



Office of the Inspector General
U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



**Audit of the Office of Justice
Programs Office for Victims of
Crime Victim Assistance Formula
Grants Awarded to the Governor's
Office of Crime Control and
Prevention,
Crownsville, Maryland**



Executive Summary

*Audit of the Office of Justice Programs Office for Victims of Crime
Victim Assistance Formula Grants Awarded to the Governor's Office of Crime
Control and Prevention, Crownsville, Maryland*

Objective

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

Results in Brief

As a result of our audit, we concluded that the GOCCP enhanced services for crime victims with its grant funding. We found that the GOCCP took appropriate steps to announce and distribute its funding to subrecipients and also met the priority distribution requirements. We did not identify significant issues regarding the GOCCP's federal financial reports or drawdowns and concluded that, in general, the GOCCP's subrecipient monitoring mechanisms were well-designed. However, at the state level, we determined the GOCCP should enhance its review of subrecipient performance data incorporated into state-wide totals. We also found that it disproportionately charged the Victims of Crime Act (VOCA) grants for shared administrative expenses. In addition, at the subrecipient level, we identified questioned costs for personnel and fringe benefits charged by three tested subrecipients and find that the GOCCP should clarify the grant requirements on timekeeping for the benefit of its subrecipients. As a result of these deficiencies, we identified \$186,374 in questioned costs.

Recommendations

Our report contains eight recommendations to assist the GOCCP to improve its grant management and administration, and to remedy questioned costs. We provided a draft of this report to the GOCCP and OJP, whose responses can be found in Appendices 3 and 4, respectively. The OIG analyzed those responses in Appendix 5 and provides actions necessary to close the report.

Audit Results

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of two VOCA victim assistance formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the GOCCP. The OVC awarded these formula grants, totaling \$77,244,442 for federal Fiscal Years (FY) 2015 to 2016, from the Crime Victims Fund (CVF) for the purpose of enhancing crime victim services throughout the state of Maryland. The GOCCP drew down a cumulative amount of \$15,524,463 for the grants we reviewed.

Program Accomplishments and Performance Reporting

– The GOCCP enhanced services for crime victims by appropriately planning for and distributing the VOCA funding it received. The GOCCP largely complied with programmatic requirements, but should enhance its review of subrecipient data consolidated for the OVC to reflect state-wide performance.

State Administrative Expenditures – We found the GOCCP's approach to charging VOCA grants for certain administrative expenses to be disproportionate and thus question all such administrative costs charged in this manner, for a total of \$123,191. The GOCCP must realign its administrative cost charges so that they are equitably allocated across available funding sources.

Subaward Expenditures – We found that, of the seven GOCCP subrecipients we tested, three subrecipients did not support or otherwise charge payroll costs consistent with VOCA Guidelines. This resulted in \$54,682 in unsupported costs and \$8,501 in unallowable costs in salary and associated fringe benefits.

Subrecipient Monitoring – The GOCCP has generally implemented a multifaceted monitoring process. Yet, questioned costs indicate that it should clarify subrecipient requirements for documenting timekeeping and which allowable positions can be charged to the awards. We also found the GOCCP should more clearly delineate responsibility ensuring its subrecipients adhere to federal audit reporting requirements.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
OFFICE FOR VICTIMS OF CRIME VICTIM ASSISTANCE FORMULA
GRANTS AWARDED TO THE GOVERNOR’S OFFICE OF CRIME
CONTROL AND PREVENTION
CROWNSVILLE, MARYLAND**

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
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CONTROL AND PREVENTION
CROWNSVILLE, MARYLAND**

INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of two victim assistance grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the Governor’s Office of Crime Control and Prevention (GOCCP) in Crownsville, Maryland. The OVC awards victim assistance grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, during Fiscal Years (FY) 2015 and 2016, the two GOCCP victim assistance grants totaled \$77,244,442.

**Table 1
GOCCP Victim Assistance Grants
Fiscal Years 2015 and 2016**

Grant Number	Amount
2015-VA-GX-0036	\$ 36,267,251
2016-VA-GX-0066	\$ 40,977,191
TOTAL:	\$ 77,244,442

Note: Each of these awards has a 4-year period of performance.

Source: OJP’s Grants Management System (GMS)

Established by the *Victims of Crime Act* (VOCA) of 1984, the CVF supplies funds to grant programs that support both assistance services and compensation for victims and survivors of crime.¹ The CVF holds the fines, penalties, and bond forfeitures of convicted federal offenders. The OVC annually distributes to states and territories proceeds from the CVF. The total amount of funds that the OVC may distribute each year depends largely upon the amount of CVF deposits made during the preceding years and limits set by Congress.

In FY 2015, Congress significantly raised the previous year’s cap on CVF disbursements, which more than quadrupled the available funding for victim assistance grants from \$455.8 million to \$1.96 billion. In FY 2016, Congress raised the cap again, increasing the available funding for victim assistance to \$2.22 billion. The OVC allocates victim assistance formula grant funds through a population-based formula applied to the CVF funding cap for the given year. As such, the annual VOCA victim assistance grant funds available to the GOCCP increased from \$8.43 million in FY 2014 to \$36.2 million in FY 2015.

¹ The VOCA victim assistance grant program is funded under 42 U.S.C. §10603(a).

