



Audit of the Office of Justice Programs
Services for Trafficking Victims Grants
Awarded to Friends of Farmworkers, Inc.
Philadelphia, PA



AUDIT DIVISION

23-057

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REDACTED FOR PUBLIC RELEASE

Redactions were made to the full version of this report for privacy reasons. The redactions are contained only in Appendix 2, the grantee's response, and are of individuals' names.



EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Services for Trafficking Victims Grants Awarded to Friends of Farmworkers, Inc. Philadelphia, Pennsylvania

Objectives

The Office of Justice Programs (OJP) Office for Victims of Crime (OVC) awarded the Friends of Farmworkers, Inc. (FOF) two grants totaling \$1,348,835 to provide services for trafficking victims. 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 FOF demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

We concluded that FOF generally used its grant funds to assist victims of human trafficking. In addition, we found that FOF accomplished the majority of its goals and objectives. This audit did not identify significant concerns regarding FOF's annual performance reporting, drawdowns, or federal financial reports. However, through the course of our grant expenditure review, we identified opportunities for improvement in both program goals and objectives and grant expenditures.

Recommendations

Our report contains five recommendations to OJP. We requested a response to our draft audit report from FOF and OJP officials, which can be found in Appendices 2 and 3 respectively. Our analysis of those responses is included in Appendix 4.

Audit Results

The purposes of grant numbers 2018-VT-BX-0009 and 2019-VT-BX-0106 were to provide legal assistance, mental health services, and financial empowerment services to victims of human trafficking. The project period for the grants was from October 2018 through June 2023. As of December 2022, FOF drew down a cumulative amount of \$1,245,527 for the grants we reviewed.

Program Accomplishments

We determined that FOF generally accomplished the objectives to enhance services for trafficking victims by providing civil and legal aid and outreach and training across Pennsylvania. However, FOF did not achieve its primary objective related to mental health services and case management and individual counseling on financial management and tax issues.

Grant Expenditures

We found FOF paid a consultant for services over the DOJ Grants Financial Guide maximum allowable rate. In addition, we determined that FOF did not require detailed budgets from the subrecipients and FOF allowed the use of a flat rate to reimburse subrecipients, rather than actual costs of the services, which is not allowed.

Subrecipient Monitoring

We found FOF did not issue a monitoring report in compliance with its policies and procedures.

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Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of two grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC), under the Services for Trafficking Victims program to Friends of Farmworkers, Inc. (FOF) in Philadelphia, Pennsylvania. FOF was awarded two grants totaling \$1,348,835, as shown in Table 1.

Table 1

Grants Awarded to FOF

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2018-VT-BX-0009	OJP	09/29/2018	10/01/2018	09/30/2022	\$698,858
2019-VT-BX-0106	OJP	09/30/2019	01/01/2020	06/30/2023	\$649,977
Total					<u>\$1,348,835</u>

Source: DOJ's JustGrants System

The grants are supported by the Trafficking Victims Protection Act of 2000 (TVPA), which provides protection for victims of trafficking, with an array of services and protections, to include non-immigration status through T visas. The goal of the FY 2018 and 2019 Specialized Services for Victims of Human Trafficking Program is to enhance the quality and quantity of specialized services available to assist victims of human trafficking.¹ Funding through this program supports interagency collaboration and the coordinated community response to victims of human trafficking, as well as the provision of high-quality, specialized services that address the individual needs of trafficking victims.

The Grantee

FOF (doing business as Justice at Work) has served workers in Pennsylvania for over 45 years, focusing on providing legal services to survivors of labor trafficking. FOF also provides community education on workers' rights, as well as advocacy to immigrant and low-wage workers across industries. According to FOF, both it and its partners have provided critical services to more than 325 survivors and 110 immediate family members and helped secure T visas for 110 survivors and 100 of their immediate family members since 2011.

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether FOF demonstrated adequate progress towards achieving program goals

¹ According to the U.S. Citizenship and Immigration Services website, T nonimmigrant status (T visa) is a temporary immigration benefit that is available to noncitizens who are or have been victims of a severe form of trafficking in persons and assist law enforcement in the detection, investigation, or prosecution of acts of trafficking.

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, federal financial reports, and program income.

We tested compliance with what we considered to be the most important conditions of the grants. The DOJ Grants Financial Guide; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and the 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.

Audit Results

Program Performance and Accomplishments

We reviewed required performance reports and award documentation and interviewed FOF officials to determine whether FOF demonstrated adequate progress towards achieving program goals and objectives. We also reviewed semiannual progress reports to determine if the required reports were accurate.

