appropriate financial management of federal awards. These policies and procedures should cover, at a minimum: (1) the retention of supporting documents for all award-related expenditures, including payroll, in accordance with DOJ requirements; (2) the purchase and distribution of gift cards, (3) the retention of proper documentation to support RAHAB's compliance with matching costs requirements, (4) properly completing drawdown requests, and (5) completing accurate Federal Financial Reports that are consistent with RAHAB's official accounting records.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that RAHAB provided a copy of its updated financial policies and procedures, which RAHAB stated included procedures for federal financial retention practices and gift card best practices and related procedures. OJP stated that the updated financial policies and procedures did not include a revision date or implementation date and were not signed by a RAHAB official. OJP stated that it will coordinate with RAHAB to obtain a copy of its finalized written policies and procedures, developed and implemented, to ensure appropriate financial management of its award funds and adequately addresses our recommendation. As a result, this recommendation is resolved.

RAHAB concurred with our recommendation and stated in its response that it has updated financial policies and procedures to include federal financial retention practices, OVC gift card best practices, and gift card policies and procedures. RAHAB provided us a copy of these updated policies and procedures.

We reviewed the updated policies and procedures and found that while they include adequate guidance regarding retention and gift card policies and procedures, they do not address all facets of our recommendation, including policy updates related to matching cost requirements, properly completing drawdown requests, and accurately completing Federal Financial Reports. In addition, like OJP, we noted that the updated policies and procedures were not signed by a RAHAB official to indicate they had been finalized.

This recommendation can be closed when we receive evidence that RAHAB developed and implemented policies and procedures to ensure appropriate financial management of federal awards. These policies and procedures should cover, at a minimum: (1) the retention of supporting documents for all award-related expenditures, including payroll, in accordance with DOJ

requirements; (2) the purchase and distribution of gift cards, (3) the retention of proper documentation to support RAHAB's compliance with matching costs requirements, (4) properly completing drawdown requests, and (5) completing accurate Federal Financial Reports that are consistent with RAHAB's official accounting records.

**2. Remedy the \$1,000 in unsupported training expenses.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$1,000 in questioned costs and will work with RAHAB to remedy those costs, as appropriate. As a result, this recommendation is resolved.

RAHAB concurred with our recommendation and stated that it will obtain training certificates for future federally funded training. RAHAB also proposed to reduce future drawdowns by \$1,000 to remedy the discrepancy.

This recommendation can be closed when we receive evidence that OJP has remedied the \$1,000 in unsupported training expenses.

**3. Remedy the \$1,556 in unallowable costs associated with other direct costs and overdrawn award funds.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that although RAHAB provided a copy of its updated general ledger report, broken down into sub-classifications, RAHAB did not provide a listing of the reclassified expenditures or a cumulative general ledger report for the award. OJP stated that it will review the \$1,556 in questioned costs and will work with RAHAB to remedy those costs, as appropriate. As a result, this recommendation is resolved.

RAHAB concurred with our recommendation and stated in its response that its finance official addressed and reclassified multiple expenditures, including previously unaccounted for indirect costs and certain salary costs, which are discussed in recommendation number 4.

This recommendation can be closed when we receive evidence that OJP has remedied the \$1,556 in unallowable costs associated with other direct costs and overdrawn award funds.

**4. Ensure RAHAB records all costs, including payroll and indirect costs, on its general ledger when they are incurred.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with RAHAB to obtain a copy of written policies and procedures, developed and implemented, to ensure that all costs, including payroll and indirect costs, are properly recorded in RAHAB's accounting system when the costs are incurred. As a result, this recommendation is resolved.

RAHAB concurred with our recommendation and stated in its response that its finance official will ensure all costs will be reconciled and recorded monthly in the general ledger per recommendations and guidelines.

This recommendation can be closed when we receive evidence that RAHAB records all costs, including payroll and indirect costs, on its general ledger when they are incurred.

**5. Remedy the \$34,782 in unsupported matching costs.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$34,782 in questioned costs and will work with RAHAB to remedy those costs, as appropriate. As a result, this recommendation is resolved.

RAHAB concurred with our recommendation and stated in its response that it currently tracks the value of physical in-kind donations received. RAHAB stated, however, that it does not have inventory records of in-kind gifts stored and distributed or a process for tracking in-kind volunteer hours. RAHAB stated that to address this recommendation, it is adding to existing policies and procedures to account for the distribution of in-kind donations to victims served. RAHAB also stated that it is confident it will contribute the full matching share by the end of the award period.

This recommendation can be closed when we receive evidence that OJP has remedied the \$34,782 in unsupported matching costs.

**6. Ensure that RAHAB's general ledger expense categories accurately represent the approved budget categories so that RAHAB can confirm it has not exceeded the approved budget amounts.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that although RAHAB provided a copy of its updated general ledger report, broken down into sub-classifications, RAHAB did not provide a cumulative general ledger report or a summary of budget to actual expenditures by the approved budget categories. OJP stated that it will work with RAHAB to obtain a cumulative general ledger report, which accurately reflects the cumulative expenditures by approved budget category. As a result, this recommendation is resolved.

RAHAB concurred with our recommendation and stated in its response that its finance official reclassified and recategorized its general ledger to accurately reflect expenditure and approved budget amounts. However, we reviewed the updated general ledger and noted that the expense categories do not align with approved OJP budget categories.

This recommendation can be closed when we receive evidence that RAHAB's general ledger categories accurately represent the approved budget categories so that RAHAB can confirm it has not exceeded the approved budget amounts.