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

The Grantee

As the state administering agency, the GOCCP administers the VOCA victim assistance program for Maryland. The GOCCP is composed of three divisions – Administration; Programs and Implementation; and Research, Analysis and Evaluation – and administers all federal funding received by Maryland for criminal justice, juvenile justice, and victims' services. As such, the GOCCP awards grants and coordinates efforts to provide assistance to victims of crime in Maryland. Such efforts include: (1) funding bilingual personnel to communicate with victims with limited English proficiency; (2) providing shelters with resources to accommodate crime victims in need; and (3) encouraging subrecipients to assist victims with tools such as job training, workshops, and counseling in order to attain economic stability after leaving their abusers. It also conducts other criminal justice activities not specifically related to victim service, and undertakes research, strategic planning, and the drafting of legislation, policies, and budgets.

OIG Audit Approach

The objective of the audit was to evaluate how the GOCCP designed and implemented its crime victim assistance program. To accomplish this objective, we assessed grant management performance in the following areas: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients. We tested compliance with what we considered the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA victim assistance program guidelines (VOCA Guidelines), and the DOJ Grants Financial Guide as our primary criteria. We reviewed relevant GOCCP policies and procedures, interviewed GOCCP personnel to determine how they administered the VOCA funds, and also obtained and reviewed GOCCP and subrecipient records reflecting grant activity.²

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

AUDIT RESULTS

Grant Program Planning and Execution

The main purpose of the VOCA victim assistance grants is to enhance crime victim services. As the primary recipient of victim assistance grants at the state level in Maryland, the GOCCP must distribute the majority of the funding to organizations that provide direct services to victims, such as rape treatment centers, domestic violence shelters, centers for missing children, and other community-based victim coalitions and support organizations. Although the GOCCP has the discretion to select subrecipients from among eligible organizations, VOCA Guidelines require that it give priority to victims of sexual assault, domestic abuse, and child abuse.³ The GOCCP must also make funding available for previously underserved populations of violent crime victims.⁴

As part of our audit, we assessed the GOCCP's overall plan to allocate and award the victim assistance funding. We reviewed how the GOCCP planned to distribute its available victim assistance grant funds, made subaward selection decisions, and informed its subrecipients of necessary VOCA requirements. As discussed below, in our overall assessment of grant program planning and execution, we determined that the GOCCP: (1) appropriately identified and planned to meet additional victim service needs with its increased FY 2015 funding, (2) implemented an adequate process to select subrecipients, and (3) appropriately communicated to its subrecipients applicable VOCA requirements.

Subaward Allocation Plan

In response to the significant increase in CVF available funding, the OVC's FY 2015 VOCA Victim Assistance Formula Solicitation required that state and territory applicants submit a subrecipient funding plan that detailed their efforts to identify additional victim service needs, as well as subaward strategies to spend the substantial increase in available VOCA funding.

In June 2016, a GOCCP contractor completed a needs assessment to determine the efficacy of victim services and identify where the GOCCP could focus efforts to promote access to victim services while fulfilling the goals of federal grants awarded to Maryland. Specifically, the needs assessment recommended that the GOCCP: (1) build its core service infrastructure and staff, (2) expand services and locations, and (3) focus efforts on underserved populations. We found that the GOCCP has used its increased CVF funding to expand and target projects

³ As long as a state administering agency allocates at least 10 percent of available funding to victim populations in each of these victim categories, it has the sole discretion in determining the amount of funds each subrecipient receives.

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

that assist underrepresented populations the GOCCP determined to be of high need. The GOCCP also used its increased 2015 and 2016 VOCA victim assistance funds to support both: (1) new subrecipients and projects such as technology grants to buy case management and data analysis software, and (2) existing service providers by providing larger awards on a two-year basis instead of for a one-year award period. Subrecipients we interviewed noted that this change was beneficial because it allowed them to plan ahead and secure staffing.⁵

Subaward Selection Process

We assessed how the GOCCP announced VOCA subaward opportunities, evaluated applicants, and selected its VOCA subrecipients. The GOCCP first published a Notice for Funding Availability to solicit applications from possible VOCA subrecipients. Grant applications went through a three-tier review: external, internal, and executive-level. First, municipal and private entities externally reviewed and scored applications using a GOCCP-provided scoring sheet to comment on the applications and their proposed budgets. These external reviewers included victim advocates and experts as well as law enforcement officers, each of whom completed and signed a conflict of interest form. Second, GOCCP program managers and monitors performed an internal evaluation of the applications, taking into consideration their knowledge of and professional experience with the potential subrecipients.

After all the applications were externally and internally evaluated, the GOCCP's Chief of Programs reviewed the vetted applications. The Executive Director of GOCCP then received the applications for final review and approval. As of November 2017, we found that the GOCCP had made subawards to 155 organizations with 2015 award funds and 78 organizations with 2016 award funds.

Subaward Requirements

State administering agencies must adequately communicate VOCA requirements to their subrecipients. We reviewed the GOCCP's subaward solicitations and award packages to determine how the grantee communicated its subaward requirements and conveyed to potential applicants the VOCA-specific award limitations, applicant eligibility requirements, eligible program areas, restrictions on uses of funds, and reporting requirements. Prior to finalizing the subawards, the GOCCP provided subaward conditions to a responsible official from each potential subrecipient organization. To receive a subaward, these officials had to certify via both award acceptance and project commencement forms that they agreed to review and comply with the VOCA Guidelines. Specifically, applicants had to certify they understood the VOCA program details, organization eligibility requirements, and descriptions of other allowable and non-allowable costs and services. The GOCCP would not release subaward funds unless the subrecipients

⁵ Prior to the FY 2016 grant, the GOCCP had limited its subawards to one-year periods. If the subrecipients were unable to spend the subawarded funds by the end date, the GOCCP generally did not provide opportunities to adjust or extend the awards; instead, the GOCCP would reallocate this funding for other VOCA uses.

completed and returned the certification forms. We did not identify any issues with the GOCCP's process to select subrecipients and found that the GOCCP adequately communicated to its subrecipients' applicable VOCA requirements.

