



Audit of the Office of Justice Programs Drug
and Mental Health Treatment Grants
Awarded to My Health My Resources of
Tarrant County, Fort Worth, Texas



AUDIT DIVISION

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EXECUTIVE SUMMARY

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Objectives

The Office of Justice Programs (OJP) awarded My Health My Resources of Tarrant County (MHMR) four grants totaling \$3,003,755 for the Adult Drug Court and Veterans Treatment Court Discretionary Grant Program; the Comprehensive Opioid, Stimulant, and Substance Abuse Site-Based Program; the Justice and Mental Health Collaboration Program; and the Family Treatment Court Program. 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 grants; 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 MHMR did not adhere to all of the grant requirements we tested but demonstrated adequate progress towards achieving the grants' stated goals and objectives. This audit did not identify significant concerns regarding MHMR's management of the grant budgets or drawdowns. However, we found that MHMR did not comply with essential grant conditions related to performance reports, the use of grant funds, indirect costs, matching costs, and Federal Financial Reports (FFR). We also identified \$247,326 in net questioned costs.

Recommendations

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

Audit Results

The purposes of the four OJP grants we reviewed were to enhance the operations of adult drug and veterans' treatment courts, support those impacted by illicit drugs, enhance responses to people with mental illnesses and substance abuse, and enhance existing family treatment courts. The project period for the grants was from October 2020 through September 2025. MHMR drew down a cumulative amount of \$1,555,732 for all of the grants we reviewed.

Program Goals and Accomplishments

We reviewed MHMR's stated accomplishments for the grants and found no indications that it was not adequately achieving the program goals and objectives. However, we found performance reports were inaccurate or not adequately supported.

Grant Financial Management

We found that MHMR's written policies and procedures did not have specific language regarding indirect and matching costs. We also identified \$8,361 in unsupported contractor costs, \$116,254 in unallowable and \$10,077 in unsupported other direct costs, \$39,712 in unallowable indirect costs, and \$74,840 in unsupported matching costs. Finally, we found that the FFRs we tested were supported by MHMR's accounting records for the grants; however, we found that MHMR did not report required data for indirect and matching costs.

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Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four grants awarded by the Office of Justice Programs (OJP) Bureau of Justice Assistance (BJA) and Office of Juvenile Justice and Delinquency Prevention (OJJDP), under the Adult Drug Court and Veterans Treatment Court Discretionary Grant Program; the Comprehensive Opioid, Stimulant, and Substance Abuse Site-Based Program; the Justice and Mental Health Collaboration Program; and the Family Treatment Court Program to My Health My Resources of Tarrant County (MHMR) in Fort Worth, Texas. MHMR was awarded four grants totaling \$3,003,755, as shown in Table 1.

Table 1

Grants Awarded to MHMR

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2020-DC-BX-0110	BJA	10/22/2020	10/01/2020	12/31/2023	\$500,000
2020-AR-BX-0082	BJA	10/22/2020	10/01/2020	06/30/2024	\$1,200,000
15PBJA-21-GG-03978-MENT	BJA	12/07/2021	10/01/2021	09/30/2024	\$550,000
15PJDP-22-GG-03809-DGCT	OJJDP	09/27/2022	10/01/2022	09/30/2025	\$753,755
Total:					\$3,003,755

Source: OJP JustGrants

The Grantee

MHMR provides a comprehensive array of community services to people with mental illness, substance use disorders, and intellectual and developmental disabilities.¹ MHMR seeks to provide a full range of community alternatives for treatment, to offer more effective services to formerly institutionalized individuals, and to establish screening procedures to prevent inappropriate institutional admission.

MHMR operates more than 50 service delivery sites, including residential and outpatient facilities, strategically located throughout Tarrant County, Texas, to increase access to and awareness of available resources.² In addition, MHMR provides services through various contracts to eligible people in multiple counties in the surrounding North Texas area. Currently, more than 2,000 full and part-time staff members administer programs for over 70,988 adults, adolescents, and children.

¹ Through the passage of the 59th Texas Legislature of House Bill 3, MHMR was designated as a local unit of government; it is not a state, federal, or county agency.

² Tarrant County is an urban county located in the north central part of Texas. Fort Worth serves as the county seat to a county population of approximately 2.1 million citizens.

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.

We tested compliance with what we considered to be the most important conditions of the grants. The DOJ Grants Financial Guide; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and the grant 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, grant solicitations and grant documentation, and interviewed MHMR officials to determine whether MHMR demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed the performance reports, to determine if the required reports were accurate.

Program Goals and Objectives

The goals and objectives for each grant include the following:

Adult Drug Court and Veterans Treatment Court (Grant Number 2020-DC-BX-0110)	
<u>Goal</u>	<u>Objectives</u>
Reduce recidivism and support the stabilization and community reintegration of individuals who present with substance abuse through enhancement of Direct to Recovery Program.	<ul style="list-style-type: none"> (1) Ensure drug court practitioners have tools to effectively provide judicial and community supervision, mandatory and random drug testing, substance abuse and mental health treatment, and appropriate incentives and sanctions. (2) Utilize evidence-based practices and principles, which are incorporated into the National Association of Drug Court Professionals drug court standards. (3) Build and maximize the capacity of jurisdictions to ensure that all potential participants are identified and assessed for risk and need. (4) Enhance the provision of recovery support services, including transitional clean and sober housing assistance to reduce recidivism. (5) Enhance collaboration between states and local and/or tribal jurisdictions to support the operations and enhancements of drug court and veterans' treatment court activities.
Comprehensive Opioid, Stimulant, and Substance Abuse Site-Based Program (Grant Number 2020-AR-BX-0082)	
<u>Goal</u>	<u>Objectives</u>
Improve the public safety of the community, support the welfare of children, and promote family stability impacted by parental substance use disorders and other related concerns.	<ul style="list-style-type: none"> (1) Reduce the impact of opioids, stimulants, and other substances on individuals and communities, including a reduction in the number of overdose fatalities, as well as mitigate the impacts on crime victims by supporting comprehensive, collaborative initiatives.

Justice and Mental Health Collaboration Program (Grant Number 15PBJA-21-GG-03978-MENT)	
<p><u>Goal</u></p> <p>Increase public safety and reduce recidivism while improving behavioral health for individuals placed on the Mental Health Bond Docket.</p>	<p><u>Objectives</u></p> <p>(1) Enhance, expand, and operate mental health drop-off crisis stabilization treatment centers that support law enforcement, criminal justice agencies, and people who are involved in the justice system.</p> <p>(2) Increase community capacity for mental health advocacy and wraparound services evidenced to support people with severe mental illness that are involved in the criminal justice system.</p> <p>(3) Provide programmatic support and capacity building for criminal justice professionals — such as jails, courts, and prosecutors — and community supervision to target individuals with severe mental health needs at risk of recidivism.</p>
Family Treatment Court Program (Grant Number 15PJDP-22-GG-03809-DGCT)	
<p><u>Goal</u></p> <p>Improve the public safety of the community, support the welfare of children, and promote family stability impacted by parental substance use disorders and other related concerns.</p>	<p><u>Objectives</u></p> <p>(1) Provide treatment and accountability to parents with substance use disorders by offering access to treatment and recovery services that will ultimately protect children; reunite families, when safe to do so; and expedite permanency.</p>

Based on our review, for the on-going awards, there were no indications that MHMR was not adequately achieving the stated objectives of the grants. For the closed award, there were no indications that MHMR did not achieve the stated objectives of the grant.

Required Performance Reports

According to the DOJ Grants Financial Guide, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. In order to verify the information in performance reports, we selected a sample of 10 performance measures from the 2 most recent reports submitted for Grant Number 2020-DC-BX-0110 and 4 performance measures from the 2 most recent reports submitted for Grant Number 2020-AR-BX-0082 for a total sample size of 28.³ We then traced the items to supporting documentation maintained by MHMR.

Based on our review, we found that the performance reports we tested were inaccurate or not adequately supported, as discussed below. As discussed below, for Grant Number 2020-DC-BX-0110 Performance Report 626418, we found that 7 of the 10 performance measures tested were not accurate based on the documentation provided and for Performance Report 603055, we found that 4 of the 10 performance measures tested were not accurate based on the documentation provided.

³ At the time of our review, there was no performance report activity for Grant Numbers 15PBJA-21-GG-03978-MENT and 15PJDP-22-GG-03809-DGCT; therefore, we could not test performances measures for these grants.

Performance Report 626418

7 of the 10 performance measures tested were not accurate based on the documentation provided

Five Underreported Performance Measures

Two Overreported Performance Measures

Inpatient slots added

New drug court participants who received substance abuse services

Inpatient services days

Drug court participants who received mental health services

Drug court candidates screened

Newly admitted drug court participants who were administered a risk and needs assessment

Newly admitted participants who were identified as having a high criminogenic risk and high abuse treatment needs

Performance Report 603055

4 of the 10 performance measures tested were not accurate based on the documentation provided

Two Underreported Performance Measures

Two Overreported Performance Measures

Inpatient slots added

Inpatient services days

Newly admitted drug court participants who were administered a risk and needs assessment

Newly admitted participants who were identified as having a high criminogenic risk and high abuse treatment needs

For Grant Number 2020-AR-BX-0082, for each of the performance reports we tested, Performance Reports 625705 and 605947, we found that the same 2 out of the 4 performance measures tested were not accurate based on the documentation provided.

Performance Report 625705 and 605947

4 of the 8 performance measures tested were not accurate based on the documentation provided

Two Underreported Performance Measures

Two Overreported Performance Measures

Number of participants receiving services for less than 30 days

Number of participants receiving services for 30 days or more

Overall, we found that 15 of the 28 performance measures tested were inaccurate or not adequately supported. According to an MHMR official, data is organized into multiple systems due to the many partner agencies involved in the delivery of services. Data is either filtered or extracted from each of these systems and analyzed by its current statistical software platform to answer questions for both the Performance Measures Tool platform and the narrative portion of the questions related to each award's goals and objectives. The MHMR official also stated that plans are underway to use a different data analytics software service to centralize data from these multiple sources. During our testing, MHMR acknowledged the inaccuracies with some of its performance measures. Specifically, an MHMR official stated that some discrepancies were due to miscoding clients in the wrong reporting period, the database not being updated, a clerical error, and the timing of clients being screened in one reporting period but being admitted in another reporting period. These discrepancies were found during MHMR's reconciliation of the data as a result of our audit. Therefore, we recommend that OJP coordinate with MHMR to enhance its policies and procedures to ensure that performance reports are accurate and fully supported.

Grant Financial Management

According to the DOJ Grants Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess the MHMR's financial management of the grants covered by this audit, we conducted interviews with financial staff, examined policies and procedures, and inspected grant documents to determine whether MHMR adequately safeguards the grant funds we audited. We also reviewed MHMR's Single Audit Report for the year ending August 31, 2022, along with program office desk reviews during our audit scope to identify internal control weaknesses and significant non-compliance issues related to federal awards.⁴ Finally, we performed testing in the areas that were relevant for the management of this grant, as discussed throughout this report.

Based on our review of MHMR's written policies and procedures, we concluded that they needed to be strengthened. We noted that MHMR's written policies and procedures did not have adequate language to ensure necessary contract elements are included in contracts or specific language regarding indirect costs and matching costs requirements despite both being authorized in the grant budgets. Further, as detailed in the [Indirect Costs](#), and [Matching Costs](#) sections of the report, we identified questioned costs related to both indirect and matching costs. We included our recommendations regarding the lack of adequate language to ensure necessary contract elements are included in contracts and specific language regarding indirect costs and matching costs requirements in MHMR's written policies and procedures in the [Contractor Costs](#), [Indirect Costs](#) and [Matching Costs](#) sections of this report.

We also identified weaknesses in MHMR's financial management, including not maintaining adequate supporting documentation for grant expenditures, charging unbudgeted expenses to the grants, not adequately tracking its matching costs expenses, and the methodology it uses to charge indirect costs to the grants that resulted in \$247,326 in net questioned costs. These deficiencies are discussed in more detail in the Contractor Costs, Other Direct Costs, Indirect Costs, and Matching Costs sections of this report.