Program Goals and Objectives

In September 2018 and 2019, FOF received award funds under the 2018 Specialized Services for Victims of Human Trafficking and 2019 Direct Services to Support Victims of Human Trafficking Programs, respectively. The goal of these programs was to enhance the quality and quantity of services available to victims of human trafficking, as defined by the Trafficking Victims Protection Act (TVPA). Under these programs, there are five priority areas of specialized services funded: housing, economic and leadership empowerment and/or education, mental health, substance abuse, and legal.

According to award documents, FOF's focus was to fill ongoing gaps in services by providing specialized efforts to identify and provide support to labor trafficking victims; opportunities for victims to confront their traffickers using civil statutes and access to legal services; and access to mental health, tax, and financial counseling, to attain stability. To achieve the objectives related to financial and mental health services, FOF partnered with two subrecipients for the 2018 grant, and maintained its partnership with one of the subrecipients to continue providing mental health services under the 2019 grant. FOF and its partners sought to: (1) expand outreach efforts and access to services in underserved geographic areas and (2) provide appropriate services to labor trafficking victims across Pennsylvania for civil, legal aid; case management; mental health services; and individual counseling on basic financial management and tax issues.

To determine whether FOF made adequate progress toward achieving its goals and objectives related to the 2018 and 2019 grants, we judgmentally selected 7 and 5 grant activities, respectively, interviewed responsible officials, and reviewed supporting documentation. Based on our review, we found that for both grants, FOF achieved its goal related to providing legal services to trafficking victims in the following areas: permanent residency applications, family law matters, post trafficking employment issues, and housing issues. We also found that FOF made adequate progress towards building awareness about trafficking and T visa status through its community outreach and training efforts, as well as collaborating with law enforcement agencies, community and faith-based organizations, and local service providers. Despite these achievements, we found that for the 2018 grant, FOF's subrecipient did not meet the objectives related to providing mental health services and case management. Additionally, FOF did not meet the objectives related to providing financial services to victims of labor trafficking for the 2018 grant.

According to one FOF official, the cultural stigma surrounding mental health services resulted in fewer victims participating in mental health services. Specifically, for the 2018 grant, only 27 of the targeted 105 clients received mental health services and case management during the grant period. While the subrecipient did not meet its objective, we determined that all victims who sought mental health treatment received a significant number of service units for intended services. For future awards, an FOF official told us that funds dedicated to this objective would be adjusted accordingly to reflect the number of victims

likely to use the mental health services. Therefore, we did not take exception with the number of clients served.

Additionally, for the 2018 award, the goal for one of the subrecipients was to provide at least 15 trafficking victims with culturally tailored, individual financial counseling and/or provide matched savings programs during each year of the grant period. Based on our review, we determined that eight victims were provided financial counseling. Therefore, FOF did not meet its intended goal. According to an FOF official, the subrecipient was unable to provide clients with financial services because funds were not made available until March 2019, when OJP's Office of the Chief Financial Officer approved FOF's Financial Clearance Grant Adjustment Notice. For cash flow reasons, FOF's practices did not allow subrecipients to start charging the grant until award funds were available. It took FOF's subrecipient an additional three months to get its financial services fully operational. Additionally, while FOF's subrecipient was able to provide financial services to its clients during the semi-annual reporting period ending on December 31, 2019, according to FOF, the COVID-19 pandemic prevented it from continuing day-to-day operations after such time. FOF did not replace the subrecipient with a different organization for the remainder of the award period and instead, reallocated the funds to other program areas such as mental health services and legal services. For the 2019 grant, we found that FOF was not making adequate progress towards its objective related to providing financial services to victims of human labor trafficking. In its grant application, FOF stated that to achieve the primary objective related to individual counseling on financial management and tax issues, it would release a request for proposals to identify a partner that could provide statewide tax and financial education to immigrant and migrant victims of trafficking. FOF did not identify a partner to provide financial services for its 2019 grant until July 2022 when it partnered with a local financial service provider. According to an FOF official, between July and November 2022, FOF worked with the subrecipient to provide cross training for staff, set up data systems, and review clients in need of financial services. As of December 2022, the subrecipient agreement was executed and FOF was in the process of referring existing clients in need of financial services and planned to refer them to its subrecipient.

We met with the Executive Director to gain a better understanding of why another organization was not selected to provide these services. According to the Executive Director, FOF actively sought organizations to provide these services but was not able to identify a financial service provider that could meet the needs of its client base, and, therefore, decided that the funds would be better used for other human labor trafficking services. According to the DOJ Grants Financial Guide, recipients must initiate a Grant Adjustment Notice or Modification (GAN/GAM) for changes in scope, duration, activities, or other significant areas. These changes include altering programmatic activities and changes in scope that affect the budget.

