



Audit of the Office of Justice Programs Victim  
Assistance Grants Awarded to the Florida  
Department of Legal Affairs,  
Tallahassee, Florida



AUDIT DIVISION

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# EXECUTIVE SUMMARY

*Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the Florida Department of Legal Affairs, Tallahassee, Florida*

## Objective

The objective of the audit was to evaluate how the Florida Department of Legal Affairs (FDLA) 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 the FDLA, through its subrecipients, successfully provided services to crime victims; however, it did not utilize available funds to provide additional victim services. The FDLA returned \$2.2 million of the Fiscal Year (FY) 2015 award and \$57.3 million of the FY 2016 award. Based on our analysis of the FDLA's spending, we estimate that the FDLA may need to return approximately \$172.5 million of its FYs 2017 and 2018 awards when they expire. This audit did not identify significant concerns regarding the FDLA's allocation of Victims of Crime Act (VOCA) funds, subrecipient monitoring, or with its Federal Financial Reports. However, we identified areas of the FDLA's grant management that could be improved. Specifically, we identified concerns with the grant financial management. In addition, the FDLA did not have procedures to draw down its grant funds from the Office of Justice Programs (OJP). We identified \$231,759 in questioned costs pertaining to unallowable rental payments and unsupported consultant costs.

## Recommendations

Our report contains seven recommendations to OJP to assist the FDLA in improving its grant management and administration, and to remedy questioned costs. We requested a response to our draft audit report from OJP and the FDLA, which can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

## Audit Results

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four VOCA victim assistance formula grants awarded by OJP's Office for Victims of Crime (OVC) to the FDLA in Tallahassee, Florida. The OVC awarded these formula grants, totaling \$582,637,376 for FYs 2015 to 2018, from the Crime Victims Fund to enhance crime victim services throughout Florida. As of August 2020, the FDLA drew down a cumulative amount of \$256,253,499 for all of the grants we reviewed.

**Program Accomplishments** - The FDLA increased the number of victims served from 796,483 in FY 2016 to 1,309,013 in FY 2019. Although the FDLA increased the number of victims served, it did not utilize all available funding. The FDLA is unable to obligate funds for subrecipients until the state legislature authorizes the funding amounts. The limited time period of grant funds availability, along with the large increases in subsequent grant awards, may have contributed to the FDLA's significant amount of unobligated funds.

**Grant Financial Management** - The FDLA reimbursed subrecipients \$231,759 for unallowable rental payments and unsupported consultant costs. Specifically, one subrecipient was reimbursed for \$74,340 in rental payments for the use of property that was owned by a company that was a wholly owned subsidiary of the subrecipient and was managed by the subrecipient's chief executive officer. Another subrecipient was reimbursed for \$150,919 in unsupported consultant costs. The FDLA also accepted \$6,500 in unallowable rental costs as part of a subrecipient match contribution. In addition, the FDLA did not have formal procedures to draw down its grant funds from OJP.

**Subrecipient Monitoring** - Based on analyses we performed, we determined that the FDLA's monitoring policies were adequate.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS VICTIM ASSISTANCE GRANTS  
AWARDED TO THE FLORIDA DEPARTMENT OF LEGAL AFFAIRS,  
TALLAHASSEE, FLORIDA**

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# AUDIT OF THE OFFICE OF JUSTICE PROGRAMS VICTIM ASSISTANCE GRANTS AWARDED TO THE FLORIDA DEPARTMENT OF LEGAL AFFAIRS, TALLAHASSEE, FLORIDA

## INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four victim assistance formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the Florida Department of Legal Affairs (FDLA) in Tallahassee, Florida. 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) 2015 to 2018, these OVC grants, totaled \$582,637,376.

**Table 1**  
**Audited Grants Fiscal Years 2015 – 2018**

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2015-VA-GX-0008	7/24/2015	10/1/2014	9/30/2018	\$ 119,556,240
2016-VA-GX-0041	8/22/2016	10/1/2015	9/30/2019	137,108,287
2017-VA-GX-0060	9/28/2017	10/1/2016	9/30/2020	115,217,117
2018-V2-GX-0018	8/9/2018	10/1/2017	9/30/2021	210,755,732
<b>Total:</b>				<b>\$ 582,637,376</b>

Note: Each award may be expended for 3 fiscal years after the fiscal year the grant was made. At the time of our audit, the FDLA had not drawn down any funds from the 2018-V2-GX-0018 grant.

Source: OJP's Grants Management System (GMS)

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.<sup>1</sup> 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).

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<sup>1</sup> The VOCA victim assistance formula program is funded under 34 U.S.C. 20103.

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 funding for victim assistance to \$2.2 billion. For FY 2017, \$1.8 billion was available, and for FY 2018, \$3.3 billion was available. 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 the Florida Department of Legal Affairs increased from \$26,682,201 in FY 2014 to \$119,556,240 in FY 2015. The available grant funds increased to \$210,755,732 in FY 2018.

VOCA victim assistance grant funds support the provision of direct services – such as crisis intervention, assistance filing restraining orders, counseling in crises 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 Florida state administering agency, the FDLA is responsible for administering the VOCA victim assistance program. The FDLA is responsible for providing all legal services required by State of Florida agencies, unless otherwise required by law. The FDLA's other statutory responsibilities include: enforcing state consumer protection, antitrust, and civil rights laws; prosecuting criminal racketeering; and operating the state's Medicaid Fraud Control Unit. To carry out its responsibilities, the FDLA operates through various program units, including Criminal and Civil Litigation, Victim Services, Executive Direction and Support Services, and the Office of Statewide Prosecution.

## **OIG Audit Approach**

The objective of the audit was to evaluate how the FDLA 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 and Final Rule (VOCA Guidelines), and the DOJ Grants Financial Guide (Financial Guide) as our primary criteria. We also reviewed

relevant FDLA policy and procedures and interviewed FDLA personnel to determine how they administered the VOCA funds. We interviewed FDLA and subrecipient personnel and further obtained and reviewed FDLA and subrecipient records reflecting grant activity.<sup>2</sup>

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<sup>2</sup> 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. The FDLA, which is the primary recipient of victim assistance grants at the state level in Florida, must distribute the majority of the funding to organizations that provide direct services to victims, such as rape treatment centers, domestic violence shelters, centers for missing children, and other community-based victim coalitions and support organizations. As the state administering agency, the FDLA has the 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.<sup>3</sup> 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 the discretion in determining the amount of funds each subrecipient receives.

As part of our audit, we assessed the FDLA's overall plan to allocate and award the victim assistance funding. We reviewed how the FDLA 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 the FDLA had an adequate process for allocating VOCA funds and was able to allocate all FY 2015 and FY 2016 VOCA funding. However, it was unable to utilize all available funding. This occurred in part because of the significant increases in CVF funds available coupled with restrictive state laws governing the FDLA's expenditure of grant funds. The FDLA did not use \$2.2 million of its 2015 grant award and \$57.3 million of the FY 2016 award. If spending trends continue, OJP would be required to deobligate approximately \$32.5 million of the FY 2017 award and approximately \$140 million of the 2018 award. As a result, these unspent funds will not be used to assist Florida crime victims, as intended, and will be returned to the Crime Victims Fund. Further, we did not identify any issues with the FDLA's process to

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<sup>3</sup> 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.



select subrecipients, but found that it did not begin to communicate applicable VOCA requirements adequately to subrecipients until October 2018.

