



Audit of the Office of Justice Programs
Transforming America's Response to Elder Abuse:
Coordinated, Enhanced Multidisciplinary Teams for
Older Victims of Abuse and Financial Exploitation
Program Awarded to Elder Law of Michigan,
Lansing, Michigan



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EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Transforming America's Response to Elder Abuse: Coordinated, Enhanced Multidisciplinary Teams for Older Victims of Abuse and Financial Exploitation Program Awarded to Elder Law of Michigan, Lansing, Michigan

Objectives

The Office of Justice Programs (OJP) Office for Victims of Crime (OVC) awarded Elder Law of Michigan (ELM) a grant totaling \$374,991 under its program for Enhanced Multidisciplinary Teams (E-MDT) for Older Victims of Abuse and Financial Exploitation. The objectives of this audit were to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

We concluded that ELM generally met individual goals of the grant but may not have met the overall award objective by the end of the award period. In addition, we identified areas of improvement relating to grant financial management, including the lack of appropriate policies and procedures to help properly manage the grant. Moreover, we found that ELM did not report indirect costs appropriately—resulting in inaccurate drawdowns and financial reporting. We also questioned \$86,407 related to personnel, contractor, rent, and associated indirect cost expenditures.

Recommendations

Our report contains 9 recommendations to OJP to address the above deficiencies and remedy \$86,407 in dollar-related findings. We requested a response to our draft audit report from ELM and OJP, which can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

The purpose of this grant was to enhance the capacity of rural communities to address elder abuse and financial exploitation through the creation and support of an E-MDT. The grant project period was from October 2019 through September 2022. As of June 2022, ELM had drawn down a cumulative amount of \$206,889.

Program Goals and Accomplishments

We determined that ELM generally met the individual goals of the grant, but it did not appear that ELM would be able to complete the overall grant objective by the grant end date of September 30, 2022. While individual project tasks were generally completed, ELM acknowledged challenges with partner engagement and completing in-depth victim referrals.

Grant Financial Management

We identified that ELM inaccurately reported its federal expenditures within its single audit and did not include several grant financial management tasks in its policy manual. We also found \$55,794 in personnel-related and associated indirect questioned costs related to one individual not approved in the grant's budget and another individual's salary expenses exceeding the grant's approved budget. Further, we identified \$26,704 in unsupported and unallowable contractor and associated indirect costs and \$3,909 in unsupported rent and associated indirect costs.

Drawdowns, Financial Reports, and Budget Management

We found that ELM did not report indirect costs in its accounting records, which resulted in inaccurate drawdown requests and federal financial reports. Additionally, ELM did not always record grant expenses to approved budget categories.

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Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of a grant titled “Transforming America’s Response to Elder Abuse: Enhanced Multidisciplinary Teams (E-MDT) for Older Victims of Abuse and Financial Exploitation Program” awarded to Elder Law of Michigan (ELM) in Lansing, Michigan, by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC). ELM was awarded one grant totaling \$374,991, as shown in Table 1.

Table 1

Grant Awarded to ELM

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2019-V3-GX-0012	OVC	09/30/2019	10/01/2019	09/30/2022	\$374,991
Total:					\$374,991

Source: OJP

OJP created the E-MDTs for Older Victims of Abuse and Financial Exploitation Program to support elder abuse multidisciplinary teams at the rural, tribal, local, or state levels, including enhancing existing teams in those geographic areas. The program’s goal is to bring together a group of professionals composed of three or more disciplines—such as mental health therapy, financial services, and civil legal assistance—who work collaboratively to address innovative solutions for elder abuse and financial exploitation cases. The program is intended to augment work currently being done to create a coordinated community response coalition and victim referral services.¹

The Grantee

ELM, located in Lansing, Michigan, is a non-profit charitable organization that is governed by an all-volunteer Board of Directors. ELM’s annual operating budget is approximately \$1.5 million, of which about 40 percent is comprised of federal dollars. ELM’s mission generally includes advocating, educating, and assisting older adults who become victims of or are susceptible to elder abuse and financial exploitation. The Michigan Elder Justice Coordinating Council (MEJCC), an entity within ELM, focuses on elder abuse research, education, training, advocacy, and communication, and works with community partners from across Michigan to serve as a voice for elder abuse victims—including organizations on the

¹ ELM was already providing services in this area and had received prior OJP funding. In 2017, ELM received an OJP grant through the Innovation Framework for National Referral System Effective Referrals at the Community Level with Person-Enhanced Technology program. Additionally, in 2018 ELM received an OJP Coordinated Community Response to Elder Abuse grant.

Michigan Attorney General's Elder Abuse Task Force.² The Director of the MEJCC is the program manager for the E-MDT grant, which includes responsibility for managing the audited award.

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

We tested compliance with what we consider to be the most important conditions of the grant. The DOJ Grants Financial Guide and the award documents contain the primary criteria we applied during the audit.

The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

² The Michigan Attorney General's Elder Abuse Task Force consists of more than 55 different organizations in the public, private, and nonprofit sectors that work together to combat elder abuse.

Audit Results

Program Performance and Accomplishments

We reviewed grant documentation, including required performance reports, and interviewed ELM officials to determine whether ELM demonstrated adequate progress towards achieving the program's goals and objective. We also reviewed data within the semi-annual progress reports for accuracy—comparing the data to supporting documents. Finally, we reviewed ELM's compliance with special conditions identified in the award documentation. As detailed in the following sections of the report, we found that ELM generally met the individual goals of the grant, but we are concerned whether ELM will have met the intended overall objective of the E-MDT program by the end of the grant period.

Program Goals and Objective

In September 2019, OJP awarded ELM a grant titled "Transforming America's Response to Elder Abuse: Enhanced Multidisciplinary Teams (E-MDTs) for Older Victims of Abuse and Financial Exploitation Program" to: (1) review best practices currently implemented in Luce, Mackinac, and Chippewa counties in Michigan, and support victim services referrals and case management for older adults who have been abused; (2) hire an E-MDT Coordinator, develop a community plan, and establish processes for gathering and reporting data; (3) design a multidisciplinary team through the use of research and feedback and enhance the team with the inclusion of needed specialists; (4) operate the E-MDT by doing case reviews for at least 50 referrals that result in in-depth assistance to 20 victims and the prosecution of 3-5 perpetrators of elder abuse; (5) provide training and resources to the E-MDT; and (6) create a short implementation guide on establishing an enhanced multidisciplinary team, facilitated by technology, in a rural community.³

To assess whether ELM had achieved the goals of the grant, we selected a judgmental sample of three individual project tasks that aid in accomplishing certain goals and reviewed supporting documentation. The first project task was whether ELM conducted a review of its technology for possible enhancements. We found that ELM completed an assessment and identified areas for additional services, which we also verified that ELM had implemented. For example, ELM enhanced the case intake process by allowing the upload of client consent forms and created a performance measurement workbook to track client information and activities. The second project task we assessed was whether ELM reviewed the data collection and reporting process used in the first year of the grant and made adjustments for improvements. We found that ELM originally planned to use an already established system but then recognized a need for additional tools to track data for reporting purposes. As such, ELM utilized the performance measurement workbook that was created under the first project task we reviewed. The last project task we reviewed was ELM's efforts to provide in-depth assistance to 20 victims. As of July 27, 2022, ELM confirmed that it made 10 in-depth referrals, or only 50 percent of its revised goal.

We also looked at ELM's efforts to accomplish the overall objective of the grant, which is to enhance the capacity of rural communities to address elder abuse and financial exploitation through the creation and support of an E-MDT. We found that despite having interagency agreements signed with 28 partners, ELM

³ Based on OJP's monitoring activities in April 2022, the metrics associated with the fourth goal were changed due to the impact of the COVID-19 pandemic. The original goal was to operate the E-MDT by doing case reviews for at least 150 referrals that result in in-depth assistance to 25 victims and the prosecution of 5 perpetrators of elder abuse.

indicated that only 6-10 partners regularly attend meetings or respond to email. Further, ELM's most recently submitted semi-annual performance report noted continuing partner communication challenges. Given these struggles with partner engagement and ELM having only achieved 50 percent of its in-depth referral goal, we are concerned that ELM will not meet the intended overall objective by the end of the grant period. We asked ELM officials about plans for sustaining the E-MDT program after the grant period ends, and they told us that they plan to turn over E-MDT operations to another non-profit organization in Michigan when the grant ends. Because the grant ended on September 30, 2022, and a separate organization is taking over the program, we recommend that OJP collaborate with ELM to identify lessons learned and necessary improvements that can be shared with the organization assuming responsibility for the E-MDT program.

