



Audit of the Office of Justice Programs Victim
Assistance Grants Awarded to the Alabama
Department of Economic and Community Affairs,
Montgomery, Alabama



AUDIT DIVISION

20-105

SEPTEMBER 2020



EXECUTIVE SUMMARY

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Objective

The objective of the audit was to evaluate how the Alabama Department of Economic and Community Affairs (ADECA) designed and implemented its crime victim assistance program. To accomplish this objective, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients.

Results in Brief

As a result of our audit, we concluded that ADECA used its Victims of Crime Act (VOCA) funding in enhancing victim services throughout the state. This audit did not identify significant concerns regarding ADECA's grant program planning and execution, program requirements and performance reporting, and matching contribution. However, we identified concerns with ADECA's subaward expenditures, cash management of drawdowns, financial reporting, and financial monitoring. We identified \$670,935 in questioned costs primarily because ADECA approved a \$652,069 subrecipient project categorized as "maintenance and repairs" although we found that these costs appeared to be for capital improvements, which are not allowable costs under this grant program. We also identified \$5,190 in unallowable travel and personnel expenditures. Further, we identified \$13,676 in unsupported personnel, travel, and operating expenditures.

Recommendations

Our report contains 11 recommendations to the Office of Justice Programs (OJP) to assist ADECA in improving its grant management. We requested a response to our draft audit report from ADECA and OJP, which can be found in Appendix 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

The U.S. Department of Justice Office of the Inspector General completed an audit of VOCA victim assistance formula grants awarded by the OJP, Office for Victims of Crime (OVC) to ADECA in Montgomery, Alabama. The OVC awarded these formula grants, totaling \$110,154,184 for fiscal years (FYs) 2016 to 2018 from the Crime Victims Fund (CVF) to enhance crime victim services throughout Alabama. As of June 4, 2020, ADECA drew down a cumulative amount of \$71,199,805 for all the grants we reviewed.

Program Accomplishments – ADECA completed a needs assessment, included the identified service needs in its request for funding proposals, and increased victim service providers. ADECA tripled the total number of victims served after the CVF funding increase in 2015. ADECA worked with subrecipients and state coalitions to identify its underserved populations. Existing subrecipients received funding at a higher level and expanded their victim services. New subrecipients that had demonstrated a history of providing services to their communities also received funding.

Subaward Expenditures – A subrecipient received payments totaling \$652,069 for costs categorized as "maintenance and repairs" to an emergency shelter; however, we believe the project appeared to be capital improvements, which are not allowable under this grant. Other subrecipients received payments totaling \$3,902 for unsupported personnel or operating expenditures. We also found that ADECA decreased the effectiveness of its oversight efforts in providing its subrecipients advance notice of the transactions it selected to review during onsite monitoring visits.

Drawdowns and Financial Reporting – ADECA requested and received large drawdowns during the FY 2019 lapse in appropriations and partial federal shutdown. However, it did not expend the large drawdowns within the required time period or return to the funds OJP once the government reopened, resulting in excess cash for as many as 4 months. Although ADECA was ultimately able to account for the use of the excess funds, it did not accurately reflect the excess cash in its financial reports to OJP.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS VICTIM ASSISTANCE GRANTS
AWARDED TO THE ALABAMA DEPARTMENT OF ECONOMIC AND COMMUNITY
AFFAIRS, MONTGOMERY, ALABAMA**

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INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three victim assistance formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the Alabama Department of Economic and Community Affairs in Montgomery, Alabama (ADECA). The OVC awards victim assistance grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1 from fiscal years (FY) 2016 to 2018, these OVC grants totaled \$110,154,184.

**Table 1
Audited Grants
Fiscal Years 2016–2018**

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2016-VA-GX-0028	9/13/2016	10/1/2015	9/30/2019	\$ 33,244,704
2017-VA-GX-0016	9/28/2017	10/1/2016	9/30/2020	27,566,363
2018-V2-GX-0027	8/9/2018	10/1/2017	9/30/2021	49,343,117
Total:				\$ 110,154,184

Note: Grant funds are available for the fiscal year of the award plus 3 additional fiscal years.

Source: Office of Justice Programs

Established by the Victims of Crime Act (VOCA) of 1984, the CVF is used to support crime victims through DOJ programs and state and local victim services.¹ The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments. The OVC annually distributes proceeds from the CVF to states and territories. The total amount of funds that the OVC may distribute each year depends upon the amount of CVF deposits made during the preceding years and limits set by Congress (the cap).

In FY 2015, Congress significantly raised the previous year’s cap on CVF disbursements, which more than quadrupled the available funding for victim assistance grants from \$455.8 million to \$1.96 billion. In FY 2016, Congress raised the cap again, increasing the available

¹ The VOCA victim assistance formula program is funded under 34 U.S.C. § 20103.

funding for victim assistance to \$2.22 billion. For FY 2017, \$1.8 billion was available and for FY 2018 \$3.3 billion was available for victim assistance funding. The OVC allocates the annual victim assistance program awards based on the amount available for victim assistance each year and the states' population. As such, the annual VOCA victim assistance grant funds available to ADECA increased from \$29 million in FY 2015 to \$33 million in FY 2016. As shown in Table 1, ADECA sustained a slight decrease in funding for FY 2017 and a large increase for FY 2018.²

VOCA victim assistance grant funds support the provision of direct services – such as crisis intervention, assistance filing restraining orders, counseling in crisis arising from the occurrence of crime, and emergency shelter – to victims of crime. The OVC distributes these assistance grants to states and territories, which in turn fund subawards to public and private nonprofit organizations that directly provide the services to victims. Eligible services are efforts that: (1) respond to the emotional and physical needs of crime victims, (2) assist primary and secondary victims of crime to stabilize their lives after a victimization, (3) assist victims to understand and participate in the criminal justice system, and (4) provide victims of crime with a measure of safety and security.

The Grantee

As the Alabama state administering agency, ADECA is responsible for administering the VOCA victim assistance program. ADECA was created as an extension of the governor's office to streamline the state's management of federally-funded programs. ADECA administers a broad range of state and federal programs that contribute to build better communities within the state of Alabama. Each year, ADECA distributes funds throughout the state to support economic development projects, infrastructure improvements, law enforcement, recreational development, and assistance to low-income families. ADECA also works to provide assistance to children, the elderly, victims of crime and abuse, and the unemployed.

ADECA's Human Services Unit is responsible for managing state and federal victims' programs. Within the Human Services Unit, a unit chief manages grant administration along with other staff responsible for subrecipient application review and award processes. The Human Services Unit also announces funding, accepts applications, and reviews and recommends awards for victim assistance grants. The ADECA Financial Services Unit performs the financial management duties for grants.

² Our audit scope covered FYs 2016 through 2018. During the audit, we considered FY 2015 award to assess how ADECA allocated and expended services after the FY 2015 award period ended.

OIG Audit Approach

The objective of the audit was to evaluate how ADECA designed and implemented its crime victim assistance program. To accomplish this objective, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients.

We tested compliance with what we considered the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA victim assistance program guidelines (VOCA Guidelines) and Final Rule, and the DOJ Financial Guide (Financial Guide) as our primary criteria. We also reviewed relevant ADECA policy and procedures and interviewed ADECA personnel to determine how they administered the VOCA funds. We interviewed ADECA and subrecipient personnel and further obtained and reviewed ADECA and subrecipient records reflecting grant activity.³

³ Appendix 1 contains additional information on the audit's objective, scope, and methodology, as well as further detail on the criteria we applied for our audit. Appendix 2 presents a schedule of our dollar-related findings.

AUDIT RESULTS

Grant Program Planning and Execution

The main purpose of the VOCA victim assistance grants is to enhance crime victim services. ADECA is the primary recipient of victim assistance grants at the state level in Alabama. It distributes the majority of the funding to organizations that provide direct services to victims, such as crisis intervention centers, domestic violence shelters, child advocacy centers, and other community-based victim coalitions and support organizations. As the state administering agency, ADECA has discretion to select subrecipients from among eligible organizations, although the VOCA Guidelines require that state administering agencies give priority to victims of sexual assault, domestic abuse, and child abuse. State administering agencies must also make funding available for previously underserved populations of violent crime victims.⁴ As long as a state administering agency allocates at least 10 percent of available funding to victim populations in each of these victim categories, it has discretion in determining the amount of funds each subrecipient receives.

We assessed ADECA's overall plan to allocate and award the victim assistance funding. We reviewed how ADECA planned to distribute its available victim assistance grant funding, made subaward selection decisions, and informed its subrecipients of necessary VOCA requirements. As discussed below, in our overall assessment of grant program planning and execution, we determined that ADECA appropriately identified and planned to meet additional victim service needs with its increased FYs 2016, 2017, and 2018 funding. We did not identify any issues with its process to select subrecipients and found that ADECA adequately communicated to its subrecipients applicable VOCA requirements.

Subaward Allocation Plan

ADECA subawards a share of the VOCA grant funds each year to existing or new subrecipients. The funding provides for the continuation of existing projects. It also encourages and supports new projects that provide direct services to victims of crime. ADECA based grant fund allocations on continuation subaward requests and responses to Requests for Proposals (RFPs) that describe the direct services needed.

⁴ The VOCA Guidelines state these underserved victims may include, but are not limited to, victims of federal crimes; survivors of homicide victims; or victims of assault, robbery, gang violence, hate and bias crimes, intoxicated drivers, bank robbery, economic exploitation and fraud, and elder abuse. The Guidelines also indicate that in defining underserved victim populations, states should also identify gaps in available services by victims' demographic characteristics.

In response to the significant increase in CVF available funding, the OVC's FY 2015 VOCA Victim Assistance Formula Solicitation required that state and territory applicants submit a subrecipient funding plan that detailed their efforts to identify additional victim service needs, as well as subaward strategies to utilize the substantial increase in available VOCA funding. ADECA planned to use its increased funding so that existing subrecipients could provide more victim services, fill service gaps, and reach underserved victims and areas. In addition, ADECA planned to fund new subrecipients with a history of providing services to their communities. ADECA implemented the funding plan by announcing RFPs on its website, using social media, and providing application workshops throughout the state. With the 2016 funding increase, ADECA opened satellite facilities, expanded services in rural areas, and provided new types of victim services. For example, a subrecipient received funding for a new program that used certified facility service dogs during victim interviews and court appearances. ADECA staff told us that the use of the service dogs resulted in a major change in the way the emotional needs of victims in the criminal justice system were met. The staff said that the calming presence of service dogs created a more humane and efficient system that enabled judges and lawyers to proceed in a positive and constructive manner.