Program Requirements and Performance Reporting

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

As discussed below, based on our assessment in the areas of program requirements and performance reporting, we determined that the GOCCP: (1) fulfilled the distribution requirements to priority victim groups, (2) complied with special conditions, and (3) implemented adequate processes to ensure that the subrecipients submitted reports on performance data. However, our assessment found that the GOCCP should enhance its review of such performance data at the state level.

Priority Areas Funding Requirement

The VOCA Guidelines require that the GOCCP award a minimum of 10 percent of the total grant funds to programs that serve victims in each of the four following categories: (1) child abuse, (2) domestic abuse, (3) sexual assault, and (4) previously underserved. The VOCA Guidelines permit each state administering agency to identify "previously underserved" victims.⁶ GOCCP officials stated that Maryland's definition of underserved victims mirrors that defined by VOCA Guidelines.

We examined how the GOCCP allocated VOCA subawards to gauge whether it was on track to meet the program's priority areas distribution requirements. For the FY 2015 award, we found that the GOCCP complied with the 10 percent distribution requirement and had planned to allocate subawards well above the 10-percent threshold. The FY 2016 award will not close until September 2019, and the GOCCP still had significant funding available to distribute to subrecipients as of June 2017. We found the GOCCP has nevertheless tracked its own compliance with this requirement and has not made any subawards that would preclude it from meeting the allocation requirements. Considering the remaining time available to make subawards and the balances available for making additional subawards, we believe that the GOCCP is positioned to comply with VOCA distribution requirements for the 2016 grant as well.

⁶ Methods for identifying "previously underserved" victims may include public hearings, needs assessments, task forces, and meetings with statewide victim services agencies.

Annual Performance Reports

Each state administering agency must annually report to the OVC on activity funded by any VOCA awards active during the fiscal year. For the victim assistance grants, the states must report the number of agencies funded, VOCA subawards, victims served, and victim services funded by these grants. Additionally, according to a special condition of the victim assistance grants, the state must collect, maintain, and provide to the OVC data that measures the performance and effectiveness of activities funded by the award. The OVC requires states to upload reports annually to its Grant Management System (GMS). As of FY 2016, the OVC also began requiring states to submit quarterly performance data through the web-based Performance Measurement Tool (PMT) which would automatically create a consolidated annual report based on completed quarterly reports for a fiscal year. After the OVC made its PMT available for FY 2016, the states had the option to provide subrecipients direct access to report quarterly data, although the OVC still requires that if the subrecipient completes the performance measure data entry directly, the state must approve the data.

We discussed with GOCCP officials how they compiled performance report data from their subrecipients for the annual performance reports they submitted to the OVC for FYs 2015 and 2016. GOCCP subrecipients had to enter performance measure data and narratives at the state level in the GOCCP's Grants Management System (MDGMS). The MDGMS is a web-based subrecipient reporting tool that allows for many facets of tracking and reporting of subrecipient information including contacts, types of services, budget data, matching compliance, spending rates, and performance metrics. Once the OVC implemented the PMT for the VOCA victim assistance grants, the GOCCP enabled the subrecipients to report their performance figures directly in PMT. The GOCCP required all subrecipients to submit performance data in both MDGMS and PMT in order to receive reimbursement. The MDGMS also prompted subrecipients to complete their PMT reports. If there was a missing response in either system, a GOCCP Program Monitor would reach out to the subrecipient and require that the subrecipient update the necessary information before it could be reimbursed its expenses. A GOCCP official stated that the GOCCP has not had any issues of non-compliance because once notified, the subrecipients quickly addressed issues needed to receive funding. To finalize each consolidated annual performance report, GOCCP Program Managers completed the narrative portion with input from GOCCP Program Monitors.

Although the GOCCP submitted its annual performance reports to the OVC on time, we find the extent to which GOCCP did not review PMT data entered by subrecipients to be inconsistent with OVC direction. GOCCP officials indicated that they generally only reviewed or otherwise verified subrecipient-entered information if they noticed a significant abnormality or issue with that subrecipient's performance. Yet, the OVC user guide clearly indicates that if the subrecipients perform the PMT data entry, the state grantee must approve it. OVC officials confirmed to us that they expect the states to review subrecipient-submitted data. We therefore recommend that OJP ensure that the GOCCP complies with OVC

direction and reviews subrecipient-entered PMT data to comply with this requirement.

To determine whether the annual performance reports accurately reflected, from an overall state-wide perspective, subrecipient performance, we reviewed the GOCCP's annual performance report for FY 2015. Table 2 presents summary data from this annual performance report.

Table 2
Summary from the GOCCP's Victim Assistance Program Annual Performance Report
FY 2015

Performance Categories	Data Reported
Number of Victims Served	28,106
Number of Services Provided	106,253

Source: GOCCP Performance Report to OVC

We verified on a sample basis that subrecipients could support the quarterly figures reported via MDGMS, which became part of the totals in the annual report that the GOCCP provide to the OVC. As discussed in more detail in the Monitoring of Subrecipients section below, we did not identify any significant discrepancies with these quarterly figures.