Required Performance Reports

According to the DOJ Grants Financial Guide, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. We reviewed ELM's policies for reporting accurate information to external entities and found these policies to be sufficient to ensure proper controls over the reporting of data. To verify the information in ELM's semi-annual progress reports, we selected a judgmental sample of six performance measures from the reports submitted for the periods ending June 30, 2021, and December 31, 2021. We then traced the six performance measures to supporting documentation maintained by ELM and found that one of the reported measures was inaccurate. ELM reported six deliverables being completed between July 1, 2021, and September 30, 2021, yet its supporting documentation showed nine deliverables had been completed. According to an ELM official, the difference was due to a typographical error. Given the nature of the error and there only being one such occurrence, we are not making a recommendation in this area.

Compliance with Special Conditions

Special conditions are terms and conditions that are included with the award. We reviewed the special conditions for the grant and selected a judgmental sample of two conditions that are significant to performance under the grant and are not addressed in another section of this report. In particular, we reviewed: (1) the requirement for the project director and key program personnel to be replaced only for compelling reasons with OJP's approval, and (2) the requirement for all ELM staff serving as grant and financial points of contact to complete OJP's Financial Management and Grant Administration training.

In March 2022, ELM's President resigned; thus, ELM needed to replace this individual to fill the President position and for such action to be approved by OJP. We found that ELM complied with the requirement related to replacing key personnel. However, we found that ELM did not fully comply with the requirement for all grant and financial points of contacts to complete OJP's Financial Management and Grant Administration training. ELM officials provided us with training certificates for all current staff required to complete the training but were unable to provide a training certificate for a former point of contact of the grant. We are not making a recommendation regarding this noncompliance because the individual who did not complete the required training is no longer working at ELM.

Grant Financial Management

According to the DOJ Grants Financial Guide, all grant recipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them.

The DOJ Grants Financial Guide also states that non-federal entities must maintain written standards of awarding and administering contracts. To assess ELM's financial management of the grant and whether ELM adequately safeguarded grant funds, we conducted interviews with ELM's financial staff, including ELM's external accountant; examined policies and procedures; and inspected grant documents. We also reviewed ELM's single audit reports for fiscal years (FY) 2019 and 2020 to identify any internal control weaknesses or significant non-compliance issues related to federal awards.

Based on our interviews with ELM officials and review of various documentation and records, we concluded that certain grant financial management matters could be improved, including ELM's policies and procedures for administering grants. We reviewed ELM's Financial Awards Management Policy Manual (the Manual) and found that parts of the guidance are written in the future tense and, therefore, imply that the stated processes are not yet occurring. Further, we found that the Manual does not contain guidance on important grant financial management activities and that ELM did not always adhere to established policy. Therefore, we recommend that OJP ensure ELM establishes and implements grant financial management policies and procedures to help ensure adequate administration of federal grant funds and that all relevant personnel are aware of these policies and procedures. We discuss the specific grant financial management policy areas needing improvement in the following sections of this report, as well as other findings we identified, including unallowable and unsupported expenditures and inaccuracies in ELM's single audit reports, drawdowns, and federal financial reports.⁴

Single Audit

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

An ELM official told us that an outside accountant assists ELM with generating documents for the SEFA, which is provided, along with accounting records, to the auditors for performing the single audit. During our review of ELM's FY 2019 and FY 2020 single audit reports, we found that the SEFAs did not accurately report expenditures for audited grant award 2019-V3-GX-0012. The reported expenditure amounts on the SEFAs were \$169,725 and \$268,923, respectively, but an ELM official noted that the actual FY 2019 and FY 2020 expenditures for grant award 2019-V3-GX-0012 were \$4,441 and \$71,469, respectively, which also matched what was recorded in ELM's general ledger. This official also acknowledged the auditor's work in developing the SEFA and that expenditures from all awards received under the same DOJ program may have been included in the total reported expenditures for grant award 2019-V3-GX-0012. By failing to accurately report its federal award expenditures, ELM reduces the effectiveness of the single audit. Thus, we recommend that OJP ensure ELM develops and implements written procedures to ensure that the SEFA

⁴ In the [Conclusion and Recommendations](#) section of this report, we make one recommendation that consolidates the individual grant financial management policy issues identified in the report.

is accurately prepared in accordance with federal requirements and is reviewed and approved by management. We also recommend that OJP ensure ELM establishes and implements policies and procedures for adequately overseeing external accounting activities.

Grant Expenditures

ELM's approved budget includes personnel costs, fringe benefits, travel, consultants/contracts, rent, communication services, and indirect costs. According to the accounting records provided to us during the audit, ELM expended grant funds totaling \$288,709 as of May 31, 2022. To determine whether costs charged to the award were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of 64 transactions totaling \$57,876 by reviewing supporting documentation, including accounting records, timesheets, and invoices. Based on this testing, we identified \$86,407 in questioned costs and other concerns regarding expenditures for personnel costs, contractor costs, rent, and associated indirect costs, as described in the following sections.⁵

Personnel Costs

ELM's grant budget included the salaries and associated fringe benefits for three employees. We selected a sample of 36 salary and fringe benefit transactions totaling \$41,308 from ELM's accounting records to determine whether the personnel costs were in line with the approved budget and were supported by a reasonable allocation of grant-related activities, as required by the DOJ Grants Financial Guide.

We found that ELM charged the grant a total of \$35,639 in salary and fringe benefits for an official whose personnel costs were not approved to be paid for with grant funds. We were unable to speak with this ELM official because the individual resigned from the organization prior to the audit entrance conference.⁶ However, we spoke with current ELM officials who confirmed the former official's personnel costs were paid with grant funds and who told us that neither the former official nor the organization sought approval from OJP to use grant funds for these particular payroll costs. Although ELM officials confirmed that the former official worked on technology upgrades for a communication system associated with a previous grant that would ultimately benefit the E-MDT grant, ELM should have sought approval from OJP for these costs.⁷

We also found salary costs charged to the grant for another ELM official that exceeded the approved grant budget amount. Specifically, ELM charged the grant \$42,412 for this official when the approved grant budget provided \$28,980, or a difference of \$13,432. ELM officials could not explain why excess salary costs were charged to the grant for this position. Therefore, we recommend that OJP remedy the \$49,071

⁵ The total amount of the sample transactions we tested is less than the total amount of questioned costs we identified because we questioned all salary costs (not just those transactions that were part of our sample) associated with the individuals whose personnel costs were not authorized to be paid with grant funds as well as indirect costs associated with the direct costs we questioned.

⁶ We issued the audit notification letter on March 16, 2022, and this official resigned on March 31, 2022. We conducted the audit entrance conference on April 4, 2022.

⁷ The E-MDT grant is not a technology grant and the grant's budget does not include a technology line item. In 2017, ELM received an OJP technology grant (2017-VF-GX-K139) for \$499,930, and in 2018, ELM received a community response elder grant (2018-V3-GX-K026) for \$493,500.

(\$35,639 + \$13,432) in unallowable personnel costs and \$6,723 in associated indirect costs charged to the grant.

By charging these unallowable personnel costs to the grant, ELM did not follow its established policy that management will ensure all personnel costs charged to grants are associated with time spent on allowable activities. Thus, we recommend that OJP ensure that ELM reiterates to its staff the policy requiring that all personnel costs charged to federal grants be reviewed to confirm those charges are associated with work hours spent on allowable activities.