### **Subaward Allocation Plan**

In response to the significant increase in VOCA funds available beginning in 2015, the OVC's FY 2015 VOCA Victim Assistance Formula Solicitation required that state and territory applicants submit a subrecipient funding plan that detailed efforts to identify additional victim service needs, as well as subaward strategies to spend the substantial increase in available VOCA funding. Through meetings with subrecipients throughout the state, the FDLA developed a subaward allocation plan that included the identification of victims' needs.<sup>4</sup> The FDLA's allocation plan included the priority areas of:

1. crime victims of sexual assault, domestic abuse, child abuse, and underserved, consistent with VOCA Guidelines;
2. victim service providers, such as law enforcement, state attorneys, and legal aid providers;
3. innocent victims of gang violence;
4. expansion of currently funded programs; and
5. new programs.

The FDLA stated in its annual solicitations for subrecipients that it encouraged applicants to identify gaps in available services for underserved victims and to seek funding to provide services to these victims. The FDLA used its increased funding to both execute an extensive outreach effort to recruit service providers and increase FDLA staffing. The FDLA hired seven staff members in 2019 and hoped subsequently to hire an additional supervisor and two auditors. The FDLA's allocation plan was adequate and was able to allocate all FYs 2015 and 2016 award funding. As of June 2020, the FDLA had allocated 19 percent of the FY 2017 award and none of the FY 2018 award. While we believe the allocation plan is adequate, the FDLA and its subrecipients did not utilize all allocated funds.

### **Utilization of VOCA Funds**

Since FY 2015, the FDLA has had difficulty utilizing the increased award amounts. The FDLA returned \$2.2 million of its \$119 million FY 2015 award that expired on September 30, 2018, and had over \$57.3 million pending deobligation from its \$137 million FY 2016

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<sup>4</sup> Stakeholders include state agencies, service providers, and other professionals in the victim services field.

award.<sup>5</sup> The FY 2015 award was the first year that OVC provided significant increases in VOCA award amounts. The FDLA was able to spend nearly all of the FY 2015 award because it reimbursed subrecipients throughout the entire award period. Because the FDLA was able to utilize the FY 2015 award until the award expiration date, it began a spending pattern where the FDLA did not begin to spend subsequent awards until the last year of the award period.

As of August 10, 2020, the unspent balances of the FYs 2017 and 2018 VOCA awards were \$56 million and \$211 million, respectively. The FY 2017 award expires on September 30, 2020. The FDLA began drawing down 2017 award funds in November 2019. Also, as of August 10, 2020, the FDLA had spent \$59 million, or an average of 5.9 million per month. If the FDLA continued to spend at this pace, it would draw down an additional \$23.6 million during the final month of the award period and 3 months of the liquidation period. At this rate of spending, OJP would be required to deobligate approximately \$32.5 million of Florida's FY 2017 victim assistance funds. Based on previous award spending patterns, the FDLA will likely begin spending the 2018 award in October 2020, after the 2017 award expires. If the FDLA's established spending pace continues, OJP will be required to deobligate approximately \$140 million of the \$211 million in victim assistance funds awarded to Florida for FY 2018.

In June 2017, the OVC conducted a site visit of the FDLA's victim assistance program. The site visit included a review of the FYs 2015 and 2016 awards. The OVC found that for both awards, the unobligated remaining balance was not within an acceptable range. According to an OVC official, at the time of the OVC review, the acceptable unobligated balance range for the FY 2015 award should have been equal to or less than 50-percent of the total award. For the FY 2016 award, the balance range should have been equal to or less than 75-percent of the total award. The OVC requested that the FDLA provide a corrective action plan within 30 days. The FDLA provided a revised plan to subaward funds, along with a narrative response. The response explained that the FDLA and many of its subrecipients require authorization from the state legislature prior to spending VOCA funds.<sup>6</sup> As a result, according to the response, the FDLA is unable to obligate funds for subrecipients until the state legislature authorizes the funding amounts. The Florida legislature convenes in a 60-day session each spring, between March and April. Further,

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<sup>5</sup> The award period for the FY 2016 award expired September 30, 2019, and the FDLA can no longer obligate and spend those funds. An OJP official told us that OJP had not deobligated the \$57.3 million associated with the FY 2016 award pending the results of this audit.

<sup>6</sup> The FDLA has subrecipients that are state and local governmental agencies that must adhere to the spending authority requirements.

the state's fiscal year begins on July 1 of each year. The FDLA does not receive its official award notification until after the legislative session and the state fiscal year has begun. This timing issue prevents the FDLA from spending grant funds until nearly the third year of each award.

FDLA officials told us that the nearly 350 percent increase (\$26,682,201 in FY 2014 to \$119,556,240 in FY 2015) in available funds adversely affected the FDLA's ability to spend the entire federal award within the allotted time. An FDLA official said that a gradual increase over a 3 or 4-year period would have allowed it to better prepare for the increase. The limited time period of grant funds availability, along with the large increases in subsequent grant awards, may have contributed to the FDLA's significant amount of unused grant funds. While we would not encourage expending all VOCA funds within the required timeframes if there are not appropriate uses, we recognize that there may be unmet victim needs when significant funding is returned.

Given that the state's VOCA funds are being received faster than it has been able to expend the funds, OJP should work with the FDLA to provide additional guidance on appropriate and responsible spending of the remaining VOCA funds. In July 2019, the OIG issued a *Review of OJP's Efforts to Address Challenges in Administering the Crime Victims Fund Programs*.<sup>7</sup> In the report, the OIG recommended that OJP examine states' spending data, comparatively analyze states' spending plans and program execution, assess the causes for any state implementation delays, and apply the results of its review to assist states in developing and executing future spending plans. As of June 2020, OJP has issued solicitations for a contractor to provide technical assistance for the FY 2020 award, with the aim of helping states figure out how to use the funds to help victims. The cooperative agreement would begin in January 2021. Until then, OJP officials told us they were finalizing the procedures needed to hire an interim technical assistance provider to assist the FDLA in maximizing its future award amounts. The officials told us that the main goal is to help states with the highest balances such as Florida, to identify ways to utilize funds. OJP expected the interim program to be up and running by mid-June 2020. We believe this recommendation adequately addresses Florida's spending plan concerns. However, as part of OJP's review, we recommend OJP work with the FDLA to ensure that it maximizes its efforts to identify victim needs so that the FDLA fully meets those needs with VOCA funds, as the program intended.

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<sup>7</sup> U.S. Department of Justice Office the Inspector General, [\*Review of the Office of Justice Programs' Efforts to Address Challenges in Administering the Crime Victims Fund Programs\*](#), Audit Report 19-34, 55.

