



Audit of the Office of Justice Programs Grant Awarded to FAIR Girls, Inc., Washington, D.C.



AUDIT DIVISION

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Redactions were made to the full version of this report for privacy reasons. The redactions are contained only in Appendix 3, the grantee's response, and are of individuals' names for privacy reasons and of commercial information that is not relevant to the audit findings.



EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Grant Awarded to FAIR Girls, Inc., Washington, D.C.

Objectives

The U.S. Department of Justice (DOJ) Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded FAIR Girls, Inc. (FAIR Girls) a grant totaling \$490,749 for Fiscal Year 2018 Integrated Services for Minor Victims of Human Trafficking Program. The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

We found that FAIR Girls demonstrated it met tested grant objectives by identifying minor victims of human trafficking and providing required services to address their needs for safety, security, and healing. However, FAIR Girls needs to implement grant management policies and procedures to ensure adherence to certain grant performance and financial management requirements. In particular, FAIR Girls did not comply with award conditions relating to progress reports, grant financial management, and grant expenditures. We also question \$4,558 in unsupported expenses and recommend that OJP put to a better use any remaining funds after award closure.

Recommendations

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

Audit Results

The purposes of the audited grant were to: (1) promote and increase availability of tailored services to minor trafficking victims and their families, (2) enhance available services to court-involved trafficking victims, and (3) increase community awareness of human trafficking. The project period for the grant was from October 2019 through September 2022. As of December 1, 2022, FAIR Girls had drawn down \$396,944 (81 percent) of the grant.

Program Goals and Accomplishments

We conclude that FAIR Girls demonstrated meeting tested grant program goals. However, tested performance metrics and special conditions were either not validated by supporting documentation or inaccurate due to the lack of reporting policies.

Grant Financial Management

We determined that FAIR Girls lacked sound grant management policies and procedures. As a result, FAIR Girls did not verify whether vendors were debarred or suspended from doing business with the federal government, submitted late federal financial reports to OJP, could not explain variances in different year accounting records between personnel and operating costs, and did not have detailed written policies and procedures for preparing drawdown requests and tracking match contributions.

Grant Expenditures

We identified \$4,558 in questioned costs due to lack of supporting documents. In short, FAIR Girls did not maintain receipts or payment confirmation for 13 transactions and did not track accountable items such as laptops and cell phones associated with 7 transactions. Enhanced financial and inventory controls would benefit FAIR Girls in administering future DOJ awards.

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Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of a grant awarded by the Office of Justice Programs (OJP), under the Fiscal Year (FY) 2018 Integrated Services for Minor Victims of Human Trafficking Program, to FAIR Girls, Inc. (FAIR Girls) in Washington, D.C.¹ As shown in Table 1, FAIR Girls received \$490,749 via this grant.

Table 1

Grant Awarded to FAIR Girls

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2019-VM-BX-0030	OJP	09/30/2019	10/01/2019	09/30/2022	\$490,749
Total:					\$490,749

Source: JustGrants and OJP Grants Management System

OJP's Office for Victims of Crime (OVC) administered the FY 2018 Integrated Services for Minor Victims of Human Trafficking Program to enhance the quality and quantity of services available to serve minors victim of human trafficking.² This purpose sought to recognize that the crime of human trafficking impacts not only victims, but their entire family, particularly when the victim is a child. Thus, the goal of the program was to provide tailored services to minor victims of human trafficking and their families for recovery and healing after a crime by: (1) identifying services that minor victims of human trafficking required to address their safety and healing needs; (2) identifying and referring minors who have been trafficked to appropriate services; and (3) documenting the progress of the project.

The Grantee

FAIR Girls is a non-profit organization located in Washington, D.C. with a mission to deliver intervention and holistic care to female survivors of human trafficking and commercial sexual exploitation (CSE) of children. FAIR Girls reports it has served over 1,200 girls and young women since its founding in 2003 by providing safe housing; client-centered, trauma-informed direct services; and instruction on life skills needed to transition from victim to survivor. FAIR Girls also offers workshops to teach education and law enforcement personnel about preventing and identifying exploitation. FAIR Girls manages a transitional housing program for survivors to reduce systematic barriers for their healing and empowerment.

In February 2018, FAIR Girls collaborated with the Superior Court for the District of Columbia and launched a court-based treatment program called the "Here Opportunities Prepare you for Excellence" (HOPE) Court. The HOPE Court program brought social services into the court process to offer CSE or trafficked youth with

¹ The "FAIR" in FAIR Girls stands for Free Aware Inspired Restored; however, this report applies the name of the organization on file with the Internal Revenue Service.

² The grant solicitation defines a minor victim of human trafficking as a person under the age of 18.

support and life skills rather than detention. Each HOPE Court youth participant received personalized short- and long-term mentoring, case management, court advocacy, crisis counseling, psychoeducation, medical/mental referrals, emotional support, and safety planning.

From April 2021 to March 2022, FAIR Girls experienced a high turnover of key officials and personnel responsible for its HOPE Court Program, to include its Executive Director, Deputy Director, Director of Finance, and several others. As a result of the departure of these employees, FAIR Girls: (1) placed its HOPE Court program on hold from February 2022 to July 2022; and (2) encountered significant continuity of operation issues due to key personnel coming on board and lacking hands-on knowledge about the grant and JustGrants system. While the institutional loss of HOPE Court program knowledge contributed to several of the audit findings, current FAIR Girls leadership has acknowledged that they need to make policy and procedural enhancements to move forward with the organization's mission to end human trafficking.

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 grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports (FFR).