⁴ Non-federal entities that receive federal financial assistance are required to comply with the Single Audit Act of 1984, as amended.

Single Audit

Non-federal entities that receive federal financial assistance are required to comply with the *Single Audit Act of 1984*, as amended. The Single Audit Act provides for recipients of federal funding above a certain threshold to receive an annual audit of their financial statements and federal expenditures. Under the 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.

MHMR’s most recent Single Audit Report identified a material weakness under internal controls over financial reporting. Specifically, the independent auditor found that MHMR did not consistently complete balance sheet reconciliations which were comprehensive, accurate, and that adequately justified the balances within the account throughout the year, which could result in the monthly financials that management and the board use to make decisions to be misstated without proper account reconciliations and audit schedules at year end being substantially delayed.

MHMR submitted a corrective action plan to address the findings and recommendations identified in the Single Audit Report. However, our audit also identified a similar concern regarding financial reporting. Specifically, we found that the Federal Financial Reports (FFR) did not include MHMR’s indirect costs or matching costs information as required. This deficiency is discussed in more detail in the [Indirect Costs](#), [Matching Costs](#), and [Federal Financial Reports](#) sections of this report. The desk reviews by BJA and OJJDP did not identify any issues.

Grant Expenditures

For Grant Numbers 2020-DC-BX-0110, 2020-AR-BX-0082, 15PBJA-21-GG-03978-MENT, and 15PJDP-22-GG-03809-DGCT, MHMR’s approved budgets included personnel, fringe benefits, travel, supplies, other direct costs, and indirect costs. The approved budgets for Grant Numbers 15PBJA-21-GG-03978-MENT and 15PJDP-22-GG-03809-DGCT also included procurement contracts. In addition, MHMR was required to expend a combined total of \$634,586 in local funds for Grant Numbers 2020-DC-BX-0110, 15PBJA-21-GG-03978-MENT, and 15PJDP-22-GG-03809-DGCT, which represents a 25 percent local match for Grant Numbers 2020-DC-BX-0110 and 15PJDP-22-GG-03809-DGCT and a 28.26 percent local match for Grant Number 15BJA-21-GG-03978-MENT. To determine whether costs charged to the grants were allowable, supported, and properly allocated in compliance with grant requirements, we tested a judgmental sample of transactions as outlined below.⁵

Direct Costs	Matching Costs	Indirect Costs
227 transactions	17 transactions	All transactions
\$190,036	\$55,926	\$196,117

⁵ 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.

Based on this testing, we identified \$247,326 in total net questioned costs. The following sections describe the results of that testing.

Personnel Costs

As part of our sample, we reviewed 87 employee salary and related fringe benefit transactions totaling \$26,492 for two non-consecutive pay periods for each grant, to determine if labor charges were computed correctly, accurately recorded, and properly authorized and allocated to the grants. Based on our review, we did not identify any issues related to these costs.

Contractor Costs

For the grants included in our audit, only Grant Number 15PJDP-22-GG-03809-DGCT had contractor expenses. As part of our sample, we reviewed four contractor expenses totaling \$8,361 to determine if charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the grant. In addition, we determined if rates, services, and total costs were in accordance with those allowed in the approved budget. As a result of our testing, we identified \$8,361 in unsupported contractor costs charged to this grant.

Specifically, we found that the invoices provided did not detail the work performed. Additionally, we found that the contract provided did not include necessary contract elements, such as the statement of work or the contractor rates and cost information. Therefore, we were unable to determine what the contractor accomplished to justify receiving payment. We previously noted in the [Grant Financial Management](#) section of the report that MHMR's written policies and procedures did not have adequate language to ensure necessary contract elements are included in contracts. As a result, we recommend that OJP coordinate with MHMR to remedy the \$8,361 in unsupported contractor costs under Grant Number 15PJDP-22-GG-03809-DGCT. In addition, we recommend that OJP coordinate with MHMR to enhance its policies and procedures to ensure that: (1) contracts include the detailed statement of work and contractor rates and (2) contractors provide detailed invoices that include the work that was completed prior to payment for services rendered.

Other Direct Costs

As part of our sample, we reviewed 136 other direct cost transactions totaling \$155,183 to determine if the costs were supported, approved, allowable, and reasonable. As a result of our testing, we identified \$126,331 in unsupported and unallowable other direct costs charged to the grants.

For Grant Number 2020-DC-BX-0110, we found three transactions that were not supported by invoices, proof of payment, or documentation supporting number of days and dates of service, resulting in \$7,009 in unsupported questioned costs. We also identified eight transactions for certificate renewal expenses and allocated administrative expenses, such as office phones, software licensing fees, and building overhead that were not included in the grant budget, resulting in \$2,410 in unallowable questioned costs.⁶ Based on

⁶ According to an MHMR official, building overhead expenses include costs related to the operation of the building, including electricity, janitorial costs, repair and maintenance, and other costs.

our testing, we reviewed the grant general ledger to identify all costs associated with the unbudgeted expenses, resulting in an additional \$21,916 in unallowable other direct costs.

For Grant Number 2020-AR-BX-0082, we found four transactions that were not supported by an invoice or proof of payment or did not include the details of the daily mileage with the purposes of the trips, resulting in \$895 in unsupported questioned costs. We also identified nine transactions for office chairs, certification expenses, client record fees, allocated administrative expenses, and expenses for conferences that were not budgeted, resulting in \$4,128 in unallowable questioned costs. Based on our testing, we reviewed the grant general ledger to identify all costs associated with the unbudgeted expenses, resulting in an additional \$40,245 in unallowable other direct costs.

For Grant Number 15PBJA-21-GG-03978-MENT, we found three transactions that were not supported by an invoice or details on software licensing fees or did not include the details of the daily mileage with the purposes of the trips or an insufficient summary of the trips, resulting in \$364 in unsupported questioned costs. We also identified five transactions for client meal and rental expenses and allocated administrative expenses that were not budgeted, resulting in \$2,304 in unallowable questioned costs. Based on our testing, we reviewed the grant general ledger to identify all costs associated with the unbudgeted expenses, resulting in an additional \$2,483 in unallowable other direct costs.

For Grant Number 15PJDP-22-GG-03809-DGCT, we found two transactions that were not supported by invoices, resulting in \$1,809 in unsupported questioned costs. We also identified seven transactions for gift cards, ride sharing expenses, a child car seat, vehicle power steering pump, and expenses for a conference that were not budgeted, resulting in \$3,117 in unallowable questioned costs. Based on our testing, we reviewed the grant general ledger to identify all costs associated with the unbudgeted expenses, resulting in an additional \$1,661 in unallowable other direct costs.

We also identified unallowable allocated administrative costs charged to the award for work performed by the Outcomes Division Evaluation Specialists. Evaluation Specialists gather data and prepare performance reports for the grants. However, in addition to the salaries and fringe benefits for the time Evaluation Specialists worked on the awards, they were also charging unbudgeted allocated costs for the Outcomes Division that are part of the indirect costs already charged to the awards, such as supplies, repair and maintenance, utilities, training, computers, insurance, and other administrative costs. Therefore, we reviewed all expenditures charged to the grants for Evaluation Specialists to identify all unbudgeted administrative costs, resulting in an additional \$2,615 in unallowable questioned costs for Grant Number 2020-DC-BX-0110; an additional \$35,353 in unallowable questioned costs for Grant Number 2020-AR-BX-0082; and an additional \$22 in unallowable questioned costs for Grant Number 15PBJA-21-GG-03978-MENT.

In total, we identified \$10,077 in unsupported and \$116,254 in unallowable other direct costs charged to the grants. Therefore, we recommend that OJP coordinate with MHMR to remedy the \$10,077 in unsupported other direct questioned costs, including \$7,009 under Grant Number 2020-DC-BX-0110, \$895 under Grant Number 2020-AR-BX-0082, \$364 under Grant Number 15PBJA-21-GG-03978-MENT, and \$1,809 under Grant Number 15PJDP-22-GG-03809-DGCT. We also recommend that OJP coordinate with MHMR to remedy the \$116,254 in unallowable other direct questioned costs, including \$26,941 under Grant Number

2020-DC-BX-0110, \$79,726 under Grant Number 2020-AR-BX-0082, \$4,809 under Grant Number 15PBJA-21-GG-03978-MENT, and \$4,778 under Grant Number 15PJDP-22-GG-03809-DGCT.

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 the DOJ Grants Financial Guide and 2 C.F.R. § 200, Appendix VII, Section D, local governments and state agencies that receive less than \$35 million in federal funding per year are required to prepare an indirect cost rate proposal and retain the proposal and related supporting documentation for audit purposes. Recipients that do not have an approved federal indirect cost rate may either negotiate an indirect cost rate with the awarding agency or elect to charge a de minimis rate of 10 percent of the modified total direct costs (MTDC).⁷ We determined that indirect costs were approved in the budgets for all of the grants we reviewed. The approved budgets for Grant Numbers 2020-DC-BX-0110 and 2020-AR-BX-0082 included language indicating that MHMR had Indirect Cost Agreements for the grants of 12.5 and 13 percent respectively. However, when we requested the required documentation supporting indirect cost rates for the awards, MHMR was unable to provide the indirect cost rate proposal, an approved Cost Allocation Plan, any Indirect Cost Agreements for the awards, or any other required supporting documentation. In response to our exit briefing, OJP located and provided us with an approved Cost Allocation Plan and Indirect Cost Agreement of 15.79 percent that was in effect through August 31, 2021, after which we concluded that MHMR could only use the 10 percent de minimis indirect cost rate for these awards. The budgets for Grant Numbers 15PBJA-21-GG-03978-MENT and 15PJDP-22-GG-03809-DGCT approved MHMR to use the 10 percent de minimis indirect cost rate. According to an MHMR official, MHMR applied its indirect cost rate to all direct costs charged to the grants.

During our testing of other direct costs charged to the grants, we noted that many of the unallowable administrative costs allocated to the grants as direct costs, such as office phones, software licensing fees, and building overhead, were the types of costs often included in the indirect cost rate. MHMR was also charging indirect costs to the grants based on total direct costs, including these unallowable allocated administrative costs. Therefore, to determine the amount of allowable indirect costs that could be charged to the grants, we removed the unallowable allocated administrative costs from the MTDC base and applied the 10 percent de minimis indirect cost rate for all of the grants.

We found that indirect costs exceeded the allowable amount by \$6,480 for Grant Number 2020-DC-BX-0110 because MHMR applied an unsupported 12.52 percent indirect cost rate and included unallowable allocated administrative costs in the total direct costs base. For Grant Number 2020-AR-BX-0082, we found that indirect costs exceeded the allowable amount by \$24,802 because MHMR applied an unsupported 13.01 percent indirect cost rate and included unallowable allocated administrative costs in the total direct costs base. We also found that indirect costs exceeded the allowable amount by \$8,430 for Grant Number 15PBJA-21-GG-03978-MENT because MHMR applied an unallowable 15.76 percent indirect cost rate. At the time of our testing, we found that MHMR applied a 9.69 percent indirect cost rate and that indirect costs did

⁷ According to the DOJ Grants Financial Guide, MTDC includes all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward.

not exceed allowable indirect costs as of the time of our analysis for Grant Number 15PJDP-22-GG-03809-DGCT; therefore, we did not find issues with indirect costs for this grant.

We also noted a reporting issue with indirect costs. According to the DOJ Grants Financial Guide regarding FFRs, expenditures for indirect costs will be reported on a quarterly basis. Further, it states that the correct indirect cost rate type will be reported, including provisional, final, de minimis, or fixed rates. However, we found that MHMR did not report its indirect cost expenses or its indirect cost rate type on the FFRs for any of the grants we reviewed. Additionally, as mentioned in the Grant Financial Management section of the report, we found that MHMR's policies and procedures did not have specific language regarding indirect costs.