## Subaward Selection Process

To assess how the FDLA granted its subawards, we identified the steps that the FDLA took to inform, evaluate, and select subrecipients for VOCA funding. The FDLA distributes a Notice of Availability to agencies throughout the state describing the opportunity to apply for VOCA funding. Notices of Availability are published in the Florida Administrative Register, posted on the FDLA's website, and distributed to service providers by mail and at community meetings.<sup>8</sup> In addition, the Notices of Availability are sent to all registered agencies in the FDLA's electronic grants management system. FDLA staff perform technical reviews of each application and make award recommendations based on criteria, such as OVC priority categories, stability of current funding in an area of the state, duplication of services, and other relevant statutes based on the needs of the geographical areas. Final award decisions or denials are made by the Attorney General or a designee. FDLA officials told us the funding increase led to an extensive outreach effort to recruit service providers.

As shown in Table 2, the FDLA significantly increased its number of subawards and subrecipients from the FY 2014 award to FY 2015 award based on the increase in funding. An FDLA official told us that the numbers decreased for the FY 2016 and FY 2017 awards because the FDLA was able to fund multiple award cycles utilizing the FY 2015 award. We did not identify any issues with the FDLA's subaward selection process.

**Table 2**  
**Subaward Recipients**

Award Number	Number of Subawards	Number of Subrecipients
2014-VA-GX-0026	238	218
2015-VA-GX-0008	683	269
2016-VA-GX-0041	268	238
2017-VA-GX-0060	275	241

Note: As of May 2020, subawards for the FY 2018 and subsequent grant had not been made and consequently are not included in this table. Because subrecipient organizations are able to receive more than one subaward, there are more subawards than subrecipient organizations.

Source: Florida Department of Legal Affairs

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<sup>8</sup> The Florida Administrative Register is the publication containing proposed rules and notices of state agencies of Florida.

## **Subaward Requirements**

State administering agencies must adequately communicate VOCA requirements to their subrecipients. We reviewed the FDLA's subaward solicitations and award packages to determine how the grantee 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 reviewed the FDLA's FY 2019 award package. We found that the FDLA properly established and conveyed program eligibility requirements and the 2 CFR 200 requirements, to the subrecipients. However, during our review of the Florida's Single Audit Report for the fiscal year ended June 30, 2018, we identified previous findings with the FY 2015 award. Specifically, the FDLA did not notify subrecipients of required award information. FDLA officials completed corrective action on this finding in October 2018 and all subrecipients receiving funding during FYs 2018 and 2019 were provided the required information. Because we did not identify any exceptions during our review of the FY 2019 award package, the FDLA's corrective action to the previous 2018 finding appears adequate and no additional recommendation is required.

## **Program Requirements and Performance Reporting**

To determine whether the FDLA distributed VOCA victim assistance program funds to enhance crime victim services, we reviewed the FDLA's distribution of grant funding via subawards among local direct service providers. We also reviewed the FDLA's performance measures and performance documents that the state administering agency used to track goals and objectives. We further examined OVC solicitations and award documents and verified the FDLA'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 the FDLA: (1) is on track to fulfill the distribution requirements to priority victim groups; (2) implemented adequate procedures to compile annual performance reports; however, (3) did not always comply with tested special conditions.

## **Priority Areas Funding Requirement**

The VOCA Guidelines require that the FDLA award a minimum of 10 percent of the total grant funds to programs that serve victims in each of the four following categories: (1) sexual assault, (2) domestic abuse, (3) child abuse, and (4) previously underserved. The VOCA Guidelines give each state administering agency the latitude for determining the method for identifying "previously underserved" crime victims. The FDLA defined underserved victims through meetings with statewide stakeholders in victim services. The underserved population includes survivors of homicide, victims with disabilities, victims of elder abuse, victims in criminal appellate cases, personal crime, victims of intoxicated drivers, and human trafficking.

We examined how the FDLA allocated VOCA subawards to gauge whether it was on track to meet the program's priority areas distribution requirements. We found that the FDLA's plan to allocate funds for the four priority target area categories was the first priority within the FDLA's overall subaward allocation plan. We found that the FDLA met the requirement to award a minimum of 10 percent of total funds to each of the priority target areas.

## **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, due December 30 of each 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 a 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, victimization types, demographics, and direct 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. We reviewed the annual performance reports that the FDLA submitted to the OVC for FYs 2016 through 2019.

We discussed with FDLA officials how they compiled performance report data from their subrecipients. The FDLA required subrecipients to submit performance data by the 15<sup>th</sup> of the month following the end of the quarter. FDLA staff review the data entered and notify subrecipients of any questions or incomplete information that requires follow-up. Once the FDLA approves the data, it then compiles annual data into a state-wide report that it submits to the OVC through PMT.

To determine whether the FDLA was enhancing its victim services, we reviewed the most recent available Annual Performance Reports, covering the period of FYs 2016 through 2019. The FDLA reported an increase in the number of victims served and the number of services provided each year. An FDLA official attributed the significant increase in services provided to victims in FY 2019 to the sustained increase in VOCA funding. Table 3 presents summary data from these annual performance reports.

**Table 3**  
**Summary from FDLA**  
**Victim Assistance Program Annual Performance Report**  
**FYs 2016 through 2019**

Performance Categories	FY 2016 Data Reported	FY 2017 Data Reported	FY 2018 Data Reported	FY 2019 Data Reported
Number of Victims Served	405,178	481,698	577,786	656,757
Number of Services Provided	2,278,106	2,663,724	2,848,697	6,435,575

Source: Florida Annual Performance Reports for Victim Assistance

We assessed whether the FDLA's annual performance reports to the OVC fairly reflected the performance figures its subrecipients had reported to the state. We compared the quarterly performance data reported in its grants management system to the support documentation that resided at the subrecipients we selected for review. We were generally able to reconcile the subrecipient subtotals. We discuss more in-depth testing of the reported performance figures at the subrecipient level in the Monitoring of Subrecipients section below.

### **Compliance with Special Conditions**

The special conditions of a federal grant award establish specific requirements for grant recipients. In its grant award documents, the FDLA certified it would comply with these special conditions. We reviewed the special conditions for each VOCA victim assistance program grant in our scope and identified special conditions that we deemed significant to grant performance that are not otherwise addressed in another section of this report. Our testing included a review of the requirement for submitting Subgrant Award Reports (SAR) and System for Award Management (SAM) registration. In addition, we tested other special conditions relevant only for the FY 2015 award, including the restrictions on using award funding to maintain or establish computer networks without adequate firewall protections or to support the Association of Community Organizations for Reform Now (ACORN). The FDLA complied with the special conditions reviewed. We reviewed SAR data and identified one immaterial error in reporting. We reviewed information from SAM and found that proper registration was completed, and no debarment issues were found. In our testing of the financial records, we found no award funds had been expended on computer networks or ACORN.