Contractor Costs

ELM's approved grant budget totaled \$69,000 for consultants/contracts, which includes personnel and fringe benefit costs for two contractors and four members of the coordinated community response coalition. We selected a sample of two contractors to determine if ELM adhered to federal requirements regarding the contracted services.

Based upon our testing, we identified issues with ELM's review of contractor invoices. According to the established contract, contractors are to provide detailed timesheets and a statement of work when submitting invoices for payment. However, we found that an ELM contractor did not provide detailed timesheets or the statement of work to describe the services rendered. An ELM official stated that this requirement was not enforced because the contractor stated it was too time consuming to provide the additional documentation. This official also stated that although ELM met with the contractor to discuss what services would be provided, records of these meetings were not maintained, nor was documentation of the services rendered by the contractor. Instead, ELM officials stated ELM verified the provided services through observation. Because ELM was unable to provide detailed documentation for the contractor's work, as required by the contract, and evidence of the services rendered, we deem the \$22,336 charged by this contractor to be unsupported. Therefore, we recommend that OJP remedy the \$22,336 in unsupported contractor costs and \$3,060 in associated indirect costs charged to the grant.

We also found that ELM charged the grant \$400 for video production services. According to ELM officials, ELM entered into a contract to produce 12 different videos for various grant projects. However, this contract was awarded 7 months prior to ELM receiving the E-MDT grant, and ELM did not obtain OJP approval in advance of entering into a contract with a video production company as required by terms of the grant program. Further, we found that ELM entered into another contract for website development, which was not within the scope of the grant program or identified in the grant budget, yet ELM charged the grant \$750 for this service. We believe these two contract-related expenditures are unallowable; and we, therefore, recommend that OJP remedy the \$1,150 (\$400 + \$750) in questioned costs and \$158 in associated indirect costs charged to the grant.

In addition to looking at specific contractor costs charged to the grant, we reviewed ELM's policy and procedures regarding contract administration and found that they were incomplete. Specifically, we found that ELM's Manual does not include procedures for procurement solicitation. Further, its procedures regarding procurement payments and vendor monitoring are written in the future tense—implying that the stated processes are not yet occurring. For example, the Manual states "ELM will establish, as part of its purchasing and procurement system and grant management system, a process for monitoring vendors for performance, payment, and compliance," and "ELM will establish a routine vendor performance monitoring process to ensure that all contracted vendors are fulfilling their obligations to ELM for which they are being

compensated.” Additionally, we found that ELM did not adhere to its own established policy that requires justification for awarding sole-source contracts, as also required by the DOJ Grants Financial Guide and the Uniform Guidance. Specifically, ELM did not always competitively bid or conduct a cost analysis for the contractors used on the grant but rather awarded some contracts as sole-source. According to ELM officials, they did not believe any other expert professionals existed that could provide the services needed, but they did not document their justifications for awarding sole-source contracts. Given the weaknesses we identified with ELM’s awarding and monitoring of contracts, we recommend that OJP ensure ELM establishes and implements policies and procedures for adequately awarding, administering, and overseeing contracts.

Rent Payments

ELM’s approved budget included rent payments for two different locations, and we included rent expenses for both locations in our sample. We found that ELM paid rent for one location that exceeded its allocation amount for the grant program by a total of \$3,438. We found no evidence that ELM management approved these rent payments; and while ELM officials acknowledged the overpayments, these officials could not explain why the overpayments occurred. Therefore, we recommend that OJP remedy the \$3,438 in unsupported rent payments and \$471 in associated indirect costs charged to the grant.

We also found that ELM was not consistent in its practices regarding establishing rental agreements and approving those payments. Specifically, we found that ELM did not establish a formal lease agreement with one of its rental locations. Instead, an ELM official established an agreed-upon rent amount via email. This ELM official stated that the informal agreement had been established through a prior grant and ELM opted to continue the same process. The DOJ Grants Financial Guide states, however, that non-federal entities are responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative matters arising from the procurement. We believe that establishing a formal agreement, including leases, is a good internal control practice to ensure the common understanding of contractual obligations. Additionally, ELM’s Manual states that rental payments need to be checked against the contract to ensure payments meet the terms of the lease. Without a formal lease, ELM was not complying with its own policy. Because the grant ended in September 2022, we are not recommending that ELM establish a formal lease agreement for one of its rental locations.

Further, as previously mentioned, ELM management did not approve the rental payments. In particular, an ELM official told us that there was no monthly approval process because rent is a shared cost that is allocated to the grant and allocations are approved by ELM’s President or Vice President. Despite this explanation, we noted that ELM’s standard practice for payments of its other rental location included management approval. We believe that if ELM had reviewed and approved the monthly rental payments, ELM may have discovered the \$3,438 in overpayments. Therefore, we recommend that OJP ensure ELM adheres to its existing rental policy to help ensure that rent payments do not exceed the established rent agreement.

Budget Management and Control

According to the DOJ Grants Financial Guide, the recipient is responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for each award. Additionally, the grant recipient must initiate a Grant Adjustment

Notice (GAN) for a budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total award amount.

We compared grant expenditures to the approved budgets to determine whether ELM transferred funds amongst budget categories in excess of 10 percent. We determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent. However, we found that ELM did not always record grant expenses to approved budget categories. For example, we identified several expenses that were charged to the Consumables category, which was not one of the approved budget categories for the E-MDT grant. Based on our review of these expenses, we determined, and ELM officials later confirmed, that these transactions should have been charged to the Communications category, which was an approved budget category. An ELM official told us that ELM's internal records did not reflect any expenses having been charged to the Consumables category and was unaware that ELM's external accountant had recorded such expenses to this category. While we understand that the misclassification of expenses can occur, we do not believe ELM officials provided adequate oversight of its external accountant to ensure ELM's financial records accurately account for funds awarded.⁸ Therefore, we recommend that OJP ensure ELM examines its accounting records and confirm all grant expenses have been properly recorded to the correct budget category and, if necessary, revise its records. We also recommend that OJP ensure ELM's management implement policies and procedures to provide adequate oversight to make certain that both its internal financial staff and any external accountants record expenses accurately within budget categories.

Drawdowns

According to the DOJ Grants Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. To assess whether ELM managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. As of December 2021, ELM made 10 drawdowns totaling \$206,889, while expending \$186,015 according to its accounting records—a difference of \$20,874. After further review of ELM's general ledger, we noted that the accounting records did not include transactions associated with indirect costs. During an initial conversation with ELM officials, they told us that indirect costs are calculated on an ongoing basis and are included in drawdowns. However, in a follow-up discussion with ELM officials and the outside accountant, the outside accountant stated that ELM notified him that the approved grant budget did not include indirect costs. Therefore, he had not been including these costs in the grant's general ledger. In July 2022, ELM provided us with accounting records, updated by the outside accountant, that included the indirect costs, and we confirmed that the expenditures per the accounting records matched the amount of grant funds drawn down.

The DOJ Grants Financial Guide also requires that drawdown requests be timed so that the federal cash on hand is disbursed immediately or within 10 days of receipt. During our drawdown analysis, we identified instances of funds being requested in advance. Of ELM's 10 total drawdowns, 5 included advanced funds totaling \$24,680 that ELM held for more than 10 days prior to expending the funds.

⁸ We previously discussed similar financial accounting oversight issues in the [Single Audit](#) section of this report.

In addition, we found that ELM does not have complete, formal written policies and procedures for preparing drawdown requests. The DOJ Grants Financial Guide requires grant recipients to develop written procedures for cash management to ensure that federal cash on hand is kept at or near zero. We reviewed ELM's Manual, which states that ELM will implement a process that ensures an appropriate amount is requested. When we asked ELM officials about procedures for drawing down funds, we were told that ELM does not have formal written procedures but maintains an unofficial document for reference. That same official later stated that the unofficial drawdown document is not actually used when preparing the drawdown request and was created as a reference guide. As a result of these issues, while we are not questioning any costs related to the funds drawn down in advance because as of July 2022 ELM's drawdowns reconciled to ELM's official accounting records, we believe ELM should implement policies and procedures to ensure compliance with federal drawdown requirements. Therefore, we recommend that OJP ensure that ELM establishes and implements policies and procedures for the drawdown of federal funds that coincide with the DOJ Grants Financial Guide, which should include requirements for accurately and completely preparing drawdown amounts. Additionally, as previously recommended, OJP should ensure that ELM establishes and implements policies and procedures for adequately overseeing external accounting activities.