ADECA used administrative grant funds for a contractor-completed needs assessment identifying training, direct services, and capital improvement requirements of victim service organizations. The needs assessment was also intended to establish goals and measurable objectives for the VOCA program and identify strategies to achieve the established goals and objectives.

In 2017, the needs assessment identified both challenges for victim service providers and barriers experienced by victims seeking services. The four most critical challenges faced by victim service providers were lack of financial resources, insufficient staffing, inability to reach underserved populations, and lack of transportation for victims to access services. Victim service providers reported that victims seeking services were ashamed or embarrassed, did not trust the system, and were fearful of retaliation against themselves or their family.

Victim service providers also identified service needs that were beyond the current capacity of their organizations. The top three most-needed services for victims included mental health services, emergency services, and shelter or housing assistance. Services that were most often lacking or unavailable were transportation, legal assistance, financial assistance, and counseling services.

ADECA officials told us that they discussed identified needs with service providers individually. During the application process, ADECA program managers worked with providers to ensure their proposed budgets included costs to address needs identified in their service areas. ADECA officials also told us that many service providers increased staff positions or asked for contracted positions to increase services. Service providers also pooled resources to provide related services in their areas. ADECA officials told us they

incorporated into RFPs for FYs 2018 through 2020 the needs identified through the discussions with the service providers. We confirmed that ADECA included these service needs in the RFPs that described the direct services for which VOCA funds may be used.

ADECA worked to identify its underserved populations by reviewing subrecipient reports and participating in discussions with subrecipients and state coalitions. At the time of our audit, ADECA had addressed the needs of underserved populations consisting of victims in rural areas, lesbian, gay, bisexual, transgender, males, the disabled, and the elderly.

As of December 31, 2019, the 2016 grant was closed and ADECA had not used \$171,793 or 0.52 percent of the total grant award. The unutilized amount occurred because some subrecipients did not use all awarded funds. As of June 2020, ADECA had allocated all the \$27,566,363 for the 2017 grant funds and had drawn down \$20,155,049 or approximately 73 percent of the total. Based on the rate of use since awards to subrecipients, it appears likely that nearly all the grant funds can be used prior to expiration of the 2017 grant on September 30, 2020. Also, as of June 2020, ADECA had allocated approximately 59 percent of the \$49,343,117 for the 2018 grant and had drawn down \$17,971,845 or approximately 36 percent of the total. For the 2018 grant, ADECA issued an RFP in May 2020 to obtain more applicants for the grant fund. An ADECA official told us the RFP closes mid-June; however, applications are expected from previously funded and five new subrecipients. It also appears likely that the 2018 grant funds can be utilized prior to expiration of the grant on September 30, 2021. Based on our assessment of ADECA's subaward process, we believe its allocation strategy is reasonable.

Subaward Selection Process

To assess how ADECA granted its subawards, we identified the steps ADECA took to inform, evaluate, and select subrecipients for VOCA funding. ADECA announces federal and state funding opportunities each year and posts RFPs to its website. The RFPs describe eligibility requirements and application deadline dates. Applicants submit a completed application packet to ADECA for review. ADECA's management and program staff review the completed applications for eligibility and allowability. ADECA staff also conducts a site visit for each new applicant and reviews the grant management history of current subrecipients.

Table 2 shows the number of subawards for FYs 2015 through 2018, as of January 2020. For FY 2015, ADECA made subawards by purpose areas for services to be provided in the categories of child abuse, shelters, sexual assault, and underserved victims. With this subaward method, one agency could receive multiple subawards. Funded subrecipients decreased in FY 2016 when ADECA started making single subawards for multiple purpose areas, which reduced the number of subrecipients. For FY 2016, the number of funded subrecipients decreased by 73 while the funding for individual subrecipients increased. For FY 2017, the number of subrecipients decreased again to 29 because ADECA stopped making subawards to several local agencies that began receiving grant funding under a

single award made to provide services statewide. For example, several subawards for Court Appointed Special Advocate (CASA) programs throughout the state were consolidated under the State CASA program that provided funding to local programs. For FY 2018, the number of subrecipients increased to 47 as ADECA began identifying additional subrecipients that could use the increase in available VOCA funds.

Table 2
Number of Subawards
FYs 2015 through 2018

Fiscal Year	Number of Subawards as Reported	Amount of Funding Allocated
2015	152	\$29,536,342
2016	79	\$32,488,985
2017	29	\$26,188,044
2018	47	\$29,297,263

Source: ADECA

We found that in response to the significant funding increase beginning in FY 2015, ADECA modified its subrecipient award process by extending project periods from 12 to 18 months. For FYs 2015 and 2016, ADECA used a funding formula to calculate the amount of funding for its then-current VOCA subrecipients. The formula considered the total population of a subrecipient’s service area and whether it was rural, the child and female populations, crime rate, and number of marriages and marriage dissolutions. Existing subrecipients were encouraged to start new programs or address other self-identified needs. This process allowed existing subrecipients to be funded at a higher level. Beginning in 2017, for all subrecipients, ADECA used a competitive grant application process. ADECA intentions were to fund new applicants that demonstrated their abilities and expertise to provide direct services to crime victims.

Subaward Requirements

State administering agencies must adequately communicate VOCA requirements to their subrecipients. We reviewed 3 RFPs and 15 award packages to determine how ADECA communicated its subaward requirements and conveyed to potential applicants the VOCA-specific award limitations, applicant eligibility requirements, eligible program areas, restrictions on uses of funds, and reporting requirements. We found that ADECA communicated to its subrecipients the applicable VOCA requirements. Subrecipients were required to acknowledge the award requirements by initialing the special conditions in the award package.

Program Requirements and Performance Reporting

To determine whether ADECA distributed VOCA victim assistance program funds to enhance crime victim services, we reviewed ADECA's distribution of grant funding via subawards among local direct service providers. We also reviewed ADECA's performance measures and performance documents used to track goals and objectives. We further examined OVC solicitations and award documents and verified ADECA's compliance with special conditions governing recipient award activity.

Based on our assessment in the areas of program requirements and performance reporting, we believe that ADECA: (1) is on track to fulfill the distribution requirements to priority victim groups, (2) implemented adequate procedures to compile annual performance reports, and (3) complied with tested special conditions.

Priority Areas Funding Requirement

The VOCA Guidelines require that ADECA award a minimum of 10 percent of the total grant funds to programs that serve victims in each of the four following categories: (1) child abuse, (2) domestic abuse, (3) sexual assault, and (4) previously underserved. The VOCA Guidelines give each state administering agency latitude for determining the method for identifying "previously underserved" crime victims.⁵ ADECA's definition of "underserved" includes: individuals who identify as lesbian, gay, bisexual, or transgender; minority populations; individuals with limited English proficiency; individuals in rural areas; victims of human trafficking; victims of elder abuse; victims of drunk drivers; survivors of homicide victims; deaf or hard of hearing victims; and victims of hate crimes. However, ADECA had not yet addressed the needs of all these victim groups. ADECA based its underserved definition on the results of the 2017 needs assessment and meetings held with coalitions and victim service agencies statewide.

We examined how ADECA allocated VOCA subawards to gauge whether it was on track to meet the program's priority areas distribution requirements. We found that ADECA required applicants to identify the program purpose areas in their grant application. ADECA used this information to allocate funds among the priority areas. ADECA's grant management system appears to be adequate to track compliance with actual subaward allocations. For the 2016 and 2017 grants, ADECA exceeded the 10 percent allocation requirement for all categories. For the 2018 grant, as of January 2020, ADECA had allocated 59 percent of the funds and was on track to meet the allocation requirement.

⁵ Methods for identifying "previously underserved" victims may include public hearings, needs assessments, task forces, and meetings with statewide victim services agencies.

Annual Performance Reports

Each state administering agency must annually report to the OVC on activity funded by any VOCA awards active during the federal fiscal year. The OVC requires states to upload reports annually to its Grants Management System. As of FY 2016, the OVC also began requiring states to submit performance data through the web-based Performance Measurement Tool (PMT). With this system, states may provide subrecipients direct access to report quarterly data for state review, although the OVC still requires that if the subrecipient completes the performance measure data entry directly, the state must approve the data.

For the victim assistance grants, the states must report the number of agencies funded, VOCA subawards, victims served, and victim services funded by these grants. Additionally, according to a special condition of the victim assistance grants, the state must collect, maintain, and provide to the OVC data that measures the performance and effectiveness of activities funded by the award. ADECA submitted annual performance reports to the OVC for FYs 2016 through 2018. We discussed with ADECA officials how they compiled performance report data from their subrecipients. Officials told us that ADECA uses PMT to collect information about the performance of the subrecipients. The subrecipients input their own performance data into PMT. ADECA staff verifies this information during site visits to ensure that the submitted data is accurate.

To assess the accuracy of the annual performance reports, we selected and reviewed the most recent performance reports submitted to OVC by ADECA. We then compared the reports to grant documentation provided to us by ADECA. ADECA maintained an electronic spreadsheet that summarized subrecipient data. We reviewed the performance reports ADECA submitted for FYs 2016 through 2018 and found that the number of subrecipients was accurately reported for each year.

We also reviewed the total number of victims served after the CVF funding increase in FY 2015. ADECA reported 32,519 total victims served in FY 2015 and the number of victims served increased to 63,983 in FY 2016. Also, as shown in Table 3, the number of victims served continued to increase in FYs 2017 and 2018.

Table 3
VOCA Victim Assistance Program Grants
Number of Victims Served in
Annual State Performance Reports
FYs 2016 through 2018

Fiscal Year Reporting	Number of Victims Served as Reported
2015	32,519
2016	63,983
2017	89,930
2018	93,793

Source: OJP and ADECA

We discuss more in-depth testing of the reported performance figures at the subrecipient level in the Monitoring of Subrecipients section later in the report.