## 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 the FDLA's financial management of the VOCA grants, we reviewed the process the FDLA used to administer these funds by examining expenditures charged to the grants, drawdown requests, match contributions, and financial reports. To further evaluate the FDLA's financial management of the VOCA grants, we also reviewed the Single Audit Reports for FYs 2016 through 2018 and identified two instances of noncompliance and significant deficiencies related to the FDLA's financial management. Specifically, in the FY 2018 single audit report the auditor found that in administering the FY 2015 grant, the FDLA did not notify subrecipients of required award information. In addition, FDLA's controls did not always ensure that the results of on-site monitoring visits were adequately documented, as there was no evidence of review and verification of subrecipient corrective actions. The OIG evaluated the corrective actions and closed the associated recommendations on April 13, 2020. We also interviewed FDLA personnel who were responsible for financial aspects of the grants, reviewed FDLA 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 the FDLA implemented adequate controls over administrative expenditures. However, we identified \$231,759 in unallowable and unsupported subrecipient expenditures. We also determined that the FDLA had not established formal written procedures for drawdowns.

## 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 may request payment from the FDLA on a monthly basis via the FDLA's grants management system. As of May 1, 2020, the FDLA had reimbursed its subrecipients a total of \$193,562,240 from the FYs 2015, 2016, and 2017 VOCA victim assistance grants. As of that date, no reimbursements had been made to subrecipients from the FY 2018 victim assistance grants.



To evaluate the FDLA'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 for testing 11 subrecipients based on award amounts, location, and risk assessment levels. For each subrecipient, we selected one monthly reimbursement request to review. In total, the 11 reimbursements included 467 transactions totaling over \$1.4 million. The transactions we reviewed included costs in the following categories: (1) personnel, (2) fringe, (3) contracts and consultants, (4) training, and (5) operating costs.

The FDLA agreed to provide reimbursement to one subrecipient for victim therapy provided by consultants and for other costs incurred by the subrecipient in providing the consultant services to the victims. For August 2017, two consultants were paid \$5,961 for therapy services provided to victims. These consultants were paid by the subrecipient. The subrecipient requested reimbursement from the FDLA for the \$5,961 paid to the consultants and for an additional \$4,217 to cover its other costs of providing the consultant services to the victims. In its reimbursement request to the FDLA, the subrecipient provided support for the consultants' direct costs but provided no support for its other related costs. When we inquired about the lack of support for the other related costs, both FDLA and subrecipient officials told us that the reimbursement for therapy services was made on a "fee for service" basis intended to cover the consultant costs and other related costs such as office space and equipment. The subrecipient director told us that this arrangement was established through verbal conversations with the FDLA during each year of the subawards. We identified an additional 23 similar reimbursements from January 2016 through December 2018 that included unsupported consultant costs totaling \$146,702.

The Financial Guide requires that recipients maintain adequate supporting documentation for expenses charged to the awards. An OJP Office of the Chief Financial Officer (OCFO) official agreed that these costs were unsupported. As a result, we question \$150,919 in subrecipient consultant costs and recommend that OJP remedy the unsupported subrecipient costs. We also recommend that OJP ensure that the FDLA requires subrecipients to obtain and maintain documentation for all reimbursable costs and to end the practice of entering into agreements that allow a subrecipient to receive reimbursement for unsupported costs.

The FDLA reimbursed another subrecipient \$74,340 for rental payments to a limited liability company that was a wholly owned subsidiary of the subrecipient and managed by the subrecipient's CEO. An FDLA official told us that the limited liability company owned the property that the subrecipient used for services. The Financial Guide states that rental costs may not be charged to the grant if the recipient owns the building or has financial interest in the property. Further, the Guide states that costs for rental of any property, to include commercial or residential real estate, owned by individuals or entities affiliated with

the recipient or subrecipient are unallowable. Based on this, we consider the rental costs to be unallowable. An official from OJP's OCFO agreed that these rental payments were unallowable. Therefore, we question the \$74,340 paid to the limited liability company and recommend that OJP remedy the unallowable subrecipient rental 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. For the victim assistance grant program, we tested the FDLA's compliance with the 5 percent limit on the administrative category of expenses for the FYs 2015 and 2016 awards, as shown in Table 4.

**Table 4**  
**Administrative Expenditures**

Award Number	Total Award	State Administrative Expenditures	Administrative Percentage
2015-VA-GX-0008	\$119,556,240	\$1,831,373	1.5%
2016-VA-GX-0041	\$137,108,287	\$1,757,384	1.3%

Source: FDLA Financial Records

We compared the FDLA's administrative costs recorded in their financial records to their grant award amounts to determine if the FDLA had exceeded the 5 percent limit. The FDLA complied with the 5 percent administrative cost limit for the FYs 2015 and 2016 grant.

In addition to testing the FDLA's compliance with the 5 percent administrative allowance, we also tested a sample of administrative transactions. We judgmentally selected 36 travel and equipment transactions totaling \$36,896. We reviewed the supporting documentation and determined that the transactions were allowable and adequately supported.

We also judgmentally selected \$41,457 in payroll expenditures for nine FDLA employees from two non-consecutive pay periods per employee. We reviewed timesheets, payroll data, and accounting records and found that all costs were accurate, allowable, and supported.

## 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 reimbursements or disbursements made immediately or within 10 days. To assess whether the FDLA managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed to

the total expenditures in the FDLA's accounting system and accompanying financial records.

For the VOCA victim assistance awards, the FDLA prepares drawdowns on a reimbursement basis. Table 5 shows the total amount drawn down for each grant as of August 2020.

**Table 5**  
**Amount Drawn Down for Each Grant as of August 2020**

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
2015-VA-GX-0008	\$119,556,240	09/30/2018	\$117,375,192	\$2,181,048
2016-VA-GX-0041	137,108,287	09/30/2019	79,775,099	57,333,188
2017-VA-GX-0060	115,217,117	09/30/2020	59,103,208	56,113,909
2018-V2-GX-0018	210,755,732	09/30/2021	0	210,755,732
<b>Total:</b>	<b>\$582,637,376</b>		<b>\$256,253,499</b>	<b>\$326,383,877</b>

Note: The remaining \$2.2 million was deobligated from the 2015 award and OJP plans to deobligate the remaining \$57.3 million from the 2016 award pending the results of this audit.

Source: OJP Payment History Reports

While we did not identify significant deficiencies related to the FDLA's process for developing drawdown requests, we noted one of the drawdowns exceeded the expenses in the FDLA's general ledger by \$741,793. We do not take issue with the drawdown because the FDLA expended the funds within 10 days of the draw. The FDLA Finance and Accounting Director, who completes the drawdowns, told us that the FDLA did not have written procedures for making drawdowns. The Director provided us with informal guidelines developed to assist in completing these tasks. However, the informal guidelines did not include a procedure described to us by the Director in which at the end of each month the FDLA draws a 3-day average of expenses. This procedure is intended to ensure funds are available to continue a constant flow of payments to subrecipients. Absent formal procedures, future FDLA drawdowns may not be made as intended. Consequently, we recommend that OJP ensure the FDLA develops and implements formal written procedures for completing drawdowns.