We discussed the requirement with FOF officials and subsequently, in September and October 2022, OJP approved a GAM that included the reallocation of funds originally intended for financial services under the 2018 and 2019 grants, respectively. While FOF did eventually request and receive a GAM, significant changes to program goals and objectives should have been communicated to OJP at the time the partnership ended and when a suitable financial services provider could not be identified to ensure proper oversight by OJP of FOF's progress towards achieving the financial service-related goal of the award.

We recommend that OJP work with FOF to develop policies and procedures to ensure significant changes to the scope of the project are communicated and approved by the granting agency in a timely manner.

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. To verify FOF's semi-annual progress report information, we selected a judgmental sample of performance measures from the two most recent reports submitted for the award, ending June 30, 2021, and December 31, 2021. According to FOF officials, on a semi-annual basis, FOF inputs data in OVC's Human Labor Trafficking Information Management System (TIMS). To verify whether the data FOF inputted into TIMS was accurate and reliable, we requested a walkthrough of the reporting process. Based on our discussion with FOF officials and our review of supporting documentation, we found that FOF submitted accurate data, supported by FOF's case management system. As a result, we did not take any exception with FOF's required performance reports.

Grant Financial Management

According to the DOJ Grants Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records, and to accurately account for funds awarded to them. To assess FOF's financial management of the grants covered by this audit, we conducted interviews with financial staff, examined policy and procedures, and inspected grant documents to determine whether FOF adequately safeguarded the grant funds we audited. We also reviewed FOF's Single Audit Report for fiscal years 2020 and 2021 to identify internal control weaknesses and significant non-compliance issues related to federal awards. Finally, we performed testing in the areas that were relevant for the management of this grant, as discussed throughout this report. Based on our review, we did not identify significant concerns related to grant financial management.

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 evaluating FOF's financial management of grants, we reviewed the most recent Single Audit Reports for fiscal years 2020 and 2021 and did not identify significant deficiencies or material weaknesses overarchingly or specifically related to FOF's grant management.

Grant Expenditures

For Grant Numbers 2018-VT-BX-0009 and 2019-VT-BX-0106, FOF's approved budgets included categories for personnel, travel, supplies, indirect costs, contractual, and subrecipients. According to FOF's accounting records provided to us during the audit, FOF expended grant funds totaling \$890,363 as of the end of March 2022. In addition, FOF was required to expend a total of \$452,170 in local funds for both grants, which represents a 25 percent local match. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a judgmental sample of 50 transactions, 25 from each grant audited, totaling \$32,497. We reviewed payroll records, invoices, subrecipients agreements, and other supporting documents and accounting records and performed

verification testing related to grant expenditures. The following sections describe the results of that testing.

Personnel Costs

For both grants, we selected a sample of personnel costs, for 2 non-consecutive months, for six employees, totaling \$29,089 of the \$447,786 charged to the two grants. We reviewed accounting and payroll records, as well as FOF's methodology for allocating funds. We were able to tie the personnel costs charged to the grants to FOF's payroll records. We did not identify any issues related to personnel costs.

Contracts and Subaward Costs

FOF contracted with consultants to provide legal services, language services, and data collection and assessment. According to the DOJ Grants Financial Guide, grant-making components establish a maximum threshold for consultant rates, if grantees exceed the maximum established rate, prior approval is needed from the grant-making component. The current rate for OJP is \$650 per day, or \$81.25 per hour.

FOF paid a consultant for services in excess of the \$81.25 per hour rate. FOF's Controller told us that this was an oversight and has been corrected. We determined that FOF did not have policies and procedures in place to ensure it complied with this requirement. While the amount FOF paid over the maximum consultant rate was immaterial, we believe this requirement should be included in FOF's policies and procedures to ensure consultants are not paid over the maximum rate. Therefore, we recommend that OJP ensure that FOF develops and implements policies and procedures to ensure written prior approval is obtained for compensation for consultant services in excess of OJP's maximum hourly or daily rate for an 8-hour day.

FOF entered into agreements with subrecipients to provide mental health and case management services and financial counseling. According to the DOJ Grants Financial Guide, the recipient should ensure each subrecipient prepares a detailed budget. In our review of subrecipient expenses, we found that FOF did not obtain budgets for its subrecipients. Without a detailed budget, FOF is not able to determine if the subrecipients are spending grant funds on approved budget cost categories. Further, detailed budgets would provide FOF with tools to ensure the subrecipient expenses are consistent with the program's stated goals and objectives. We recommend that OJP ensure that FOF requires subrecipients to submit a detailed budget as required by the DOJ Grants Financial Guide.