Compliance with Special Conditions

The special conditions of a federal grant award establish specific requirements for grant recipients. In its grant application documents, ADECA certified it would comply with these special conditions. We reviewed the special conditions for the 2016 through 2018 VOCA victim assistance program grants and identified special conditions that we deemed significant to grant performance that are not otherwise addressed in another section of this report. For each victim assistance grant, the states must report to the OVC a Subgrant Award Report (SAR) with basic information on every subrecipient that receives victim assistance funds. For the grants reviewed, we compared the number of subawards reported in the SAR, as of January 27, 2020, against ADECA's supporting documentation, to verify that the number of subawards reported was accurate. ADECA reported to the OVC that 155 subawards were made during the audit period. We verified that ADECA accurately supported the reported numbers and complied with this special condition.

We also tested ADECA compliance with the VOCA training requirements. Recipients must ensure that at least one key grantee official attends the annual VOCA National Training Conference. We requested and received documentation to support that members of ADECA's management and program staff attended the 2016 through 2018 annual training conferences.

Another special condition requires that both the VOCA points of contact and all financial points of contact successfully complete OJP financial management and grant administration training 120 days after the date of the award acceptance. We received training certificates for both the points of contact and all financial points of contacts. ADECA complied with this condition.

Grant Financial Management

Award recipients must establish an adequate accounting system and maintain financial records that accurately account for awarded funds. To assess the adequacy of ADECA's financial management of the VOCA grants, we reviewed the process ADECA used to administer these funds by examining expenditures charged to the grants, drawdown requests, matching contributions, and financial reports. To further evaluate ADECA's financial management of the VOCA grants, we reviewed the State of Alabama Single Audit Reports for FYs 2016 through 2018. We also interviewed ADECA personnel who were responsible for financial aspects of the grants, reviewed ADECA written policies and procedures, inspected award documents, and reviewed financial records.

As discussed below, in our overall assessment of grant financial management, we determined that ADECA implemented adequate controls over its routine financial activities for the VOCA grant programs; however, we found instances of ADECA reimbursing unsupported and unallowable subrecipient costs.

Grant Expenditures

State administering agency victim assistance expenses fall into two overarching categories: (1) reimbursements to subrecipients – which constitute the vast majority of total expenses and (2) administrative expenses – which are allowed to total up to 5 percent of each award. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions from each of these categories by reviewing accounting records and verifying support for select transactions.

Subaward Expenditures

Subrecipients request payment from ADECA by submitting monthly requests. Supporting documentation is not required to be submitted along with the request except when there have been changes in personnel costs that are routinely incurred or when large equipment expenditures have been made. Subrecipients send the requests and any required supporting documentation via email to Human Services Unit program managers who review and process the requests. As of December 31, 2019, ADECA paid a total of \$52,593,906 to its subrecipients with the VOCA victim assistance program funds during our audit period.

To evaluate ADECA's financial controls over VOCA victim assistance grant expenditures, we reviewed a sample of subrecipient transactions to determine whether the payments were accurate, allowable, and in accordance with the VOCA Guidelines. We judgmentally selected 35 subrecipient requests for funds totaling \$2,724,100. The transactions we reviewed included costs in the categories of (1) personnel, (2) fringe benefits, (3) travel, (4) contracts/consultants, (5) equipment, and (6) operating costs.

For each request, we contacted the subrecipient and asked that they send us all the supporting documentation. We then tied the supporting documentation to the individual requests.

Subrecipient expenses we tested were supported for 18 of the 35 requests for funds reviewed. We identified concerns with the expenses tested for the other 17 requests as detailed below.

For the 2017 grant, one subrecipient received a subaward totaling \$699,013, submitted seven requests, and received reimbursement totaling \$652,069 (93 percent of the subaward total) for expenses characterized as maintenance and repairs to an emergency shelter for domestic violence victims. Such expenses are allowed by 28 C.F.R. § 94.121(d) and (i), which state that allowable subrecipient administrative costs include:

(d) Organizational expenses that are necessary and essential to providing direct services and other allowable victim services, including, but not limited to, the prorated costs of rent; utilities; local travel expenses for service providers, and required minor building adaptations necessary to meet the Department of Justice standards implementing the Americans with Disabilities Act and modifications that would improve the program's ability to provide services to victims; and

(i) Costs of maintenance, repair, and replacement of items that contribute to maintenance of a healthy or safe environment for crime victims (such as a furnace in a shelter; and routine maintenance, repair costs, and automobile insurance for leased vehicles), as determined by the state administering agency after considering, at a minimum, if other sources of funding are available.

In its subaward application, the subrecipient submitted a proposal to upgrade a donated house to make repairs needed "to ensure the health, safety, and security of the clients." The application stated that exact costs for the project would not be determined until contractor bids were received. As shown in Table 4, the estimated costs of repairs were determined to be as follows.

Table 4
Estimated Costs of Repairs

Description of Repairs	Amount
Tree removal	\$25,000
Roof, soffit, gutter, fascia board repair and replacement	\$25,000
Basement wall/drainage remediation	\$86,500
Sewer connection	\$17,500
Plumbing repair	\$4,000
Parking	\$65,000
Fence	\$25,000
Automatic gate opening system	\$12,000
Pole lighting for parking lot	\$25,000
Deck replacement	\$18,000
Install GFCI outlets throughout restrooms	\$3,000
New windows	\$30,500
Smoke alarm/fire sprinkler	\$15,000
Security system	\$80,000
Floor removal and replacement	\$23,500
Entryway porch/airlock	\$30,000
Front and rear ramps/walkways for wheelchair accessibility	\$12,000
Accessible basement restroom and bedroom	\$15,000
HVAC ductwork revisions	\$25,000
Electrical with generator	\$55,000
Brick removal and replacement	\$41,000
Total Professional Services	\$633,000

Source: OJP and ADECA

Some of these cost items, such as plumbing repair, are clearly for costs that are allowable under 28 C.F.R. § 94.121(i). However, the project appears to be a capital improvement because it provided for renovations that materially increased the useful life of an existing structure. Such capital improvements are expressly unallowable under 28 C.F.R. § 94.122(e), which states “Notwithstanding any other provision of this subpart, no VOCA funds may be used to fund or support the following . . . (e) Capital expenses - Capital improvements; property losses and expenses; real estate purchases; mortgage payments; and construction (except as specifically allowed elsewhere in this subpart).”

We requested from the subrecipient the detail of the amounts billed by the project contractor. The contractor billed for categories of cost different from those in the subaward application. Table 5 shows the contractor costs as follows.

Table 5
Contractor Costs of Repairs

Description of Repairs	Amount
General Requirements	\$96,837
Contingency	(\$19,000)
Excavation and sitework	\$159,699
Concrete	\$7,810
Masonry	\$7,066
Metals	\$1,364
Wood and plastics	\$37,772
Thermal and moisture protection	\$17,511
Doors and windows	\$35,844
Finishes	\$45,877
Specialties	\$2,568
Mechanical	\$52,723
Electrical	\$137,343
Removal and replacement of brick veneer	\$41,766
Additional Privacy Fence	\$3,082
Finish and install recess cans	\$1,668
Finish and install keyed panel lock in laundry	\$144
Finish and install rubber surfacing	\$4,920
Replacement of wood roof deck	\$750
Relocate conduits for entry and exit gates	\$805
Installation of decorative rubber bases	\$5,331
Supply and install new lights	\$617
Add new door opening	\$3,061
Supply and install gutter guards	\$918
Paint balance of bedrooms and bathrooms	\$2,500
Add one receptacle at copier station	\$342
Install exit lights not shown on drawing	\$1,635
Installation of rubble surfacing at stair treads	\$800
Total Contractor Costs	\$652,069

Source: ADECA

This categorization of costs does not distinguish between repair and maintenance costs and other costs specifically intended as capital improvements. However, the project costs apparently pertain to a renovation and, in its agreement with the subrecipient, the contractor refers to the project as “renovation of existing multi-tenant housing.”

We discussed this project with an ADECA official who told us that, while it was approved and funded by ADECA to ensure the safety of the subrecipient’s clients, the line items of costs did appear excessively high for allowable repair costs. We concluded that the renovation project was an unallowable capital improvement, and we question the \$652,069 reimbursed to the subrecipient. We recommend that OJP remedy the unallowable questioned costs totaling \$652,069 associated with Grant Number 2017-VA-GX-0016. We also recommend that OJP ensure that ADECA coordinates with the subrecipient to determine if any of the project costs were either for required minor building adaptation costs allowable under 28 C.F.R. § 94.121 (d) or for maintenance and repairs allowable under 28 C.F.R. § 94.121 (i).

Two subrecipient also received payments for six expenditures totaling \$4,834 for unsupported costs, of which four were personnel expenditures totaling \$2,950 and two were travel expenditure totaling \$1,884. We question total costs of \$4,834 and recommend that OJP remedy the unsupported personnel and travel expenditures questioned costs for Grant Number 2017-VA-GX-0016.

Another subrecipient also received payments for 2 travel expenditures totaling \$3,612 and 31 personnel expenditures totaling \$1,578 that were not included in the subaward budget for the 2016 grant. Therefore, we questioned the total costs of \$5,190 as unallowable. We recommend that OJP remedy \$5,190 in unallowable travel costs and personnel expenditures questioned costs for Grant Number 2016-VA-GX-0028.

Five subrecipients also received payments for 22 expenditures totaling \$8,842 for unsupported costs, of which 11 were personnel expenditures totaling \$5,897, 7 were travel expenditures totaling \$1,716, and 4 were operating costs totaling \$1,229. We question the total costs of \$8,842 and recommend that OJP remedy the unsupported personnel, travel, and operating expenses questioned for Grant Number 2016-VA-GX-0028. We discussed these costs with an ADECA official. The official told us that they agreed with our approach to the review of these costs.

Administrative Expenditures

The state administering agency may retain up to 5 percent of each grant to pay for administering its crime victim assistance program and for training. We tested ADECA’s compliance with the 5 percent limit on administrative expenses. To do this, we compared the total administrative expenditures per the accounting records, as of December 31, 2019, to the total award amount for each grant. We determined that the state complied with the 5 percent allowable amount for the 2016 through 2018 grants.

In addition to testing ADECA's compliance with the 5 percent administrative allowance, we also tested a sample of administrative transactions. We judgmentally selected a sample of payroll and non-payroll expenditures for testing. The sample included: (1) travel, (2) repairs and maintenance, (3) rentals and leases, (4) utilities and communication, (5) services, (6) supplies, (7) equipment, (8) indirect cost, and (9) contracts/consultants.