### 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.<sup>9</sup> The state administering agency has primary responsibility for ensuring subrecipient compliance with the match requirements. The FDLA communicated the 20 percent match requirement through its annual subrecipient grant agreements. Subrecipients report their matching contributions along with their reimbursement requests in the FDLA's grants management system.

To review the provision of matching funds, we reviewed a sample of 202 matching transactions from 11 subrecipients totaling \$427,535. The documentation provided by the subrecipients complied with the 20 percent match cost requirement and were for activities and items allowable under the VOCA requirements, except for one match contribution. One subrecipient match contribution totaling \$6,500 was unallowable because it was used for rental payments to a limited liability company that was a wholly owned subsidiary of the subrecipient and managed by the subrecipient's CEO. The Financial Guide states that rental costs may not be charged to the grant if the recipient owns the building or has financial interest in the property. It also states that costs for rental of any property, to include commercial or residential real estate, owned by individuals or entities affiliated with the recipient or subrecipient are unallowable. If an expense is unallowable under the federal grants, it is not allowable as a match. Consequently, we recommend that the OJP remedy the \$6,500 in unallowable questioned cost. We also recommend that the OJP ensure that the FDLA implements policies to include only allowable expenses to comply with VOCA match requirements.

According to OVC policy, state administering agencies that have a match waiver policy may waive the 20 percent matching requirement for subrecipients either in total or part. The FDLA has a match waiver policy in place. Match waiver approvals are dependent on factors such as local resources, annual budget changes, past ability to provide match, and whether the funding is for new or additional activities requiring additional match funds. During our subrecipient reviews, we inquired about staff knowledge of match waiver requests. We determined that managers for 4 of 11 subrecipients knew neither what a match waiver was nor the option for requesting a waiver. This lack of knowledge could prevent subrecipients from requesting a match waiver when it is both needed and justifiable. An FDLA official told us that they informed VOCA subrecipients of waiver options via conference calls and email on an as needed basis. However, the information pertaining to the match waiver

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<sup>9</sup> 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.

option is not documented in the FDLA's subrecipient agreements or training material. During our audit, the FDLA issued through its grants management system a document titled "COVID-19 Frequently Asked Questions—5/12/2020" explaining what a subrecipient should do if it is unable to meet the match requirement.<sup>10</sup> The document included information on the FDLA's process for approving match waivers and informed subrecipients that, if no alternate source for match is identified, the subrecipient can apply for a match waiver.

## **Financial Reporting**

According to the 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 the FDLA submitted accurate Federal Financial Reports (FFR), we compared the four most recent reports to the FDLA's accounting records for Grant Numbers 2015-VA-GX-0008 and 2016-VA-GX-0041. We determined that quarterly and cumulative expenditures for the reports matched the accounting records for all grant awards reviewed.

## **Monitoring of Subrecipients**

According to the 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, the FDLA must develop policies and procedures to monitor subrecipients. To assess the adequacy of the FDLA's monitoring of its VOCA subrecipients, we interviewed FDLA personnel, identified its monitoring procedures, and obtained records of interactions between the FDLA and its subrecipients. Because of the COVID-19 pandemic, we were only able to conduct one in-person site visit of the 11 subrecipients selected for testing. During this site visit, which occurred prior to the pandemic, we interviewed subrecipient personnel and reviewed accounting and performance records. For the remaining subrecipients, we conducted virtual site visits by interviewing officials via telephone and remotely reviewing accounting and performance records. We were unable to make on-site observations of operations.

We spoke with subrecipient officials about the support received from the FDLA. Officials from 6 of the 11 subrecipients told us that the FDLA should provide more responsive communication, clear guidance, and additional training on reimbursement requirements

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<sup>10</sup> COVID-19, identified in December 2019, is a strain of coronavirus that was not previously identified in humans. The COVID-19 was the cause of a worldwide outbreak of respiratory illness.

near the subrecipients' local areas. Officials from 4 of the 11 subrecipients were not aware of the VOCA waiver option, although FDLA officials told us that the option was communicated through conference calls and email, as necessary and appropriate. Also, officials from four subrecipients told us they did not understand why services provided for incarcerated individuals were not reimbursed by the state when such assistance is no longer prohibited by the 2016 VOCA Final Rule.

FDLA officials told us that grant managers provide technical assistance to subrecipients via telephone, email, in-person meetings, and the grants management system. Subrecipients receive grant information and may view training videos via the FDLA's grants management system. FDLA officials told us in April 2020 that they had recently hired a research and training specialist to create additional training courses for subrecipients.

According to the FDLA's policies and procedures, the FDLA grant managers monitor subrecipients to ensure compliance with applicable federal and state guidelines. FDLA policy requires an on-site visit at each subrecipient each year. We found that FDLA monitored its subrecipients in accordance with its policy. FDLA management determines which subrecipients will be monitored more frequently based on risk assessments completed by the monitoring staff. The risk assessments include a review of the following factors:

- size of the award,
- complexity of the project,
- whether new or continuing subrecipient,
- past history of performance,
- past audits, and
- reporting and reimbursement requests.

According to FDLA's policy, each subrecipient receives a score of low, medium, or high for each risk category, and the scores are aggregated to determine an overall risk level for each subrecipient. Subrecipient risk assessments are documented in the FDLA's grants management system.

We reviewed the FDLA's subrecipient risk assessments to evaluate compliance with its internal policy. We found that the FDLA did not comply with its own monitoring guidelines regarding subrecipient risk assessments. Using the FDLA criteria for risk assessments, we determined that fifty-four of 776 subrecipient risk assessment scores from the FYs 2016 through 2019 award periods were inaccurate or incomplete. An FDLA official agreed that some of the risk assessment ratings were reported incorrectly and other risk assessments were not fully completed. The official added that the FDLA was working with software developers to create a new report that will provide the risk rating, score, and other

information included on the risk assessment. The FDLA official said this will reduce the chance for human error when creating reports. Pending development of the new software, an FDLA employee was comparing the data entered on a risk assessment tracking chart against the risk assessments completed in the FDLA's grants management system to ensure accuracy. Inaccurate risk assessments could prevent the FDLA from identifying high risk subrecipients and providing necessary technical assistance and increased monitoring visits. Because FDLA managers were aware of and are in the process of correcting the subrecipient risk assessments, we make no recommendation.

In our overall assessment of the FDLA's subrecipient monitoring, we found that the FDLA had adequate subrecipient monitoring controls. Our results are detailed in the sections below.

### **Financial Monitoring**

On a monthly basis, the FDLA requires its subrecipients to submit invoices and supporting documentation for all expenditures claimed for reimbursement. In addition, the FDLA requires documentation to support subrecipient match contributions. FDLA grant managers review the monthly invoices and supporting documentation to ensure all expenditures are accurate, allowable, and supported. Grant managers also ensure that reimbursement requests are approved only for expenses listed on the VOCA approved budget. According to FDLA policy, the invoice cannot be signed by VOCA-funded or match-funded personnel. Also, for the month at the end of each quarter, reimbursement is contingent upon a complete and accurate quarterly performance report.