We tested compliance with what we considered to be the most important conditions of the grant. The DOJ Grants Financial Guide, 2 C.F.R. § 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the award documents contain the primary criteria we applied during the audit. The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

Audit Results

Program Performance and Accomplishments

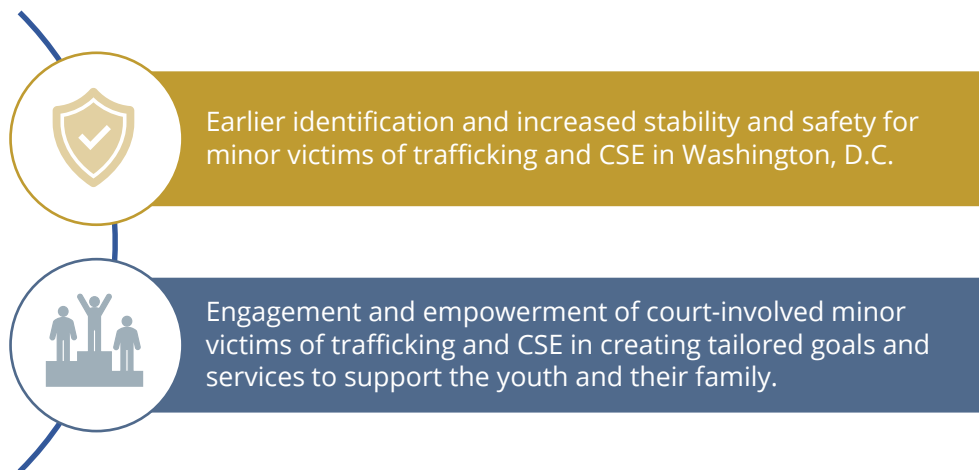
We reviewed required performance reports, the award solicitation, award documents, and interviewed grantee officials to determine whether FAIR Girls demonstrated adequate progress towards achieving the program goals and objectives. We also examined the progress reports to confirm the accuracy of the tested performance reports. Finally, we reviewed FAIR Girls' compliance with the special conditions identified in the award documentation.

Program Goals and Objectives

FAIR Girls HOPE Court grant sought to promote developmentally appropriate wrap-around services tailored to the specialized needs of minor victims of human trafficking and CSE and their families. The grant narrative identified a few overarching goals and objectives in support of this purpose. We selected and tested deliverables associated with two objectives listed in Figure 1.

Figure 1

Grant Number 2019-VM-BX-0030 Tested Objectives



Source: OIG Analysis of OJP's Grant Documents

We discussed program accomplishments and oversight with responsible FAIR Girls personnel and officials. We also reviewed progress reports and Grant Adjustment Notices documenting OJP-approved budget and authorization changes. Following the onset of the COVID-19 pandemic, FAIR Girls was unable to accept new referrals to its programs, including the HOPE Court program. The COVID-19 pandemic resulted in ceasing in-person HOPE Court activity, so hearings occurred virtually from April 2020 to September 2022. Despite technological barriers, the FAIR Girls direct services team continued to provide distance and virtual case

support to clients, particularly those experiencing financial and mental health concerns exacerbated by the effects of the COVID-19 pandemic.








We confirmed that FAIR Girls: (1) identified court-involved youth that are minor victims of trafficking or CSE and referred to the HOPE Court program; and (2) provided minor victims of trafficking or CSE personalized comprehensive mentoring, including case management, court advocacy, crisis intervention and counseling, psychoeducation, life skills training, basic necessities, medical and health referrals, education and employment assistance, emotional support, document assistance, safety planning, and transportation planning. Despite the COVID-19 pandemic's impact, we conclude that FAIR Girls demonstrated it met the tested grant objectives by identifying minor victims of human trafficking or CSE and providing the required services to address their needs for safety, security, and healing through the HOPE Court program.

Required Performance Reports

The DOJ Grants Financial Guide requires award recipients to make valid and auditable source documentation available to support all data collected for each performance measure specified in the program solicitation. To verify this information, we reviewed progress reports for the 6-month periods ending December 2020 and June 2021, and tested the reported number of victims served, training events hosted, and participants trained. Table 2 summarizes the progress report testing results and discrepancies in six of the total seven performance metrics reviewed.

Table 2

Review of Progress Report Performance Measures
July 2020 – June 2021

July 2020 – December 2020			
Progress Report Metrics Tested	Reported to OJP	FAIR Girls Support	Discrepancy
 Number of new minor trafficking victims served for the first time during the performance period, broken down by the type of trafficking.	6	3	3
 Total number of trafficking victims served during the performative period.	14	11	3
 Number of training events conducted.	18	0	18
 Number of participants who attended training.	508	0	508
January 2021 – June 2021			
Progress Reports Metrics Tested	Reported to OJP	FAIR Girls Support	Discrepancy
 Total number of services provided to trafficking victims during the performance period, broken down by the type of service.	5	5	0
 Number of training events conducted.	9	0	9
 Number of participants who attended training.	140	0	140

Source: OIG Analysis of FAIR Girls Progress Reports and Supporting Documentation

As a result of our testing, we found that FAIR Girls: (1) could not explain the procedures used by former officials, (2) did not maintain procedures for compiling and reporting grant performance measures, and (3) did not maintain support for its reported accomplishments. For example, FAIR Girls could not provide the list of participants for each training event to support the attendance number and instead could only provide a list of the individuals invited to attend the training.

Unsupported progress report measures risk misrepresenting critical program activities and achievements to key internal and external stakeholders. As the award performance period ended in September 2022, we recommend OJP coordinate with FAIR Girls to develop and implement grant management policies and






procedures for future DOJ awards that report performance metrics supported by valid and auditable source documents.