Compliance with Special Conditions

The special conditions of a federal grant establish specific requirements for each recipient. In its grant application documents, the GOCCP certified it would comply with these special conditions. We reviewed the special conditions for each VOCA victim assistance program grant and identified special conditions that we deemed significant to grant performance that are not otherwise addressed in another section of this report. For the victim assistance grants, the states must report annually to the OVC a Subgrant Award Report with basic information on each subrecipient that receives victim assistance funds. We found that GOCCP complied with this requirement. For FY 2015 VOCA assistance awards, each state also had to ensure that all non-profit subrecipients made their financial statements available. We found that, of the six tested subrecipients that were non-profit organizations, one made its financial statements publicly available, and the others agreed to make their financial statements available upon request.

Grant Financial Management

Award recipients must establish and maintain an accounting system and financial records that accurately account for awarded funds. To assess the adequacy of the GOCCP's financial management of the VOCA grants, we examined expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. We reviewed the Single Audit Reports for the State of Maryland for FYs 2015 and 2016 and identified no significant deficiencies or material

weaknesses specifically related to the GOCCP. We also interviewed GOCCP and other state personnel responsible for the financial aspects of the grants, as several of these functions were split between the GOCCP and the Governor's Office of Financial Administration (GOFA). We also reviewed GOCCP financial and internal control written policies and procedures, inspected award documents, and reviewed financial records.

At the state level, we determined that the GOCCP implemented numerous controls over its grant financial activities such as purchasing, payroll, payment, and reconciliation of invoices. The GOCCP also had established written policies and procedures governing requisitioning, procurement, payment, and general operation while it properly segregated the duties related to the handling of grant award funding. However, we found that the GOCCP did not comply with grant requirements regarding how it charged certain administrative costs to the VOCA awards.

At the subrecipient level, we found that the GOCCP generally implemented a strong set of policies, processes, and systems to adequately account for grant funds and minimize the risk of grant financial mismanagement. In a few instances, however, we believe that the GOCCP could improve its monitoring of subrecipient expenditures and clarify for its subrecipients the requirements governing federal awards, particularly with respect to payroll charges.

Grant Expenditures

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

Subaward Expenditures

The GOCCP used each subrecipient's MDGMS profile to display the subaward total and the balance remaining on each subaward. MDGMS also housed the final approved budget detailed by subaward cost category. Once a subrecipient incurred expenses, it would request reimbursement through MDGMS under specific, approved subaward cost categories.⁷

As of April 2017, the GOCCP paid a total of \$16,172,372 in FY 2015 and 2016 VOCA victim assistance program funds to subrecipients. To evaluate the GOCCP's financial controls over VOCA victim assistance grant expenditures, we reviewed a sample of subrecipient transactions to determine whether the payments were accurate, allowable, and in accordance with the VOCA Guidelines. We focused on

⁷ The GOCCP provided funding to subrecipients exclusively on a reimbursable basis. It provided these reimbursements quarterly unless a subrecipient specifically requested and justified the need to receive reimbursements monthly.

seven subrecipients for targeted testing and judgmentally selected 59 transactions totaling \$339,432 for our sampling purposes. The transactions we reviewed included costs in the following categories: (1) personnel (payroll), (2) fringe and benefit, (3) rent, (4) supply, (5) equipment, and (6) operating costs.

Seventeen of the 59 tested transactions we tested were for rent, supplies, equipment, and operating costs. In general, the VOCA Guidelines require that subrecipients maintain appropriate programmatic and financial records that fully disclose the amount and disposition of VOCA funds received. We concluded that all 17 of these transactions were authorized, allowable, reasonable, and supported with appropriate and adequate documents.

The remainder of the subrecipient expenses we tested were payroll and fringe benefit costs incurred during a particular period of time for each subrecipient. VOCA Guidelines state that payroll expenses should be supported by time and attendance records that specify the time each individual devoted to allowable VOCA victim services each day. We found that three of the seven subrecipients we tested did not support or otherwise charge payroll costs consistent with VOCA Guidelines. Specifically:

- *Subrecipient A is a non-profit that supports domestic violence victims.* We found that Subrecipient A could not demonstrate that it properly allocated payroll costs based on the actual time its employees spent working on VOCA-specific activities. This subrecipient's timesheets did not differentiate the number of hours each employee worked on various activities. Instead, the timesheets only documented the total time employees worked each day. While this subrecipient charged payroll costs to the VOCA grant and other funding sources, we were unable to tie this distribution to any record of actual hours worked on VOCA grant activities. We therefore question as unsupported the \$54,682 in salary and associated fringe benefit costs charged to the VOCA subaward for the month we tested.
- *Subrecipient B is a non-profit that serves domestic violence victims with the goal of self-sufficiency.* Subrecipient B's financial personnel told us that they planned on allocating to VOCA grants the salaries of three officials on a percentage basis according to funding source availability. Financial personnel stated that this was because they would not be able to track the time these officials worked on each project as these officials worked on many different projects supported by various funding sources. We determined this would be an improper approach to allocating salary costs for grant-funded positions, which should be charged based on actual project time. Subrecipient B had budgeted \$62,466 in VOCA funds for salary and fringe benefit costs for these three positions. While this subrecipient had not yet charged its VOCA subawards for these positions at the time of our fieldwork, we conclude that this allocation method places Subrecipient B at risk of overcharging its VOCA subawards.