Federal Financial Reports

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period and cumulative expenditures on each financial report. To determine whether ELM submitted accurate federal financial reports (FFR), we compared all the reports submitted through March 31, 2022.

We found that 8 FFRs reported expenditures that were greater than what was reflected in ELM's accounting records. The reason for the difference between the FFRs and the accounting records was ELM's exclusion of recording indirect costs in the accounting records, which we previously discussed in the [Drawdowns](#) section of this report. As of March 31, 2022, ELM reported a total of \$31,712 in indirect costs that had not been recorded in the grant's general ledger. As previously stated, the outside accountant confirmed that indirect costs had not been included in the grant's general ledger. We received an updated general ledger and confirmed that the indirect costs have been properly recorded.

Additionally, we reviewed ELM's Manual and found that it does not contain information regarding the preparation of FFRs. Consequently, we recommend that OJP ensure ELM develops and implements policies and procedures for preparing and submitting accurate FFRs.

Conclusion and Recommendations

As a result of our audit testing, we conclude that ELM demonstrated adequate progress towards achieving individual program tasks, although we are concerned with ELM meeting the overall program objective by the end of the grant period. We also found that ELM's grant financial management could be improved, including within the areas of single audit reporting, financial policies and procedures, grant expenditures, contractor monitoring, budget management, drawdowns, and federal financial reports. Several of the deficiencies we identified are related to a lack of policies and procedures, and we make one recommendation that consolidates the individual policy-related issues identified in the report. In total, we provide 9 recommendations to OJP to address these deficiencies and remedy \$86,407 in dollar-related findings. Because the E-MDT ended on September 30, 2022, and ELM is transitioning the E-MDT program to another non-profit organization, we encourage OJP ensure that prior to awarding future grants to ELM, ELM has addressed the policy-related findings in this report.

We recommend that OJP:

1. Collaborate with ELM to identify lessons learned and necessary improvements that can be shared with the organization assuming responsibility for the E-MDT program.
2. Ensure ELM establishes and implements grant financial management policies and procedures to help ensure adequate administration of federal grant funds and that all relevant personnel are aware of these policies and procedures. In particular, these policies and procedures should cover, at a minimum: (1) accurately preparing the schedule of expenditures of federal awards in accordance with federal requirements, which is reviewed and approved by management; (2) providing adequate oversight of its accounting activities, including ensuring the accurate recording of expenses to budget categories by both its internal financial staff and external accountants; (3) adequately awarding, administering, and overseeing contracts; (4) drawing down federal funds that coincide with the DOJ Grants Financial Guide, including requirements for accurately and completely preparing drawdown amounts; and (5) preparing and submitting accurate federal financial reports.
3. Remedy the \$55,794 in unallowable personnel and associated indirect costs charged to the grant.
4. Ensure ELM reiterates to its staff the policy requiring that all personnel costs charged to federal grants be reviewed to confirm those charges are associated with work hours spent on allowable activities.
5. Remedy the \$25,396 in unsupported contractor and associated indirect costs charged to the grant.
6. Remedy the \$1,308 in unallowable contractor and associated indirect costs charged to the grant.
7. Remedy the \$3,909 in unsupported rent and associated indirect costs charged to the grant.

8. Ensure that ELM adheres to its existing rental policy to help ensure that rent payments do not exceed the established rent agreement.
9. Ensure ELM examines its accounting records and confirm all grant expenses have been properly recorded to the correct budget category and, if necessary, revise its records.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

Scope and Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This was an audit of the Office of Justice Programs (OJP) grant awarded to the Elder Law of Michigan (ELM) under the Transforming America's Response to Elder Abuse: Enhanced Multidisciplinary Teams (E-MDTs) for Older Victims of Abuse and Financial Exploitation Program." Specifically, ELM was awarded grant number 2019-V3-GX-0012 totaling \$374,991; and as of June 2022, ELM had drawn down \$206,889 of the total grant funds awarded. Our audit concentrated on, but was not limited to October 1, 2019, the award date, through September 30, 2022, the project end date.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of ELM's activities related to the audited grant. We performed sample-based audit testing for grant expenditures, including payroll and fringe benefit charges; program goals and objectives; special conditions; and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grant reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The DOJ Grants Financial Guide, Uniform Guidance, and award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from JustGrants and ELM's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole; therefore, any findings identified involving information from those systems were verified with documentation from other sources.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of ELM to provide assurance on its internal control structure as a whole. ELM management is responsible for the establishment and maintenance of internal controls in

accordance with the DOJ Grants Financial Guide; 2 C.F.R. § 200 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and the OJP's Application Guidelines. Because we do not express an opinion on ELM's internal control structure as a whole, we offer this statement solely for the information and use of ELM and the OJP.⁹

In planning and performing our audit, we identified internal control components and underlying internal control principles as significant to the audit objectives. Specifically, our review of internal controls covered ELM's established grant policies and procedures pertaining to aspects of award performance and financial management, including its procurement activities. We also assessed ELM's organizational structure and examined the design of ELM's information system and control activities to achieve objectives and respond to risks. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to those internal control components and underlying principles that we found significant to the objectives of this audit, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

⁹ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2: Schedule of Dollar-Related Findings

Description	Amount	Page
Questioned Costs:¹⁰		
Unallowable Personnel	\$35,639	6
Unallowable Personnel	\$13,432	6
Associated Indirect Costs	<u>\$6,723</u>	7
Unallowable Personnel and Associated Indirect Costs	\$55,794	
Unallowable Contractor Costs	\$400	7
Unallowable Contractor Costs	\$750	7
Associated Indirect Costs	<u>\$158</u>	7
Unallowable Contractor and Associated Indirect Costs	\$1,308	
Unallowable Costs	\$57,102	
Unsupported Contractor Costs	\$22,336	7
Associated Indirect Costs	<u>\$3,060</u>	7
Unsupported Contractor and Associated Indirect Costs	\$25,396	7
Unsupported Rent Costs	\$3,438	8
Associated Indirect Costs	<u>\$471</u>	8
Unsupported Rent and Associated Indirect Costs	\$3,909	
Unsupported Costs	\$29,305	
TOTAL DOLLAR-RELATED FINDINGS	\$86,407	

¹⁰ **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: Elder Law of Michigan's Response to the Draft Audit Report



ELDER LAW OF MICHIGAN
RESPONSE TO AUDIT REVIEW
OCTOBER 11, 2022

Thank you for the opportunity to receive feedback on our internal controls related to administration of our federal grants. While we regret issues were found in a few of the areas reviewed, we take the findings very seriously and will work with the OJP to ensure that Elder Law of Michigan (ELM) has addressed the policy-related findings in this report.

Just like most of the businesses in the country, on March 20, 2022, ELM started work-from-home procedures in response to the COVID-19 Pandemic that still grips the country. We were able to transition all our operations, both administrative and services, to a model that allowed each staff person to perform his or her job from home. We tried to modify our processes as little as possible to provide some consistency for our staff and clients, as well as to make certain we adhered to accepted principles of accounting and industry best practices while working remotely.

We were very fortunate we had the technology and systems already in place to allow us to move an in-office staff of approximately 25 people to totally remote operation in a very short time period. Our phone system is totally cloud-based VOIP and our file systems and applications are all based in Microsoft Office 365, including SharePoint for file storage and sharing.

Even though we all had access to our files and systems from home, there was still a need to have some staff handle some processes in person, e.g., processing incoming mail, payroll administration, mailings to clients, and a few other things. We declared most of the administrative staff as business essential personnel so they could travel to the office as needed to handle these functions.