In March 2019, the FDLA established an auditing unit that performs on-site financial audits of subrecipients and potential subrecipients. In the first year, this unit focused on the top one-third of the high risk subrecipients. FDLA managers told us that in the unit's second year of operation it will conduct follow-up audits and begin reviewing the next one-third of high-risk subrecipients.

Based on our interviews and review of relevant policies, we determined the FDLA has financial policies and procedures to ensure subrecipients do not charge unallowable expenditures to the award. However, the FDLA does not always follow its own policies and procedures pertaining to approving only supported and allowable costs. We previously discussed our concerns in detail in the Subaward Expenditures section of this report.

### **Performance Monitoring**

The FDLA requires its subrecipients to submit all performance reports on a quarterly and annual basis. FDLA grant managers review the reported information for compliance and reasonableness by verifying that: (1) the subrecipient has completed required training, (2) the Quarterly Performance Report is signed by an authorized individual, (3) the number of



victims served does not exceed the number of victimization cases reported, and (4) the number of victims served in a monthly report is not higher than the quarterly total. The FDLA grant managers also compare programmatic activities against performance goals identified in the subrecipients' VOCA applications. For the month at the end of a quarter, the FDLA processes a subrecipient's reimbursement request once it receives and approves the performance reports and accepts the level of service provided during the report period.

After the FDLA has received quarterly and annual performance reports from its subrecipients, an FDLA staff member collects the information submitted and enters aggregate data into OJP's PMT. Supervisory reviews ensure the accuracy of the reported data. An FDLA official told us that related supporting documentation is not reviewed during the quarterly reporting period. Instead, it is checked during an onsite review.

To review performance report accuracy, we selected a minimum of 5 categories of reported performance from a quarterly report from each of the 11 subrecipients. We compared the reported performance to the support documentation the subrecipients provided. The documentation we reviewed materially supported the reported numbers of victims served.



## CONCLUSION AND RECOMMENDATIONS

Overall, we found that the FDLA used its grant funds to enhance services for crime victims. However, our audit identified areas where the FDLA could improve its management of VOCA funds. The FDLA also did not have formal drawdown procedures. Further, we identified \$150,919 in unsupported subrecipient costs and \$80,840 in unallowable subrecipient costs. Our report contains \$231,759 in total questioned costs and seven recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Work with the FDLA to ensure that it maximizes its efforts to identify victim needs so that the FDLA fully meets those needs with VOCA funds, as the program intended.
2. Remedy the \$150,919 in unsupported subrecipient consultant costs.
3. Ensure that the FDLA requires subrecipients to obtain and maintain documentation for all reimbursable costs and to end the practice of entering into agreements that allow a subrecipient to receive reimbursement for unsupported costs
4. Remedy the \$74,340 in unallowable subrecipient rental costs.
5. Ensure the FDLA develops and implements formal written procedures for completing drawdowns.
6. Remedy the \$6,500 in unallowable rental costs related to match.
7. Ensure that the FDLA implements policies to include only allowable expenses to comply with VOCA match requirements.

## **APPENDIX 1**

### **OBJECTIVE, SCOPE, AND METHODOLOGY**

#### **Objective**

The objective of the audit was to evaluate how the Florida Department of Legal Affairs (FDLA) 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 2015-VA-GX-0008, 2016-VA-GX-0041, 2017-VA-GX-0060, and 2018-V2-GX-0018 from the Crime Victims Fund (CVF) awarded to the FDLA. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$582,637,376 to the FDLA, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 1, 2014, the project start date for VOCA assistance grant number 2015-VA-GX-0008, through June 5, 2020. As of April 27, 2020, the FDLA had drawn down a total of \$26,253,499 from 3 of the 4 audited grants. The FDLA has not drawn any funds from the 2018 CVF grant.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the FDLA's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit charges, financial reports, performance reports, and subrecipient testing. 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 Department of Justice (DOJ) Grant Financial Guides, and the award documents contain the primary criteria we applied during the audit.

During the audit, one of the subrecipients we reviewed became the subject of a State of Florida investigation. The investigation was opened based on allegations that the subrecipient paid its former chief executive officer more than \$7.5 million over 3 years as domestic violence victims across the state were denied services. It was also reported that the former chief executive officer was allowed to cash in more than \$5 million of paid time off at the subrecipient that is primarily funded with state and federal taxpayer dollars. After learning of the investigation, we discontinued any audit work with the subrecipient.

Because of the COVID-19 pandemic, we were only able to conduct one in-person site visit of the 11 subrecipients selected for testing. During this site visit, which occurred prior to the pandemic, we interviewed subrecipient personnel and reviewed accounting and performance records. For the remaining 10 subrecipients, we conducted virtual site visits by interviewing officials via telephone and remotely reviewing accounting and performance records. We were unable to make on-site observations of subrecipient operations.

During our audit, we obtained information from OJP's Grants Management System and Performance Measurement Tool, as well as the FDLA accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole; therefore, any findings identified involving information from those systems 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 objectives. We did not evaluate the internal controls of the FDLA to provide assurance on its internal control structure as a whole. The FDLA's management is responsible for the establishment and maintenance of internal controls in accordance with 2 C.F.R. §200 for grantees. Because we do not express an opinion on the FDLA's internal control structure as a whole, we offer this statement solely for the information and use of the FDLA and applicable DOJ component for external audits.<sup>11</sup>

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

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

Internal Control Components & Principles Significant to the Audit Objectives	
<b>Control Environment Principles</b>	
	Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.
<b>Control Activity Principles</b>	
	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.
<b>Information &amp; Communication Principles</b>	
	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 operating effectiveness of these internal controls and did not identify any deficiencies that we believe could affect the FDLA's ability to effectively and efficiently operate, to correctly state financial or performance information, and to ensure compliance with laws and regulations. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to 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.

## APPENDIX 2

### SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
<b>Questioned Costs<sup>12</sup></b>		
Unallowable Costs		
Unallowable Rental Costs		
2016-VA-GX-0041	\$74,340	13
Unallowable Rental Costs Related to Match		
2016-VA-GX-0041	<u>\$6,500</u>	16
Total Unallowable Costs	\$80,840	
Unsupported Costs		
Unsupported Consultant Costs		
2015-VA-GX-0008	\$90,064	
2016-VA-GX-0041	<u>\$60,855</u>	
Total Unsupported Costs	\$150,919	13
<b>Total Questioned Costs</b>	<b><u>\$231,759</u></b>	

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<sup>12</sup> Questioned Costs are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, the provision of supporting documentation, or contract ratification, where appropriate.