The payroll sample included 2 non-consecutive pay periods for each grant, which equaled a total of 16 payroll expenditures. The payroll sample for the 2016 grant totaled \$45,524 and the payroll sample for the 2017 grant totaled \$51,564. To test the payroll expenditures, we requested the supporting documentation from ADECA staff. We calculated the allowable salary and fringes for each employee, along with the budgeted percentage of time allocated for VOCA grants. ADECA employees charge their time based on actual hours worked on VOCA grants. Once the allowable amounts are determined, these calculations are compared to the actual salaries and fringes charged to the grant. ADECA supported all administrative payroll expenditures we tested.

The non-payroll related administrative sample included 47 transactions totaling \$144,024, which included 32 transactions for the 2016 grant totaling \$82,314 and 15 transactions for the 2017 grant totaling \$61,710. To test the non-payroll samples, we requested supporting documentation to support each of the 47 transactions selected in our sample. We found all the expenditures selected in our sample were allowable and properly supported. ADECA's use of administrative costs for payroll and non-payroll expenditures appeared reasonably proportioned to the grant activity.

Drawdowns

Award recipients should request funds based upon immediate disbursement or reimbursement needs, and the grantee should time drawdown requests to ensure that the federal cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days. If not spent or disbursed within 10 days, funds must be returned to OJP. VOCA grant funds are available for the fiscal year of the award plus 3 additional fiscal years. To assess whether ADECA managed grant drawdowns in accordance with these federal requirements, we reviewed state drawdown procedures and compared the total amount drawn to the total expenditures in the accounting system and accompanying financial records.

ADECA's cash management procedures state that the amount of funds to be drawn down should be based on immediate cash needs and funds are to be expended as soon as possible but no later than 10 calendar days after the funds have been received. The procedures also state that, before funds are drawn, support for the draws should be available in the form of requests for funds from subrecipients, voucher transaction documents, and other accounting transactions. These procedures comply with the DOJ Financial Guide requirement that grant recipients develop written cash management procedures ensuring cash on hand is minimized.

For the VOCA victim assistance awards, ADECA ordinarily determines the grant drawdowns based on the requests for funds submitted by subrecipients and expenditures already made or anticipated in the near future. ADECA typically requests drawdowns on a weekly basis. Table 6 shows the total amount drawn down for each grant as of June 4, 2020.

Table 6
Amount Drawn Down for Each Grant
as of June 4, 2020

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
2016-VA-GX-0028	\$33,244,704	9/30/2019	\$33,072,911	\$171,793
2017-VA-GX-0016	\$27,566,363	9/30/2020	\$20,155,049	\$7,411,314
2018-V2-GX-0027	\$49,343,117	9/30/2021	\$17,971,845	\$31,371,272
Total:	\$110,154,184		\$71,199,805	\$38,954,379

Source: OJP and ADECA

We had no concerns regarding ADECA’s routine processing of drawdown requests. However, we noted that ADECA drew down \$1,050,342 from the 2016 grant on January 15, 2019, and \$8,299,087 on January 16, 2019. ADECA also drew down \$1,270,802 from the 2017 grant on January 15, 2019, and \$2,425,650 on January 16, 2019. These draws were in excess of ADECA’s typical draws, which were ordinarily in amounts not exceeding several hundred thousand dollars.

ADECA officials told us that the large drawdowns occurred during the FY 2019 lapse in appropriations and partial federal shutdown (shutdown) from December 22, 2018, through January 25, 2019, and they made the draws to ensure that adequate funds were available during the shutdown. The officials also told us they had no discussions with OJP staff prior to making the draws. Despite this, OJP did communicate with grantees several times via email prior to and during the shutdown to relay information on its operating status. OJP officials told us that they informed grantees that throughout the shutdown period they remained able to process requests to draw funds except for the period December 26, 2019, through January 7, 2020, which ended prior to the large ADECA draws that began on January 15, 2020.

ADECA officials also told us that the decision to make the draws occurred after discussion among ADECA managers about the potential effect of the federal shutdown on subrecipients operations if OJP suspended the drawdown of grant funds. The ADECA officials told us they made the large draws as advances of grant funds based on prior grant activity along with anticipated requests from recipients of recent subawards. We requested documentation to support the decision to request the draws, but ADECA officials did not maintain such documentation.

We reviewed ADECA's accounting records to assess support for the large draws made in January 2019. For the 2016 grant, the accounting records supported the immediate need for all the \$1,050,342 drawn on January 15, 2019, and the funds were expended within 10 days. However, for the \$8,299,087 draw made on January 16, 2019, accounting records supported the need for only \$334,371, and that portion of the funds was expended within 10 days. The remaining \$7,964,716 was not fully expended until May 24, 2019, which was 118 days after the 10-day requirement ended.

For the 2017 grant, the accounting records supported the immediate need for the \$1,270,802 drawn on January 15, 2019, and those funds were expended within 10 days. However, the 2017 grant accounting records did not support the immediate need for the \$2,425,650 drawn on January 16, 2019. ADECA did not begin expending those funds until March 19, 2019, 52 days after the 10-day requirement. A total of \$1,874,509 of the \$2,425,650 was expended between March 19 and May 30, 2019, 124 days after the 10-day requirement ended. The remaining \$551,141 was returned to OJP on May 30, 2019.⁶ We also noted that ADECA requested a drawdown for \$501,926 from this grant on May 13, 2019 and only a portion (\$187,792) of those funds were expended within 10 days. The remaining \$317,134 was not fully expended until June 26, 2019, which was 34 days after the 10-day requirement.

OJP's Office of the Chief Financial Officer (OCFO) contacted ADECA on May 16, 2019, regarding the excess cash on hand, which the OCFO identified during its review of ADECA's March 31, 2019 federal financial report (FFR) for the 2017 grant. Based on its review, the OCFO instructed ADECA to return the unused funds for the 2017 grant and submit an amended FFR for both grants. ADECA returned \$551,141 from the 2017 grant on May 24, 2019. Further details regarding the FFRs are discussed in the Financial Reporting section of this report.

ADECA officials told us they were aware of the requirement to return funds not expended within 10 days but drew the excess funds to ensure that operations could continue during a prolonged federal shutdown. However, ADECA remained able to draw funds throughout most of the shutdown and, when the shutdown ended on January 25, did not return the excess funds on hand at that time, as required. Instead, ADECA retained the excess funds until expended fully as noted above. We recognize that ADECA was operating with uncertainty regarding both the continuation of OJP's operations and the availability of grant funds. However, by making these large drawdowns at the time of the federal shutdown, ADECA deviated from requirements of the DOJ Financial Guide and its own policy, which resulted in excess cash on hand. During our audit, ADECA officials told us they took

⁶ As of May 30, 2019, ADECA accounting records included expenditures recognized as expenses, but had not been paid. These unpaid expenditures were provided as support for the January 16, 2019 drawdown.

corrective action by instructing the lead accountant to monitor cash balances each day and ensure that requested funds are expended within 10 days.

We contacted OJP to discuss its view of state administering agencies large drawdown amounts during the government shutdown. OJP officials told us that agencies should not make such large drawdowns as advances. However, if an agency drew down large amounts, the funds should have been expended within the 10-days, or a reasonable time soon after. Officials further explained their guidance provided to agencies during the federal shutdown did not direct agencies to draw down large amounts.

Given that ADECA held excess funds well past 10 days, we recommend that OJP ensure that all ADECA employees involved in the management of grant funds receive refresher training on all relevant cash management procedures. In addition, we also believe that ADECA should have sought to consult with OJP prior to making the large drawdowns, fully documented the basis for each of the large draws, and promptly returned any excess cash on hand when the shutdown ended. Consequently, we recommend that OJP ensure that ADECA modifies its policy to specify that in extraordinary circumstances, such as a federal shutdown, it will seek to consult with OJP prior to making an excessive draw, fully document the basis for any such draw, and promptly return any excess funds at the conclusion of the extraordinary circumstances.

Further, when grantees have excess cash on hand, they may owe interest to the federal government. The DOJ Financial Guide addresses this circumstance as follows.

The Cash Management Improvement Act of 1990 (Public Law No. 101-453) was an amendment to the Intergovernmental Cooperation Act of 1968 (31 U.S.C. § 6503). Under the CMIA, States are no longer exempt from returning interest to the Federal Government for drawing down funds prior to the need to pay off obligations incurred. Rather, States are required to pay interest in the event that the State draws down funds before the funds are needed to pay for program expenses.

For both grants, ADECA maintains drawn funds in a non-interest bearing account from which it makes payments to subrecipients. Given the lack of interest earnings, we are uncertain whether ADECA owes an interest payment in connection with excessive draws made during the federal shutdown. We recommend that OJP consult with ADECA and determine if interest payments are required and, should the payments be required, make the required payment.

Matching Requirement

VOCA Guidelines require that subrecipients match 20 percent of the project cost. The purpose of this requirement is to increase the amount of resources available to VOCA projects, prompting subrecipients to obtain independent funding sources to help ensure future sustainability. Match contributions must come from non-federal sources and can be

either cash or an in-kind match.⁷ The state administering agency has primary responsibility for ensuring subrecipient compliance with the match requirements.

Subrecipients are required to submit grant applications, including budgets, for approval by ADECA. The budgets are required to include a description of the intended match. ADECA ensures that subrecipients comply with the 20 percent match and instructs subrecipients that a justification for a match waiver may be submitted to the Office of Victims of Crime. ADECA program managers are responsible for monitoring subrecipients' compliance with the approved budget. Program managers monitor the match by verifying match documentation submitted with monthly request for funds and by verifying that each subrecipient meets the required match by the end of the grant period. The Financial Services Division accounting system maintains a running total of the match costs submitted and the remaining match required.

To review the provision of matching funds for the 2016, 2017, and 2018 grants, we reviewed a total of 29 requests for funds from the 8 subrecipients where we performed site visits. We found the matching funds reported on all 29 requests were supported. We identified no concerns with matching expenditures for the grants reviewed.

Financial Reporting

According to the DOJ Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether ADECA submitted accurate FFRs, we compared the four most recent reports for the 2016, 2017, and 2018 grants to ADECA's accounting records.