To determine whether subrecipient reimbursements were allowable and supported, we selected a sample of seven subrecipient invoices and supporting documentation for review. Based on our review of FOF's supporting documentation, we determined that FOF reimbursed subrecipients using a predetermined flat, hourly rate for all employees performing work for the subgrant. The subrecipient agreements stated that, "the Grantee shall reimburse the Subrecipient only for actual incurred costs upon presentation of properly executed Services Invoice as provided and approved by the Grantee." The agreements also stated, "all costs shall be supported by properly executed payrolls, time records, invoices, vouchers or other official documentation, as evidence of the nature and propriety of the charges." We then requested subrecipient documentation that supported payroll and fringe benefits, as well as indirect costs. We obtained the actual costs of grant-related time and effort and compared it to the flat rates charged and reimbursed by FOF. We determined that the difference in amounts was immaterial, and therefore do not question any costs. However, we recommend that OJP ensure that FOF requires subrecipients to adhere to the DOJ Grants

Financial Guide and the subrecipient agreement requirement of reimbursing subrecipients based on actual costs.

Subrecipient Monitoring

According to the DOJ Grants Financial Guide, the purpose of subrecipient monitoring is to ensure that the subaward is being used for authorized purposes in compliance with the federal program and grant requirements, laws, and regulations, and the subaward performance goals are achieved. When a pass-through entity makes an award to a subrecipient, the Federal award information and applicable compliance requirements, including applicable special conditions, must be clearly defined in the subrecipient agreement. In addition, the pass-through entity must have established written policies on subrecipient monitoring. At minimum, subrecipient monitoring must include reviewing financial and performance reports submitted by the subrecipient; following-up and ensuring the subrecipient takes actions to address deficiencies found through audits, onsite reviews, and other means; and issuing a management decision for audit findings pertaining to the award.

To determine whether FOF complied with the subrecipient monitoring requirements detailed above, we interviewed responsible officials, reviewed FOF's subrecipient monitoring procedures, agreements, and memoranda, and assessed whether FOF adhered to its subrecipient monitoring policies and procedures. Based on our review, we determined that FOF subrecipient monitoring procedures were adequate to ensure subrecipients are on track to meet the goals and objectives of the grant, funds were used for the intended purpose, and subrecipients complied with grant requirements, laws, and regulations.

While FOF's subrecipient monitoring procedures met the abovementioned requirements, we found that FOF did not adhere to one of the provisions within FOF's Program Manual. The manual states that within 30 days of a monitoring visit, FOF will provide the subrecipient with a monitoring report that outlines the areas reviewed during the visit and includes a section for suggested improvements based on best practices. Any areas that are found to be out of compliance with program requirements would be included in the monitoring report and would be added to a corrective action plan. FOF performed a virtual administrative review on March 30, 2022, and an on-site visit on May 3, 2022. On November 29, 2022, FOF issued the monitoring report, covering both grants. An FOF official attributed the delay to the COVID-19 pandemic and extended leave. The official informed us that FOF is in the process of training a staff member to perform the site visits. Given the nature of the monitoring report, we believe it is important that FOF adheres to its monitoring policy and procedures, particularly the timely review and issuance of the monitoring report. As a result, we recommend that OJP ensure that FOF generates and issues monitoring reports within the stated timeframe as required by its Program Manual.

Travel Costs

As part of expenditure testing, we reviewed 25 travel expenditures from the audited grants. We found 2 unallowable expenses charged to the 2018-VT-BX-0009 grant. One was a hotel cancellation fee for a cancelled conference, and the other was a cancelled conference fee that was refunded to the employee but was not returned to FOF and was not reversed in FOF's accounting, Federal Financial Report, or drawdown amount at the time. Because the two expenditures appear to be immaterial and isolated incidents resulting from the COVID-19 pandemic, we do not question these costs.

Indirect Costs

Indirect costs are costs of an organization that are not readily assignable to a particular project but are necessary to the operation of the organization and the performance of the project. The DOJ Grants Financial Guide states that “recipients that have never had an approved Federal indirect cost rate may either negotiate an indirect cost rate with their cognizant Federal agency or elect to charge a de minimis rate of 10 percent of modified total direct costs.” FOF charged the 10 percent de minimis indirect cost rate to the grants. Using FOF accounting records, we recalculated the amount of indirect costs charged to the grants and found no issues with FOF’s methodology used to charge indirect costs to the grants or the amount of indirect costs charged to the grants.