Compliance with Special Conditions

Special conditions are the terms and conditions included with the grant. In its grant application documents, FAIR Girls certified it would comply with these special conditions. We reviewed the special conditions for the grant and selected a judgmental sample of five special conditions that we deemed significant to grant performance and are not addressed in another section of this report. As shown in Table 3, while FAIR Girls demonstrated that it met a condition regarding the safeguarding of victim confidentiality, we identified instances of noncompliance with four tested special conditions.

Table 3

Special Conditions Analysis

Special Conditions Tested		Compliance
	Both the Point of Contact (POC) and all Financial Points of Contact (FPOC) for this award must have successfully completed an OJP financial management and grant administration training by 120 days after the date of the recipient's acceptance of the award.	No
	The recipient must promptly refer to the DOJ OIG any credible evidence that a principal, employee, agent, subrecipient, contractor, subcontractor, or other person has, in connection with funds under this award -- (1) submitted a claim that violates the False Claims Act; or (2) committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct.	No. See note below.
	Encouragement of policies banning text messaging while driving.	No
	Within 90 days of the date of award, the grantee will submit to OVC for review and approval its policies and procedures that it has established to maintain the confidentiality of victims' names, addresses, telephone numbers, or any other identifying information, and its policies and procedures relating to information sharing between partners. In addition, the grantee must submit a signed, written certification that data privacy and sharing protocols comport with the confidentiality and privacy rights and obligations of federal law or the grantee jurisdiction's laws, court rules, or rules of professional conduct applicable to the work performed by the grantee.	Yes
	The grant recipient agrees to submit to OJP for review and approval any curricula, training materials, proposed publications, reports, or any other written materials that will be published, including web-based materials and web site content, through funds from this grant at least 60 working days prior to the targeted dissemination date.	No

Note: FAIR Girls officials stated they would report potential fraud to their supervisors or the Board of Directors, without mentioning the DOJ OIG.

Source: OIG Analysis of the Award and Supporting Documentation

The current POC and FPOCs did not complete or provide certificates demonstrating that they completed OJP's financial management and grant administration training. In addition, FAIR Girls did not have written policies regarding the: (1) reporting of fraud, waste, abuse, and similar misconduct to the DOJ OIG; and (2) ban of text messaging while driving. FAIR Girls also agreed to submit training materials to OJP for review and approval; however, it could not provide evidence that it had done so.

Current FAIR Girls officials told us that previous administration who initiated the grant left the organization. In addition, the FAIR Girls Deputy Director of Administration and Development was not trained by prior officials and was unable to reference any grant management policies effective before she started working on the grant in March 2022. Consequently, this official was not aware of the grant's special conditions. We believe the lack of financial management and grant administration training by current FAIR Girls officials, coupled with the lack of written grant management policies, caused FAIR Girls' noncompliance with the tested special conditions. Therefore, we recommend OJP coordinate with FAIR Girls to develop and implement grant management policies and procedures for future DOJ awards that ensure compliance with award special conditions.

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 account accurately for funds awarded to them. Also, the Uniform Guidance states a non-federal entity that receives federal funds is responsible for the efficient and effective administration of such awards through the application of sound management practices. To assess how FAIR Girls accounted for audited grant funds, we interviewed FAIR Girls officials and accounting consultants, examined policies and procedures, inspected grant documents, and performed testing in the areas that were relevant for the management of this grant.

FAIR Girls relied on two different accounting consultants to support financial recordkeeping for the grant. The first accounting consultant, Company A, worked with previous FAIR Girls leadership and the second accounting consultant, Company B, began working with FAIR Girls in March 2022. We could not ascertain when Company A ceased working with FAIR Girls, except that it occurred sometime on or before March 2022. Company B reported that it has been unable to obtain financial records from Company A and thus sought to reconstruct Company A summary financial records. This reconstruction yielded variances between FY 2020 and FY 2021 costs, as shown in Table 4.³

³ The variance was calculated comparing the expense report against the financial records for each Fiscal Year to calculate the overall difference presented.

Table 4

Summary of FY 2020 and FY 2021 Accounting Records Variances

	FY 2020	FY 2021	Difference of FYs
Variance	\$20,708	(\$ 25,066)	(\$4,358)

Source: OIG Analysis

FAIR Girls and Company B officials stated that misunderstandings between former personnel who had been responsible for classifying transactions and those responsible for compiling and submitting FFRs led to the variances between FY 2020 and FY 2021.⁴ We found that variances within the accounting records misrepresents the expenses charged to the grant. Considering the performance period for this award ended on September 30, 2022, we recommend OJP coordinate with FAIR Girls to develop and implement grant management policies and procedures for future DOJ awards that guide the maintenance of detailed accounting records. We further recommend that OJP work with FAIR Girls to reconcile grant expense reports to its financial records before closing the award.

The DOJ Grants Financial Guide requires award recipients to ensure federal funds are not used to pay contractors and other entities that have been otherwise prohibited from receiving such funds by consulting the System for Award Management (SAM). SAM is a central repository and database that allows users to check for suspension and debarment actions taken by all federal agencies. To determine whether FAIR Girls complied with the requirement, we requested a list of personnel paid under the grant and reviewed those individuals' names within the SAM database. We found that although FAIR Girls maintained financial policies, these policies did not require that FAIR Girls verify whether vendors were debarred or suspended from doing business with the federal government. Policies and procedures need to include such an internal control mechanism to support sound grant financial management practices. Therefore, we recommend OJP coordinate with FAIR Girls to develop and implement grant management policies and procedures for future DOJ awards that check whether vendors have been debarred or suspended from doing business with the federal government.