Three of the four FFRs we reviewed for the 2016 grant were submitted accurately and timely. For the fourth FFR covering the period ending March 31, 2019, ADECA submitted the original report timely and then submitted two amended reports. The originally submitted report included expenditures totaling \$28,693,537 and excess cash totaling \$744,501. The excess cash resulted from the drawdowns discussed above made in response to the federal shutdown. ADECA amended the March 31, 2019 report on May 3, 2019, to correct a data entry error in the original report. The correction increased expenditures to \$28,697,249 and decreased excess cash to \$740,789. Prior to its review of the second submission, the OCFO contacted ADECA on May 16, 2019, and advised officials that excess cash should be returned to OJP and that they should submit a current FFR or provide an

⁷ In-kind matches may include donations of expendable equipment, office supplies, workshop or classroom materials, workspace, or the value of time contributed by those providing integral services to the funded project.

explanation regarding the excess cash. In response to the OCFO request, on May 21, 2019, ADECA again amended the March 31, 2019 FFR to include additional expenditures totaling \$1,863,641. These additional expenditures were incurred after the end of the period covered by the March 31, 2019 FFR and were included in the second amended report because ADECA officials believed the OCFO had instructed them to do so. As of the date the second amended report was submitted, ADECA had no excess cash and reported no excess cash. We concluded that for the period ending March 31, 2019, the second amended report for the 2016 grant overstated expenditures by \$1,863,641 and understated excess cash by \$740,789.

Three of the four FFRs we reviewed for the 2017 grant reported no expenditures and the accounting records contained no expenditures for those quarters. For the fourth FFR covering the period ending March 31, 2019, ADECA submitted two versions of the report. The originally submitted report included expenditures totaling \$2,128,673 and excess cash totaling \$1,600,092. On May 16, 2019, the OCFO contacted ADECA and advised officials that excess cash should be returned to OJP and that they should submit a current FFR or provide an explanation regarding the excess cash. In response to the OFCO request, on May 21, 2019, ADECA amended the March 31, 2019 FFR to include additional expenditures totaling \$1,048,950. These additional expenditures were incurred after the end of the period covered by the March 31, 2019 FFR and were included in the second amended report because ADECA officials believed the OCFO had instructed them to do so. On the amended report, ADECA also reported excess cash of \$551,141 and returned the funds to OJP. We concluded that for the period ending March 31, 2019, the amended report for the 2017 grant overstated expenditures by \$1,048,950.

We discussed ADECA's excess draws with OCFO officials who told us that ADECA should have returned the excess cash reported on its March 31, 2019 FFRs and should have not included expenditures incurred outside the reporting period. They said that reported expenditures should have been incurred as of March 31, 2019, and that ADECA should have returned excess cash of \$740,789 for the 2016 grant and \$1,600,091 in the 2017 grant.

ADECA did not report any expenditures for the four quarters reviewed for Grant Number 2018-V2-GX-0027.

ADECA misstated its final amended FFRs for the 2016 and 2017 grants for the period ending March 31, 2019, because ADECA officials mistakenly believed that OJP had instructed them to report on the amended reports expenditures that occurred outside the period covered by the reports. To ensure such misstatements of FFRs do not occur in the future, we recommend that ADECA officials responsible for preparation of FFRs review with appropriate OJP officials the circumstances surrounding the amended March 31, 2019 FFRs and identify the appropriate process that should have been followed to address the concerns raised by OJP regarding those reports.

Monitoring of Subrecipients

According to the DOJ Financial Guide, the purpose of subrecipient monitoring is to ensure that subrecipients: (1) use grant funds for authorized purposes; (2) comply with the federal program and grant requirements, laws, and regulations; and (3) achieve subaward performance goals. As the primary grant recipient, ADECA must develop policies and procedures to monitor subrecipients. To assess the adequacy of ADECA's monitoring of its VOCA subrecipients, we interviewed ADECA personnel, identified ADECA's monitoring procedures, and obtained records of interactions between ADECA and its subrecipients. We also conducted site visits of eight subrecipients, which included interviewing personnel, touring facilities, and reviewing accounting and performance records. Based on our observations, subrecipients were consistently security conscious and appeared to provide appropriate accommodations for the victims served. We spoke with subrecipient officials about the support received from ADECA. Those officials consistently told us they receive adequate support from ADECA. However, the subrecipients also identified some concerns. Two subrecipient officials told us that it was necessary to incur program costs prior to receiving fully executed awards. For example, subrecipients may incur costs in October but do not receive reimbursement for the costs incurred until 6-months later. This occurs because ADECA does not process requests for funds until the Governor signs the subawards and the subrecipients accept the awards. Also, officials of one subrecipient told us that because ADECA has experienced routine turnover of staff, the subrecipient had been assigned 11 different program managers during a 3 to 4-year period. ADECA officials told us they experienced increased staff turnover at the time of the 2015 funding increase but that the current staff is more stable.

According to ADECA's policies and procedures, desk reviews are required annually, and site visits are required every 2 years. Prior to 2018, desk reviews were completed monthly. ADECA staff told us that, after an OVC site visit in July 2018, ADECA adjusted its monitoring plan to require one unannounced desk review a year per subaward. ADECA staff also conduct quarterly reviews of subrecipients reported performance data. During these reviews, staff check subrecipients' narrative reports and compare information in the reports to performance data in PMT to ensure the number of victims served and services provided are reported consistently. They also ensure that the numbers reported compare to the grant applications, quarterly reports, and progress reported throughout the grant period.

For the eight subrecipients we visited, we reviewed ADECA's monitoring activities for FY 2019 to assess compliance with the requirement to complete a desk review of subrecipients' open subawards each fiscal year. Each of the eight subrecipients received a desk review of its open subawards within FY 2019.

During onsite monitoring visits, the staff complete ADECA's monitoring tool. The monitoring tool is a spreadsheet that lists questions intended to assess subrecipient risk.

ADECA staff review a sample of the subrecipient's financial data and grant administration policies and procedures.

We reviewed the site visit monitoring plan for FYs 2019 and 2020 along with the completed monitoring activities as of December 19, 2019, to determine if ADECA complied or was making reasonable progress to comply with its monitoring plan. All eight subrecipients we visited had received or were scheduled to receive a site visit during the 2-year period. For two of the subrecipients, the scheduled completion date for the site visit had to be adjusted to accommodate the needs of ADECA and the subrecipient.

In our overall assessment of subrecipient monitoring, we found that ADECA met the established monitoring schedules for onsite monitoring and desk reviews. It also developed controls to address subrecipient grant management risk. ADECA's monitoring process needs improvement to ensure that subrecipients do not receive advance notice of the financial testing performed during monitoring visits. Subrecipients expressed concerns with ADECA program management staff turnover and timing of the subaward execution processes. The delayed subaward execution processes resulted in subrecipients not receiving reimbursements for project-related expenses for as many as 6-month after the costs were incurred. Despite these concerns, subrecipients officials told us they receive adequate support from ADECA and were aware of the VOCA requirements. Other than the concerns noted above, we believe that ADECA has taken steps to provide reasonable assurance that subrecipients comply with the terms and conditions of the VOCA awards.

Financial Monitoring

According to ADECA policy, subrecipients are required to submit reimbursement request for funds by the 15th of each month. ADECA staff review the subrecipients' requests by comparing total reported expenditures by category to the project's budget for each category. At least once per year, subrecipients are required to submit supporting documentation for a request for funds. ADECA evaluates subrecipients' financial management systems to ensure that the systems meet the criteria outlined in the DOJ Financial Guide and the ADECA subgrantee administrative manual. ADECA staff also verify the adequacy of the financial systems during the application process.

In preparation for both desk reviews and site visits, ADECA staff provides subrecipients with advance notice of the requests for funds that will be tested. For desk reviews, subrecipients are provided 30-day notice and for site visits subrecipients are provided 45-day notice. For both review types, subrecipients are asked to provide detailed supporting documentation for each transaction on the selected requests for funds, and that documentation is reviewed for adequacy. If issues are found during a site visit, ADECA staff provides to the subrecipient a monitoring report and corrective action plan. The subrecipient has 30 days from the receipt of the monitoring report to submit a corrective action response. An extension can be approved by the ADECA unit chief. The same

procedures apply for desk reviews, except that the subrecipient receives correspondence discussing the review results rather than an official report.

We reviewed the monitoring tool used for site visit reviews and found that it included instructions for ADECA staff to review appropriate financial requirements. We determined the monitoring tool to be adequate for use in assessing subrecipients' compliance with financial requirements. ADECA completes a risk assessment of each subrecipient during the subaward application process. Each subrecipient is issued a risk score, and those with a high score or known non-compliance issues are considered to be high risk. High risk subrecipients are required to provide complete supporting documentation for each monthly request for funds and receive an annual site visit.

As stated in the subaward expenditure section, during our testing of subrecipient expenditures, we determined that a subrecipient received approval and payments totaling \$652,069 for the maintenance and repairs of an emergency shelter for domestic violence victims. While the expenses for this project were categorized as maintenance and repair costs, it appears the costs were for capital improvements. We recommend that OJP ensure that ADECA develops and implements policies and procedures to review, prior to subaward approval, the details of maintenance and repair projects to assess the costs and determine if each project is properly categorized. Although its financial monitoring effort is generally adequate, we believe that ADECA could strengthen its financial monitoring by ceasing the practice of providing advance notice of transactions to be tested during desk and site reviews and, instead, selecting random periods to be tested without providing prior notice. We recommend that OJP ensure that ADECA strengthens its monitoring policies by eliminating the prior notice of transactions to be tested during onsite monitoring visits and desk reviews.

As the state administering agency, ADECA is responsible for ensuring subrecipients that expend an amount that equaled or exceeded the threshold in federal funds had a single audit completed and took appropriately and timely action on any findings related to DOJ grants. We determined that three of the eight subrecipients were required to complete Single Audits. Each of the three subrecipients submitted their single audit reports to ADECA. We reviewed the audits from FY 2016 through 2018 for each subrecipient and found no corrective actions or deficiencies related to DOJ grants.

Performance Monitoring

ADECA requires subrecipients to submit quarterly narrative progress reports. Subrecipients also enter performance data into PMT, and ADECA staff reviews and approves the data. To assess the subrecipients progress, ADECA staff compares the quarterly reports submitted to PMT and the progress reports narrative to the subrecipient's goals and objectives reported in their subaward application. Program managers also use the subrecipients' quarterly PMT reports to complete their Annual Performance Reports to OVC.