Based on our review, we identified a total of \$39,712 in unallowable indirect costs charged to the grants. Therefore, we recommend that OJP coordinate with MHMR to remedy the \$39,712 in unallowable indirect questioned costs, including \$6,480 under Grant Number 2020-DC-BX-0110, \$24,802 under Grant Number 2020-AR-BX-0082, and \$8,430 under Grant Number 15PBJA-21-GG-03978-MENT. In addition, we recommend that OJP coordinate with MHMR to develop policies and procedures to ensure it: (1) retains indirect cost rate proposals and related supporting documentation; (2) only includes allowable costs in the MTDC base when applying its approved indirect cost rate to the grants; and (3) is reporting its indirect costs information on FFRs submitted each quarter.

Matching Costs

Matching or cost sharing means the portion of project costs not paid by federal funds. Matching costs may either be in-kind or cash. In-kind match includes the valuation of non-cash contributions, such as services, supplies, real property, and equipment. Cash match includes cash spent for project-related costs and must include costs which are allowable with federal funds.

According to the approved budgets, MHMR's matching requirement for Grant Number 2020-DC-BX-0110 was \$144,226; \$216,667 for Grant Number 15PBJA-21-GG-03978-MENT; and \$251,252 for Grant Number 15PJDP-22-GG-03809-DGCT.⁸ MHMR used a combination of cash and in-kind services to meet its matching requirements. We requested the universe of matching costs that MHMR is claiming for each of its grants, as well as supporting documentation for matching costs.

MHMR claimed \$69,386 in matching costs related to individual and group counseling sessions for Grant Number 2020-DC-BX-0110 and \$57,240 in matching costs related to volunteer services, a Project Director's salary and fringe benefits expenses, and indirect costs for Grant Number 15PJDP-22-GG-03809-DGCT. However, MHMR did not have accounting records or maintain adequate source documentation for the matching costs for Grant Number 15PBJA-21-GG-03978-MENT; as a result, we could not review matching costs for this grant. According to the DOJ Grants Financial Guide, recipients must maintain records which clearly show the source, amount, and timing for all matched contributions. In addition, recipients must maintain records that clearly demonstrate the amount, source, and when funds were contributed. Further,

⁸ The initial matching requirement for Grant Number 2020-DC-BX-0110 was \$166,667. However, since MHMR did not draw down the entire dollar amount for this grant, which ended on December 31, 2023, we determined the adjusted match requirement by calculating 25 percent of its total drawdowns of \$432,677. Grant Number 2020-AR-BX-0082 did not have a matching requirement.

supporting documentation must be available in the event of an audit or site visit. This indicates that MHMR will not meet its \$216,667 match requirement for Grant Number 15PBJA-21-GG-03978-MENT.

As part of our sample, we reviewed 17 matching transactions totaling \$55,926 to determine if the costs were supported, approved, allowable, and reasonable. Also, for the closed grant, Grant Number 2020-DC-BX-0110, we compared total matching costs claimed to the total matching requirement to determine if MHMR met its matching requirement.

For Grant Number 2020-DC-BX-0110, we did not identify any issues with the matching costs we tested; however, we found that MHMR did not meet its matching requirement. MHMR's matching requirement for this grant was \$144,226, but only provided documentation for \$69,386 in matching costs claimed, resulting in \$74,840 in unsupported questioned costs.

For Grant Number 15PJDP-22-GG-03809-DGCT, we identified five matching transactions that were not supported by timesheets, sign-in sheets, or any other documentation that volunteers used to keep track of the time they spent working on the grant, resulting in \$22,962 in unsupported costs. An MHMR official acknowledged that it does not keep documentation to confirm volunteer time spent working on the grant; therefore, we consider the remaining \$20,936 in matching costs claimed for these volunteers as unsupported. We also identified one matching cost transaction for indirect costs that was not included in the approved budget. Indirect costs are already being claimed and charged as the federal share at the 10 percent de minimis rate. An MHMR official stated that the indirect cost match they are claiming is the difference between the allowed indirect cost rate approved in the budget (10 percent de minimis indirect cost rate) and the rate calculated by an external auditor for its Annual Comprehensive Financial Report. However, MHMR does not have a federally approved indirect cost rate with a cognizant federal agency. Based on the fact that MHMR does not have a federally approved indirect cost rate and it is already claiming the 10 percent de minimis indirect cost rate that was approved in the grant budget as the federal share, it cannot claim the difference between the de minimis rate and its own calculated rate as part of its matching requirement. As a result, the \$3,805 in indirect matching costs claimed for this grant is unallowable.

We also noted a reporting issue with matching costs. According to the DOJ Grants Financial Guide, recipients are required to report match on the quarterly FFR. However, we found that MHMR did not always report its matching expenses on the FFRs. Despite claiming \$60,899 in matching costs as of September 30, 2023, MHMR only reported \$30,965 in matching expenses on the FFR for the same ending period for Grant Number 2020-DC-BX-0110.⁹ We also found that MHMR did not report any matching costs data on its FFRs for Grant Numbers 15PBJA-21-GG-03978-MENT and 15PJDP-22-GG-03809-DGCT. Additionally, as mentioned in the Grant Financial Management section of the report, we found that MHMR's policies and procedures did not have specific language regarding matching costs.

Based on the results of our matching costs testing, for the closed grant, we identified \$74,840 in unsupported matching questioned costs. Therefore, we recommend that OJP coordinate with MHMR to remedy the \$74,840 in unsupported matching questioned costs under Grant Number 2020-DC-BX-0110. For the on-going awards (Grant Numbers 15PBJA-21-GG-03978-MENT and 15PJDP-22-GG-03809-DGCT), we are

⁹ While Grant Number 2020-DC-BX-0110 ended on December 31, 2023, the final FFR had not been submitted at the time of our analysis. Therefore, we used the data for the period ending September 30, 2023, for this comparison.

not questioning the unsupported and unallowable costs we identified during testing. However, the results of our testing indicate that MHMR will not meet its matching requirement for these awards. Therefore, we recommend that OJP coordinate with MHMR to ensure that the matching requirement is met. In addition, we recommend OJP coordinate with MHMR to develop policies and procedures to ensure: (1) it maintains adequate records, including supporting documentation for its matching costs and (2) it is reporting matching expenses on FFRs submitted each quarter.

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 grant. Additionally, the grant recipient must initiate a Grant Award Modification (GAM) 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 MHMR transferred funds among budget categories in excess of 10 percent. We determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent.

Drawdowns

According to the DOJ Grants Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. According to an MHMR official, drawdowns are prepared by the Grant Accountant and reviewed by the Senior Director of Grant & Contract Accounting. It is then submitted to the authorized Senior Grant Accountant to submit through the online portal, then subsequently approved by a secondary Grant Accounting staff member. The drawdowns are based on general ledger expenses after the previous month has closed. As of January 18, 2024, MHMR had drawn down a total of \$1,555,732 from the grants in our audit scope.¹⁰ To assess whether MHMR managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records.

During this audit, we did not identify significant deficiencies related to the recipient's process for developing drawdown requests. However, we identified deficiencies and questioned costs related to compliance of individual expenditures with grant rules. We address those deficiencies in the [Grant Expenditures](#) section in this report.

Federal Financial Reports

According to the DOJ Grants Financial Guide, the FFR must show the actual funds that have been spent and any bills that will be paid at the recipient and subrecipient level for each award. Additionally, Recipients will report on a quarterly basis the cumulative information on expenditures. To determine whether MHMR

¹⁰ While we downloaded the original payment history reports for all the grants on September 27, 2023, we obtained an updated payment history report for Grant Number 2020-DC-BX-0110 on January 24, 2024.

submitted accurate FFRs, we compared the most recent quarterly reports to MHMR's accounting records for each grant.

We determined that cumulative expenditures for the reports reviewed matched the accounting records. However, as mentioned in the [Indirect Costs](#) and [Matching Costs](#) sections of this report, we found that MHMR did not report the required data for indirect and matching costs. We included our recommendations regarding the lack of reporting in the [Indirect Costs](#) and [Matching Costs](#) sections of this report.

Conclusion and Recommendations

As a result of our audit testing, we conclude that MHMR did not adhere to all of the grant requirements we tested, but demonstrated adequate progress towards achieving the grants' stated goals and objectives. Additionally, we did not identify significant issues regarding MHMR's management of the grant budgets or drawdowns. However, we found that MHMR did not comply with essential grant conditions related to performance reports, the use of grant funds, indirect costs, matching costs, and federal financial reports. We provide seven recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Coordinate with MHMR to enhance its policies and procedures to ensure that performance reports are accurate and fully supported.
2. Coordinate with MHMR to remedy \$93,278 in unsupported questioned costs associated with the following:
 - a. \$8,361 in unsupported contractor costs under Grant Number 15PJDP-22-GG-03809-DGCT.
 - b. \$10,077 in unsupported other direct costs, including \$7,009 under Grant Number 2020-DC-BX-0110, \$895 under Grant Number 2020-AR-BX-0082, \$364 under Grant Number 15PBJA-21-GG-03978-MENT, and \$1,809 under Grant Number 15PJDP-22-GG-03809-DGCT.
 - c. \$74,840 in unsupported matching costs under Grant Number 2020-DC-BX-0110.
3. Coordinate with MHMR to remedy \$155,966 in unallowable questioned costs associated with the following:
 - a. \$116,254 in unallowable other direct costs, including \$26,941 under Grant Number 2020-DC-BX-0110, \$79,726 under Grant Number 2020-AR-BX-0082, \$4,809 under Grant Number 15PBJA-21-GG-03978-MENT, and \$4,778 under Grant Number 15PJDP-22-GG-03809-DGCT.
 - b. \$39,712 in unallowable indirect costs, including \$6,480 under Grant Number 2020-DC-BX-0110, \$24,802 under Grant Number 2020-AR-BX-0082, and \$8,430 under Grant Number 15PBJA-21-GG-03978-MENT.
4. Coordinate with MHMR to ensure that contracts include the detailed statement of work and contractor rates and contractors provide detailed invoices that include the work that was completed prior to payment for services rendered.
5. Coordinate with MHMR to develop policies and procedures to ensure it retains indirect cost rate proposals and related supporting documentation, only includes allowable costs in the total direct

costs base when applying its approved indirect cost rate to the grants, and is reporting its indirect costs information on FFRs submitted each quarter.

6. Coordinate with MHMR to ensure that the matching requirement is met.
7. Coordinate with MHMR to develop policies and procedures to ensure it maintains adequate records, including supporting documentation for its matching costs and it is reporting matching expenses on FFRs submitted each quarter.

APPENDIX 1: 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 grants; 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 the Office of Justice Programs (OJP) Bureau of Justice Assistance (BJA) and Office of Juvenile Justice and Delinquency Prevention (OJJDP) grants awarded to MHMR under the Adult Drug Court and Veterans Treatment Court Discretionary Grant Program; the Comprehensive Opioid, Stimulant, and Substance Abuse Site-Based Program; the Justice and Mental Health Collaboration Program; and the Family Treatment Court Program. Through Grant Number 2020-DC-BX-0110, MHMR was awarded \$500,000; through Grant Number 2020-AR-BX-0082, MHMR was awarded \$1,200,000; through Grant Number 15PBJA-21-GG-03978-MENT, MHMR was awarded \$550,000; and 15PJDP-22-GG-03809-DGCT, MHMR was awarded \$753,755. As of January 18, 2024, MHMR had drawn down \$1,555,732 of the total grant funds awarded. Our audit concentrated on, but was not limited to, the period of October 2020 through January 2024. The project period for Grant Number 2020-DC-BX-0110 ended on December 31, 2023. Grant Numbers 2020-AR-BX-0082, 15PBJA-21-GG-03978-MENT, and 15PJDP-22-GG-03809-DGCT were still on-going at the time of our review.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of MHMR's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit charges, financial reports, and performance reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. 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; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and the grant documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from DOJ's JustGrants, as well as MHMR'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 MHMR to provide assurance on its internal control structure as a whole. MHMR management is responsible for the establishment and maintenance of internal controls in accordance with 2 C.F.R. § 200. Because we do not express an opinion on MHMR's internal control structure as a whole, we offer this statement solely for the information and use of MHMR and OJP.¹¹

We assessed MHMR's management, design, implementation, and operating effectiveness of these internal controls and identified deficiencies that we believe could affect MHMR's ability to effectively operate, 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 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.