Matching Costs

Matching costs are the non-federal recipient’s share of the total project costs. According to the DOJ Grants Financial Guide, a recipient should establish and maintain records that clearly show the source, amount, and timing for all matched contributions. In addition, documentation supporting the market value of in-kind matches must be maintained in award recipient files. For Grant Number 2018-VT-BX-0009 and 2019-VT-BX-0106, the matching costs totaled \$232,990 and \$219,180, respectively, or 25 percent of the total project costs for each grant. According to FOF’s detailed budget, one of FOF’s subrecipient’s was responsible for \$37,296 and \$39,000 of the total matching costs listed above. In October 2022, OVC approved FOF’s GAM, which reduced the subrecipients matching cost from \$39,000 to \$5,879 for the 2019 grant.

To determine whether FOF met or made adequate progress towards meeting its match requirement, we reviewed FOF’s matching fund worksheet, reviewed supporting documentation, and interviewed FOF officials. For Grant Number 2018-VT-BX-0009, FOF’s matching costs consisted of pro bono work related to legal services; personnel and fringe benefits of staff attorneys, fellows, and interns; and matching contributions from its subrecipient. For Grant Number 2019-VT-BX-0106, FOF included personnel and fringe benefits of staff attorneys, paralegals, interns, and fellows, as well as matching contributions from its subrecipient. Based on FOF’s accounting records, it appears that FOF met the matching requirements for both grants. As a result, we did not take any exceptions with the matching costs for the 2018 and 2019 grants.

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

We compared grant expenditures to the approved budgets to determine whether FOF transferred funds among budget categories in excess of 10 percent. As described earlier, OJP approved FOF’s GAM for the 2018 and 2019 grant, which reduced the budgeted amounts in various cost categories to include financial and mental health services resulting in compliance with the 10 percent rule. As a result, we determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent.

Drawdowns

According to the DOJ Grants Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. As of December 2022, FOF drew down a cumulative amount of \$1,245,527 for the grants we reviewed. Each month, the FOF controller completes the process for drawing down funds based on the prior month expenses. To assess whether FOF managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. During this audit, we did not identify significant deficiencies related to FOF's process for developing drawdown requests.

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. To determine whether FOF submitted accurate Federal Financial Reports, we compared the four most recent reports to FOF's accounting records for each grant. We determined that quarterly and cumulative expenditures for the reports reviewed matched the accounting records.

Program Income

According to the DOJ Grants Financial Guide, program income is gross income earned by a non-Federal entity that is directly generated by a supported activity or earned as a result of the federal award, during the period of performance. Program income may only be used for allowable program costs.

FOF received program income for Grant Number 2019-VT-BX-0106 for court-ordered award of attorney fees or costs. The attorney fees were treated as a refund and used to reduce the amount of allowable expenses used to calculate drawdowns. We reviewed the program income, and we did not identify any issues related to the reporting or use of program income.

Conclusion and Recommendations

As a result of our audit testing, we concluded that although FOF demonstrated adequate progress towards achieving the grants' stated goals and objectives, it did not adhere to all of the grant requirements we tested and we noted several discrepancies or instances of noncompliance with program performance, grant expenditures, and subrecipient monitoring. We did not identify significant issues regarding FOF's federal financial reports, drawdowns, its management of the grant budget, or program income. However, we found that FOF did not comply with essential award conditions related to program performance and subrecipient management. We provide five recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Work with FOF to develop policies and procedures to ensure significant changes to the scope of the project are communicated and approved by the granting agency in a timely manner.
2. Ensure that FOF develops and implements policies and procedures to ensure written prior approval is obtained for compensation for consultant services in excess of OJP's maximum hourly or daily rate for an 8-hour day.
3. Ensure that FOF requires subrecipients to submit a detailed budget as required by the DOJ Grants Financial Guide.
4. Ensure that FOF requires subrecipients to adhere to the DOJ Grants Financial Guide and the subrecipient agreement requirement of reimbursing subrecipients based on actual costs.
5. Ensure that FOF generates and issues monitoring reports within the stated timeframe as required by its Program Manual.

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 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, federal financial reports, and program income.

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) grants awarded to Friends of Farmworkers, Inc. (FOF) under the Services for Trafficking Victims. Specifically, FOF was awarded Grant Number 2018-VT-BX-0009 for \$698,858 and Grant Number 2019-VT-BX-0106 for \$649,977, and as of December 2022, had drawn down \$1,245,527 of the total grant funds awarded. Grant Number 2018-VT-BX-0009 has been fully expended. Our audit concentrated on, but was not limited to, September 2018 through December 2022.