Below is a summary of our administrative processes regarding the major accounting functions during the COVID19 period:¹

1. Initially, the post office held the mail, and a designated staff member would pick it up on Wednesdays each week. This staff one other assigned team member would meet at the office and would follow established processes for handling the checks, receiving invoices, and distributing client correspondence.

¹ On October 18, 2021, after following guidance from the CDC and State of Michigan, Elder Law of Michigan a hybrid schedule for return to the office, which essentially allowed 2 days at home and 3 days at the office for most staff. Elder Law of Michigan took the health and concerns of staff seriously and exceptions were made, which resulted in approximately 40% of the staff doing a complete remote work-from-home schedule.

2. After about seven months, a locked large mailbox was installed outside our office door, and mail delivery was resumed and processed accordingly with two staff members processing the mail on Mondays and Wednesdays.
3. ELM's internal staff accountant receives electronic copies of all checks, invoices, etc., with a separate staff member at the office scanning, storing and emailing a copy.
4. The internal accountant followed the established schedule of processing payables every other week. The necessary supporting documents were sent via email directly to the external accountant for processing for payment. (Printouts of the payment authorization and disbursement forms, along with supporting documents for each payment request was attached.)
5. The internal accountant sent copies of them with all ACH payments being entered by the assigned staff member to enter such payments into the banking system. Pursuant to our division of duties, the staff assigned to approve these payment batches received notification and copies of the supporting documents, and payment was made in the normal course.
6. Check requests for vendors that do not receive ACH transfers follow established processes that require two staff members review the supporting documentation both sign the checks. Once completed, staff assigned for this task mails them according to our policies.
7. All timesheets, expense reimbursement requests, and change memorandums are delivered electronically, with an electronic submission and approval.
8. Monthly reviews of bank statements and reconciliations, period closeouts and statements of activity, and other supervisory review still occurs as planned, with all the necessary documents posted in SharePoint.

ELM uses a bifurcated structure in its financial management system to maintain a high level of separation of duties and to achieve our goal that no single staff member is able to complete a transaction. This bifurcated structure utilizes a separate but integrated set of systems. The independent accountant maintains ELM official books, but ELM staff are responsible for providing all needed information to the independent accountant, along with verifying all financial reports for accuracy and completeness. The independent accountant utilizes a standard and accepted accounting system configured for nonprofit accounting and all official reports are generated through this system. The accounting system utilized and maintained by the independent accountant is not accessed by anyone at ELM. ELM uses a custom-built internal information and document management system to keep track of all financial transactions, grant requirements, and



supporting documentations. This internal information and document management system allows staff to capture information as needed to comply with funder requests and also use it to verify all reports, enforce operational compliance, and document all activity taken.

ELM, its board of directors, management, and staff are all committed to being good stewards of the entrusted funds. We appreciate this review and view it as an opportunity to improve our systems and even though we will not be receiving federal funds in the FY23, we want to continue to operate our programs with the highest levels of integrity.

We are prepared to take full responsibility and take corrective actions for any internal control weaknesses or significant non-compliance issues related to federal awards. We ask that you not seek to recapture funds because any amount would be an extreme hardship for our program to return. ELM has had a long history of federal grant administration and many years of spotless financial audits. The COVID19 pandemic also had had a tremendous impact on program operations.

We are providing key observations and have identified the following reasons for each observations:

- **Single Audit.**

As a non-federal entity that receives federal financial assistance, ELM understand that amounts of \$750,000 or more in federal funds expended in a fiscal year is subject to a "single audit" to review those funds. ELM has a long-standing history of receiving federal grants and thus the \$750,000 threshold is often met. ELM has hired an independent auditing firm to perform our financial audits. In preparation for the audit, ELM's independent accountant provides all official reports for the fiscal year in question to the auditing firm to perform the single audit.

The OIG auditors reported to ELM that the single audit reports for 2019 and 2020 did not accurately report expenditures for the audited grant award 2019-V3-GX-0012 and noted that the reported expenditure amounts on the audited financials were \$169,725 and \$268,923, respectively.

After consulting with the auditing firm, it was noted and reported to the OIG auditors that the auditing firm added up all amounts for the *Federal CFDA Number 16.582*, which includes grant award 2019-V3-GX-0012, but the auditing firm did not list all the awards numbers for grants that ELM had received in either 2019 or 2020. The auditing firm



acknowledges that providing a breakdown of each grant number rather than adding all amounts under the CFDA number 16.582 provides clarity.

The auditing firm and ELM were able to confirm the amounts of expenditure noted for FY 2019 and FY 2020 for grant award 2019-V3-GX-0012 were \$4,441 and \$71,469, respectively, which matched what was recorded in Elder Law of Michigan's official reports from its independent accountant as well as confirm the total amount reported for the CFDA number 16.582.

The report inaccurately states that ELM officials did not review the auditing firm's work. ELM is provided with drafts to review before audited financials are made official documents. The FY2019 and FY2020 audited financials received the same draft review process. ELM officials engaged in a review process whereby total amounts listed under the CFDA number was done rather than engaging in the process of reviewing the individual grant number and total amount of expenditure at the individual grant level. The auditing firm and ELM are willing to correct the audited financials if deemed needed and the additions of all grant amounts under their respective CFDA number should not be viewed as an intentional act to reduce the effectiveness of the single audit.

- Grant Expenditures – Personnel Costs.

ELM's grant budget for award 2019-V3-GX-0012 includes salaries and associated fringe benefits for three employees. The budget proposal included the hiring of an E-MDT Coordinator and at the onset, ELM understood that the position required a unique skillset that is found in mid-management level positions. The E-MDT Coordinator was going to be working in rural communities, something that carries its own unique challenges and engage local community partners to help develop a community engagement plan, and work with the public and community organizations to get elder abuse and financial exploitation cases reported and reviewed. The process for hiring the E-MDT Coordinator lasted approximately 2 months, and although not indicative of the selected candidate for the E-MDT position, the proposed protocols for developing the most impactful interaction with the community member was impacted. Early on, the program identified that to provide meaningful interaction, the program needed to provide and operate a victim services referrals and case management for older adults who have been abused so that stakeholders had access to data sharing and data collection to provide an informed service plan. Throughout the grant, several discussions were held on the victim services referrals and case management need for the program. Initially, management believed that they could use a referral and case management platform developed through the efforts in

another grant, however, due to a proprietary conflict in a portion of the platform, ELM learned that it would be too exorbitant to pursue the developed platform and apply it to the E-MDT project. Based on past experiences and the unique skillset needed to develop a platform for a victim services referrals and case management, management was aware that the selected E-MDT Coordinator did not have the needed technology skillsets to help in the development of the platform.

In February 2020, February 2021 and December 2021, management had several discussions about grant charges in salary and fringe benefits, and independent contractors for this grant. Specifically, in February 2020, the discussions revolved around personnel costs and independent contract and possibly needing a budget amendment to adjust timelines to ensure completion of the grant objectives. The discussions were similar in February 2021 and December 2021.

March 2020 proved to be the starting point for lockdowns and for many the unsurmountable burden of the fear of the unknowns and unpredictable circumstances to come. The report mentions the OIG auditor faced an inability to speak with an ELM official because the individual resigned from the organization prior to the audit entrance conference. Without a nefarious intent, the individual resigned from the organization due to a personal circumstance and made the difficult decision to depart the organization after more than 21 years of employment.

Current ELM officials confirmed personnel costs were paid with grant funds, as the payroll documents, and the ongoing meetings held with management regarding grant expenses reflected such charges. However, the current ELM official indicated that as of the date of the audit interview, an updated budget was not seen and therefore the inference was made that ELM did not have an updated/approved budget.

The current ELM official was not able to confirm whether the former official sought a budget adjustment approval from OJP. Ongoing communications with the former official has been difficult.

Due to the need to effectuate adequate organizational transition and attend to the needs of the current audit, matters such as seeking a budget amendment for a grant during an audit, did not occur. However, if the organization is able to seek a budget amendment at this juncture, we kindly seek this approval. As indicated in the report, the former official worked on technology upgrades for a communication system associated with a previous grant that would ultimately benefit the E-MDT grant. The report also



indicated that another ELM official charged in excess of \$13,432, from the approved grant budget amount.