- Subrecipient C is a non-profit that provides court support for foster care children. We found that Subrecipient C's approved budget included the entire salary for a financial director even though this official did not provide direct services to crime victims. The VOCA Guidelines stipulate that salaries and reimbursable expenses associated with administrators, board members, executive directors, and other such individuals are not allowable unless these individuals are providing direct services to crime victims. We therefore question as unallowable the \$8,501 in salary and associated fringe benefit costs charged to the VOCA subaward for this official during the 3 months sampled for Subrecipient C.

Based on the results of this subaward payroll and fringe benefit testing, we recommend that OJP remedy a total of \$54,682 in unsupported costs and also recommend that OJP remedy \$8,501 in unallowable costs. In addition, we find these discrepancies to be indicative of potential enhancements that the GOCCP can make to its subrecipient training and monitoring efforts. We discuss this further in the Monitoring of Subrecipients section below.

Administrative Expenditures

The state administering agency may retain up to 5 percent of each grant to pay for administering its crime victim assistance program and for training. While grant-funded administrative costs generally must relate to a specific program, for VOCA assistance awards, the VOCA Final Rule states that funds for administration may be used to pay for costs directly associated with administering a state's victim assistance program.⁸ OVC officials have indicated that this may include both VOCA and non-VOCA activities supported by the state administering agency, as long as they relate to the state victim assistance program. As noted above, while the GOCCP administers the VOCA grants and other victim assistance projects, it also oversees other activities not related to victim services, such as crime control and prevention.

For the victim assistance grant program, we tested the GOCCP's compliance with the 5-percent limit on the administrative category of expenses, as shown in Table 3.

⁸ The Final Rule became effective August 8, 2016. 28 CFR Part 94.

Table 3
GOCCP Administrative Expenditures

Award Number	Total Award	State Administrative Expenditures Charged to VOCA Award	Percentage
2014-VA-GX-0001	\$8,438,961	\$421,948	5
2015-VA-GX-0036	\$36,267,251	\$1,214,578	3.35
2016-VA-GX-0066	\$40,977,191	\$0	0

Source: OJP's Grants Management System (GMS) and the GOCCP

While the scope of this audit largely focused on the 2015 and 2016 VOCA assistance grants, for this aspect of testing we considered data from GOCCP's 2014 VOCA grant for the sake of comparison.⁹ As a benchmark, we found that the GOCCP complied with the 5-percent administrative requirement for its FY 2014 grant. We also found that the GOCCP is on track to comply with the 5-percent administrative expense limit for both of the FY 2015 and 2016 grants.

In addition to testing the GOCCP's compliance with the 5 percent administrative limit, we also judgmentally selected samples of GOCCP administrative transactions to determine if they were supported, allowable, and properly allocated. The state administrative costs we tested included: (1) personnel, (2) fringe, (3) operating, (4) travel, (5) training, (6) equipment rental, and (7) state-wide indirect costs. The sampled transactions were funded by the FY 2015 VOCA assistance grant because the GOCCP had not charged administrative expenses to the FY 2016 grant at the time of our testing.

For personnel and fringe testing, we judgmentally selected payroll associated with 6 GOCCP employees for a total of 11 transactions from nonconsecutive pay periods. Our sample included both fiscal and programmatic personnel who charged time to the grants.¹⁰ We found that GOCCP employees used electronic timecards to record their time worked based on actual hours. GOCCP employees also used the state's Grant Time and Accounting Database (GTAD) to enter various grant activities associated with different funding sources. State personnel, in turn, used GTAD information, in conjunction with totals from the centralized payment system, to determine the amounts the GOCCP should charge to available funding sources. We tested each payment amount based on the employee's recorded salary in the timekeeping system and the percentage of VOCA work hours recorded for each employee in GTAD, and then reconciled this amount against the data the GOCCP maintained in its centralized payroll system. We found that for all these transactions, the GOCCP could provide timesheets, supervisory authorization, and

⁹ While the 2014 grant is closed, data from this grant represented the most complete picture of the GOCCP's compliance with the 5-percent limit, since the GOCCP has not yet spent all of the funding for either the 2015 or the 2016 grants, which do not close until 2018 and 2019 respectively.

¹⁰ This included a part-time member of the contract audit team, and a full-time contractor dedicated to the VOCA grants.

proof of payment to the proper recipients. For these transactions, we were generally able to reconcile, with minor discrepancies, the timekeeping system records to the amounts recorded as charged in the centralized payroll system.¹¹

For non-salary and fringe state administrative costs, we tested a total of 22 transactions with a value of \$803,627. This sample of charges to the VOCA grant included 10 transactions for a specific item or service that the GOCCP fully charged, and 12 transactions that GOCCP charged on a percentage basis, which included overhead costs such as rent and supplies. We found the 10 transactions that the GOCCP fully charged to VOCA were generally supported, properly paid, allowable, authorized, and reasonable in that each clearly supported VOCA programs exclusively.