¹¹ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2: Schedule of Dollar-Related Findings

Description	Grant No.	Amount	Page
Questioned Costs:			
Unallowable Other Direct Costs	2020-DC-BX-0110	\$26,941	9
Unallowable Other Direct Costs	2020-AR-BX-0082	79,726	10
Unallowable Other Direct Costs	15PBJA-21-GG-03978-MENT	4,809	10
Unallowable Other Direct Costs	15PJDP-22-GG-03809-DGCT	4,778	10
Unallowable Indirect Costs	2020-DC-BX-0110	6,480	11
Unallowable Indirect Costs	2020-AR-BX-0082	24,802	11
Unallowable Indirect Costs	15PBJA-21-GG-03978-MENT	<u>8,430</u>	11
Unallowable Costs		\$155,966	
Unsupported Contractor Costs	15PJDP-22-GG-03809-DGCT	\$8,361	8
Unsupported Other Direct Costs	2020-DC-BX-0110	7,009	9
Unsupported Other Direct Costs	2020-AR-BX-0082	895	9
Unsupported Other Direct Costs	15PBJA-21-GG-03978-MENT	364	9
Unsupported Other Direct Costs	15PJDP-22-GG-03809-DGCT	1,809	9
Unsupported Matching Costs	2020-DC-BX-0110	<u>74,840</u>	12
Unsupported Costs		\$93,278	
<i>Gross Questioned Costs¹²</i>		<i>\$249,244</i>	
Less Duplicate Questioned Costs ¹³		<u>(1,918)</u>	
Net Questioned Costs		\$247,326	
TOTAL DOLLAR-RELATED FINDINGS		<u>\$247,326</u>	

¹² **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.

¹³ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which includes \$1,918 in other direct costs that were both unallowable and unsupported.

APPENDIX 3: The My Health My Resources of Tarrant County Response to the Draft Audit Report



July 2, 2024

Via e-mail to Kimberly.L.Rice@usdoj.gov
C.C. to Linda.Taylor2@usdoj.gov

RE: My Health My Resources of Tarrant County d/b/a MHMR of Tarrant County Response to the Department of Justice Office of Inspector General Draft Audit Report

This communication is in response to your letter dated June 11, 2024, regarding MHMR of Tarrant County's ("MHMR") official review and comment of the Draft Audit Report ("the Draft Report") issued by the Department of Justice Office of Inspector General, relating to the Audit of the Office of Justice Programs Drug and Mental Health Treatment Grants awarded to MHMR.

MHMR has included: (1) MHMR's official response to the Draft Report ("Response to the Draft Report") and (2) a signed management representation letter.

MHMR's Response to the Draft Report notates each recommendation in the Draft Report. The grant programs that were associated with a particular recommendation in the Draft Report are listed under that recommendation, along with the completed actions taken or anticipated planned actions to be taken in response to the recommendation. MHMR has further noted whether or not MHMR concurs or does not concur for each of the recommendations or findings, specific to the particular grant program, where applicable.

MHMR welcomes the opportunity to coordinate with representatives from Office of Justice Programs and the Department of Justice Office of Inspector General to address items noted in the recommendations. If you have any further questions, please do not hesitate to contact me at (682)-215-1059.

Sincerely,

Deanna Kratovil

Deanna Kratovil
Assistant General Counsel
MHMR of Tarrant County

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Fort Worth, Texas 76107
817-569-4300
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Recommendation 1

1. Coordinate with MHMR to enhance its policies and procedures to ensure that performance reports are accurate and fully supported.

2020-DC-BX-0110, Adult Drug Court & Veterans Treatment Court (DTR) (RU 2276)

2020-AR-BX-0082, Comprehensive Opioid, Stimulant, and Substance Abuse Site-Based Program (COSSAP) (RU 2274)

MHMR concurs with the recommendation.

Operational Procedure

MHMR is currently in the process of drafting new Operational Procedures for management of the agency's grants. The procedures will address the reporting of grant activity and include guidelines to ensure that reporting is accurate and properly supported. These procedures have been discussed by executive leadership for MHMR, and MHMR anticipates that it will be finalized no later than two months from the date of submission of this Response to the Draft Audit Report ("Draft Report").

Data Gathering Collaboration

MHMR is currently evaluating sources of data points needed for reporting. MHMR has reviewed its processes for retrieving data externally and within internal departments. MHMR found that there are barriers to consistently retrieving data in a manner that is compatible with MHMR systems from sources external to MHMR. Although the project periods have ended for 2020-DC-BX-0110, the Adult Drug Court and Veterans Treatment Court, (known as the DIRECT to Recovery I Program) and for 2020-AR-BX-0082, Comprehensive Opioid, Stimulant, and Substance Abuse Site-Based Program, (known as the COSSAP Program) MHMR received new grants from OJP to operate the two programs, and we are currently within the project periods for both of these grants.¹ Within one month of submission of this Response to the Draft Report, we will determine which data points have significant barriers to collection from external sources and reach out to the OJP grant representatives for the newly awarded grants to discuss these barriers. Following the coordination with OJP, if appropriate, MHMR will request an amendment in the scope of those objectives. To the extent the objectives at issue are not omitted or amended, then MHMR will take steps to implement a Memorandum of Understanding or other appropriate documentation to revise and memorialize the process and method of collecting the information required for reporting to OJP, in a manner that is compatible with MHMR systems.

Centralization of Data

MHMR is currently in the process of centralizing grants data into the agency's Electronic Health Record ("EHR"). Centralizing data entry and reporting capabilities through the use of added forms, form fields, or other templates to be incorporated into the EHR is an additional measure that will reduce discrepancies as referenced in the Draft Report associated with miscoding, database updating errors, and other manual mis-entries².

¹ The federal identification number for the Adult Drug Court and Veterans Treatment Court is 15PBJA-23-GG-04285-DGCT. MHMR's program under this award is known as the DIRECT to Recovery II Program. The federal identification number for the Comprehensive Opioid, Stimulant, and Substance Abuse Site-Based Program is 15PBJA-23-GG-02354-COAP. MHMR's program under this award is known as the COSSUP Program.

² Draft Report, 6

Recommendation 1

Enhanced Coordination and Communication

Over the course of the audit, MHMR took steps to improve internal coordination to address communication gaps that contributed to inaccurate reporting of measures. Staff with MHMR's Evaluation Department, who track and report the performance measure data, now meet on a regular basis with MHMR's Program staff (who provide direct care services to grant participants), in order to verify information before it is reported to OJP.

Additional MHMR departments have been identified to verify information prior to the Evaluation Department submitting the reporting to OJP. MHMR's Program Business teams manage and coordinate the grant transactions and budgets. The Finance Department authorizes the financial reporting information and draws down funding from the grants. The Evaluation Department is putting processes into place to consult these teams in discussions where data must be confirmed for measures where their input is necessary (for example, for measures specific to bed day usage for both grants, and funding sources for those beds).³

³ Draft Report, 5-6

Recommendation 2

2. Coordinate with MHMR to remedy \$93,278 in unsupported questioned costs associated with the following:

a. \$8,361 in unsupported contractor costs under Grant Number 15PJDP-22-GG-03809-DGCT.

Subsequent to requesting a detailed identification of the costs on June 19, 2024, on June 20, 2024, MHMR received a spreadsheet from OIG containing the detailed direct costs that were questioned during the audit. We have attached this document as Exhibit A to the Response to the Draft Report.

15PJDP-22-GG-03809-DGCT, Family Treatment Court Program (Celebrating Families) (RU 3146)

MHMR does not concur with the recommendation.

After additional review of grant documentation following staffing changes, MHMR was able to locate documentation in support of transactions 10024557-92, 10024557-90, and 10024557-91.⁴ Attached as Exhibit B-1 is a detailed invoice, numbered 930, which coordinates to the invoice number noted in the Exhibit A reference;⁵ the three transaction amounts and detail can be found on the second page of the invoice, entitled Tarrant County Challenge, Inc. Profit & Loss Detail.⁶

MHMR was also able to locate documentation in support of transaction 10024557-100⁷; the reference number is listed as 923 in Exhibit A, which coordinates to the invoice detail in the second page of the invoice attached as Exhibit B-2, supporting this transaction.⁸

MHMR respectfully requests that the recommendation as it relates to these transactions be closed.

b. \$10,077 in unsupported other direct costs, including \$7,009 under Grant Number 2020-DC-BX-0110, \$895 under Grant Number 2020-AR-BX-0082, \$364 under Grant Number 15PBJA-21-GG-03978-MENT, and \$1,809 under Grant Number 15PJDP-22-GG-03809-DGCT.

2020-DC-BX-0110, Adult Drug Court & Veterans Treatment Court (DTR) (RU 2276)

MHMR concurs with the recommendation.

MHMR will coordinate with OJP to remedy \$7,009 in unsupported other direct costs.

Increased Communication and Staff Education

⁴ Exhibit A, Worksheet Rec. #3 (Contractor Costs), Column C, rows 4-6

⁵ Exhibit A, Worksheet Rec. #3 (Contractor Costs), Column E, rows 4-6

⁶ Exhibit B-1

⁷ Exhibit A, Worksheet Rec. #3 (Contractor Costs), Column C, row 7

⁸ Exhibit B-2

Recommendation 2

The OIG identified three transactions without adequate supporting documentation⁹. Deficiencies were due to missing intake information on dates ranging from January 31, 2021 until February 28, 2022¹⁰. During the dates at issue for these transactions, the process at the time had been to complete paper copies of the intake forms and enter the information into the relevant systems. The onset of the COVID-19 pandemic and subsequent administrative responses also contributed to processes being put into place out of necessity, that would later be further reviewed and revised. The process in place during the dates of this finding has since been modified so that this deficiency is remedied. As of December of 2022, staffing changes have occurred for the program, and MHMR modified its intake processes to complete the screening information directly into the system mandated by the state of Texas, known as the Clinical Management for Behavioral Health Services¹¹, with a copy uploaded into MHMR's EHR.

2020-AR-BX-0082, Comprehensive Opioid, Stimulant, and Substance Abuse Site-Based Program (COSSAP) (RU 2274)

MHMR concurs with the recommendation.

MHMR will coordinate with OJP to remedy four transactions totaling \$895¹² in unsupported other direct costs.

Modification of Mileage Documentation Procedure

The OIG noted, for three of the transactions (10010497-6776, 10012593-2793, and 10015319-22)¹³ that there was no purpose listed on the daily mileage trips. MHMR is coordinating with its software provider to adjust the form fields of its expense reports to make the "purpose" field required.

Enhanced Communication and Coordination

With regard to transaction 10016172-12¹⁴, the OIG noted that there was no invoice or other proof of payment to support the transaction in the amount of \$108.28 for client record fees. It is not currently the practice of MHMR to charge client record fees to grantors. The enhancement of internal communication and coordination for grant budgets and expenses will reduce the likelihood of this occurring in the future.

15PBJA-21-GG-03978-MENT, Justice and Mental Health Collaboration Program (JMHCPC) (RU 4413)

MHMR concurs with the recommendation.

⁹ Draft Report, 8

¹⁰ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column B, rows 7-9

¹¹ Texas Health and Human Services, Clinical Management for Behavioral Health Services
<https://www.hhs.texas.gov/providers/behavioral-health-services-providers/behavioral-health-provider-resources/clinical-management-behavioral-health-services>

¹² Draft Report, 9

¹³ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column C, rows 476-7, 479

¹⁴ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column C, row 478

Recommendation 2

MHMR will coordinate with OJP to remedy three transactions totaling \$364¹⁵ in unsupported other direct costs.

Modification of Mileage Documentation Procedure.

The OIG noted for transaction 10019832-58¹⁶ that there was an insufficient purpose listed on the daily mileage trips. MHMR is coordinating with its software provider to adjust the form fields of its expense reports to make the “purpose” field required.

Enhanced Communication and Coordination

The OIG noted a \$2.40 charge associated with transaction 1002066-1907 and indicated that there was no invoice or contract rate to justify this amount.¹⁷ This charge resulted from an allocation of software fees to those programs who were utilizing the software for purposes of the grant or program.