ELM officials provided an explanation and indicated the salary cost reflected and charged to the grant was a direct reflection of our time and effort reporting requirements. We have a timesheet requirement and all employees, including the ELM official in question for the additional \$13,432, must submit a timesheet for each pay period that shows the number of hours worked each day in each cost center. Data integrity of these timesheets is maintained by utilizing security roles and reporting structure within the system. An added verification of hours worked each day is attested by the use of an external clock-in and clock-out platform, where each staff is given a unique user access to record time. All timesheets are electronically signed and dated by the employee and submitted with the attestation that the timesheet is accurate, and the timesheets are reviewed and approved by the approving supervisor.

The current ELM official could not explain why a budget amendment was not sought or whether conversations were had with the funder about seeking a budget amendment as the current ELM official was not privy to these conversations nor had firsthand knowledge. However, ELM officials indicated that the excess salary costs charged to the grant was associated with time spent on grant activities.

A review of ELM's personnel costs will show that almost 90% of ELM's annual budget consist of personnel costs and therefore we know the importance of properly documenting costs for this expense. All staff must keep track of their time spent on any given projects and report that time in their timesheets twice a month, which directly coincides with payroll periods.

ELM maintains an adequate accounting system, which allows the ability to compare, and review actual expenses with budgeted amounts. The February 2020, February 2021 and December 2021 budget review meetings held with management included discussions on whether a budget adjustment or GAN was needed to reallocate funds among budget categories. However, during every budget review meeting held, it was noted that ELM did not transferred funds amongst budget categories in excess of 10 percent. As indicated earlier, management had several discussions about grant charges in salary and fringe benefits, independent contractors for this grant and believed that a budget adjustment was a possible option, as all the held discussions revolved around this topic and a possible request was going to be made. However, we now know that this was an erroneous understanding.

- Grant Expenditures – Contractor Costs.

At its core, the funding for this project provided an opportunity to enhance the capacity of rural communities to address elder abuse/ financial exploitation through the creation and support of an enhanced multidisciplinary team to augment the work currently being done to create a coordinated community response coalition and victim referral services. The project's primary objective was to review the best practices currently implemented in rural communities, establish the processes for gathering and reporting data, use research and feedback from key experts to operate and establish the E-MDT.

ELM entered into a consultant agreement with a world-known neuropsychologist for his work around the aging brain. This consultant has demonstrated and proven to hold subject matter expertise in the areas 1) on elder abuse victimization, 2) clinical geriatrics, 3) victim service delivery, 4) implementing and evaluating coordinated victim service delivery systems. Additionally, this consultant agreed to be a member of E-MDT, participate in quarterly meetings and provide insight on capacity of the older adult and agreed to provide guidance on how to capture metrics and collect data for outcomes.

While ELM's established contract with this consultant provided that the consultant needed to submit a statement of activities and detailed timesheets, a decision to not enforce this requirement was made based on a mutual understanding by both parties that the consultant's expertise and time was paramount to meeting the objectives of the project and the time and efforts spent in preparing detailed timesheets and a statement of work when submitting invoices for payment was too consuming. However, the decision to forgo the enforcement of this reporting requirement is not indicative of a lack of performance. The consultant participated in meetings, helped with the design and implementation of the MDT, and with the consultant's guidance, data metrics were reviewed and implemented to enhance the data capture. As indicated in the report, ELM officials charged with the supervision of the activities of the grant, met (on a regular basis) with the consultant in questions, as well with the other consultant listed in the grant to discuss the services as described in the consultant agreement. ELM official would generally seek the expertise of these consultants and whenever possible the consultants provided guidance and counsel in implementing and evaluating a coordinated victim service delivery. These consultants are also members of the E-MDT and they attended these meeting however records of these meetings were not maintained. The E-MDT did not record general meetings but would engage in recording of presentations if the presentation would serve as tool in the future. At general E-MDT meetings, discussions and input from consultants were obtained and this is what the ELM official stated and



through these interactions, the ELM official was able to verify that the consultant provided services for the E-MDT project. The project director approved the consultant's invoice to be paid due to having firsthand knowledge and evidence of the services rendered for the E-MDT, and as such \$22,336 was charged by this consultant.

ELM charged the grant \$400 for video production services. ELM's has a history of promoting its programs by utilizing social media and developing either still graphics or videos to highlight the work of a program. The promotion serves to highlight the program and generate awareness of services that individuals in the community might not know about but are available for those in need of assistance. As a way of providing a background, ELM does not enter into separate contracts with the video company. ELM agrees to work to develop 12 videos during an 18-month period and the video company agrees to produce the videos for \$400 each. If a video is not made, the video company does not receive a payment, however, the agreement serves to lock the price of \$400 during the 18-month period.

Developing a video requires planning, as we look to obtain either a good client story or to highlight a program. The ELM communications team assigned to develop the video, reviews prior videos so that duplications of concepts in videos are not made. In 2018-2019, ELM entered into this agreement and by March 20, 2020, there were approximately 5 videos produced by the video company. Due to COVID19 and ELM started work-from-home procedures in response to the COVID-19 Pandemic, the video productions were halted. In late 2021, the video company reached out to ELM and due to COVID19, offered to extend the agreement until May 2022 and continue the \$400 per video price for the 7 potential new videos as provided in the agreement. The video company indicated a price increase was going to be reflected in a new agreement moving forward. By late April 2022, ELM developed four new videos, one of the videos released was to highlight the work of the E-MDT program.

While the report indicates that website development is not within the scope of the grant program or identified in the grant budget, ELM relies on its program's website to provide information, interact with the public, and with community organizations serving older adults. The MEJCC/E-MDT website was included in the website development and thus a portion of the total cost was allocated to this grant.



- [OIG's Recommendation and Response from ELM.](#)

1. Collaborate with ELM to identify lessons learned and necessary improvements that can be shared with the organization assuming responsibility for the E-MDT program.

ELM agrees with the recommendation and has shared (orally and written) the lessons learned with the organization assuming responsibility for the E-MDT.

2. Ensure ELM establishes and implements grant financial management policies and procedures to help ensure adequate administration of federal grant funds and that all relevant personnel are aware of these policies and procedures. In particular, these policies and procedures should cover, at a minimum: (1) accurately preparing the schedule of expenditures of federal awards in accordance with federal requirements, which is reviewed and approved by management; (2) providing adequate oversight of its accounting activities, including ensuring the accurate recording of expenses to budget categories by both its internal financial staff and external accountants; (3) adequately awarding, administering, and overseeing contracts; (4) drawing down federal funds that coincide with the DOJ Grants Financial Guide, including requirements for accurately and completely preparing drawdown amounts; and (5) preparing and submitting accurate federal financial reports.

ELM agrees with the recommendation as a whole but submits that the matters indicated in the report are unique or unlikely to be repeated but for the circumstances of COVID19. As previously indicated, ELM, its board of directors, management, and staff are all committed to being good stewards of the funds that we are entrusted with.

ELM has a long history of federal grant administration and many years of spotless financial audits. We know that our financial management policies need to be updated, we shared this with the OIG auditors. We indicated that from our internal records, we were able to see that updates on the policy manual were started in early 2021, but these updates were not completed. Our standard practice is to present policy updates to our board of directors before they are made official, and this was not done. Unfortunately, this process was not done in this case. We recognize that COVID19 presented many challenges and our procedures for adequately overseeing external accounting activities



was not fully followed. Since the exit interview with the OIG, we started to work on addressing most of the issues raised during the review and are open to receiving additional guidance from the OJP.

3. Remedy the \$55,794 in unallowable personnel and associated indirect costs charged to the grant.

Please see the Grant Expenditures – Personnel Costs section in this response. We do not agree with the recommendation and seek an alternative recommendation.