## APPENDIX 3

### FLORIDA DEPARTMENT OF LEGAL AFFAIRS RESPONSE TO THE DRAFT AUDIT REPORT<sup>13</sup>



ASHLEY MOODY  
ATTORNEY GENERAL  
STATE OF FLORIDA

OFFICE OF THE ATTORNEY GENERAL  
Director of Law Enforcement  
Victim Services and  
Criminal Justice Programs

Gary L. Howze  
PL-01 The Capitol  
Tallahassee, FL 32399-1050  
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<http://www.myfloridalegal.com>

September 2, 2020

Ferris B. Polk  
Regional Audit Manager  
Atlanta Regional Audit Office  
Office of the Inspector General  
U.S. Department of Justice  
75 Ted Turner Drive, Southwest, Suite 1130  
Atlanta, Georgia 30303

Dear Mr. Polk:

This is in response to your letter dated August 19, 2020, with regard to the draft audit report on the Audit of the OJP Victim Assistance Grants awarded to the Florida Department of Legal Affairs.

1. Work with the FDLA to ensure that it maximizes its efforts to identify victim needs so that the FDLA fully meets those needs with VOCA funds, as the program intended.

The OAG utilized a Consultant from the DOJ, Office for Victims of Crime, in 2017 for assistance in allocating the increased funding and in efforts not to de-obligate funds. The OAG became aware of an additional opportunity for a Consultant in June 2020 and requested assistance. The OVC Consultant is working on gathering a pool of experts to assist the OAG.

2. Remedy the \$150,919 in unsupported subrecipient consultant costs.

This issue will be remedied by notifying the appropriate subrecipient by September 4, 2020, asking for reimbursement of unsupported costs.

3. Ensure that the FDLA requires subrecipients to obtain and maintain documentation for all reimbursable costs and to end the practice of entering into agreements that allow a subrecipient to receive reimbursement for unsupported costs.

The FDLA will no longer enter into agreements that allow a subrecipient to receive reimbursement for unsupported costs.

4. Remedy the \$74,340 in unallowable subrecipient rental costs.

With regard to the audit finding for disallowed rental costs, the FDLA believes we interpreted the Financial Guide and the CFR correctly. We maintain that the allowed

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<sup>13</sup> Attachments referenced in this response were not included in the final report.

costs were allowable, and that the use of the match was appropriate, but accept the audit finding and interpretation by OIG and have asked for the sub-recipient to reimburse.

The Financial Guide (2006) - Part III - Chapter 7: Allowable Costs, states in pertinent part, "...rent cannot be paid if the building is owned by the grantee or if the grantee has a substantial financial interest in the property. *However, the cost of ownership is an allowable expense ....*" (Emphasis added.)

Code of Federal Regulation §200.465 (b) and (c) indicate that real property rental costs under "less-than-arm's-length" leases *are allowable* only up to the amount that would be allowed had the non-Federal entity continued to own the property. This amount includes expenses such as depreciation, maintenance, taxes, and insurance.

It is not uncommon for service agencies to form 501(c)(2) title-holding companies as a means of protecting the buildings used to offer services, including safe residential accommodations, for victims of crime. The lease in question was for the rental of real property used as a confidential safehouse for victims of crime, specifically human trafficking, to live in free from fear of discovery by their (alleged) perpetrators.

This issue will be remedied by notifying the appropriate subrecipients no later than September 4, 2020 and asking for reimbursement of the questionable costs.

5. Ensure the FDLA develops and implements formal written procedures for completing drawdowns.

See attached

6. Remedy the \$6,500 in unallowable rental costs related to match.

Please refer to the justification and response to item 4.

7. Ensure that the FDLA implements policies to include only allowable expenses to comply with VOCA match requirements.

The FDLA will ensure only VOCA allowable expenses are included for compliance with VOCA match requirements.

Sincerely,



Gary L. Howze  
Director



## APPENDIX 4

### OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

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Washington, D.C. 20531

September 9, 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 Florida Department of Legal Affairs, Tallahassee, Florida*

This memorandum is in reference to your correspondence, dated August 19, 2020, transmitting the above-referenced draft audit report for the Florida Department of Legal Affairs (FDLA). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **seven** recommendations and **\$231,759** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. **We recommend that OJP work with the FDLA to ensure that it maximizes its efforts to identify victim needs so that the FDLA fully meets those needs with VOCA funds, as the program intended.**

OJP agrees with this recommendation. We will coordinate with the FDLA to obtain a copy of written policies and procedures, developed and implemented, to ensure that efforts are maximized to identify victim needs, so that the FDLA fully meets those needs with Victims of Crime Act (VOCA) funds, as the program intended.



2. **We recommend that OJP remedy the \$150,919 in unsupported subrecipient consultant costs.**

OJP agrees with this recommendation. We will review the \$150,919 in questioned costs, related to unsupported subrecipient consultant costs, charged to Grant Numbers 2015-VA-GX-0008 (\$90,064) and 2016-VA-GX-0041 (\$60,855), and will work with the FDLA to remedy, as appropriate.

3. **We recommend that OJP ensure that the FDLA requires subrecipients to obtain and maintain documentation for all reimbursable costs and to end the practice of entering into agreements that [may] allow a subrecipient to receive reimbursement for unsupported costs.**

OJP agrees with this recommendation. We will coordinate with the FDLA to obtain a copy of written policies and procedures, developed and implemented, to ensure that subrecipients maintain documentation for all reimbursable costs and to end the practice of entering into agreements that may allow a subrecipient to receive reimbursement for unsupported costs.

4. **We recommend that OJP remedy the \$74,340 in unallowable subrecipient rental costs.**

OJP agrees with this recommendation. We will review the \$74,340 in questioned costs, related to unallowable subrecipient rental costs, charged to Grant Number 2016-VA-GX-0041, and will work with the FDLA to remedy, as appropriate.

5. **We recommend that OJP ensure the FDLA develops and implements formal written procedures for completing drawdowns.**

OJP agrees with this recommendation. We will coordinate with the FDLA to obtain a copy of written policies and procedures, developed and implemented, to ensure that drawdowns of Federal grant funds are limited to the amount needed for disbursement to be made immediately or within 10 days of drawdown, as required by the Department of Justice Grants Financial Guide.

6. **We recommend that OJP remedy the \$6,500 in unallowable rental costs related to match.**

OJP agrees with this recommendation. We will review the \$6,500 in questioned costs, related to unallowable capital improvement, charged to Grant Number 2016-VA-GX-0041, and will work with the FDLA to remedy, as appropriate.

**7. We recommend that OJP ensure that the FDLA implements policies to include only allowable expenses to comply with VOCA match requirements.**

OJP agrees with this recommendation. We will coordinate with the FDLA to obtain a copy of written policies and procedures, developed and implemented, to ensure that only allowable expenses are reported, in compliance with VOCA match requirements.

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

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## APPENDIX 5

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

The Department of Justice (DOJ) Office of the Inspector General (OIG) provided a draft of this audit report to the Florida Department of Legal Affairs (FDLA) and the Office of Justice Programs (OJP) for review and comment. The FDLA's response is incorporated in Appendix 3, and OJP's response is incorporated in Appendix 4 of this final report. In response to the draft audit report, OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. The FDLA neither agreed nor disagreed explicitly with the recommendations but described corrective actions generally responsive to each recommendation. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

#### Recommendations for OJP:

1. **Work with the FDLA to ensure that it maximizes its efforts to identify victim needs so that the FDLA fully meets those needs with Victims of Crime Act (VOCA) funds, as the program intended.**

Resolved. OJP agreed with our recommendation and stated that it will coordinate with the FDLA to obtain a copy of written policies and procedures, developed and implemented, to ensure that efforts are maximized to identify victim needs, so that the FDLA fully meets those needs with VOCA funds, as the program intended.