We assessed the accuracy of the subrecipient performance reports. We requested support for select subrecipient reported figures to confirm the number of victims reported as served by VOCA funding. To assess subrecipient performance reports for the eight subrecipients we visited, we compared supporting documentation, such as sign-in sheets and summary reports, to data reported by the subrecipients in PMT. Subrecipients submit a separate narrative quarterly report for each open subaward and they report in PMT for each open subaward. We tested 18 quarterly reports from FYs 2017 through 2019, including at least two reports for each of the eight subrecipients we visited. For 17 of the 18 quarterly reports, the PMT data matched exactly. One quarterly report noted 838 victims served while the PMT data noted 815 victims served. A subrecipient official told us the difference of 23 occurred because the victims were mistakenly counted twice. Because of the immaterial nature of this difference, we make no recommendation.

CONCLUSION AND RECOMMENDATIONS

ADECA identified and planned to meet additional victim service needs with its increased funding so that existing subrecipients could provide more victim services and new subrecipients could be funded. ADECA sought to identify underserved populations by working with its subrecipients and state coalitions. Based on our assessment of ADECA subaward process, we believe its allocation strategy to be reasonable. We did not identify significant concerns regarding ADECA's compliance with priority area funding, performance reporting, administrative expenditures, and subrecipient matching funds. One subrecipient categorized project costs as maintenance and repairs, but the costs pertained to unallowable capital improvements totaling \$652,069. Another subrecipient received payments for unallowable travel and personnel expenditures totaling \$5,190. Consequently, we considered the total costs of \$657,259 as unallowable questioned costs. Additionally, we found \$13,676 in unsupported personnel, travel, and operating expenses at seven subrecipients. We identified concerns with ADECA cash management of drawdowns. ADECA requested large drawdowns during the federal shutdown, which it did not expend within the required timeframe or return to OJP once the government reopened. This resulted in excess cash on hand for approximately 4 months. Federal financial reports were amended for the 2016 and 2017 grants to report actual expenditures reported because of the excess cash. ADECA reported that it incurred expenditures to offset the excess cash for the 2016 grant and returned \$551,141 for the 2017 grant. We determined that ADECA could improve its financial monitoring efforts by ending the practice of providing advance notice of transactions to be tested during desk and site reviews.

We provide 11 recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Remedy \$652,069 in unallowable capital improvement questioned costs for Grant Number 2017-VA-GX-0016.
2. Ensure that ADECA coordinates with the subrecipient to determine if any of the project costs were either for required minor building adaptation costs allowable under 28 C.F.R. § 94.121(d) or for maintenance and repairs allowable under 28 C.F.R. § 94.121(i).
3. Remedy \$4,834 in unsupported personnel (\$2,950) and travel expenditures (\$1,884) questioned costs for Grant Number 2017-VA-GX-0016.
4. Remedy \$5,190 in unallowable travel (\$3,612) and personnel expenditures (\$1,578) questioned costs for Grant Number 2016-VA-GX-0028.

5. Remedy \$8,842 in unsupported personnel (\$5,897), travel (\$1,716), and operating expenses (\$1,229) questioned costs for Grant Number 2016-VA-GX-0028.
6. Ensure that all ADECA employees involved in the management of grant funds receive refresher training on all relevant cash management procedures.
7. Ensure that ADECA modifies its policy to specify that in extraordinary circumstances, such as a federal shutdown, it will seek to consult with OJP prior to making an excessive draw, fully document the basis for any such draw, and promptly return any excess funds at the conclusion of the extraordinary circumstances.
8. Consult with ADECA and determine if interest payments are required and, should the payments be required, make the required payment.
9. Ensure that ADECA officials responsible for preparation of FFRs, review with appropriate OJP officials the circumstances surrounding the amended March 31, 2019 FFRs and identify the appropriate process that should have been followed to address the concerns raised by OJP regarding those reports.
10. Ensure that ADECA develops and implements policies and procedures to review, prior to subaward approval, the details of maintenance and repair projects to assess the costs and determine if each project is properly categorized.
11. Ensure that ADECA strengthens its financial monitoring policies by eliminating the prior notice of transactions to be tested during onsite monitoring visits.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of the audit was to evaluate how Alabama Department of Economic and Community Affairs (ADECA) designed and implemented its crime victim assistance program. To accomplish this objective, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients.

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

This was an audit of Victims of Crime Act (VOCA) victim assistance formula grants 2016-VA-GX-0028, 2017-VA-GX-0016, and 2018-V2-GX-0027 from the Crime Victims Fund (CVF) awarded to ADECA. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$110,154,184 to ADECA, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 1, 2015, the project start date for VOCA assistance Grant Number 2016-VA-GX-0028, through January 2020. As of June 4, 2020, ADECA had drawn down a total of \$71,199,805 from the three audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of ADECA's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit charges. 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 authorizing VOCA legislation, the VOCA victim assistance program guidelines, the DOJ Financial Guides, and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System and Performance Measurement Tool, as well as ADECA accounting system the reliability of those systems as a whole; therefore, any findings identified involving information from those systems was verified with documents from other sources.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objective. We did not evaluate the internal controls of ADECA to provide assurance on its internal control structure as a whole. ADECA 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 ADECA's internal control structure as a whole, we offer this statement solely for the information and use of ADECA and Office of Justice Programs.⁸

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

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

We assessed the implementation and operating effectiveness of these internal controls and identified some deficiencies that we believe could affect ADECA's ability to ensure compliance with certain award conditions. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to aspects of these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

⁸ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Grant No.</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs:⁹			
Capital Improvements	2017-VA-GX-0016	\$652,069	16
Travel Expenses	2016-VA-GX-0028	3,612	16
Payroll Expenditures	2016-VA-GX-0028	<u>1,578</u>	16
Unallowable Costs		\$657,259	
Payroll Expenditures	2017-VA-GX-0016	\$ 2,950	16
Travel Expenses	2017-VA-GX-0016	1,884	16
Payroll Expenditures	2016-VA-GX-0028	5,897	16
Travel Expenses	2016-VA-GX-0028	1,716	16
Operating Expenses	2016-VA-GX-0028	<u>1,229</u>	16
Unsupported Costs		\$ 13,676	
TOTAL DOLLAR-RELATED FINDINGS		<u>\$670,935</u>	

⁹ **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, or the provision of supporting documentation.

**ALABAMA DEPARTMENT OF
ECONOMIC AND COMMUNITY AFFAIRS
RESPONSE TO THE DRAFT AUDIT REPORT¹⁰**

OFFICE OF THE GOVERNOR

KAY IVEY
GOVERNOR



STATE OF ALABAMA

ALABAMA DEPARTMENT OF ECONOMIC
AND COMMUNITY AFFAIRS

KENNETH W. BOSWELL
DIRECTOR

July 15, 2020

Mr. Ferris B. Polk
Regional Audit Manager
Atlanta Regional Audit Office
U.S. Department of Justice
75 Ted Turner Drive SW, Suite 1130
Atlanta, GA 30303

Dear Mr. Polk:

The Alabama Department of Economic and Community Affairs (ADECA) appreciates the opportunity to provide a written response to the Draft Audit Report of the Office of Justice Programs Victim Assistance Grants awarded to ADECA. This letter serves as our official response to the 11 recommendations made by the Office of Inspector General to the Office of Justice Programs (OJP), dated June 9, 2020.

Recommendation 1: Remedy \$652,069 in unallowable capital improvement questioned costs for Grant Number 2017-VA-GX-0016.

Response: ADECA concurs that the documentation available for review was not sufficient to verify what was billed according to the approved statement of work. However, ADECA staff followed all federal regulations and guidelines when approving the subrecipients expenditures. We are providing additional documentation in Attachment A to provide support for the questioned costs in Recommendation 1.

Recommendation 2: Ensure that ADECA coordinates with the subrecipient to determine if any of the project costs were solely for maintenance and repairs allowable under 28 C.F.R § 94.121 (i).

Response: ADECA has already started to coordinate with the subrecipient on this issue, as it relates with the costs questioned in Recommendation 1. We determined that the costs outlined in the budget as tree removal; roof, soffit, gutter, fascia board repair and maintenance; basement wall/drainage remediation; sewer connection; plumbing repair; deck replacement; windows; floor removal and replacement; HVAC ductwork revisions; and brick removal and replacement can all be classified as allowable repairs and maintenance. Without these repair and maintenance costs, the subrecipient would be unable to ensure a healthy or safe environment for crime victims.

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¹⁰ Attachments referenced in this response were not included in the final report.

Mr. Ferris B. Polk
U.S. Department of Justice
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Recommendation 3: Remedy \$4,834 in unsupported personnel (\$2,950) and travel expenditures (\$1,884) questioned costs for Grant Number 2017-VA-GX-0016.

Response: ADECA partially concurs with this recommendation that there are some unsupported costs. ADECA requested documentation from the subrecipient in order to review the expenditures that the OIG audited. For the costs that the subrecipient submitted supporting documentation, we are providing that information to substantiate the personnel and travel questioned costs with Attachments B and C. ADECA will work with OJP to resolve this recommendation.

Recommendation 4: Remedy \$5,190 in unallowable travel (\$3,612) and personnel expenditures (\$1,578) questioned costs for Grant Number 2016-VA-GX-0028.

Response: ADECA partially concurs with this recommendation that there are unallowable costs included in personnel expenditures. We will work with OJP to resolve this recommendation. Documentation is provided for questioned costs in Attachments D and E to support travel and other personnel expenditures.

Recommendation 5: Remedy \$8,842 in unsupported personnel (\$5,897), travel (\$1,716), and operating expenses (\$1,229) questioned costs for Grant Number 2016-VA-GX-0028.

Response: ADECA partially concurs with this recommendation. We agree that the documentation available for review was not enough to verify the questioned costs. ADECA requested documentation from the subrecipients in order to review the expenditures that the OIG audited. Based on the information we have received and reviewed, we are submitting documentation to support the personnel, travel and operating questioned costs in Attachments F through H. ADECA will work with OJP and provide additional documentation as provided to resolve this recommendation

Recommendation 6: Ensure that all ADECA employees involved in the management of grant funds receive refresher training on all relevant cash management procedures.