The other 12 transactions that the GOCCP charged on a percentage basis totaled \$66,678 and supported a broad array of both VOCA and non-VOCA initiatives, some of which would not have been associated with any victim-related activities. We reviewed the support that the GOCCP maintained for each of these transactions and identified one training expense in the amount of \$1,482 that lacked support. More significantly, according to the DOJ Grants Financial Guide, costs charged to DOJ grants must be allocated properly. Specifically, if a particular cost benefits two or more projects or activities in a proportion that can be determined without undue effort, this cost must be allocated to the respective funding source of the projects based on the proportional benefit. Furthermore, states may only charge administrative costs to VOCA awards in proportion to the percentage of use that may be allocated to the state's crime victim assistance program.¹²

When we inquired how the GOCCP allocated these shared administrative costs, a GOCCP official told us that, for certain cost categories, the GOCCP based the allocation on the total administrative allowance available across all funding sources it received during a given year. This official explained that the total amount available to the GOCCP for administrative purposes was largely from federal grant funding, since most of its other state funding did not allow for any state-related administrative expenses. Once the GOCCP determined the total funding amount available that was permissible for administrative uses, it would calculate proportions of monies remaining for each grant relative to the total amount available. Then, the GOCCP would charge these various grant funding sources based on the proportion they represented. We confirmed this approach by examining GOCCP accounting records for these given cost categories, and other documents provided by the GOCCP to support the amount and percentage allocated from each grant to a specific transaction or cost category.

According to these documents, percentages of VOCA funding charged for a given period varied from 33 percent for gas and mileage to 83 percent for rent.

¹¹ For 4 of the 11 tested transactions, the amount in the timekeeping system did not precisely match. We do not make a recommendation because the difference is below our reportable audit threshold of \$1,000.

¹² 2 CFR 200.405 and 28 CFR 94.109

The percentages would also vary depending on when the GOCCP charged these costs because the amount of administrative allowance remaining changed over time. VOCA funding accounted for a weighted average of 62 percent over the course of the tested periods of these awards.

Based on these results, VOCA funding appears to be paying for a significantly disproportionate amount of the GOCCP's operating expenses, at least for costs it has charged on a percentage basis to VOCA grants. Thus, we determined the GOCCP's approach to allocating these shared administrative costs to be an inequitable and unallowable use of the VOCA funding.

We therefore question \$123,191, the total of all administrative costs charged to the VOCA on a percentage basis, and we recommend that OJP remedy this amount of unallowable administrative costs. We also recommend that OJP ensure the GOCCP realign its administrative cost charge allocations to equitably charge such costs across its available funding sources.

Drawdowns

Award recipients should request funds based upon immediate disbursement or reimbursement needs, and the grantee should time drawdown requests to ensure that the federal cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days. VOCA grant funds are available for the fiscal year of the award plus 3 additional fiscal years. To assess whether the GOCCP managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed for cash expenses to the total expenditures in the GOCCP's accounting system and accompanying financial records.

For the VOCA victim assistance awards, the GOCCP manually identified grant expenditures each month and tracked those amounts on a spreadsheet to capture what it would claim for reimbursement through the VOCA grants. The Governor's Office of Financial Administration would also conduct its own reconciliation using the same underlying data for quality assurance purposes. If the numbers matched, the GOCCP would request reimbursement through GMS, usually by the second week of the month. Table 4 shows the total amount drawn down for each grant as of April 2017.

Table 4
Amount Drawn Down for Each Grant as of April 2017

Award Number	Total Award	Amount Drawn Down	Amount Remaining
2015-VA-GX-0036	\$36,267,251	\$13,196,218	\$23,071,033
2016-VA-GX-0066	\$40,977,191	\$2,328,245	\$38,648,946
Total:	\$77,244,442	\$15,524,463	\$61,719,979

Source: OJP's GMS

We determined that the GOCCP properly received VOCA funding on a reimbursement basis, and we did not identify significant deficiencies related to the recipient's process for developing drawdown requests. However, we did identify certain deficiencies and questioned costs related to compliance of individual expenditures with grant rules, as discussed in prior sections.

Matching Requirement

VOCA Guidelines require that subrecipients match 20 percent of each subaward. The purpose of this requirement is to increase the amount of resources available to VOCA projects, prompting subrecipients to obtain independent funding sources to help ensure future sustainability. Although subrecipients must derive required matching contributions from non-federal, non-VOCA sources, subrecipients can provide either cash or an in-kind match to meet matching requirements.¹³ VOCA Guidelines state that any deviation from this policy requires OVC approval. The state administering agency has primary responsibility for ensuring subrecipient compliance with the match requirements.

The GOCCP's subaward solicitation stated that cash or in-kind resources must be directly related to the project goals and objectives. Subrecipients moreover had to clearly show the source, amount, and timing of all matching contributions. As part of the subaward application process, when applicants established their subaward budgets, the GOCCP required them to complete a separate line item in the MDGMS for the match requirement contribution of 20 percent.¹⁴ Subaward applicants had to demonstrate how they computed the value of each match contribution, including how they determined the value of in-kind matches. Once the GOCCP approved subawards, it would detail the respective cash and in-kind match percentages and dollar amounts in the award acceptance form and budget notice in the MDGMS. The GOCCP also required its subrecipients to report on

¹³ In-kind matches may include donations of expendable equipment, office supplies, workshop or classroom materials, workspace, or the value of time contributed by those providing integral services to the funded project.

¹⁴ In certain instances, subrecipients proposed, and the GOCCP approved, match contributions exceeding 20 percent.

match activity in the same manner as it reported on the use of GOCCP-provided VOCA funds via the regular financial submissions in MDGMS.