Federal Financial Reports

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. The FFR must be submitted no later than 30 days after the last day of each quarter. If the FFR is not submitted by the due date, JustGrants will automatically consider it to be delinquent and draw down of grant funds will not be permitted. We identified untimely submissions of the FFRs, as shown in Table 5.

⁴ Company B's knowledge is limited to the documents available and their involvement with FAIR Girls since March 2022. FAIR Girls officials explained Company A refused to provide all prior financial records to current FAIR Girls officials and Company B.

Table 5

Timeliness of FFRs

Report Number	Report Period from Dates	Report Period to Dates	Due Date	Submission Date	OIG Calculation of Days Overdue
8	07/01/2021	09/30/2021	10/30/2021	11/03/2021	4
9	10/01/2021	12/31/2021	01/30/2022	06/30/2022	151
10	01/01/2022	03/31/2022	04/30/2022	06/30/2022	61
11	04/01/2022	06/30/2022	07/30/2022	08/02/2022	3

Source: JustGrants

In March 2022, FAIR Girls reported it was recovering from high employee turnover and the transitioning of key leadership positions while trying to acquire the services of its new accounting consultant company, Company B. At this time, a FAIR Girls official and Company B employee became responsible for compiling and submitting the past due and current FFRs.

To assess FFR accuracy, we compared the four most recent reports to FAIR Girls' accounting records. The overall total of financial activity reported on the tested FFRs generally reconciled to the accounting records.

However, we found that the FAIR Girls Finance Manual did not contain instructions on how to compile FFRs. In addition, the Company B employee stated that JustGrants difficulties, such as the inability to access the system, contributed to overdue reports. We find that these issues, coupled with the fact that individuals responsible for FFR submissions lacked prior grant experience and training, contributed to the untimely submissions. Therefore, we recommend OJP coordinate with FAIR Girls to develop and implement grant management policies and procedures for future DOJ awards that define clear staff roles and responsibilities to warrant accurate and timely financial reports.

Grant Expenditures

The approved budget included personnel, travel, equipment, supplies, contractual, and other direct costs. Under the tenets of the grant, FAIR Girls was required to provide or expend \$163,584 in local matching funds for the program. To determine whether costs charged to the grant were allowable, supported, and properly allocated in compliance with award requirements, we developed a judgmental sample of 184 transactions representing \$75,536, or 19 percent of grant expenditures as of December 1, 2022. We reviewed documentation, accounting records, and performed verification testing related to grant expenditures. Based on this testing, we recommend OJP remedy \$4,558 in questioned costs.

Personnel Costs

As of September 30, 2022, FAIR Girls accounting records listed \$327,475 in salary expenses. To test personnel expenditures that FAIR Girls charged to the grant, we judgmentally selected two nonconsecutive pay periods which resulted in a total of 10 sampled transactions, totaling \$49,053. For each pay period, we verified whether costs captured in FAIR Girls' financial records reconciled to payroll reports and personnel

costs approved for each employee. We found all personnel expenditure transactions within the sample tested were computed, authorized, recorded, and allocated appropriately to the grant.

Fringe Benefits Costs

As of September 30, 2022, FAIR Girls accounting records listed \$51,815 in fringe benefits. To test FAIR Girls' fringe benefit expenditures charged to the grant, we judgmentally selected and tested charges associated with fringe benefits for two nonconsecutive pay periods, which resulted in a total of 10 sampled transactions, totaling \$9,313. For each, we compared costs captured in FAIR Girls financial records with the fringe benefits percentage in the approved grant budget. We verified that FAIR Girls applied fringe benefits aligned with the approved budget and were computed, authorized, recorded, and allocated appropriately to the grant.

Direct Costs

The approved budget included personnel, travel and the purchase of staff laptops and cell phones. The budget also allowed for advertising, outreach, clothing and personal items, and office supplies. We reviewed FAIR Girls' expense records and judgmentally selected a sample of 164 transactions totaling \$17,170. The purpose of the sample was to assess supporting documents including invoices, copies of checks, receipts confirming delivery, evidence of payment to determine whether each cost was accurately and appropriately approved per FAIR Girls guidelines as well as being allowable, classified, and recorded in FAIR Girls' accounting records.

Of the 164 tested transactions, 13 transactions valued at \$648 lacked support such as a receipt and payment confirmation. Seven additional transactions, valued at \$3,910, were for computer equipment, specifically laptops and cell phones, that FAIR Girls did not track in its inventory records and thus was unable to account for. Therefore, we recommend OJP remedy the unsupported questioned costs of \$4,558. Moreover, the inability of an organization to identify and track acquired accountable items, such as laptops and cell phones, increases the risk of the misuse of grants funds and inappropriate use or disclosure of sensitive victim information. We further recommend OJP coordinate with FAIR Girls to develop and implement grant management policies and procedures for future DOJ awards that ensure: (1) employees provide support such as receipts and payment confirmation for purchases and (2) the proper tracking and inventory of accountable items by assigned personnel.

We note that 143 of the 164 sampled transactions (87 percent) did not have evidence of appropriate approval as required by FAIR Girls policies and procedures. According to the FAIR Girls Finance Manual and Accounting Procedure Manual, staff must receive written management approval for debit card transactions over a certain threshold and submit all organization credit card expenses for supervisory review, approval, or denial of purchases. Overall, supervisors did not adhere to these policies and procedures as they did not approve submitted transactions. The lack of supervisory approval increases the risk of unapproved and unallowable grant expenses. Therefore, we recommend OJP coordinate with FAIR Girls to develop and implement grant management policies and procedures for future DOJ awards that ensure that debit and credit cards transactions receive appropriate approval.