The OIG also identified transaction 10023785-587, a \$54.00 charge for parking, and indicated that the parking receipts totaled \$40, and the remaining amount was unsupported.¹⁸

Increased communication among departments at MHMR will enable the initial inclusion of this category of fees in the grant’s budget narrative and subsequent budgets, as approved by OJP. In addition, the centralization of information among departments managing grant finances and budgets will enable information to be more readily available to all parties and ensure documentation is included to support the transactions. MHMR will reach out to representatives at OJP in order to discuss a modification of the current budget to incorporate these categories of transactions.

15PJDP-22-GG-03809-DGCT, Family Treatment Court Program (Celebrating Families) (RU 3146)

MHMR concurs in part with the recommendation.

MHMR does not concur with the recommendation as it relates to transaction 10022502-2 in the amount of \$1,790.00.¹⁹

Submission of Documentation in Support of Transactions 10022502-2²⁰

The OIG has noted two transactions totaling \$1,809 that lack invoices.²¹ After additional review of grant documentation following staffing changes, MHMR was able to locate documentation in support of transaction 10022502-2 in the amount of \$1,790.00. MHMR has attached as Exhibit B-3 an e-mailed receipt noting the contribution total of \$1,790 indicating that a Non-Member

¹⁵ Draft Report, 9

¹⁶ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Columns C, M, row 994

¹⁷ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column C, M, row 995

¹⁸ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column C, M, row 996

¹⁹ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column C, row 1041

²⁰ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column C, row 1041

²¹ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column C, M, row 1041-2

Recommendation 2

Conference Fee was purchased specific to All Rise.²² Accordingly, MHMR respectfully requests that OIG close this portion of the recommendation.

MHMR concurs with the recommendation as it relates to transaction 10024967-332 in the amount of \$19.49.

Centralization of Information

The second transaction indicated by the OIG as unsupported was a transportation related transaction for a Lyft ride service, also noted as an unallowable cost.²³ MHMR has addressed the matter of the cost as unallowable in the applicable section of this Response to the Draft Report, Recommendation 3(a) specific to this program. With regards to the transaction finding as an unsupported cost, the centralization of information among the internal departments that manage grant finances and budgets will make information more readily available to all parties and enable documentation to be included to support the transactions.

c. \$74,840 in unsupported matching costs under Grant Number 2020-DC-BX-0110.

2020-DC-BX-0110, Adult Drug Court & Veterans Treatment Court (DTR) (RU 2276)

MHMR concurs with the recommendation.

Enhanced Communication and Coordination

MHMR will coordinate with OJP to remedy \$74,840 in unsupported matching costs.²⁴ MHMR has taken steps to improve its internal communication mechanisms to include the necessary parties when determining the source of match. Education will be provided to the Program staff and the departments managing finances and budgets for DIRECT to Recovery II regarding which funds may be appropriately allocated to match. MHMR is also in the process of modifying its operational procedures related to match.

²² The conference series known as “RISE” is the annual conference series for the National Association of Drug Court Professionals (“NADCP”). The NADCP rebranded as “All Rise.” Their conference series are indicated by “RISE” with the year abbreviated after it, i.e., RISE23 for the conference that occurred in 2023 (<https://allrise.org/>)

²³ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column C, M, row 1042

²⁴ Draft Report, 12

Recommendation 3

3. Coordinate with MHMR to remedy \$155,966 in unallowable questioned costs associated with the following:

- a. \$116,254 in unallowable other direct costs, including \$26,941 under Grant Number 2020-DC-BX-0110, \$79,726 under Grant Number 2020-AR-BX-0082, \$4,809 under Grant Number 15PBJA-21-GG-03978-MENT, and \$4,778 under Grant Number 15PJDP-22-GG-03809-DGCT.**

2020-DC-BX-0110, Adult Drug Court & Veterans Treatment Court (DTR) (RU 2276)

MHMR concurs with the recommendation.

MHMR will coordinate with OJP to remedy \$26,941 in unallowable direct costs that were not included in the budget. The OIG identified five categories of unallowable costs:

- Unallowable Administrative Software Licensing Fees: \$6,670.39²⁵
- Unallowable Administrative Building Overhead Costs: \$16,613.56²⁶
- Unallowable Administrative Landline Phone Costs: \$922.05²⁷
- Unallowable Administrative Costs for Research Staff: \$2,614.94²⁸
- Unallowable Miscellaneous Costs: \$120.00²⁹

Operational Procedure

It is the practice for MHMR to allocate certain standard administrative costs such as the Landline Phone costs and Software Licensing Fees across the applicable grant or program based on personnel utilizing those resources for the purposes of the grant or program. MHMR is currently in the process of drafting its operating procedure for grants management. Within two months of the submission of this Response to the Draft Report, MHMR will finalize its operating procedure for grants management, thereby enhancing coordination and communication by the necessary parties in order to prevent the omission of standardized costs from the grant budgets in the future.

Modification of Allocation Process

MHMR is no longer allocating indirect costs into Reporting Unit for the Evaluation Department (referred to here as Research staff), which addresses the discrepancy related to unallowable administrative costs for those staff moving forward.

Enhanced Communication and Coordination

Revised procedures and the improvement of communication among departments will enable staff to properly identify costs that should be included in the budgets approved by OJP. Although the DIRECT to Recovery I project period is closed, MHMR will contact grant representatives with OJP for the DIRECT to Recovery II program to explore remedies that may be necessary for revising current budgets, such as a Grant Adjustment Modification.

²⁵ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, rows 16-368

²⁶ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, rows 372-397

²⁷ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, rows 401-457

²⁸ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, rows 461-2

²⁹ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, row 467

Recommendation 3

MHMR is also strengthening its grant management processes by enhancing oversight with a new administrative function for post-award grants administration.

Centralization of Information

Plans are currently underway to centralize information associated with grant budgets and supporting documentation. MHMR is updating its process to fully incorporate grants information, including budget and relevant financial information, into its contract management software.

2020-AR-BX-0082, Comprehensive Opioid, Stimulant, and Substance Abuse Site-Based Program (COSSAP) (RU 2274)

MHMR concurs with the recommendation.

MHMR will coordinate with OJP to remedy \$79,726 in unallowable direct costs that were not included in the budget. The OIG identified seven categories of unallowable costs:

- Unallowable Administrative Software Licensing Fees: \$21,319.27³⁰
- Unallowable Administrative Building Overhead Costs: \$17,156.51³¹
- Unallowable Administrative Landline Phone Costs: \$828.18³²
- Unallowable Travel Expenses: \$4,422.71³³
- Unallowable Administrative Costs for Research Staff: \$20,175.05³⁴
- Unallowable Miscellaneous Costs for Research Staff: \$15,177.97³⁵
- Unallowable Miscellaneous Costs: \$648.68³⁶

Operational Procedure

It is the practice for MHMR to allocate certain standard administrative costs such as the Landline Phone costs and Software Licensing Fees across the applicable grant or program based on personnel utilizing those resources for the purposes of the grant or program. Moreover, MHMR has revised processes for the allocation of grant costs for the Evaluation Department (these costs are listed as Administrative Costs for Research Staff).

MHMR is currently in the process of drafting its operating procedure for grants management. Within two months of the submission of this Response to the Draft Report, the operational procedure will be finalized, thereby enhancing coordination and communication by the necessary parties to prevent the omission of standardized costs from the grant budgets in the future.

Enhanced Communication and Coordination

Revised procedures and the improvement of communication among departments will enable staff to properly identify costs that should be included in the budgets approved by OJP. Although the COSSAP project period is closed, MHMR will contact grant representatives with OJP for the

³⁰ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, row 486-858

³¹ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, row 862-883

³² Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, row 887-942

³³ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, row 946-958

³⁴ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, row 962-971

³⁵ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, row 976-7

³⁶ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, row 982-984

Recommendation 3

COSSUP program to discuss MHMR's standard cost allocation processes and explore remedies that may be necessary for revising current budgets, such as a Grant Adjustment Modification.

MHMR is also strengthening its grant management processes by enhancing oversight with a new administrative function for post-award grants administration.

15PBJA-21-GG-03978-MENT, Justice and Mental Health Collaboration Program (JMHCP) (RU 4413)

MHMR concurs with the recommendation.

MHMR will coordinate with OJP to remedy \$4,809 in unallowable direct costs that were not included in the budget. The OIG identified four categories of unallowable costs:

- Unallowable Administrative Office Landline Phones: \$175.66³⁷
- Unallowable Client Meals: \$41.53³⁸
- Unallowable Client Rent/Recovery Housing Expenses: \$4,750.00³⁹
- Unallowable Administrative Costs for Research Staff: \$22.04⁴⁰

Operational Procedure

It is the practice for MHMR to allocate certain standard administrative costs such as the Landline Phone costs across the applicable grant or program based on personnel utilizing those resources for the purposes of the grant or program. Moreover, MHMR leadership has discussed revising processes for the allocation of grant costs for the Evaluation Department. MHMR is currently in the process of drafting its operating procedure for grants management. Within two months of the submission of this Response to the Draft Report, the budget approval processes for grants will be revised to enhance coordination and communication by the necessary parties in order to prevent the omission of standardized costs from the grant budgets in the future.

Enhanced Communication and Coordination

Revised procedures and the improvement of communication among departments will enable staff to properly identify costs that should be included in the budgets approved by OJP. MHMR will contact grant representatives with OJP for the JMHCP program to discuss MHMR's standard cost allocation processes and explore remedies that may be necessary for revising current budgets, such as a Grant Adjustment Modification.

MHMR is also strengthening its grant management processes by enhancing oversight with a new administrative function for post-award grants administration.

With regard to the transactions for client meals⁴¹, MHMR's budget included flex funds. Per the Budget Narrative, approved by OJP, flex funds are meant to pay for client transportation, including bus passes, documents (e.g., birth certificate/state ID), hygiene items, or clothing items. MHMR

³⁷ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, rows 1003-1010

³⁸ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, rows 1014-1017

³⁹ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, rows 1021-1027

⁴⁰ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, row 1031

⁴¹ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs) rows 1014-1017

Recommendation 3

will contact grant representatives with OJP for this program to discuss the specific inclusion of client meals in the flex funds budget category in the event that such costs are expected in the future, and if so, will submit a Grant Adjustment Modification. Additionally, education will be provided to staff working with the grant budgets and program about the currently allowable costs for program participants.

Centralization of Information

Plans are currently underway to centralize budget information. MHMR is updating its process to fully incorporate grants information, including budget and relevant financial information, into its contract management software.

Concerning the transactions related to housing costs,⁴² the centralization of relevant budgetary information will help avoid the incurrence of unallowable costs, as staff will be able to reference the limitations of their budgets prior to requesting funds.

15PJDP-22-GG-03809-DGCT, Family Treatment Court Program (Celebrating Families) (RU 3146)

MHMR concurs in part with the recommendation.

After additional review of grant documentation following staffing changes, MHMR was able to locate documentation in support of the transactions, as detailed below.

In an e-mail dated September 22, 2023, MHMR requested a reallocation of certain funds to cover costs related to transportation.⁴³ It was noted that the request was under 10% of the budget. MHMR received guidance from the OJP in an e-mail dated October 25, 2023 indicating that, because the request was under the “10% trigger,” MHMR would not be required to submit a budget modification.⁴⁴ It was our understanding, based on this guidance, that the described re-allocations under 10% of the budgeted amounts, were allowable transactions.

MHMR disagrees with the finding that it has \$4,778 in unallowable direct costs. The OIG determined that the unallowable costs were in the following categories:

- Unallowable Travel Expenses: \$3,407.73⁴⁵
- Unallowable Ride Sharing Expenses: \$183.27⁴⁶
- Unallowable Gift Card Expenses: \$674.64⁴⁷
- Unallowable Car Seat Expenses: \$404.96⁴⁸
- Unallowable Miscellaneous Expenses: \$107.16⁴⁹

⁴² Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, rows 1021-1027

⁴³ Exhibit B-4

⁴⁴ Exhibit B-4

⁴⁵ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, rows 1049-1055

⁴⁶ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, rows 1059-1068

⁴⁷ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, rows 1072-1075

⁴⁸ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, rows 1080-1082

⁴⁹ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, row 1087

Recommendation 3

Travel Expenses

MHMR does not concur with this recommendation.