To assess the provision of matching funds, we selected a sample of 19 subawards and first verified that the GOCCP had calculated the correct match amount for each. We also reviewed the subrecipient-reported match contribution amounts to determine if the subrecipients met or were on track to meet the required match for each subaward. As of September 2017, we found that 5 tested subawards had met the match and were closed; the remaining 14 had submitted a match plan and made contributions that kept them on track to meet the requirement by the close of the subaward periods. In addition, we tested match transactions associated with subrecipient reimbursement requests. To meet the match requirement, the tested subrecipients applied a combination of both cash and in-kind match contributions, such as office space, equipment, and pro bono or volunteer services. We reviewed the support – which included invoices, receipts, payroll records, and property valuations – and did not identify any issues with items the subrecipients submitted to the GOCCP to substantiate their match contributions.

Financial Reporting

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period, as well as cumulative expenditures, on each financial report. To determine whether the GOCCP submitted accurate Federal Financial Reports, we compared the six most recent reports to the GOCCP's accounting records for both the FY 2015 and FY 2016 grants. We determined that quarterly and cumulative expenditures for the reports reviewed matched the accounting records from the general ledger.

Monitoring of Subrecipients

According to the DOJ Grants Financial Guide, the purpose of subrecipient monitoring is to ensure that subrecipients: (1) use grant funds for authorized purposes; (2) comply with the federal program and grant requirements, laws, and regulations; and (3) achieve subaward performance goals. As the primary grant recipient, the GOCCP must develop policies and procedures to monitor subrecipients. To assess how the GOCCP monitored its VOCA subrecipients, we interviewed GOCCP personnel, identified GOCCP monitoring procedures, and obtained records of interactions between the GOCCP and its subrecipients. We also conducted site visits of seven subrecipients, which included interviewing personnel, touring facilities, and reviewing accounting and performance records. We spoke with subrecipient officials about the support received from the GOCCP, requirements for reporting to the GOCCP, progress of the grant-funded programs, and their understanding of the subaward requirements. Moreover, we observed the subrecipients' facilities for victims, including safe houses, shelters, clinics, and advocacy centers, to confirm their existence and function.

The GOCCP has written policies and procedures regarding subrecipient monitoring, including an operations and training manual which serves as a reference to ensure fiscal and programmatic compliance. The GOCCP's manual

outlines post-award risk assessments and strategies to increase subrecipient compliance, including increased phone and email contact, one-on-one training and technical assistance, site visits, or a formal audit. The GOCCP has three facets of personnel who monitor the VOCA subrecipients: 1) GOCCP program monitors, 2) GOCCP fiscal specialists, and 3) a contracted audit team. The GOCCP's program monitors are primarily responsible for monitoring the subawards to ensure compliance with federal and Maryland laws and specific subaward terms and conditions, as well as whether subrecipients are reporting on time, spending their funds adequately, and reporting progress that matches the goals of the VOCA program. Both the GOCCP program monitors and fiscal specialists track subrecipient activity in MDGMS and are responsible for following up on missing documents, monitoring progress and spending rates, and addressing discrepancies or compliance issues. The contracted audit team supplements in-house monitoring capabilities by evaluating subrecipient financial management systems.

We found that the GOCCP has a robust site visit schedule and that program monitors conduct visits using thorough and standardized checks of subrecipient operations. GOCCP program monitors follow a standard operating procedure and make use of a checklist during their visits, which they upload into MDGMS along with any notes and email exchanges with the subrecipient. A GOCCP official stated that program monitors typically conducted a site visit once every three years per subrecipient, but for the FY 2016 grant subrecipients, these would occur every two years. We confirmed that a VOCA site visit tracking sheet reflected this goal, and subrecipient officials we interviewed stated that GOCCP program monitors often visited more frequently. We note that because the GOCCP expects its program monitors to complete their travel and site visits in day trips, it is challenging for them to cover the entire state, especially given the GOCCP has experienced a reduction in program monitor staff. However, we found that the GOCCP appeared to be meeting its site visit monitoring schedule. In addition to site visits by the GOCCP program monitors, the members of the contract audit team also perform their work on site at the subrecipient locations, with a focus on awards to subrecipients that have not been audited in three or more years, as well as those identified as problematic or at-risk, based on periodic GOCCP program monitor input and experience.

In our overall assessment of the GOCCP's subrecipient monitoring, we found that the GOCCP took a multi-faceted approach to subaward monitoring and frequently communicated with its subrecipients. The GOCCP's methods of monitoring included: (1) frequent communication via phone and email, (2) required quarterly reporting in MDGMS, (3) site visits by program monitors, (4) audits by the contracted audit team, and (5) other technical assistance as needed. Our interviews with seven VOCA victim assistance subrecipients corroborated that the GOCCP's staff was available for day-to-day interactions with the subrecipients and discussed any issues or concerns with subrecipients regularly. They indicated that the GOCCP was an excellent resource with a staff that is helpful, proactive, accessible, and informative. The subrecipients we visited also demonstrated an adequate understanding of the VOCA program requirements, including performance and financial reporting. We believe that the GOCCP has

implemented subrecipient monitoring efforts that provide reasonable assurance that its subrecipients comply with the terms and conditions of VOCA awards.

Financial Monitoring

While the GOCCP program monitors reviewed basic financial items and general trends, the GOCCP fiscal department conducted more of the subrecipient financial monitoring. GOCCP fiscal specialists first became involved in the subrecipient review process at the time of the subaward application budget review, which they conducted with more senior programmatic and financial staff to ensure that everything was allowable, the amounts were within the subaward total, and each cost item had detailed justification. If they detected anything unallowable, they would raise the issue with a manager, who would follow up with the subrecipient regrading anything uncovered in the budget review. Then the fiscal specialist would upload an approved, revised budget into the MDGMS. Beginning in 2016, the GOCCP also used the MDGMS to process and approve any subrecipient grant adjustments or cost reallocations. For financial grant adjustments, the subrecipient would fill out a request in the MDGMS and work with its assigned fiscal specialist to get the changes approved.