4. Ensure ELM reiterates to its staff the policy requiring that all personnel costs charged to federal grants be reviewed to confirm those charges are associated with work hours spent on allowable activities.

ELM agrees with the recommendation.

5. Remedy the \$25,396 in unsupported contractor and associated indirect costs charged to the grant.

Please see the Grant Expenditures – Contractor Costs section in this response. We do not agree with the recommendation and seek an alternative recommendation.

6. Remedy the \$1,308 in unallowable contractor and associated indirect costs charged to the grant.

Please see the Grant Expenditures – Contractor Costs section in this response. We do not agree with the recommendation and seek an alternative recommendation.

7. Remedy the \$3,909 in unsupported rent and associated indirect costs charged to the grant.

Agrees in part. We understand that without an updated budget to substantiate the increased rent charged to the grant, the additional charges were not supported. However, as a way of background, ELM allocates rent based on the % FTE for individuals in a grant multiplied by the rent cost. In this case, the

amount charged to rent is indicative of the % of FTE for the individuals listed in the grant.

8. Ensure that ELM adheres to its rental policy to help ensure that rent payments do not exceed the established rent agreement.

ELM agrees.

9. Ensure ELM examines its accounting records and confirm all grant expenses have been properly recorded to the correct budget category and, if necessary, revise its records.

ELM agrees.

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



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

October 24, 2022

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

FROM: [for] Ralph E. Martin *Jeffery A. Haley*
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Transforming America's Response to Elder Abuse: Coordinated, Enhanced, Multi-Disciplinary Teams for Older Victims of Abuse and Financial Exploitation Program, Awarded to Elder Law of Michigan, Lansing, Michigan*

This memorandum is in reference to your correspondence, dated September 16, 2022, transmitting the above-referenced draft audit report for the Elder Law of Michigan, Inc. (ELM). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains nine recommendations and \$86,407 in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by OJP's response.

1. **We recommend that OJP collaborate with ELM to identify lessons learned and necessary improvements that can be shared with the organization assuming responsibility for the E-MDT program.**

OJP agrees with the recommendation. In its response, dated October 11, 2022, ELM stated that it had shared (orally and written) lessons learned with the organization assuming responsibility for the Enhanced Multidisciplinary Teams (E-MDT) program.

Accordingly, we will coordinate with ELM to obtain information on the lessons learned and necessary improvements identified, that it shared with the organization assuming responsibility for the E-MDT program.

2. **We recommend that OJP ensure ELM establishes and implements grant financial management policies and procedures to help ensure adequate administration of federal grant funds and that all relevant personnel are aware of these policies and procedures. In particular, these policies and procedures should cover, at a minimum: (1) accurately preparing the schedule of expenditures of federal awards in accordance with federal requirements, which is reviewed and approved by management; (2) providing adequate oversight of its accounting activities, including ensuring the accurate recording of expenses to budget categories by both its internal financial staff and external accountants; (3) adequately awarding, administering, and overseeing contracts; (4) drawing down federal funds that coincide with the DOJ Grants Financial Guide, including requirements for accurately and completely preparing drawdown amounts; and (5) preparing and submitting accurate federal financial reports.**

OJP agrees with the recommendation. In its response, dated October 11, 2022, ELM stated that, during the course of the COVID-19 pandemic, it was presented with many challenges, including adequately overseeing external accounting activities, which it stated contributed to delays in updating its financial management policies. However, since its exit interview with the Office of the Inspector General (OIG), ELM stated that it has started to work on addressing the issues raised during the audit, and is open to receiving additional guidance from OJP.

Accordingly, we will coordinate with ELM to obtain a copy of written policies and procedures, developed and implemented, to ensure that it establishes and implements grant financial management policies and procedures to help ensure adequate administration of Federal grant funds, and that all relevant personnel are aware of these policies and procedures. At a minimum, we will require that these policies and procedures include provisions for: (1) accurately preparing the schedule of expenditures of Federal awards in accordance with Federal requirements, which should be reviewed and approved by management; (2) providing adequate oversight of its accounting activities, including ensuring the accurate recording of expenses to budget categories by both its internal financial staff and external accountants; (3) adequately awarding, administering, and overseeing contracts; (4) drawing down Federal funds that coincide with the Department of Justice (DOJ) Grants Financial Guide, including requirements for accurately and completely preparing drawdown amounts; and (5) preparing and submitting accurate Federal Financial Reports.

3. **We recommend that OJP remedy the \$55,794 in unallowable personnel and associated indirect costs charged to the grant.**

OJP agrees with the recommendation. In its response, dated October 11, 2022, ELM disagreed with this recommendation, and stated that it will request a budget adjustment approval from OJP for these costs.

Accordingly, we will review the \$55,794 in unallowable questioned costs, related to personnel and associated indirect costs charged to Grant Number 2019-V3-GX-0012, and will work with ELM to remedy, as appropriate.

4. **We recommend that OJP ensure ELM reiterates to its staff the policy requiring that all personnel costs charged to federal grants be reviewed to confirm those charges are associated with work hours spent on allowable activities.**

OJP agrees with the recommendation. In its response, dated October 11, 2022, ELM stated that it will ensure that staff reviews the policy regarding the accuracy of personnel costs charged to Federal awards.

Accordingly, we will work with ELM to obtain written procedures and other documentation, demonstrating that it reiterates to its staff the policy requiring that all personnel costs charged to Federal grants be reviewed, to confirm that those charges are associated with work hours spent on allowable activities.

5. **We recommend that OJP remedy the \$25,396 in unsupported contractor and associated indirect costs charged to the grant.**

OJP agrees with the recommendation. In its response, dated October 11, 2022, ELM disagreed with this recommendation, and stated that it would seek an alternative recommendation. However, ELM did not state the alternative, but that the consultants that provided services for the E-MDT project were verified by ELM officials, even though a statement of activities and detailed timesheets were not provided to support these costs.

Accordingly, we will review the \$25,396 in unsupported questioned costs, related to contractor and associated indirect costs charged to Grant Number 2019-V3-GX-0012, and will work with ELM to remedy, as appropriate.

6. **We recommend that OJP remedy the \$1,308 in unallowable contractor and associated indirect costs charged to the grant.**

OJP agrees with the recommendation. In its response, dated October 11, 2022, ELM disagreed with this recommendation, and stated that it will request a budget adjustment approval from OJP for these costs.

Accordingly, we will review the \$1,308 in unallowable questioned costs, related to contractor and associated indirect costs charged to Grant Number 2019-V3-GX-0012, and will work with ELM to remedy, as appropriate.

7. **We recommend that OJP remedy the \$3,909 in unsupported rent and associated indirect costs charged to the grant.**

OJP agrees with the recommendation. In its response, dated October 11, 2022, ELM stated that they understand that without an updated budget to substantiate the increased rent charged to the grant, that additional charges were not supported.

Accordingly, we will review the \$3,909 in unsupported questioned costs, related to rent and associated indirect costs charged to Grant Number 2019-V3-GX-0012, and will work with ELM to remedy, as appropriate.

8. **We recommend that OJP ensure that ELM adheres to its rental policy to help ensure that rent payments do not exceed the established rent agreement.**

OJP agrees with the recommendation. In its response, dated October 11, 2022, ELM stated that it agrees with this recommendation to ensure that rent payments do not exceed the established rent agreement.

Accordingly, we will coordinate with ELM to obtain a copy of written policies and procedures, developed and implemented, to ensure that it adheres to its rental policy to ensure that rent payments do not exceed the established rent agreement.

9. **We recommend that OJP ensure ELM examines its accounting records and confirm all grant expenses have been properly recorded to the correct budget category and, if necessary, revise its records.**

OJP agrees with the recommendation. In its response, dated October 11, 2022, ELM stated that it agrees with this recommendation to ensure that all grant expenses have been properly recorded to the correct budget category.

Accordingly, we will coordinate with ELM to obtain a copy of written policies and procedures, developed and implemented, to ensure it examines its accounting records and confirms that all grant expenses have been properly recorded to the correct budget category.