The OIG noted seven unallowable transactions in this category, including payments for meals, parking, Uber, hotel, conference registration fee, and mileage reimbursement for a conference known as “RISE 23”⁵⁰, totaling \$3,407.73. MHMR included the following in its budget dated May 4, 2023, attached as Exhibit B-5: (1) \$3,125 for mileage and (2) \$5,019 for a Washington DC trip. In an e-mail from OJP, an explanation is provided regarding the inclusion of Washington DC specifically: that the solicitation requires that for budgetary purposes, it should be assumed that meetings will be in the Washington, DC area.⁵¹

The RISE 23 conference, however, was located in Houston, Texas in 2023, as opposed to Washington DC. In February of 2023, MHMR requested and received permission from OJJDP to use funds allocated for the Washington DC trip to attend the RISE 23 conference. Attached is Exhibit B-7, an e-mail dated February 14, 2023, from the OJJDP Program Manager indicating such approval.

According to the grant’s approved Budget Narrative, included in the costs for the Washington DC trip were airfare, a per diem for hotel, and a per diem for meals. The Budget Narrative did not include conference registration fees in the “Travel” category of the budget. However, as seen on Exhibit B-7, MHMR received express approval from OJJDP to charge room and board, hotel, meals, and incidentals for the Rise 23 conference and was instructed to charge conference registration fees to the “Other” category of the budget. Accordingly, MHMR respectfully requests that OIG close this portion of the recommendation.

MHMR and OJJDP have coordinated to address the process for obtaining approvals for budget amendments. Moving forward, MHMR plans to submit a Grant Adjustment Modification to OJJDP to include the necessary categories and detail in the approved budget.

Ride Sharing

MHMR does not concur with this recommendation.

The OIG determined that there were ten unallowable transactions for ride sharing, totaling \$183.27. On or about November 9, 2023, MHMR submitted two Local Program Procedures via e-mail to OJJDP⁵², one of which was specific to Transportation⁵³ and the other to Incentives.⁵⁴ As part of its Transportation Procedure, MHMR outlined that its staff would provide transportation for participants under the grant and that, if MHMR staff were unable to provide transportation, then

⁵⁰ The conference series known as “RISE” is the annual conference series for the National Association of Drug Court Professionals (“NADCP”). The NADCP rebranded as “All Rise.” Their conference series are indicated by “RISE” with the year abbreviated after it, i.e., RISE23 for the conference that occurred in 2023. <https://allrise.org/>

⁵¹ Exhibit B-6

⁵² Exhibit B-8

⁵³ Exhibit B-9

⁵⁴ Exhibit B-10

Recommendation 3

MHMR staff request a ride through Lyft.⁵⁵ Because these procedures were submitted to and approved by OJJDP, MHMR respectfully requests that OIG close this portion of the recommendation.

MHMR and OJJDP have coordinated to address the process for obtaining approvals for budget amendments. Moving forward, MHMR plans to submit a Grant Adjustment Modification to OJJDP to include these categories in the approved budget.

Gift Cards

MHMR does not concur with this recommendation.

The OIG determined that there were four unallowable transactions for the purchase of gift cards and gas cards for families, totaling \$674.64. Within the e-mail dated November 9, 2023, in addition to requests related to transportation funds, MHMR requested to use funds for purposes of incentives for participants.⁵⁶ As part of its Local Program Procedure for Incentives, MHMR outlined that it would provide incentives, including gift cards of \$25 value, to grant participants.⁵⁷ In its Local Program Procedures for Transportation, MHMR indicated that gas cards could be provided to participants for \$25.⁵⁸ Because these procedures were submitted to and approved by OJJDP, MHMR respectfully requests that OIG close this portion of the recommendation.

MHMR and OJJDP have coordinated to address the process for obtaining approvals for budget amendments. Moving forward, MHMR plans to submit a Grant Adjustment Modification to OJJDP to include these categories in the approved budget.

Car Seats

MHMR does not concur with this recommendation.

The OIG determined that there were three unallowable transactions for the purchase of car seats to loan to clients of the program, totaling \$404.96. As part of its Local Program Procedure for Transportation, MHMR outlined that its staff would provide transportation for participants under the grant, provided that children are in a car seat approved and appropriate for their age and weight.⁵⁹ Because these procedures were submitted to and approved by OJJDP, MHMR respectfully requests that OIG close this portion of the recommendation.

MHMR and OJJDP have coordinated to address the process for obtaining approvals for budget amendments. Moving forward, MHMR plans to submit a Grant Adjustment Modification to OJJDP to include these categories in the approved budget.

Miscellaneous

⁵⁵ Exhibit B-9

⁵⁶ Exhibit B-8

⁵⁷ Exhibit B-10

⁵⁸ Exhibit B-9

⁵⁹ Exhibit B-9

Recommendation 3

MHMR concurs with this recommendation.

The OIG determined that there was one unallowable miscellaneous expense, totaling \$107.16.⁶⁰

Enhanced Coordination and Communication

The Reporting Unit for the grant was billed as a result of miscoding. MHMR has established regular meetings among departments that manage grant finances and budgets so that all necessary parties are reviewing the proper allocation methods for grants.

Operational Procedure

MHMR is currently updating its Grants Management operating procedure, which will aid in establishing communication guidelines among the necessary teams.

- b. \$39,712 in unallowable indirect costs, including \$6,480 under Grant Number 2020-DC-BX-0110, \$24,802 under Grant Number 2020-AR-BX-0082, and \$8,430 under Grant Number 15PBJA-21-GG-03978-MENT.**

2020-DC-BX-0110, Adult Drug Court & Veterans Treatment Court (DTR) (RU 2276)

MHMR concurs with the recommendation.

MHMR will coordinate with OJP to remedy \$6,480 in unallowable indirect costs. The OIG notes two reasons for the unallowable costs: (1) MHMR charged an indirect rate for unallowable costs and (2) MHMR charged an indirect rate in excess of the de minimis rate and did not have an agreement in place for an enhanced rate.

It has been the practice for MHMR to use an indirect cost rate that is even with or less than the Annual Comprehensive Financial Report Indirect Rate. MHMR identified during the audit that we did not have a current negotiated cost rate with our cognizant agency, and we will be modifying our processes to only use the de minimis rate.

Operational Procedure

MHMR is currently drafting an operational procedure specific to grants management, which will incorporate the consideration of de minimis rates in the construction of grant budgets.

Modification of Current Process

MHMR will reach out to OJP for the DIRECT to Recovery II program regarding a Grant Adjustment Modification or other necessary remedy to address the matter of the indirect cost rate as it relates to this program, and request that it be amended to a 10% de minimis rate. MHMR is currently implementing adjustments to its administrative budget processes so that the indirect rate will be in compliance with applicable law and policy.

2020-AR-BX-0082, Comprehensive Opioid, Stimulant, and Substance Abuse Site-Based Program (COSSAP) (RU 2274)

⁶⁰ Exhibit A, Worksheet Rec. #3,4 (Other Direct Costs), Column M, rows 1087

Recommendation 3

MHMR concurs with the recommendation.

MHMR will coordinate with OJP to remedy \$24,802 in unallowable indirect costs. The OIG notes two reasons for the unallowable costs: (1) MHMR charged an indirect rate for unallowable costs and (2) MHMR charged an indirect rate in excess of the de minimis rate and did not have an agreement in place for an enhanced rate.

It has been the practice for MHMR to use an indirect cost rate that is even with or less than the Annual Comprehensive Financial Report Indirect Rate. MHMR identified during the audit that we did not have a current negotiated cost rate with our cognizant agency, and we will be modifying our processes to only use the de minimis rate.

Operational Procedure

MHMR is currently drafting an operational procedure specific to grants management, which will incorporate the consideration of de minimis rates in the construction of grant budgets.

Modification of Current Process

MHMR will reach out to OJP for the COSSUP program regarding a Grant Adjustment Modification or other necessary remedy to address the matter of the indirect cost rate as it relates to this program, and request that it be amended to a 10% de minimis rate.

15PBJA-21-GG-03978-MENT, Justice and Mental Health Collaboration Program (JMHCPC) (RU 4413)

MHMR concurs with the recommendation.

MHMR will coordinate with OJP to remedy \$8,430 in unallowable indirect costs. The OIG notes two reasons for the unallowable costs: (1) MHMR charged an indirect rate for unallowable costs and (2) MHMR charged an indirect rate in excess of the de minimis rate and did not have an agreement in place for an enhanced rate.

It has been the practice for MHMR to use an indirect cost rate that is even with or less than the Annual Comprehensive Financial Report Indirect Rate. MHMR identified during the audit that we did not have a current negotiated cost rate with our cognizant agency, and we will be modifying our processes to only use the de minimis rate.

Operational Procedure

MHMR is currently drafting an operational procedure specific to grants management, which will incorporate the consideration of de minimis rates in the construction of grant budgets.

Modification of Current Process

MHMR will reach out to OJP regarding a Grant Adjustment Modification or other necessary remedy to address the matter of the indirect cost rate as it relates to this program, and request that it be amended to a de minimis rate.

Recommendation 4

- 4. Coordinate with MHMR to ensure that contracts include the detailed statement of work and contractor rates and contractors provide detailed invoices that include the work that was completed prior to payment for services rendered.**

15PJDP-22-GG-03809-DGCT, Family Treatment Court Program (Celebrating Families) (RU 3146)

MHMR concurs with the recommendation.

MHMR will coordinate with OJP to develop the appropriate policies and procedures.

Operational Procedure

MHMR is currently in the process of drafting a new Operational Procedure specific to management of the agency's grants. Once finalized, this Operational Procedure will address the processes of managing the grant from pre-award to post-award, including the consideration of information that should be considered in documentation with external parties. This Operational Procedure has been discussed by executive leadership for MHMR, and MHMR anticipates that it will be finalized no later than two months from the date of submission of this Response to the Draft Report.

Modification of Sub-Contract

MHMR has met with its contractor, Challenge of Tarrant County, to review the agreement and invoices for the purpose of adding specific language to ensure that Challenge of Tarrant County's costs are supported by the necessary information. MHMR plans to continue regular discussions over the following weeks with Challenge of Tarrant County to finalize the additional information to be included. Within two months of the submission of this Draft Report, MHMR will provide a draft revised statement of work with the requisite information to Challenge of Tarrant County for their review.

Revision of Contract Review Process

Within one month of the submission of this Draft Report, MHMR plans to revise its internal review procedure for grant contracts to alert MHMR reviewers that the contract to be reviewed is associated with a grant, and accordingly, may have additional materials that require review, to ensure proper integration of language into the grant's sub-contract.

Recommendation 5

- 5. Coordinate with MHMR to develop policies and procedures to ensure it retains indirect cost rate proposals and related supporting documentation, only includes allowable costs in the total direct costs base when applying its approved indirect cost rate to the grants, and is reporting its indirect costs information on FFRs submitted each quarter.**

MHMR concurs with the recommendation.

MHMR will coordinate with OJP to develop the appropriate policies and procedures. It has been the practice for MHMR to use an indirect cost rate that is even with or less than the Annual Comprehensive Financial Report Indirect Rate. MHMR identified during the audit that we did not have a current negotiated cost rate with our cognizant agency, and we will be modifying our processes to only use the de minimis rate.

Operational Procedure

MHMR is currently drafting an operational procedure specific to grants management, which will incorporate the consideration of de minimis rates in the construction of grant budgets.

Modification of Current Process

MHMR will reach out to OJP regarding a Grant Adjustment Modification or other necessary remedies to address the matter of the indirect cost rate as it relates to grants within their project periods, and request that it be amended to a 10% de minimis rate.

MHMR has modified its internal procedures for the completion of FFRs to require the inclusion of indirect costs information.

Recommendation 6

6. Coordinate with MHMR to ensure that the matching requirement is met.

MHMR concurs with the recommendation.