Matching Costs

Matching costs are the non-federal recipient's share of the total project costs.⁵ The DOJ Grants Financial Guide states recipients must maintain records which clearly show the source, amount, and timing for all matched contributions as well as report match on the quarterly FFR. FAIR Girls' required match was \$163,584 and was applied to several employees' salaries and fringe benefits who worked on the grant.

In assessing FAIR Girls' efforts to fulfill its match requirement, we reviewed the employee's payroll records and the financial records and reconciled these figures to the approved budget and FFRs submitted for the award. This identified the following:

- FAIR Girls financial records did not reconcile to the match amount approved in the budget for FY 2020 and FY 2022. The approved amount for the FY 2020 budget was \$54,528; however, the amount reported in the financial records totaled \$58,512, a difference of \$3,984. In FY 2022, the last year of the grant, FAIR Girls did not capture about \$9,945 of match costs in its financial records associated with two employees.
- The cumulative federal share FAIR Girls reported on the FFR for the period ending June 30, 2022, was \$11,273 less than the match amount recorded in its financial system.

FAIR Girls did not have a written policy and procedure to guide employees on how they should track and report match contributions. While the above variances indicate FAIR Girls underreported its match requirement, having such a policy would help the accurate tracking and reporting of future matching contributions. Since the grant performance period has ended, we recommend OJP require FAIR Girls to develop and implement a policy and procedure to ensure matching costs are properly supported by grant closure. Such action must ensure that FAIR Girls matching requirement is accurately recorded and reconciled to its financial system.

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 Award Modification 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.⁶

We compared grant expenditures to the approved budgets to determine whether FAIR Girls transferred funds among budget categories in excess of 10 percent of the total award amount. We determined the

⁵ Matching costs may be either in-kind or cash. Cash match includes actual cash spent by the recipient and must have a cost relationship to the federal award that is being matched.

⁶ In October 2020, JustGrants replaced OJP's former Grants Management System as the new grants and payment management system. During this transition, Grant Award Modifications were referred to as Grant Adjustment Notices.

cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent.

Drawdowns

According to the DOJ Grants Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, a recipient has drawn down funds in excess of federal expenditures, the recipient must return unused funds to the awarding agency. Furthermore, an awardee's drawdown request should be based on actual dates when the awardee incurs award expenses.

FAIR Girls received grant drawdowns on a reimbursement basis. FAIR Girls maintains Accounting and IT Controls Procedures that state that the Deputy Director should submit reimbursement requests to the grant manager or grantor POC. We identified FAIR Girls Deputy Directors and Company B employees as the parties who would be, at the time of our audit, responsible for submitting drawdown requests. We also identified FAIR Girls did not have detailed written policies and procedures for preparing drawdown requests. We believe policies and procedures should be updated in light of the new roles of personnel charged with preparing its drawdown requests. Updated policies and procedures would improve FAIR Girls grant management practices and serve as a reference guide for staff. Therefore, we recommend OJP coordinate with FAIR Girls to develop and implement grant management policies and procedures for future DOJ awards that guide the preparing and submitting of drawdown requests.

As shown in Table 6, as of December 1, 2022, FAIR Girls had made five drawdowns, totaling \$396,944, or 81 percent of the grant, leaving \$93,805 of the \$490,749 total award, or 19 percent, unrequested.

Table 6

Analysis of Award Funds Draw Down as of December 1, 2022

Drawdown Request	Drawdown Dates	Supported? (Yes/No)	Drawdown Amount
1	10/10/2020	Yes	\$73,203
2	02/06/2021	Yes	\$89,651
3	04/16/2021	Yes	\$33,472
4	06/02/2021	Yes	\$23,929
5	11/13/2022	Yes	\$176,689
Total			\$396,944

Note: Some totals adjusted due to rounding.

Sources: FAIR Girls Records and the OJP Data Management, Reporting and Analytics

While our testing did not identify a discrepancy in how FAIR Girls compiled and requested the drawdowns, we identified two reasons regarding why FAIR Girls had not submitted drawdown requests between June 2021 and November 2022:

- OJP suspended FAIR Girls' JustGrants account access due to late FFRs. As such, FAIR Girls could not access JustGrants to place a drawdown request until it submitted its late reports.
- Individuals responsible for compiling and submitting drawdown requests were trying to ascertain the drawdown process.

FAIR Girls may make additional reimbursement requests until OJP closes the award. We recommend OJP assess the status of remaining funds following grant closure and de-obligate any remaining unused funds after that time.

Conclusion and Recommendations

As a result of our audit testing, we conclude that FAIR Girls demonstrated it had met tested award objectives by identifying services that minor victims of human trafficking require to address their needs for safety, security, and healing. However, FAIR Girls needs to implement written policies and procedures to ensure that it adheres to certain grant performance and financial management issues. In particular, FAIR Girls did not comply with award conditions related to: (1) progress reports, (2) special conditions, (3) grant financial management, and (4) grant expenditures. We believe that grant management oversight, coupled with written policies and procedures, would have ameliorated several of the issues identified in this report.

The performance period of the award concluded on September 30, 2022. Our report identifies \$4,558 in questioned costs, and we provide 5 recommendations to OJP to address these deficiencies and improve FAIR Girls' management for future DOJ awards.