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

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

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the Elder Law of Michigan (ELM). ELM's response is incorporated in Appendix 3, and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. ELM agreed with five recommendations, partially agreed with another recommendation, and did not agree with the remaining three recommendations. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Collaborate with ELM to identify lessons learned and necessary improvements that can be shared with the organization assuming responsibility for the E-MDT program.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with ELM to obtain information on the lessons learned and necessary improvements identified that ELM shared with the organization assuming responsibility for the E-MDT program. As a result, this recommendation is resolved.

ELM agreed with our recommendation and stated in its response that it had shared lessons learned, orally and in writing, with the organization assuming responsibility for the E-MDT program.

This recommendation can be closed when we receive evidence that ELM identified lessons learned and necessary improvements and that these were shared with the organization assuming responsibility for the E-MDT program.

- 2. Ensure ELM establishes and implements grant financial management policies and procedures to help ensure adequate administration of federal grant funds and that all relevant personnel are aware of these policies and procedures. In particular, these policies and procedures should cover, at a minimum: (1) accurately preparing the schedule of expenditures of federal awards in accordance with federal requirements, which is reviewed and approved by management; (2) providing adequate oversight of its accounting activities, including ensuring the accurate recording of expenses to budget categories by both its internal financial staff and external accountants; (3) adequately awarding, administering, and overseeing contracts; (4) drawing down federal funds that coincide with the DOJ Grants Financial Guide, including requirements for accurately and completely preparing drawdown amounts; and (5) preparing and submitting accurate federal financial reports.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with ELM to obtain a copy of written policies and procedures, developed and implemented, to ensure that it has established and implemented grant financial management policies and procedures to help ensure adequate administration of federal grant funds and that all relevant

personnel have been made aware of these policies and procedures. OJP also stated that it will require ELM's policies and procedures to include provisions that, at a minimum, cover each item listed in our recommendation. As a result, this recommendation is resolved.

ELM agreed with our recommendation "on the whole" but also noted in its response to this recommendation that matters indicated in the report were unique or unlikely to be repeated—attributing the reported weaknesses to the resulting circumstances stemming from the COVID-19 pandemic. ELM acknowledged, however, that its policies need to be updated and procedures for adequately overseeing external accounting activities were not fully followed. ELM also noted in the "Single Audit" section of its response that the OIG's draft report inaccurately stated that ELM officials did not review its external auditing firm's work and stated that ELM officials did review draft financials for FY 2019 and FY 2020. ELM's response acknowledges that this review was, however, done on a total basis rather than at the grant level. We appreciate ELM bringing this to our attention and we updated the report language in the relevant section of our report. Nonetheless, our finding of erroneous reporting in the single audit reports remains and we retain our recommendation related to accurate preparation of the schedule of federal awards.

This recommendation can be closed when we receive evidence that ELM has established and implemented grant financial management policies and procedures to help ensure adequate administration of federal grant funds and that all relevant personnel are aware of these policies and procedures. In particular, these policies and procedures should cover, at a minimum: (1) accurately preparing the schedule of expenditures of federal awards in accordance with federal requirements, which is reviewed and approved by management; (2) providing adequate oversight of its accounting activities, including ensuring the accurate recording of expenses to budget categories by both its internal financial staff and external accountants; (3) adequately awarding, administering, and overseeing contracts; (4) drawing down federal funds that coincide with the DOJ Grants Financial Guide, including requirements for accurately and completely preparing drawdown amounts; and (5) preparing and submitting accurate federal financial reports.

3. Remedy the \$55,794 in unallowable personnel and associated indirect costs charged to the grant.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$55,794 in unallowable personnel and associated indirect costs charged to the grant and will work with ELM to remedy these costs, as appropriate. As a result, this recommendation is resolved.

ELM did not agree with our recommendation and stated in its response that the former official, who had not been approved by OJP to be paid a salary with grant funds, had worked on technology upgrades for a communication system associated with a previous grant that would ultimately benefit the E-DMT grant. ELM stated that while it was not able to confirm whether the former official previously sought a budget adjustment approval from OJP, current ELM officials also did not do so during our audit.

This recommendation can be closed when we receive evidence that OJP has remedied the \$55,794 in unallowable personnel and associated indirect costs charged to the grant.

- 4. Ensure ELM reiterates to its staff the policy requiring that all personnel costs charged to federal grants be reviewed to confirm those charges are associated with work hours spent on allowable activities.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will work with ELM to obtain written procedures and other documentation demonstrating that ELM reiterated to its staff the policy requiring that all personnel costs charged to federal grants be reviewed to confirm those charges are associated with work hours spent on allowable activities. As a result, this recommendation is resolved.

ELM agreed with our recommendation.

This recommendation can be closed when we receive evidence that ELM reiterated to its staff the policy requiring that all personnel costs charged to federal grants be reviewed to confirm those charges are associated with work hours spent on allowable activities.

- 5. Remedy the \$25,396 in unsupported contractor and associated indirect costs charged to the grant.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$25,396 in unsupported contractor and associated indirect costs charged to the grant and will work with ELM to remedy these costs, as appropriate. As a result, this recommendation is resolved.

ELM did not agree with our recommendation and described in its response how these particular consultant costs supported the grant. As noted in our report, ELM was unable to provide detailed evidence of the services rendered and documentation for the consultant's work, as required by the contract. In its response, ELM confirmed that it did not require its consultant to submit the required documentation.

This recommendation can be closed when we receive evidence that OJP has remedied the \$25,396 in unsupported contractor and associated indirect costs charged to the grant.

- 6. Remedy the \$1,308 in unallowable contractor and associated indirect costs charged to the grant.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$1,308 in unallowable contractor and associated indirect costs charged to the grant and will work with ELM to remedy these costs, as appropriate. As a result, this recommendation is resolved.

ELM did not agree with our recommendation and described in its response how the website development and video production costs supported the grant. As noted in our report, ELM did not obtain OJP's approval in advance of entering into a contract with the video production company as required by terms of the grant program. Additionally, our report notes that ELM entered into another contract for website development, which was not within the scope of the grant program or

identified in the grant budget. While we are not discounting ELM's claims that the contracted work supported the grant, in both instances, these costs were included in the OJP-approved budget. Because ELM had not obtained OJP's approval, we questioned these costs.

This recommendation can be closed when we receive evidence that OJP has remedied the \$1,308 in unallowable contractor and associated indirect costs charged to the grant.

7. Remedy the \$3,909 in unsupported rent and associated indirect costs charged to the grant.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$3,909 in unsupported rent and associated indirect costs charged to the grant and will work with ELM to remedy these costs, as appropriate. As a result, this recommendation is resolved.

ELM agreed in part with our recommendation and stated in its response that it did not have an updated budget to substantiate the increased rent charged to the grant and, therefore, understands that the charges were not supported. ELM also stated that the amount charged to the grant was based upon the percentage of full-time employees listed on the grant.

This recommendation can be closed when we receive evidence that OJP has remedied the \$3,909 in unsupported rent and associated indirect costs charged to the grant.

8. Ensure that ELM adheres to its existing rental policy to help ensure that rent payments do not exceed the established rent agreement.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with ELM to obtain a copy of its written policies and procedures, developed and implemented, to ensure that ELM adheres to its rental policy and that rent payments do not exceed the established rent agreement. As a result, this recommendation is resolved.

ELM agreed with our recommendation.

This recommendation can be closed when we receive evidence that ELM is adhering to its existing rental policy to help ensure that rent payments do not exceed the established rent agreement.

9. Ensure ELM examines its accounting records and confirm all grant expenses have been properly recorded to the correct budget category and, if necessary, revise its records.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with ELM to obtain a copy of its written policies and procedures, developed and implemented, to ensure that ELM examines its accounting records and confirms that all grant expenses have been properly recorded to the correct budget category. As a result, this recommendation is resolved.

ELM agreed with our recommendation.

This recommendation can be closed when we receive evidence that ELM has examined its accounting records and confirmed that all grant expenses have been properly recorded to the correct budget category and, if necessary, revised its records.