15PJDP-22-GG-03809-DGCT, Family Treatment Court Program (Celebrating Families) (RU 3146)

Enhanced Communication and Coordination

MHMR will coordinate with OJP to ensure that the matching requirement is met for this program. Through regular meetings that have included executive leadership as well as directors at the level of program administration, MHMR has taken steps to improve its internal communication mechanisms to include the necessary parties when determining the source of match. Within three months of the submission of this Response to the Draft Report, education will be provided to the Programs and Business teams regarding which funds may be appropriately allocated to match. Within two months of the submission of this Response to the Draft Report, MHMR will modify its operational procedures related to match.

MHMR will coordinate with OJP regarding additional sources for matching funds. With regard to transactions related to volunteer time utilized as match, MHMR began implementing sign-in sheets in February of 2024 as a requirement for the volunteers when their time was being claimed as match, in accordance with the approved grant terms. Proper tracking and maintenance of this information will assist in meeting MHMR's match requirement for this grant.

15PBJA-21-GG-03978-MENT, Justice and Mental Health Collaboration Program (JMHCP) (RU 4413)

Enhanced Communication and Coordination

MHMR will coordinate with OJP to ensure that the matching requirement is met for this program. Through regular meetings that have included executive leadership as well as directors at the level of program administration, MHMR has taken steps to improve its internal communication mechanisms to include the necessary parties when determining the source of match. Within three months of the submission of this Response to the Draft Report, education to the Programs and Business teams regarding which funds may be appropriately allocated to match will be provided. Within two months of the submission of this Response to the Draft Report, MHMR will modify its operational procedures related to match.

MHMR has coordinated with its technical assistance provider and will further coordinate with OJP in order to restructure and revise its sources of matching funds, as will be necessary to meet its match requirement.

Recommendation 7

- 7. Coordinate with MHMR to develop policies and procedures to ensure it maintains adequate records, including supporting documentation for its matching costs and it is reporting matching expenses on FFRs submitted each quarter.**

2020-DC-BX-0110, Adult Drug Court & Veterans Treatment Court (DTR) (RU 2276)

15PJDP-22-GG-03809-DGCT, Family Treatment Court Program (Celebrating Families) (RU 3146)

15PBJA-21-GG-03978-MENT, Justice and Mental Health Collaboration Program (JMHCP) (RU 4413)

MHMR concurs with the recommendation.

Operational Procedure

MHMR is currently in the process of drafting a new Operational Procedure specific to processes relating to matching funds. This Operational Procedure has been discussed by executive leadership for MHMR, and MHMR anticipates that it will be finalized no later than two months from the date of submission of this Response to the Draft Report.

Enhanced Communication and Coordination

MHMR has improved internal communication mechanisms to ensure that the necessary parties are included when determining the source of match.

MHMR has also encouraged teams to determine whether documentation of match comes from an internal or external source and to choose matching sources that can be tracked internally. Where this is not possible, teams should be aware that a formal relationship (e.g., MOU) may be required where documentation is stored externally.

MHMR has rectified some of the documentation issues identified by this audit. For example, for 15PJDP-22-GG-03809-DGCT, staff originally requested and was unable to procure volunteer logs to justify hours for match from an external party. MHMR now tracks volunteer hours internally via a signed paper logs that are then incorporated into a tracking mechanism.

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



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

July 10, 2024

MEMORANDUM TO: Kimberly L. Rice
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General

FROM: Jeffery A. Haley *Jeffery A. Haley*
Deputy Director, Audit and Review Division

SUBJECT: Response to the Draft Report, *Audit of the Office of Justice Programs Drug and Mental Health Treatment Grants, Awarded to My Health My Resources of Tarrant County, Fort Worth, Texas*

This memorandum is in reference to your correspondence, dated June 11, 2024, transmitting the above-referenced draft audit report for My Health My Resources of Tarrant County (MHMR). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **seven** recommendations and **\$247,326¹** in net questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. We recommend that OJP coordinate with MHMR to enhance its policies and procedures to ensure that performance reports are accurate and fully supported.

OJP agrees with this recommendation. In its response, dated July 2, 2024, MHMR stated that they are in the process of drafting new Operational Procedures for management of their grants, which will include procedures to address the reporting of grant activity and guidelines to ensure that reporting is accurate and properly supported. MHMR further stated that they anticipate finalizing the procedures within two months of their response.

Accordingly, we will coordinate with MHMR to obtain a copy of its written policies and procedures, developed and implemented, to ensure that performance reports are accurate and fully supported; and the supporting documentation is maintained for future auditing purposes.

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

2. **We recommend that OJP coordinate with MHMR to remedy \$93,278 in unsupported questioned costs associated with the following:**
- a. **\$8,361 in unsupported contractor costs under Grant Number 15PJDP-22-GG-03809-DGCT.**
 - b. **\$10,077 in unsupported other direct costs, including \$7,009 under Grant Number 2020-DC-BX-0110, \$895 under Grant Number 2020-AR-BX-0082, \$364 under Grant Number 15PBJA-21-GG-03978-MENT, and \$1,809 under Grant Number 15PJDP-22-GG-03809-DGCT.**
 - c. **\$74,840 in unsupported matching costs under Grant Number 2020-DC-BX-0110.**

OJP agrees with this recommendation. In its response, dated July 2, 2024, MHMR provided documentation that it stated supported some of the costs questioned in subparts a and c, and stated that it will coordinate with OJP to address the remaining questioned costs.

While MHMR did not provide this documentation to the U.S. Department of Justice, Office of the Inspector General (OIG), during the audit, we will review the \$93,278 in questioned costs, related to \$8,361 in unsupported contractor costs, \$10,077 in unsupported other direct costs, and \$74,840 in unsupported matching costs, that were charged to Grant Numbers 2020-DC-BX-0110, 2020-AR-BX-0082, 15PBJA-21-GG-03978-MENT, and 15PJDP-22-GG-03809-DGCT, and will work with MHMR to remedy, as appropriate.

3. **We recommend that OJP coordinate with MHMR to remedy \$155,966 in unallowable questioned costs associated with the following:**
- a. **\$116,254 in unallowable other direct costs, including \$26,941 under Grant Number 2020-DC-BX-0110, \$79,726 under Grant Number 2020-AR-BX-0082, \$4,809 under Grant Number 15PBJA-21-GG-03978-MENT, and \$4,778 under Grant Number 15PJDP-22-GG-03809-DGCT.**
 - b. **\$39,712 in unallowable indirect costs, including \$6,480 under Grant Number 2020-DC-BX-0110, \$24,802 under Grant Number 2020-AR-BX-0082, and \$8,430 under Grant Number 15PBJA-21-GG-03978-MENT.**

OJP agrees with this recommendation. In its response, dated July 2, 2024, MHMR provided documentation which stated that it supported some of the costs questioned in subpart a, and stated that it will coordinate with OJP to address the remaining questioned costs.

While MHMR did not provide this documentation to the OIG during the audit, we will review the \$172,036 in questioned costs, related to \$116,254 in unallowable other direct costs and \$39,712 in unallowable indirect costs, that were charged to Grant Numbers 2020-DC-BX-0110, 2020-AR-BX-0082, 15PBJA-21-GG-03978-MENT, and 15PJDP-22-GG-03809-DGCT, and will work with MHMR to remedy, as appropriate.

4. **We recommend that OJP coordinate with MHMR to ensure that contracts include the detailed statement of work and contractor rates and contractors provide detailed invoices that include the work that was completed prior to payment for services rendered.**

OJP agrees with this recommendation. In its response, dated July 2, 2024, MHMR stated that they are in the process of drafting new Operational Procedures, specific to management of their grants, which will include procedures to address the processes of managing the grant from pre-award to post-award, including the consideration of information that should be considered in documentation with external parties. MHMR further stated that they anticipate finalizing the procedures within two months from the date of their response.

Accordingly, we will coordinate with MHMR to obtain a copy of its written policies and procedures, developed and implemented, to ensure that contracts include the detailed statement of work and contractor rates, and require contractors to provide detailed invoices that include the work that was completed prior to payment for services rendered.

5. **We recommend that OJP coordinate with MHMR to develop policies and procedures to ensure it retains indirect cost rate proposals and related supporting documentation, only includes allowable costs in the total direct costs base when applying its approved indirect cost rate to the grants, and is reporting its indirect costs information on FFRs submitted each quarter.**

OJP agrees with this recommendation. In its response, dated July 2, 2024, MHMR stated that it will develop the appropriate policies and procedures, which will incorporate consideration of the de minimis indirect costs rates when preparing grant budgets. Additionally, MHMR indicated that it has been its practice to use an indirect cost rate that is even with or less than the Annual Comprehensive Financial Report Indirect Rate.

Accordingly, we will coordinate with MHMR to obtain a copy of its written policies and procedures, developed and implemented, to ensure that: indirect cost rate proposals and related supporting documentation are retained for future auditing purposes; only allowable costs are included in the total direct costs base when applying its approved indirect cost rate to the grants; and indirect costs are accurately reported on Federal Financial Reports (FFR) each quarter.

6. We recommend that OJP coordinate with MHMR to ensure that the matching requirement is met.

OJP agrees with this recommendation. In its response, dated July 2, 2024, MHMR stated that it will ensure that the matching requirement is met, including coordinating with OJP, as appropriate, for Grant Numbers 15PJDP-22-GG-03809-DGCT and 15PBJA-21-GG-03978-MENT.

Accordingly, we will coordinate with the MHMR to ensure that it meets the matching requirements for Grant Numbers 15PJDP-22-GG-03809-DGCT and 15PBJA-21-GG-03978-MENT.

7. We recommend that OJP coordinate with MHMR to develop policies and procedures to ensure it maintains adequate records, including supporting documentation for its matching costs and it is reporting matching expenses on FFRs submitted each quarter.

OJP agrees with this recommendation. In its response, dated July 2, 2024, MHMR stated that they are in the process of drafting new Operational Procedures, specific to processes relating to matching funds, which will ensure that matching sources (internal or external) are properly tracked. MHMR further stated that they anticipate finalizing the procedures within two months from the date of their response.

Accordingly, we will coordinate with the MHMR to obtain a copy of its written policies and procedures, developed and implemented, to ensure adequate records are maintained, including supporting documentation for its matching costs; and that MHMR is accurately reporting matching expenses on FFRs submitted each quarter.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Linda J. Taylor, Lead Auditor, Audit Coordination Branch, Audit and Review Division, of my staff, on (202) 514-7270.

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

The Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP) and My Health My Resources of Tarrant County (MHMR). The MHMR response is incorporated in Appendix 3 and the OJP 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. MHMR concurred with five recommendations and partially concurred with two recommendations. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

1. **Coordinate with MHMR to enhance its policies and procedures to ensure that performance reports are accurate and fully supported.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that MHMR is in the process of drafting new Operation Procedures for management of its grants, which include procedures to address the reporting of grant activity and guidelines to ensure that reporting is accurate and properly supported. OJP also stated that MHMR anticipates finalizing the procedures within 2 months of its response (dated July 2, 2024). OJP further stated that it will coordinate with MHMR to obtain a copy of its written policies and procedures, developed and implemented, to ensure that performance reports are accurate and fully supported; and the supporting documentation is maintained for future auditing purposes. As a result, this recommendation is resolved.

MHMR concurred with our recommendation and stated in its response that it is currently in the process of drafting new operational procedures that will address the reporting of grant activity and include guidelines to ensure that reporting is accurate and properly supported. Further, MHMR stated it will take steps to implement a Memorandum of Understanding (MOU) or other appropriate documentation to revise and memorialize the process and method of collecting the information required for reporting to OJP.

This recommendation can be closed when we receive documentation showing that MHMR has developed and implemented policies and procedures to ensure that performance reports are accurate and fully supported.