We recommend that OJP:

1. Coordinate with FAIR Girls to develop and implement grant management policies and procedures for future DOJ awards that:
 - a. report performance metrics supported by valid and auditable source documents;
 - b. ensure compliance with award special conditions;
 - c. guide the maintenance of detailed accounting records;
 - d. check whether vendors have been debarred or suspended from doing business with the federal government;
 - e. define clear staff roles and responsibilities to warrant accurate and timely financial reports;
 - f. ensure (1) employees provide support such as receipts and payment confirmation for purchases and (2) the proper tracking and inventory of accountable items by assigned personnel;
 - g. ensure that debit and credit cards transactions receive appropriate approval; and
 - h. guide the preparing and submitting of drawdown requests.
2. Work with FAIR Girls to reconcile grant expense reports to its financial records before closing the award.
3. Remedy the unsupported questioned costs of \$4,558.

4. Require FAIR Girls to develop and implement a policy and procedure to ensure matching costs are properly supported by grant closure.
5. Assess the status of remaining funds following grant closure and de-obligate any remaining unused funds after that time.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

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 grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

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), Office for Victims of Crime (OVC) grant awarded to FAIR Girls, Inc. (FAIR Girls) under the Fiscal Year 2018 Integrated Services for Minor Victims of Human Trafficking Program Grant Number 2019-VM-BX-0030. As of December 1, 2022, FAIR Girls had drawn down \$396,944 in awarded funds. Our audit concentrated on, but was not limited to, October 2019 through October 2022. The project end date of the grant was September 30, 2022.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of FAIR Girls' activities related to the audited grant. We performed sample-based audit testing for grant expenditures including personnel costs, direct costs, matching costs, and federal financial reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grant reviewed. We used FY 2020 and FY 2021 records for the goals and objectives, progress reports, special conditions, personnel costs, and direct costs. In addition, we used these records, along with FY 2022 records through June 30, 2022, for the match requirement and federal financial reports. However, we used FY 2020 – FY 2022 records for the drawdown analysis. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The DOJ Grants Financial Guide, 2 C.F.R. § 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the award documents contain the primary criteria we applied during the audit.

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

We discussed our audit results with FAIR Girls officials throughout the audit and at a formal exit conference. We also requested a response to our audit report from OJP and FAIR Girls and their responses will be appended to the final audit report.

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 FAIR Girls to provide assurance on its internal control structure as a whole. FAIR Girls' management is responsible for the establishment and maintenance of internal controls in accordance with the DOJ Grants Financial Guide and Uniform Guidance. Because we do not express an opinion on FAIR Girls' internal control structure as a whole, we offer this statement solely for the information and use of FAIR Girls and OJP for external audits.⁷

In planning and performing our audit, we identified particular internal controls and underlying internal control principles to be significant to the audit objectives. Specifically, our review of internal controls covered FAIR Girls established grant policies and procedures pertaining to aspects of award performance and financial management. We tested the implementation and operating effectiveness of specific controls over the award activity occurring within our scope. 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.

⁷ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2: Schedule of Dollar-Related Findings

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs: ⁸		
Unsupported Direct Costs	\$4,558	10
TOTAL DOLLAR-RELATED FINDINGS	<u>\$4,558</u>	

⁸ **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: FAIR Girls, Inc. Response to the Draft Audit Report



**FAIR Girls Responses to OIG Audit
(Office of Justice Program Grants)
Grant Number: 2019-VM-BX-0030**

January 23, 2023

OIG Audit Finding: Coordinate with FAIR Girls to develop and implement grant management policies and procedures for future DOJ awards

FAIR Girls Response: *Concurrence - There were unprecedented, organizational events and challenges that occurred at FAIR Girls. The critical procedures and processes that were necessary to provide oversight and management of this grant were not put in place by the previous administration. That administration left FAIR Girls between June 2021 - March 2022. The organization and current administration acknowledges what has happened. FAIR Girls has made the structural and programmatic changes that were needed to address and remedy the stated recommendations from this audit:*

- a. Report performance metrics supported by valid and auditable source documents - *Performance metrics will include quarterly case management reports compiled from weekly case management meetings and tracked in a new database that will ensure compliance with all grant reporting requirements.*
- b. Ensure compliance with special awards conditions - *FAIR Girls is completing a new database on the Apricot platform that will ensure complete tracking and consistency with reporting on conditions that are present in grant awards. These reports will include weekly, monthly and annual client tracking, client participation, outcomes, goals and individualized plans. Additionally, the database will measure case management hours, client resources and annual projections to improve and enhance client experiences.*
- c. Guide the maintenance of detailed accounting records - *FAIR Girls has improved all recordkeeping policy and accounting processes in order to*

- comply with all grant reward requirements.*
- d. Check whether vendors have been debarred or suspended from doing business with the federal government - *FAIR Girls will conduct a vendor reference review that will confirm business status and good standings of FAIR Girls vendor requests with federal government agencies. All vendors who submit requests for collaboration or services with FAIR Girls will be required to complete appropriate background checks to determine its reliability, efficacy and good standing with federal and local agencies.*
 - e. Define clear staff roles and responsibilities to warrant accurate and timely financial reports - [REDACTED] President & Founder of [REDACTED] and [REDACTED], Manager, [REDACTED] (FAIR Girls' Accountants) have worked diligently with [REDACTED], Deputy Director, Administration & Development, FAIR Girls, [REDACTED], Executive Board Chair, FAIR Girls to create a streamlined process that ensures compliance with ALL financial reporting.
 - f. Ensure (1) employees provide support such as receipts and payment confirmations for purchases and (2) the proper tracking and inventory of accountable items by assigned personnel - *FAIR Girls has revamped its work related purchases and approval policy for staff; Instead of using the method of reimbursements in FAIR Girls' payment system, work purchases and approvals, along with mandatory memos of any company spend, have been moved over to FAIR Girls' corporate credit card system, [REDACTED]. All purchases, justifications and receipts are monitored and reviewed weekly by [REDACTED] and [REDACTED] (FAIR Girls).*
 - g. Ensure that debit and credit card transactions receive appropriate approval - *All FAIR Girls staff members are required to use their corporate [REDACTED] credit cards for all expenditures and must provide receipts for all expenditures. Management reviews and approves all expenditures and supporting documentation. This will ensure effective cross-referencing and approval of all client and programmatic expenses.*
 - h. Guide the preparation and submitting of drawdown requests - [REDACTED] (FAIR Girls) and [REDACTED] now manage all drawdown requests. Having two designated people (one from FAIR Girls, and one from accountant [REDACTED]) ensures financial validation of records and timely drawdown requests.