To accomplish our objectives, we tested compliance with what we considered to be the most important conditions of FOF's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit charges, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The DOJ Grants Financial Guide, 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from JustGrants as well as FOF'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 FOF to provide assurance on its internal control structure as a whole. FOF management is responsible for the establishment and maintenance of internal controls in

accordance with 2 C.F.R. § 200. Because we do not express an opinion on FOF's internal control structure as a whole, we offer this statement solely for the information and use of FOF and OJP.²

In planning and performing our audit, we interviewed FOF personnel, reviewed written policies and procedures, as well as single audit and financial statement reports. We did not identify any material weaknesses or risks that would indicate inadequate administration of grant funds or that would not provide reasonable assurance of compliance with federal guidelines. 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.

² This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2: Friends of Farmworkers, Inc. Response to the Draft Audit Report



February 28, 2023

Mr. Thomas O. Puerzer
Regional Audit Manager
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RESPONSE TO DRAFT AUDIT OF REPORT OF THE OFFICE OF JUSTICE PROGRAMS SERVICES FOR TRAFFICKING VICTIMS GRANTS AWARDED TO FRIENDS OF FARMWORKERS, INC. (DBA JUSTICE AT WORK) PHILADELPHIA, PENNSYLVANIA

Dear Mr. Puerzer,

Thank you for the opportunity to review and comment on the recommendations included in the draft audit report provided by the Department of Justice, Office of Inspector General. Friends of Farmworkers (FOF) has carefully considered the recommendations and is respectfully submitting our official response.

Recommendation 1: Work with FOF to develop policies and procedures to ensure significant changes to the scope of the project are communicated and approved by the granting agency in a timely manner.

We concur with the finding. The Controller of FOF will institute a quarterly review of the project for this purpose. The review will include an assessment of grant spending to determine whether projected spending levels appear to align with the grant budget, taking into account allowable variances. It will also include communication with the FOF Director of Operations and Compliance concerning programmatic adjustments. The report will be reviewed by the Executive Director. If any budgetary or programmatic GAMs are needed, they will be submitted within one month of the determination.

Recommendation 2: Ensure that FOF develops and implements policies and procedures to ensure written prior approval is obtained for compensation for consultant services in excess of OJP's maximum hourly or daily rate for an 8-hour day.

We concur with the finding. FOF will seek written prior approval to pay for consultant services that are billable to any federal grants at a rate that exceeds the OJP maximum hourly or daily rate. If such permission has not been obtained in advance, JAW will only bill to the grant the amount of the invoice

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which meets the allowable rate. The Controller of FOF will review consultant invoices each month prior to requesting a draw, and will document the review in FOF records.

Recommendation 3: Ensure that FOF requires subrecipients to submit a detailed budget as required by the DOJ Grants Financial Guide.

We concur with the finding. When Justice at Work applies for federal grants we will require any subgrantees to provide a detailed budget for the anticipated costs.

Recommendation 4: Ensure that FOF requires subrecipients to adhere to the DOJ Grants Financial Guide and the subrecipient agreement requirement of reimbursing subrecipients based on actual costs.

Friends of Farmworkers does not entirely concur with this recommendation. We acknowledge that the DOJ Grants Financial Guide and subrecipient agreements specify that reimbursements should be based on actual costs, but maintain that billing based on an hourly rate is reflective of actual costs, an established practice in victims' services, and should therefore be acceptable. The audit team investigated subrecipient reimbursements using their methodology for determining actual costs and "determined that the difference in amounts was immaterial." Additionally, the budgets submitted with the grant applications indicated that subrecipients would be paid based on a flat hourly rate, and were reviewed and approved by the DOJ Office of the Chief Financial Officer. We believe it would be reasonable to allow FOF to continue our current practice. Of course, we will defer to the final judgement of OIG in this matter.

Recommendation 5: Ensure that FOF generates and issues monitoring reports within the stated timeframe as required by its Program Manual.

We concur with the finding. FOF's Program Manual states that monitoring reports are to be issued to the monitored subrecipient "within 30 days of the monitoring visit." The FOF Director of Operations and Compliance will notify the Executive Director when monitoring reports are issued to subrecipients in order to ensure compliance with FOF's Program Manual.

Again, thank you for the opportunity to review and comment on the draft audit report. Should you have any questions related to our response, please contact me directly.

Sincerely,

Marta Rubin Kiesling

Marta Rubin Kiesling
Interim Executive Director
Friends of Farmworkers d/b/a Justice at Work

CC:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

APPENDIX 3: 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

March 20, 2023

MEMORANDUM TO: Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
Office of the Inspector General

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

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Services for Trafficking Victims Grants, Awarded to Friends of Farmworkers, Inc., Philadelphia, Pennsylvania*

This memorandum is in reference to your correspondence, dated February 7, 2023, transmitting the above-referenced draft audit report for Friends of Farmworkers, Inc. (FOF). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **five** recommendations and no questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

- 1. We recommend that OJP work with FOF to develop policies and procedures to ensure significant changes to the scope of the project are communicated and approved by the granting agency in a timely manner.**

OJP agrees with this recommendation. In its response, dated February 28, 2023, FOF stated that it will institute a quarterly review of the project, which will include an assessment of grant spending to determine whether projected spending levels appear to align with the grant budget, taking into account allowable variances. FOF also indicated that it will include communication with its Director of Operations and Compliance concerning programmatic adjustments. Additionally, FOF stated that the assessment report will be reviewed by the Executive Director, and if any budgetary or programmatic Grant Award Modifications are needed, they will be submitted within one month of the determination.