Response: We agree with the recommendation as presented. The ADECA Financial Point of Contact (FPOC), the LETS Lead Accountant, has recently completed the required refresher training on relevant cash management procedures by completing the 'DOJ Grants Financial Management Training' course. Other appropriate LETS Accounting Unit staff are currently

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Mr. Ferris B. Polk
U.S. Department of Justice
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working on completing the course. We will ensure that the training will be recertified every three (3) years as required by the Financial Management Training Requirements in the DOJ Financial Guide and documentation will be retained on file.

Recommendation 7: Ensure that ADECA modifies its policy to specify that in extraordinary circumstances, such as a federal shutdown it will seek to consult with OJP prior to making an excessive draw, fully document the basis for any such draw, and promptly return any excess funds at the conclusion of the extraordinary circumstances.

Response: We agree with the recommendation as presented. The LETS Accounting Unit procedures have been updated to include the process to follow in the event of extraordinary circumstances. Additionally, the ADECA Policies and Procedures Manual will be updated as well. Copies of both will be provided to OJP upon request.

Recommendation 8: Consult with ADECA and determine if interest payments are required and, should the payments be required, make the required payment.

Response: ADECA will consult with OJP to determine if interest payments are required. The funds were not in an interest-bearing account and were drawn due to the pending government shut down. Advance funds were ordered to ensure that the non-profit subrecipients had sufficient funding to continue operations should the shut down last several months.

Recommendation 9: Ensure that ADECA officials responsible for preparation of FFRs, review with appropriate OJP officials the circumstances surrounding the amended March 31, 2019 FFRs and identify the appropriate process that should have been followed to address the concerns raised by OJP regarding those reports.

Response: ADECA is available to review with OJP the circumstances surrounding the amended FFRs for the period ending March 31, 2019. In addition, ADECA will work with OJP to identify the appropriate process or course of action to follow if a similar situation occurs.

Recommendation 10: Ensure that ADECA develops and implements policies and procedures to review, prior to subaward approval, the details of maintenance and repair projects to assess the costs and determine if each project is properly categorized.

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Mr. Ferris B. Polk
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Response: ADECA acknowledges that although we follow federal regulations and guidelines when approving maintenance and repair projects, we do not have written policies and procedures in place. ADECA will develop policies and procedures with guidance from Office of Justice Programs, OVC Grants Management Specialist.

Recommendation 11: Ensure that ADECA strengthens its financial monitoring policies by eliminating the prior notice of transactions to be tested during onsite monitoring visits.

Response: ADECA does not concur with this recommendation. While ADECA does request documentation prior to onsite monitoring visits, the request is for a broad range of dates and is not limited to specific transactions. By requesting this documentation in advance for staff to review, it allows them to spend fewer days on-site with the subrecipient, which minimizes the disruption in the subrecipients operations and personnel. Once ADECA reviews the requested documentation, the program manager selects random transactions to be examined in detail. The subrecipient does not have notice of the specific transactions that will be examined until the program manager goes onsite to monitor the subrecipient. Only at that time does the program manager request all documentation regarding the specific transactions.

ADECA appreciates the opportunity to respond to the Draft Audit Report. Several of the responses contain Attachments. ADECA considers each of the Attachments to contain sensitive information and request that the Attachments not be released publicly. Should you have any questions related to this response or require additional information, please contact Derek Yarbrough, VOCA Program Supervisor, at 334-353-3252 or Derek.Yarbrough@adeca.alabama.gov.

Sincerely,


Kenneth W. Boswell
Director

KWB:wmb:cp

OFFICE OF JUSTICE PROGRAMS
RESPONSE TO THE DRAFT AUDIT REPORT¹¹



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

August 5, 2020

MEMORANDUM TO: Ferris B. Polk
Regional Audit Manager
Atlanta Regional Audit Office
Office of the Inspector General

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

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Victim Assistance Grants Awarded to the Alabama Department of Economic and Community Affairs, Montgomery, Alabama*

This memorandum is in reference to your correspondence, dated June 9, 2020, transmitting the above-referenced draft audit report for the Alabama Department of Economic and Community Affairs (ADECA). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **11** recommendations and **\$670,935** in questioned costs. The following is 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 remedy \$652,069 in unallowable capital improvement questioned costs for Grant Number 2017-VA-GX-0016.**

OJP agrees with this recommendation. We will review the \$652,069 in questioned costs, related to unallowable capital improvement costs, charged to Grant Number 2017-VA-GX-0016, and will work with ADECA to remedy, as appropriate.

¹¹ Attachments referenced in this response were not included in the final report.

2. **We recommend that OJP ensure that ADECA coordinates with the subrecipient to determine if any of the project costs were either for maintenance and repairs allowable under 28 C.F.R § 94.121(i), or for costs allowable under § 94.121(d).**

OJP agrees with this recommendation. We will coordinate with ADECA to obtain documentation to determine if any of the subrecipient's project costs, questioned under Recommendation Number 1, were either for maintenance and repairs allowable under 28 C.F.R § 94.121(i), or for costs allowable under § 94.121(d).

3. **We recommend that OJP remedy \$4,834 in unsupported personnel (\$2,950) and travel expenditures (\$1,884) questioned costs for Grant Number 2017-VA-GX-0016.**

OJP agrees with this recommendation. We will review the \$4,834 in questioned costs, related to unsupported personnel (\$2,950) and travel expenditures (\$1,884), charged to Grant Number 2017-VA-GX-0016, and will work with ADECA to remedy, as appropriate.

4. **We recommend that OJP remedy \$5,190 in unallowable travel (\$3,612) and personnel expenditures (\$1,578) for Grant Number 2016-VA-GX-0028.**

OJP agrees with this recommendation. We will review the \$5,190 in questioned costs, related to unallowable travel (\$3,612) and personnel expenditures (\$1,578), charged to Grant Number 2016-VA-GX-0028, and will work with ADECA to remedy, as appropriate.

5. **We recommend that OJP remedy \$8,842 in unsupported personnel (\$5,897), travel (\$1,716), and operating expenses (\$1,229) for Grant Number 2016-VA-GX-0028.**

OJP agrees with this recommendation. We will review the \$8,842 in questioned costs, related to unsupported personnel (\$5,897), travel (\$1,716), and operating expenses (\$1,229), charged to Grant Number 2016-VA-GX-0028, and will work with ADECA to remedy, as appropriate.

6. **We recommend that OJP ensure that all ADECA employees involved in the management of grant funds receive refresher training on all relevant cash management procedures.**

OJP agrees with this recommendation. We will coordinate with ADECA to obtain evidence that all ADECA employees involved in the management of grant funds have received refresher training on all relevant cash management procedures, including completion of the Department of Justice (DOJ) Grants Financial Management online training course, as applicable.

7. **We recommend that OJP ensure that ADECA modifies its policy to specify that in extraordinary circumstances, such as a federal shutdown it will seek to consult with OJP prior to making an excessive draw, fully document the basis for any such draw, and promptly return any excess funds at the conclusion of the extraordinary circumstances.**

OJP agrees with this recommendation. We will coordinate with ADECA to obtain a copy of its revised and implemented drawdown policies and procedures, which contain provisions for ensuring that, in extraordinary circumstances, such as a Federal shutdown, it will: consult with the Federal awarding agency prior to making an excessive draw; fully document the basis for any such draw; and promptly return any excess funds to the Federal awarding agency, at the conclusion of the extraordinary circumstances.

8. **We recommend that OJP consult with ADECA and determine if interest payments are required and, should the payments be required, make the required payment.**

OJP agrees with this recommendation. However, the OIG found that ADECA deposited its Federal grant funds in a non-interest bearing account. Accordingly, OJP's Office of the Chief Financial Officer (OCFO) determined that no interest is due to OJP, since the funds were ultimately expended in the subsequent quarter, and the excess cash was returned to OJP (see Attachment). Accordingly, the Office of Justice Programs respectfully requests closure of this recommendation.

9. **We recommend that OJP ensure that ADECA officials responsible for preparation of FFRs, review with appropriate OJP officials the circumstances surrounding the amended March 31, 2019 FFRs and identify the appropriate process that should have been followed to address the concerns raised by OJP regarding those reports.**

OJP agrees with this recommendation. We will coordinate with ADECA to obtain information related to the circumstances surrounding their amended Federal Financial Reports (FFRs), for the quarter ending March 31, 2019; and will provide feedback to ADECA regarding the appropriate process for amending FFRs, to ensure that their future FFRs are accurately prepared.

10. **We recommend that OJP ensure that ADECA develops and implements policies and procedures to review, prior to subaward approval, the details of maintenance and repair projects to assess the costs and determine if each project is properly categorized.**

OJP agrees with this recommendation. We will coordinate with ADECA to obtain a copy of written policies and procedures, developed and implemented, to ensure that the details of maintenance and repair projects are reviewed prior to approval of the subaward(s), to assess and determine if the costs of each project are properly categorized.

11. We recommend that OJP ensure that ADECA strengthens its financial monitoring policies by eliminating the prior notice of transactions to be tested during onsite monitoring visits.

OJP agrees with this recommendation. We will coordinate with ADECA to obtain a copy of written policies and procedures, developed and implemented, to strengthen its financial monitoring policies by eliminating the prior notice of transactions to be tested during onsite monitoring visits.

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

Attachment

cc: Katharine T. Sullivan
Principal Deputy Assistant Attorney General

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

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

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

Jessica E. Hart
Director
Office for Victims of Crime

Bill Woolf
Senior Advisor
Office for Victims of Crime

Katherine Darke-Schmitt
Deputy Director
Office for Victims of Crime

Kathrina S. Peterson
Acting Deputy Director
Office for Victims of Crime

cc: James Simonson
Associate Director for Operations
Office for Victims of Crime

Joel Hall
Associate Director, State Victim Resource Division
Office for Victims of Crime

Brian Sass-Hurst
Grants Management Specialist
Office for Victims of Crime

Charlotte Grzebien
Deputy General Counsel

Phillip K. Merkle
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Leigh A. Benda
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Christal McNeil-Wright
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Joanne M. Suttington
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Aida Brumme
Manager, Evaluation and Oversight Branch
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Louise Duhamel
Acting Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number IT20200611090151

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

The Office of the Inspector General (OIG) provided a draft of this audit report to the Alabama Department of Economic and Community Affairs (ADECA) and the Office of Justice Programs (OJP). The responses for ADECA and OJP are incorporated in Appendix 3 and 4, respectively. In response to our recommendations, ADECA concurred or agreed with three, partially concurred with three, did not concur with one, and did not explicitly state whether it agreed or disagreed with four. OJP agreed with all 11 recommendations and, as a result, the status of the audit report is resolved. OJP provided technical comments on pages 15 and 26 of the report, for which we made minor edits that do not affect our findings. As a result of the technical comments, Recommendation 2 was revised to incorporate a reference to 28 C.F.R. § 94.121(d). Based on the responses to the draft report, Recommendation 8 is closed. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

We recommend that OJP:

- 1. Remedy \$652,069 in unallowable capital improvement questioned costs for Grant Number 2017-VA-GX-0016.**

Resolved. OJP agreed with this recommendation and stated it will review the \$652,069 in questioned costs, related to unallowable capital improvement costs charged to Grant Number 2017-VA-GX-0016, and will work with ADECA to remedy, as appropriate.