OIG Audit Finding: Work with FAIR Girls to reconcile grant expense reports before closing the award.

FAIR Girls Response: Concurrence - FAIR Girls has reconciled grant expense reports to accounting software. All reconciliation of expense reports to SF 425s that

have been submitted will be completed by the end of the current grant reporting period. ALL grant expense reports will be completed on time moving forward.

OIG Audit Finding: Remedy the unsupported question costs of \$4,558.

FAIR Girls Response: Concurrence - The \$4,558 of unsupported expenses came out of \$75, 536 of expenses that were looked at for this audit. The systems that were in place during the prior administration were insufficient for tracking expenses properly. FAIR Girls has modified processes to ensure that they receive support for all expenditures, regardless of the amount. FAIR Girls also has new software that has been implemented to help make sure that the organization remains financially compliant.

OIG Audit Finding: Require FAIR Girls to develop and implement a policy and procedure to ensure that matching costs are properly supported by grant closure

FAIR Girls Response: Concurrence - FAIR Girls, along with [REDACTED], has implemented a financial system that is able to track matching costs. FAIR Girls has updated the procedures that were in place to be able record matching costs as appropriate.

Sincerely,

Jennifer Longmire-Wright

Jennifer Longmire-Wright

Deputy Director Administration and Development FAIR Girls

APPENDIX 4: The Office of the 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

January 26, 2023

MEMORANDUM TO: John J. Manning
Regional Audit Manager
Washington Regional Audit Office
Office of the Inspector General

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

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Grant Awarded to FAIR Girls, Inc., Washington, D.C.*

This memorandum is in reference to your correspondence, dated December 21, 2022, transmitting the above-referenced draft audit report for FAIR Girls, Inc. (FAIR Girls). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains five recommendations and \$4,558 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 coordinate with FAIR Girls to develop and implement grant management policies and procedures for future DOJ awards that:**
 - a. **report performance metrics supported by valid and auditable source documents;**
 - b. **ensure compliance with award special conditions;**
 - c. **guide the maintenance of detailed accounting records;**
 - d. **check whether vendors have been debarred or suspended from doing business with the Federal government;**
 - e. **define clear staff roles and responsibilities to warrant accurate and timely financial reports;**

- f. **ensure (1) employees provide support such as receipts and payment confirmation for purchases and (2) the proper tracking and inventory of accountable items by assigned personnel;**
- g. **ensure that debit and credit cards transactions receive appropriate approval; and**
- h. **guide the preparing and submitting of drawdown requests.**

OJP agrees with each subpart of this recommendation. In its response, dated January 23, 2023, FAIR Girls stated that there were unprecedented organizational events and challenges at FAIR Girls, and the previous administration did not have processes in place to provide oversight and management of the grant. However, FAIR Girls stated that its current administration has made structural and programmatic changes to address the recommendations from the audit, including the findings cited in this recommendation.

Accordingly, we will coordinate with Fair Girls to obtain a copy of written policies and procedures, developed and implemented, to ensure that grant management policies and procedures are established 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 FAIR Girls' policies and procedures include provisions for: a) reporting performance metrics supported by valid and auditable source documents; b) ensuring compliance with award special conditions; c) the maintenance of detailed accounting records; d) checking whether vendors have been debarred or suspended from doing business with the Federal government; e) defining clear staff roles and responsibilities to warrant accurate and timely financial reports; f) ensuring that employees provide support, such as receipts and payment confirmation for purchases, and properly track and inventory accountable items by assigned personnel; g) ensuring that debit and credit cards transactions receive appropriate approval; and h) accurately preparing and submitting drawdown requests.

2. We recommend that OJP work with FAIR Girls to reconcile grant expense reports to its financial records before closing the award.

OJP agrees with the recommendation. In its response, dated January 23, 2023, FAIR Girls stated that it has reconciled its grant expense reports to its accounting records, and that the appropriate amounts will be reflected in the final Federal Financial Report (FFR) for Grant Number 2019-VM-BX-0030.

Accordingly, we will coordinate with FAIR Girls to obtain documentation that its grant accounting records agree with the expenditures reported on the final FFR for Grant Number 2019-VM-BX-0030.

3. We recommend that OJP remedy the unsupported questioned costs of \$4,558.

OJP agrees with the recommendation. In its response, dated January 23, 2023, FAIR Girls stated that previous systems were insufficient for properly tracking expenses, but that it has modified its processes, and implemented new software, to ensure that all grant expenditures are adequately supported. However, FAIR Girls did not state how it would remedy the \$4,558 in questioned costs.

Accordingly, we will review the \$4,558 in unsupported questioned costs, related to direct expenditures charged to Grant Number 2019-VM-BX-0030, and will work with FAIR Girls to remedy, as appropriate.