Accordingly, we will coordinate with FOF to obtain a copy of written policies and procedures, developed and implemented, to ensure that significant changes to the scope of the project are communicated and approved by the granting agency in a timely manner.

2. **We recommend that OJP ensure that FOF develops and implements policies and procedures to ensure written prior approval is obtained for compensation for consultant services in excess of OJP's maximum hourly or daily rate for an 8-hour day.**

OJP agrees with this recommendation. In its response, dated February 28, 2023, FOF stated that it will seek written prior approval, to pay for consultant services that are billable to any Federal grants, at a rate that exceeds the OJP maximum hourly or daily rate. FOF also stated that, if such permission has not been obtained in advance, it will only bill the allowable rate. Furthermore, FOF stated that its Controller will review consultant invoices each month, prior to requesting a drawdown of grant funds, and will document the review in its records.

Accordingly, we will coordinate with FOF to obtain a copy of written policies and procedures, developed and implemented, to ensure that written prior approval is obtained for compensation for consultant services in excess of OJP's maximum hourly or daily rate for an eight-hour day.

3. **We recommend that OJP ensure that FOF requires subrecipients to submit a detailed budget as required by the DOJ Grants Financial Guide.**

OJP agrees with this recommendation. In its response, dated February 28, 2023, FOF stated that it will require any subgrantee that applies for Federal grant funds to provide a detailed budget for the anticipated costs.

Accordingly, we will coordinate with FOF to obtain a copy of written policies and procedures, developed and implemented, to ensure that subrecipients submit a detailed budget, as required by the Department of Justice (DOJ) Grants Financial Guide.

4. **We recommend that OJP ensure that FOF requires subrecipients to adhere to the DOJ Grants Financial Guide and the subrecipient agreement requirement of reimbursing subrecipients based on actual costs.**

OJP agrees with this recommendation. In its response, dated February 28, 2023, FOF stated that it does not entirely concur with this recommendation. FOF stated that it acknowledges that the DOJ Grants Financial Guide and subrecipient agreements specify that reimbursements should be based on actual costs, but maintain that billing based on an hourly rate is reflective of actual costs, an established practice in victims' services, and should therefore be acceptable. Further, FOF stated that the audit team investigated subrecipient reimbursements using their methodology for determining actual costs and "determined that the difference in amounts was immaterial."

However, FOF also stated that the budgets submitted with its grant applications indicated that subrecipients would be paid based on a flat hourly rate, and were reviewed and approved by the OJP's Office of the Chief Financial Officer (OCFO), and that it believes it would be reasonable to allow it to continue its current practice. OJP disagrees that approval of the grantee's budget is the only authorization required for grantees to pay a flat hourly rate to subrecipients. Grantees are required to integrate budget line items into their subrecipient agreements. Additionally, grantees and subgrantees must maintain documentation to support all actual costs charged to Federal awards, and to substantiate the reasonableness of those costs and associated rates.

Accordingly, we will coordinate with FOF to obtain a copy of written policies and procedures, developed and implemented, to ensure that subrecipients adhere to the DOJ Grants Financial Guide, and the subrecipient agreement requires the reimbursement of subrecipients' expenditures based on actual costs.

5. We recommend that OJP ensure that FOF generates and issues monitoring reports within the stated timeframe as required by its Program Manual.

OJP agrees with this recommendation. In its response, dated February 28, 2023, FOF indicated that its Program Manual states that monitoring reports are to be issued to the monitored subrecipient, "within 30 days of the monitoring visit." FOF further states that its Director of Operations and Compliance will notify the Executive Director when monitoring reports are issued to subrecipients, in order to ensure compliance with FOF's Program Manual.

Accordingly, we will coordinate with FOF to obtain a copy of its revised written policies and procedures, developed and implemented, to ensure that monitoring reports are generated and issued within the stated timeframe, as required by its Program Manual.