ADECA concurred that the documentation made available for review was not sufficient to verify the subrecipient billings to the approved statement of work. ADECA stated that its staff followed all federal regulations and guidelines and it provided additional documentation to support the capital improvement questioned costs.

This recommendation can be closed when we receive documentation demonstrating the \$652,069 in questioned costs has been remedied.

2. **Ensure that ADECA coordinates with the subrecipient to determine if any of the project costs were either for required minor building adaptation costs allowable under 28 C.F.R. § 94.121(d), or for maintenance and repairs allowable under 28 C.F.R. § 94.121(i).**

Resolved. OJP agreed with this recommendation and stated it will coordinate with ADECA to obtain documentation to determine if any of the subrecipient's project costs, questioned under Recommendation 1, were either for required minor building adaptation costs under 28 C.F.R. § 94.121(d), or for maintenance and repairs allowable under § 94.121(i).

ADECA did not state whether it agreed or disagreed with this recommendation but stated it has started to coordinate with the subrecipient as it relates to the questioned costs for Recommendation 1. ADECA also stated it believes the costs outlined in the Victims of Crime Act (VOCA) budget can all be classified as allowable repairs and maintenance and without such repairs and maintenance costs, the subrecipient would be unable to ensure a healthy or safe environment for crime victims.

This recommendation can be closed when we receive documentation to support that project costs were either for required minor building adaptation allowable under 28 C.F.R. § 94.121(d) or for maintenance and repairs allowable under 28 C.F.R. § 94.121(i).

3. **Remedy \$4,834 in unsupported personnel (\$2,950) and travel expenditures (\$1,884) questioned costs for Grant Number 2017-VA-GX-0016.**

Resolved. OJP agreed with this recommendation and stated it will review the \$4,834 in questioned costs, related to unsupported personnel (\$2,950) and travel expenditures (\$1,884), charged to Grant Number 2017-VA-GX-0016, and will work with ADECA to remedy, as appropriate.

ADECA partially concurred with this recommendation and provided additional documentation for some of the unsupported costs. We reviewed the documentation and will coordinate with OJP to obtain its determination on that documentation.

This recommendation can be closed when we receive OJP's determination on the documentation provided by ADECA and evidence to support the remedy of \$4,834 in unsupported personnel costs and travel expenditures.

4. **Remedy \$5,190 in unallowable travel (\$3,612) and personnel expenditures (\$1,578) questioned costs for Grant Number 2016-VA-GX-0028.**

Resolved. OJP agreed with this recommendation and stated it will review \$5,190 in questioned costs, related to unallowable travel (\$3,612) and personnel expenditures (\$1,578), charged to Grant Number 2016-VA-GX-0028, and will work with ADECA to remedy, as appropriate.

ADECA partially concurred with this recommendation and stated it will work with OJP to resolve this recommendation. ADECA provided additional documentation for some of the unallowable costs. We reviewed the documentation that ADECA submitted and will coordinate with OJP to obtain its determination on that documentation.

This recommendation can be closed when we receive OJP's determination on documentation provided by ADECA and evidence to support the remedy of \$5,190 in unallowable travel and personnel expenditures.

5. **Remedy \$8,842 in unsupported personnel (\$5,897), travel (\$1,716), and operating expenditures (\$1,229) questioned costs for Grant Number 2016-VA-GX-0028.**

Resolved. OJP agreed with this recommendation and stated it will review the \$8,842 in questioned costs related to unsupported personnel (\$5,897), travel (\$1,716), and operating expenses (\$1,229), charged to Grant Number 2016-VA-GX-0028, and will work with ADECA to remedy, as appropriate.

ADECA partially concurred with this recommendation and agreed that the documentation available for review was not enough to verify the questioned costs. ADECA requested documentation from the subrecipients regarding the expenditures audited. ADECA provided additional documentation to support the personnel, travel, and operating questioned costs. We reviewed the documentation that ADECA submitted and will coordinate with OJP to obtain its determination on that documentation.

This recommendation can be closed when we receive OJP's determination on documentation provided by ADECA and evidence to support the remedy of \$8,842 in unsupported personnel, travel, and operating expenditures.

6. **Ensure that all ADECA employees involved in the management of grant funds receive refresher training on all relevant cash management procedures.**

Resolved. OJP agreed with this recommendation and stated it will coordinate with ADECA to obtain evidence that all ADECA employees involved in the management of grant funds have received refresher training on all relevant cash management

procedures, including completion of the Department of Justice Grants Financial Management online training course, as appropriate.

ADECA agreed with this recommendation and stated its financial point of contact and lead accountant completed the required refresher training on relevant cash management procedures and other accounting staff are working to complete the course.

This recommendation can be closed when we receive documentation to support that all ADECA employees involved in the management of grant funds received refresher training on all relevant cash management procedures.

7. **Ensure that ADECA modifies its policy to specify that in extraordinary circumstances, such as federal shutdown, it will seek to consult with OJP prior to making an excessive draw, fully document the basis for any such draw, and promptly return any excess funds at the conclusion of the extraordinary circumstances.**

Resolved. OJP agreed with this recommendation and stated it will coordinate with ADECA to obtain a copy of its revised and implemented drawdown policies and procedures, which contain provisions for ensuring that, in extraordinary circumstances, such as a federal shutdown, it will: consult with the federal awarding agency prior to making an excessive draw; fully document the basis for any such draw; and promptly return any excess funds to the federal award agency, at the conclusion of the extraordinary circumstances.

ADECA agreed with this recommendation and stated its accounting unit procedures have been updated to include the process to follow in the event of extraordinary circumstances. In addition, the ADECA Policies and Procedures Manual will be updated.

This recommendation can be closed when we receive documentation to support the updated accounting procedures that address the processes to follow in the event of extraordinary circumstances.

8. **Consult with ADECA and determine if interest payments are required and, should the payments be required, make the required payment.**

Closed. OJP agreed with and requested closure of recommendation. OJP's Office of the Chief Financial Officer (OCFO) determined that no interest is due to OJP, since the funds were ultimately expended in the subsequent quarter, the excess cash was returned to OJP, and advanced funds were not deposited into an interest-bearing account.

ADECA did not state whether it agreed or disagreed. ADECA stated it will consult with OJP to determine if interest payments are required. The funds were not in an

interest-bearing account and were drawn due to the pending government shutdown. Advance funds were ordered to ensure that the non-profit subrecipients had sufficient funding to continue operations should the shutdown last several months.

This recommendation is closed based on the OCFO determination that no interest is due to OJP.

9. **Ensure that ADECA officials responsible for preparation of Federal Financial Reports (FFR), review with appropriate OJP officials the circumstances surrounding the amended March 31, 2019 FFRs and identify the appropriate process that should have been followed to address the concerns raised by OJP regarding those reports.**

Resolved. OJP agreed with this recommendation and stated it will coordinate with ADECA to obtain information related to the circumstances surrounding the amended FFRs, for the quarter ending March 31, 2019. OJP will also provide feedback to ADECA regarding the appropriate process for amending FFRs, to ensure that their future FFRs are accurately prepared.

ADECA did not state whether it agreed or disagreed with this recommendation, but stated it is available to review with OJP the circumstances surrounding the amended FFRs for the period ending March 31, 2019. In addition, ADECA will work with OJP to identify the appropriate process or course of action to follow if a similar situation occurs.

This recommendation can be closed when we receive documentation to support the policies and procedures developed and implemented based on the discussion that ADECA officials held with OJP officials to review the circumstances surrounding the amended March 31, 2019 FFRs.

10. **Ensure that ADECA develops and implements policies and procedures to review, prior to subaward approval, the details of maintenance and repair projects to assess the costs and determine if each project is properly categorized.**

Resolved. OJP agreed with this recommendation and stated it will coordinate with ADECA to obtain a copy of written policies and procedures developed and implemented, to ensure that the details of maintenance and repair projects are reviewed prior to approval of the subawards to assess and determine if the costs of each project are properly categorized.

ADECA did not state whether it agreed or disagreed with this recommendation but acknowledged it follows federal regulations and guidelines when approving maintenance and repair projects, but do not have written policies and procedures. ADECA stated it will develop policies and procedures when approving maintenance

and repair projects with guidance from the Office for Victims of Crime grant management specialists.

This recommendation can be closed when we receive documentation to support the policies and procedures developed and implemented to review, prior to subaward approval, the details of maintenance and repair projects to assess the costs and determine if each project is properly categorized.

11. Ensure that ADECA strengthens its financial monitoring policies by eliminating the prior notice of transactions to be tested during onsite monitoring visits.

Resolved. OJP agreed with this recommendation and stated it will coordinate with ADECA to obtain a copy of written policies and procedures, developed and implemented, to strengthen its financial monitoring policies by eliminating the prior notice of transactions to be tested during onsite monitoring visits.

ADECA did not concur with this recommendation and stated that while documentation is requested prior to onsite monitoring, the request is for a broad range of dates and not limited to specific transactions. After review of the requested documentation, the program manager selects random transactions for examination. The subrecipient does not have advance notice of the specific transaction that will be reviewed until the program manager performs the onsite monitoring.

The OIG agrees with the clarification provided by ADECA and will coordinate with OJP to obtain its determination.

This recommendation can be closed when we receive OJP's determination on ADECA's clarification of its processes for requesting transactions for testing during onsite monitoring.