In its response, the FDLA stated that the Florida Office of the Attorney General (OAG) utilized a consultant from the DOJ Office for Victims of Crime (OVC), in 2017 for assistance in allocating the increased funding and in efforts not to de-obligate funds. The OAG became aware of an additional opportunity for a consultant in June 2020 and requested assistance. The OVC consultant is working on gathering a pool of experts to assist the OAG.

This recommendation can be closed when we receive documentation demonstrating that OJP is working with the FDLA to ensure that it maximizes its efforts to identify victim needs so that the FDLA fully meets those needs with VOCA funds, as the program intended.

**2. Remedy the \$150,919 in unsupported subrecipient consultant costs.**

Resolved. OJP agreed with our recommendation and stated that it will review the \$150,919 in questioned costs, related to unsupported subrecipient consultant costs, charged to Grant Numbers 2015-VA-GX-0008 (\$90,064) and 2016-VA-GX-0041 (\$60,855), and will work with the FDLA to remedy the questioned costs.

In its response, the FDLA stated that the costs will be remedied by requesting that the subrecipient reimburse the unsupported costs.

This recommendation can be closed when we receive documentation that OJP remedied the \$150,919 in unsupported subrecipient consultant costs.

**3. Ensure that the FDLA requires subrecipients to obtain and maintain documentation for all reimbursable costs and to end the practice of entering into agreements that allow a subrecipient to receive reimbursement for unsupported costs.**

Resolved. OJP agreed with our recommendation and stated that it will coordinate with the FDLA to obtain a copy of written policies and procedures, developed and implemented, to ensure that subrecipients maintain documentation for all reimbursable costs and to end the practice of entering into agreements that may allow a subrecipient to receive reimbursement for unsupported costs.

In its response, the FDLA stated that it will no longer enter into agreements that allow a subrecipient to receive reimbursement for unsupported costs.

This recommendation can be closed when we receive documentation that OJP ensures that the FDLA requires subrecipients to obtain and maintain documentation for all reimbursable costs and to end the practice of entering into agreements that allow a subrecipient to receive reimbursement for unsupported costs.

**4. Remedy the \$74,340 in unallowable subrecipient rental costs.**

Resolved. OJP agreed with our recommendation and stated that it will review the \$74,340 in questioned costs, related to unallowable subrecipient rental costs, charged to Grant Number 2016-VA-GX-0041, and will work with the FDLA to remedy the questioned costs.

In its response, the FDLA stated it believes, based on its interpretation of the 2006 OJP Financial Guide and the Code of Federal Regulations, that the subrecipient rental costs were allowable, and that the use of the match was appropriate.

However, the FDLA also stated that it accepts the audit finding and interpretation by OIG and have asked for the subrecipient to reimburse the rental costs.

The FDLA provided an excerpt from the 2006 OJP Financial Guide stating that rent cannot be paid if the building is owned by the grantee or if the grantee has a substantial financial interest in the property but that the cost of ownership is an allowable expense.

The FDLA also provided an excerpt from C.F.R. § 200.465 (b) and (c) indicating that real property rental costs under “less-than-arm's-length” leases are allowable only up to the amount that would be allowed had the non-Federal entity continued to own the property. This amount includes expenses such as depreciation, maintenance, taxes, and insurance.

The FDLA stated that it is not uncommon for service agencies to form 501(c)(2) title-holding companies as a means of protecting the buildings used to offer services, including safe residential accommodations, for victims of crime. The lease in question was for the rental of real property used as a confidential safehouse for victims of crime, specifically human trafficking, to live in free from fear of discovery by their (alleged) perpetrators.

The FDLA stated the unallowable rental payments will be remedied by notifying the appropriate subrecipients no later than September 4, 2020, and asking for reimbursement of the questionable costs.

As stated in the report, the applicable DOJ Grants Financial Guide states that rental costs may not be charged to the grant if the recipient owns the building or has financial interest in the property. Further, the DOJ Grants Financial Guide states that costs for rental of any property, to include commercial or residential real estate, owned by individuals or entities affiliated with the recipient or subrecipient are unallowable. The OJP’s Office of the Chief Financial Officer (OCFO) provides policy guidance, financial control, and support services to OJP in the areas of grants, accounting, and financial management. During the audit, an official from OCFO agreed that these rental payments were unallowable.

This recommendation can be closed when we receive documentation that OJP remedied the \$74,340 in unallowable subrecipient rental costs.

**5. Ensure the FDLA develops and implements formal written procedures for completing drawdowns.**

Resolved. OJP agreed with our recommendation and stated that it will coordinate with the FDLA to obtain a copy of written policies and procedures, developed and implemented, to ensure that drawdowns of Federal grant funds are limited to the amount needed for disbursement to be made immediately or within 10 days of drawdown, as required by the DOJ Grants Financial Guide.

In its response, the FDLA provided an attachment that included written procedures, dated August 1, 2020, for completing cash drawdowns of VOCA funds. We reviewed the procedures and the procedures appear to be adequate.

This recommendation can be closed when we receive documentation that OJP agrees that the formal written procedures for completing drawdowns are adequate.

**6. Remedy the \$6,500 in unallowable rental costs related to match.**

Resolved. OJP agreed with our recommendation and stated that it will review the \$6,500 in questioned costs, related to unallowable capital improvement, charged to Grant Number 2016-VA-GX-0041, and will work with the FDLA to remedy the questioned costs.

In its response, the FDLA referred to its response to recommendation 4 to address this recommendation.

These matching costs were unallowable according to the DOJ Grants Financial Guide, which states that rental costs may not be charged to the grant if the recipient owns the building or has financial interest in the property. The DOJ Financial Guide also states that costs for rental of any property, to include commercial or residential real estate, owned by individuals or entities affiliated with the recipient or subrecipient are unallowable. Lastly, an official from OJP's OCFO agreed that these rental payments were unallowable.

This recommendation can be closed when we receive documentation that OJP remedied the \$6,500 in unallowable costs related to match.

7. **Ensure that the FDLA implements policies to include only allowable expenses to comply with VOCA match requirements.**

Resolved. OJP agreed with our recommendation and stated that it will coordinate with the FDLA to obtain a copy of written policies and procedures, developed and implemented, to ensure that only allowable expenses are reported, in compliance with VOCA match requirements.

In its response, the FDLA stated that it will ensure that only VOCA allowable expenses are included for compliance with VOCA match requirements.

This recommendation can be closed when we receive written policies and procedures, developed and implemented, to ensure that only allowable expenses are reported, in compliance with VOCA match requirements.