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
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Office of the Inspector General

OJP Executive Secretariat
Control Number OCOM000148

APPENDIX 4: 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 Friends of Farmworkers, Inc. (FOF). OJP's response is incorporated in Appendix 3 and the FOF's response is incorporated in Appendix 2 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. FOF concurred with four recommendations and did not entirely concur with one recommendation. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Work with FOF to develop policies and procedures to ensure significant changes to the scope of the project are communicated and approved by the granting agency in a timely manner.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with FOF to obtain a copy of written policies and procedures, developed and implemented, to ensure that significant changes to the scope of the project are communicated and approved by the granting agency in a timely manner. As a result, this recommendation is resolved.

FOF concurred with the recommendation. FOF stated that its Controller will review the project quarterly for this purpose.

This recommendation can be closed when we receive documentation to support that FOF has developed and implemented written policies and procedures to ensure that significant changes to the scope of the project are communicated and approved by the granting agency in a timely manner.

- 2. Ensure that FOF develops and implements policies and procedures to ensure written prior approval is obtained for compensation for consultant services in excess of OJP's maximum hourly or daily rate for an 8-hour day.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with FOF to obtain a copy of written policies and procedures, developed and implemented, to ensure that written prior approval is obtained for compensation for consultant services in excess of OJP's maximum hourly or daily rate for an 8-hour day. As a result, this recommendation is resolved.

FOF concurred with this recommendation. FOF stated that it will seek written prior approval to pay for consultant services that are billable to any federal grants at a rate that exceeds the OJP maximum hourly or daily rate.

This recommendation can be closed when we receive documentation supporting that FOF has developed and implemented written policies and procedures to ensure that written prior approval is

obtained for compensation for consultant services in excess of OJP's maximum hourly or daily rate for an 8-hour day.

3. Ensure that FOF requires subrecipients to submit a detailed budget as required by the DOJ Grants Financial Guide.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with FOF to obtain a copy of written policies and procedures, developed and implemented, to ensure that subrecipients submit a detailed budget, as required by the Department of Justice (DOJ) Grants Financial Guide. As a result, this recommendation is resolved.

FOF concurred with this finding. FOF stated that it will require any subgrantees to provide a detailed budget for the anticipated costs.

This recommendation can be closed when we receive documentation supporting that FOF has developed and implemented written policies and procedures to ensure that subrecipients submit a detailed budget, as required by the DOJ Grants Financial Guide.

4. Ensure that FOF requires subrecipients to adhere to the DOJ Grants Financial Guide and the subrecipient agreement requirement of reimbursing subrecipients based on actual costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with FOF to obtain a copy of written policies and procedures, developed and implemented, to ensure that subrecipients adhere to the DOJ Grants Financial Guide and the subrecipient agreement requiring the reimbursement of subrecipients' expenditures based on actual costs. As a result, this recommendation is resolved.

FOF did not entirely concur with this recommendation. In its response, FOF acknowledged that the DOJ Grants Financial Guide and subrecipient agreements specify that reimbursements should be based on actual costs, but it maintained that billing based on an hourly rate is reflective of actual costs and is an established practice in victims' services and should therefore be acceptable. However, this practice is not in accordance with DOJ guidance and the subrecipient agreement, which requires reimbursement of subrecipients' expenditures to be based on actual costs. Additionally, FOF stated that the budgets submitted with the grant applications indicated that subrecipients would be paid based on a flat hourly rate and were reviewed and approved by the DOJ Office of the Chief Financial Officer. In its response, OJP disagreed that the approval of the grantee's budget is the only authorization required for grantees to pay a flat hourly rate to subrecipients. OJP stated that grantees are required to integrate budget line items into their subrecipient agreements. Additionally, OJP stated that grantees and subgrantees must maintain documentation to support all actual costs charged to federal awards, and to substantiate the reasonableness of those costs and associated rates. We agree with OJP's assessment and consider this recommendation resolved.

This recommendation can be closed when we receive documentation supporting that FOF has written policies and procedures, developed and implemented, to ensure that subrecipients adhere to the DOJ Grants Financial Guide and the subrecipient agreement requiring the reimbursement of

subrecipients' expenditures based on actual costs.

5. Ensure that FOF generates and issues monitoring reports within the stated timeframe as required by its Program Manual.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with FOF to obtain a copy of its revised written policies and procedures, developed and implemented, to ensure that monitoring reports are generated and issued within the stated timeframe, as required by its Program Manual. As a result, this recommendation is resolved.

FOF concurred with this recommendation. FOF stated that the FOF Director of Operations and Compliance will notify the Executive Director when monitoring reports are issued to subrecipients to ensure compliance with FOF's Program Manual.

This recommendation can be closed when we receive documentation supporting that FOF has revised written policies and procedures, developed and implemented, to ensure that monitoring reports are generated and issued within the stated timeframe, as required by its Program Manual.