4. We recommend that OJP require FAIR Girls to develop and implement a policy and procedure to ensure matching costs are properly supported by grant closure.

OJP agrees with the recommendation. In its response, dated January 23, 2023, FAIR Girls stated that it has implemented a financial system that is able to track matching costs, and has updated its procedures to address the recording of matching costs.

Accordingly, we will coordinate with FAIR Girls to obtain a copy of written policies and procedures, developed and implemented, to ensure that matching costs are properly tracked and supported, and the supporting documentation is maintained for future auditing purposes.

5. We recommend that OJP assess the status of remaining funds following grant closure and de-obligate any remaining unused funds after that time.

OJP agrees with the recommendation. Once FAIR Girls submits the final FFR for Grant Number 2019-VM-BX-0030, we will coordinate with OJP's Office of the Chief Financial Officer to ensure that any remaining unused funds, if applicable, are properly de-obligated.

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 or (202) 598-0529.

cc: Maureen A. Henneberg
Deputy Assistant Attorney General

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

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

cc: Katrina Rose
Director
Office for Victims of Crime

Katherine Darke Schmitt
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James Simonson
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Brecht Donoghue
Director, Human Trafficking Division
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Louise Duhamel
Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

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

OJP Executive Secretariat
Correspondence Control Number OCOM000102

APPENDIX 5: The 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 FAIR Girls, Inc. (FAIR Girls) in Washington, D.C. FAIR Girls' 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. FAIR Girls stated concurrence for four recommendations and did not provide a response to one recommendation. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Coordinate with FAIR Girls to develop and implement grant management policies and procedures for future DOJ awards that:**
 - a. report performance metrics supported by valid and auditable source documents;
 - b. ensure compliance with award special conditions;
 - c. guide the maintenance of detailed accounting records;
 - d. check whether vendors have been debarred or suspended from doing business with the federal government;
 - e. define clear staff roles and responsibilities to warrant accurate and timely financial reports;
 - f. ensure (1) employees provide support such as receipts and payment confirmation for purchases and (2) the proper tracking and inventory of accountable items by assigned personnel;
 - g. ensure that debit and credit cards transactions receive appropriate approval; and
 - h. guide the preparing and submitting of drawdown requests.

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

FAIR Girls stated concurrence for our recommendation and stated in its response that there were unprecedented organizational events and challenges at FAIR Girls, and that its previous

administration did not have processes in place to provide oversight and management of the grant. FAIR Girls further stated in its response that it has made the structural and programmatic changes to address the recommendation requirements.

This recommendation can be closed when we receive evidence that FAIR Girls developed and implemented grant management policies and procedures that include provisions for: (a) reporting performance metrics supported by valid and auditable source documents; (b) ensuring compliance with award special conditions; (c) guiding the maintenance of detailed accounting records; (d) checking whether vendors have been debarred or suspended from doing business with the federal government; (e) defining clear staff roles and responsibilities to warrant accurate and timely financial reports; (f) ensuring the obtaining of support such as receipts and payment confirmation for purchases and the proper tracking and inventory of accountable items by assigned personnel; (g) ensuring that debit and credit cards transactions receive appropriate approval; and (h) guiding the preparing and submitting of drawdown requests.

2. Work with FAIR Girls to reconcile grant expense reports to its financial records before closing the award.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with FAIR Girls to obtain documentation that its grant accounting records agree with the expenditures reported on the final Federal Financial Report (FFR) for Grant Number 2019-VM-BX-0030.

FAIR Girls stated concurrence for our recommendation and stated in its response that it has reconciled grant expense reports to accounting software. FAIR Girls specified that all reconciliation of expense reports to FFRs that have been submitted will be completed by the end of the current grant reporting period, and all grant expense reports will be completed on time moving forward. This recommendation can be closed when we receive evidence that FAIR Girls reconciled grant expense reports to its financial records before closure of the award.

3. Remedy the unsupported questioned costs of \$4,558.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$4,558 in unsupported questioned costs, related to direct expenditures charged to Grant Number 2019-VM-BX-0030, and will work with FAIR Girls to remedy, as appropriate.

FAIR Girls stated concurrence for our recommendation and stated in its response that systems in place during the prior administration were insufficient for tracking expenses properly. FAIR Girls also stated that it modified its processes to ensure that it receives support for all expenditures, regardless of the amount. Lastly, FAIR Girls stated its new implemented software will help the organization remain financially compliant. This recommendation can be closed when we receive evidence that OJP has remedied the unsupported questioned costs of \$4,558.

4. **Require FAIR Girls to develop and implement a policy and procedure to ensure matching costs are properly supported by grant closure.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that they will coordinate with FAIR Girls to obtain a copy of written policies and procedures, developed and implemented, to ensure that matching costs are properly tracked and supported and that supporting documentation is maintained for future auditing purposes.

FAIR Girls stated concurrence for our recommendation and stated in its response that it implemented a financial system that tracks matching costs, and it updated its procedures to record matching costs, as appropriate. This recommendation can be closed when we receive evidence that FAIR Girls developed and implemented a policy and procedure to ensure matching costs are properly supported by grant closure.

5. **Assess the status of remaining funds following grant closure and de-obligate any remaining unused funds after that time.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with OJP's Office of the Chief Financial Officer to ensure that any remaining unused funds, if applicable, are properly de-obligated once FAIR Girls submits the final FFR for Grant Number 2019-VM-BX-0030. FAIR Girls did not provide a comment for this recommendation.

This recommendation can be closed when we receive evidence that OJP assessed of the status of the remaining funds and de-obligated any remaining unused funds following grant closure.