2. **Coordinate with MHMR to remedy \$93,278 in unsupported questioned costs associated with the following:**
 - a. **\$8,361 in unsupported contractor costs under Grant Number 15PJDP-22-GG-03809-DGCT.**

- b. **\$10,077 in unsupported other direct costs, including \$7,009 under Grant Number 2020-DC-BX-0110, \$895 under Grant Number 2020-AR-BX-0082, \$364 under Grant Number 15PBJA-21-GG-03978-MENT, and \$1,809 under Grant Number 15PJDP-GG-03809-DGCT.**
- c. **\$74,840 in unsupported matching costs under Grant Number 2020-DC-BX-0110.**

Resolved. OJP agreed with our recommendation. OJP noted in its response that MHMR provided documentation that it stated supported some of the costs questioned in subparts a and c and it will coordinate with OJP to address the remaining questioned costs. OJP further stated that while MHMR did not provide this documentation to the OIG during the audit, it will review the information and will work with MHMR to remedy any funds as appropriate. As a result, this recommendation is resolved.

MHMR did not concur with subpart a of our recommendation and stated in its response that after additional review of grant documentation following staffing changes, it was able to locate documentation in support of the questioned transactions and attached them to its response to the draft report. We reviewed the additional documentation provided; however, we determined that it was not sufficient because it did not include the detail of the work performed. Therefore, we were still unable to determine what the contractor accomplished to justify receiving payment.

MHMR mostly concurred with subpart b of our recommendation and stated in its response that it will coordinate with OJP to remedy \$8,287 (\$7,009 under Grant Number 2020-DC-BX-0110, \$895 under Grant Number 2020-AR-BX-0082, \$364 under Grant Number 15PBJA-21-GG-03978-MENT, and \$19 of the \$1,809 under Grant Number 15PJDP-22-GG-03809-DGCT) of the \$10,077 in unsupported other direct costs. However, MHMR did not concur with the recommendation as it relates to a transaction in the amount of \$1,790 under Grant Number 15PJDP-22-GG-03809-DGCT. MHMR stated that after additional review of grant documentation following staffing changes, it was able to locate documentation in support of the \$1,790 transaction. We reviewed the documentation MHMR provided with its response to the draft report in support of the \$1,790 transaction and determined that it may adequately remedy this portion of our questioned costs. We will coordinate with OJP to determine whether it believes this documentation is sufficient.

MHMR concurred with subpart c of our recommendation and stated in its response that it will coordinate with OJP to remedy the \$74,840 in unsupported matching costs. Additionally, MHMR stated that it has taken steps to improve its internal communication mechanisms to include the necessary parties when determining the source of match and education will be provided to the program staff and the departments managing finances and budgets regarding which funds may be appropriately allocated to match. MHMR also stated that it is in the process of modifying its operational procedures related to match.

This recommendation can be closed when we receive evidence that OJP has remedied the \$93,278 in unsupported questioned costs associated with the \$8,361 in unsupported contractor costs, \$10,077 in unsupported other direct costs, and \$74,840 in unsupported matching costs.

3. Coordinate with MHMR to remedy \$155,966 in unallowable questioned costs associated with the following:
 - a. \$116,254 in unallowable other direct costs, including \$26,941 under Grant Number 2020-DC-BX-0110, \$79,726 under Grant Number 2020-AR-BX-0082, \$4,809 under Grant Number 15PBJA-21-GG-03978-MENT, and \$4,778 under Grant Number 15PJDP-22-GG-03809-DGCT.
 - b. \$39,712 in unallowable indirect costs, including \$6,480 under Grant Number 2020-DC-BX-0110, \$24,802 under Grant Number 2020-AR-BX-0082, and \$8,430 under Grant Number 15PBJA-21-GG-03978-MENT.

Resolved. OJP agreed with our recommendation. OJP noted in its response that MHMR provided documentation which stated that it supported some of the costs questioned in subpart a and will coordinate with OJP to address the remaining questioned costs. OJP further stated that while MHMR did not provide this documentation to the OIG during the audit, it will review the information and will work with MHMR to remedy any funds as appropriate. As a result, this recommendation is resolved.

MHMR mostly concurred with subpart a of our recommendation and stated in its response that it will coordinate with OJP to remedy \$111,583 (\$26,941 under Grant Number 2020-DC-BX-0110, \$79,726 under Grant Number 2020-AR-BX-0082, \$4,809 under Grant Number 15PBJA-21-GG-03978-MENT, and \$107 of the \$4,778 under Grant Number 15PJDP-22-GG-03809-DGCT) of the \$116,254 in unallowable other direct costs. However, MHMR did not concur with the recommendation as it relates to unallowable travel, ride sharing, gift card, and car seat expenses totaling \$4,671 under Grant Number 15PJDP-22-GG-03809-DGCT.

MHMR stated that after additional review of grant documentation following staffing changes, it was able to locate documentation in support of the transactions. According to MHMR, it requested by e-mail a reallocation of certain funds to cover costs related to transportation and was informed by OJP that because the request was under 10 percent of the budget, MHMR would not be required to submit a budget modification. MHMR stated that it understood, based on this guidance, that the described reallocations under 10 percent of the budgeted amounts were allowable transactions.

We reviewed the additional documentation MHMR provided with its response to the draft report in support of the \$4,671 in travel, ride sharing, gift card, and car seat expenses and determined that it may adequately remedy this portion of our questioned costs. We will coordinate with OJP to determine whether it believes this documentation is sufficient.

MHMR concurred with subpart b of our recommendation and stated in its response that it will coordinate with OJP to remedy the \$39,712 in unallowable indirect costs. MHMR acknowledged that it charged an indirect rate for unallowable costs, charged in excess of the de minimis rate, and did not have an agreement in place for an enhanced rate. In addition, MHMR stated that it is currently drafting an operation procedure specific to grants management, which will incorporate the consideration of de minimis rates in the construction of grant budgets. Also, MHMR stated it will

reach out to OJP regarding a Grant Award Modification (GAM) or other necessary remedy to address the matter of the indirect cost rate as it relates to its programs, and request that it be amended to 10-percent de minimis rate. Further, MHMR stated that it is currently implementing adjustments to its administrative budget processes so that the indirect rate will be in compliance with applicable law and policy.

This recommendation can be closed when we receive evidence that OJP has remedied \$155,966 in unallowable questioned costs associated with the \$116,254 in unallowable other direct costs and \$39,712 in unallowable indirect costs.

- 4. Coordinate with MHMR to ensure that contracts include the detailed statement of work and contractor rates and contractors provide detailed invoices that include the work that was completed prior to payment for services rendered.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that MHMR is in the process of drafting new Operation Procedures, specific to management of its grants, which will include procedures to address the processes of managing the grant from pre-award to post-award, including the consideration of information that should be considered in documentation with external parties. OJP also stated that MHMR anticipates finalizing the procedures within 2 months of its response (dated July 2, 2024). OJP further stated that it will coordinate with MHMR to obtain a copy of its written policies and procedures, developed and implemented, to ensure that contracts include the detailed statement of work and contractor rates, and require contractors to provide detailed invoices that include the work that was completed prior to payment for services rendered. As a result, this recommendation is resolved.

MHMR concurred with our recommendation and stated in its response that it will coordinate with OJP to develop the appropriate policies and procedures, which will address the processes of managing the grant from pre-award to post-award, including the consideration of information that should be considered in documentation with external parties. MHMR also stated that it has met with its contractor to review the agreement and invoices for the purpose of adding specific language to ensure that costs are supported by the necessary information. In addition, MHMR stated that it will provide a draft revised statement of work with the requisite information to its contractor for their review. Further MHMR stated that it plans to revise its internal review procedure for grant contracts to alert MHMR reviewers that the contract to be reviewed is associated with a grant, and accordingly, may have additional materials that require review, to ensure proper integration of language into the grant's sub-contract.

This recommendation can be closed when we receive documentation showing that MHMR has developed and implemented policies and procedures to ensure that contracts include the detailed statement of work and contractor rates and contractors provide detailed invoices that include the work that was completed prior to payment for services rendered.

- 5. Coordinate with MHMR to develop policies and procedures to ensure it retains indirect cost rate proposals and related supporting documentation, only includes allowable costs in the total direct**

costs base when applying its approved indirect cost rate to the grants, and is reporting its indirect costs information on FFRs submitted each quarter.

Resolved. OJP agreed with our recommendation. OJP stated in its response that MHMR stated that it will develop the appropriate policies and procedures, which will incorporate consideration of the de minimis indirect costs rates when preparing grant budgets. Additionally, OJP stated that MHMR indicated that it has been its practice to use an indirect cost rate that is even with or less than the Annual Comprehensive Financial Report Indirect Rate. OJP further stated that it will coordinate with MHMR to obtain a copy of its written policies and procedures, developed and implemented, to ensure that: indirect cost rate proposals and related supporting documentation are retained for future auditing purposes; only allowable costs are included in the total direct costs base when applying its approved indirect cost rate to the grants; and indirect costs are accurately reported on FFRs each quarter. As a result, this recommendation is resolved.

MHMR concurred with our recommendation and stated in its response that it will coordinate with OJP to develop the appropriate policies and procedures. MHMR identified during the audit that it did not have a current negotiated cost rate with its cognizant agency, and it will be modifying its processes to only use the de minimis rate. MHMR is currently drafting an operational procedure specific to grants management, which will incorporate the consideration of de minimis rates in the construction of grant budgets. In addition, MHMR stated it will reach out to OJP regarding a GAM or other necessary remedies to address the matter of the indirect cost rate as it relates to grants within their project periods, and request that it be amended to a 10 percent de minimis rate. Finally, MHMR stated it has modified its internal procedures for the completion of FFRs to require the inclusion of indirect costs information.

This recommendation can be closed when we receive documentation showing that MHMR has developed and implemented policies and procedures to ensure that it retains indirect cost rate proposals and related supporting documentation, only includes allowable costs in the total direct costs base when applying its approved indirect cost rate to the grants, and is reporting its indirect costs information on FFRs submitted each quarter.

6. Coordinate with MHMR to ensure that the matching requirement is met.

Resolved. OJP agreed with our recommendation. OJP stated in its response that MHMR stated it will ensure that the matching requirement is met, including coordinating with OJP, as appropriate for Grant Numbers 15PBJA-21-GG-03978-MENT and 15PJDP-22-GG-03809-DGCT. Further, OJP stated that it will coordinate with MHMR to ensure that it meets the matching requirements for Grant Numbers 15PBJA-21-GG-03978-MENT and 15PJDP-22-GG-03809-DGCT. As a result, this recommendation is resolved.

MHMR concurred with our recommendation and stated in its response that it will coordinate with OJP to ensure that the matching requirement is met for its Family Treatment Court and Justice and Mental Health Collaboration programs. Further, MHMR stated it will coordinate with OJP regarding additional sources for matching funds and began implementing sign-in sheets in February 2024 as a requirement for the volunteers when their time was being claimed as match, in accordance with

approved grant terms. Proper tracking and maintenance of this information will assist in meeting MHMR's match requirement for the Family Treatment Court Program. For the Justice and Mental Health Collaboration Program, MHMR stated it has coordinated with its technical assistance provider and will further coordinate with OJP in order to restructure and revise its sources of matching funds, as will be necessary to meet its match requirement.

This recommendation can be closed when we receive evidence indicating that MHMR has met its matching requirements.

- 7. Coordinate with MHMR to develop policies and procedures to ensure it maintains adequate records, including supporting documentation for its matching costs and it is reporting matching expenses on FFRs submitted each quarter.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that MHMR is in the process of drafting new Operation Procedures, specific to processes relating to matching funds, which will ensure that matching sources (internal or external) are properly tracked. OJP also stated that MHMR anticipates finalizing the procedures within 2 months of their response (dated July 2, 2024). OJP further stated that it will coordinate with MHMR to obtain a copy of its written policies and procedures, developed and implemented, to ensure adequate records are maintained, including supporting documentation for its matching costs; and that MHMR is accurately reporting matching expenses on FFRs submitted each quarter. As a result, this recommendation is resolved.

MHMR concurred with our recommendation and stated in its response that it is in the process of drafting a new operation procedure specific to processes relating to matching funds and have improved its internal communication mechanisms to ensure that the necessary parties are included when determining the source of match.

This recommendation can be closed when we receive documentation showing that MHMR has developed and implemented policies and procedures to ensure that it maintains adequate records, including supporting documentation for its matching costs and it is reporting matching expenses on FFRs submitted each quarter.