GOCCP fiscal specialists were responsible for reviewing and processing subrecipient reimbursement requests. For the majority of VOCA subrecipients, they generally processed and paid these reimbursements if there were funds remaining, as long as there were no missing reports, obstacles to progress evident in the performance reports, or evidence of unallowable activity on the subawards. If the fiscal specialists noted any errors, they would contact the subrecipient directly and in some instances initiate a grant adjustment. One built-in control, which we note as a best practice, is that the GOCCP set up its reimbursement process to allow only requests that were in approved budget categories and did not exceed the allocated amounts for each cost category, as documented in the MDGMS. The GOCCP also had the option of imposing enhanced controls on the reimbursement process, including imposing a receipt requirement for a subset of subrecipients it deemed to be higher risk, based on financial and progress reports or an unsatisfactory audit. We found that between FY 2015 and FY 2017, the GOCCP placed a receipt requirement for 26 VOCA subrecipients. Subrecipients held to this requirement had to submit – along with the reimbursement request – support for their expenses, such as receipts and invoices for operating costs. For those subrecipients held to a receipt requirement, the fiscal specialists had to monitor that they submitted support for the costs, check that the support matched the requested reimbursement, and obtain revised documents from the subrecipients when necessary.

The GOCCP also used its contracted audit team to help evaluate subrecipients' financial management systems. The audit team generally performs audits on closed awards. These auditors conduct day-long site visits with subrecipients and seek to determine if spending was spent in accordance with the approved grant budget. As part of their audits, they typically request from the subrecipient payroll and other records to support the subrecipient's claims for reimbursement. In instances of audit findings, these auditors would make a

recommendation to recapture unallowable items and draft a corrective action plan; in instances of severe audit findings, they could also recommend the receipt requirement until the GOCCP is satisfied the subrecipient is in compliance.

In our focused subrecipient testing, we also confirmed an instance of the GOCCP's financial oversight processes identifying and ameliorating issues at one subrecipient. The contracted audit team conducted an on-site review of this subrecipient and found that it had overstated its cash match in all of its cost categories. As a result, the GOCCP placed the subrecipient on a receipt requirement, and obtained repayment of its overstated expenses back to the GOCCP. At the time of our audit, this subrecipient was still under a receipt requirement and we found that the GOCCP kept in consistent communication regarding both programmatic and financial questions.

We determined that the steps described above constitute a strong framework for the financial monitoring of the VOCA subrecipients. Yet, we found that the GOCCP could improve certain financial oversight tasks in certain areas. For instance, while program monitors are responsible for all aspects of grant awards, their financial reviews have a narrower scope, and there does not appear to be policy for when they should elevate concerns to the fiscal department. Further, the contract audit team noted that GOCCP program monitors, who are the internal GOCCP staff responsible for the subrecipient site visits, could be more attentive to the fiscal aspects of a grant. In addition, we found that there is no clear delineation of responsibility for single audit compliance check at the GOCCP. As the state administering agency, the GOCCP is responsible for ensuring organizations that exceeded the threshold in federal fund expenditures had a single audit completed and took appropriate and timely action on any findings. The GOCCP fiscal department indicated it does not ensure compliance, and while the GOCCP training and operations manual designates the contract audit team as having this responsibility, they informed us that this was not part of their standard review. Further, of the seven subrecipients we sampled for testing, we found that one had exceeded the threshold but had not obtained the required single audit. We therefore recommend that OJP ensure the GOCCP clarifies the responsibility for tracking its subrecipients' single audit compliance and following up on any issues with the subrecipients identified through this process.

In addition, as discussed in the Subaward Expenditures section of the report, while we found most of the tested subrecipient expenditures to be supported and allowable, we identified questioned costs for a few in the categories of personnel and fringe benefits. Considering this, we recommend that OJP ensure that the GOCCP clarify timekeeping requirements to ensure that its subrecipients properly allocate salary costs based on actual time worked on VOCA grant projects, particularly for personnel who serve victims under several similar grant-funded projects. We further recommend that OJP ensures that the GOCCP monitors subrecipient charges more closely to ensure that only personnel performing allowable activities charge time to the VOCA grants.

Performance Monitoring

The GOCCP required that subaward applicants detail goals and objectives for their proposed programs, as directed in the GOCCP's subaward solicitation, which established the criteria for the allowable uses of the funding and conveyed the GOCCP's performance measures, vision, and needs to assist subrecipients in crafting their goals and objectives. As described in the Annual Performance Reports section above, VOCA subrecipients had to submit quarterly reports of their activity in support of each goal and objective in both PMT and MDGMS. Subrecipients could elaborate on the details of this activity in the MDGMS narrative section, which included space for anecdotal information and examples where subrecipient services were effective in assisting victim and successful case disposition, as well as future planned activity. The GOCCP's program monitors oversaw subrecipient performance and evaluated VOCA program effectiveness. To this end, GOCCP program monitors compared this data to historical data in MDGMS to track trends, identify outlier information, and verify the subrecipients were reasonably on track to meet their stated goals and objectives.

While reviewing how the GOCCP compiled performance data from its subrecipients to prepare its Annual Performance Reports, we also assessed on a sample basis specific subrecipient performance reports. We sought support for select subrecipient-reported figures to confirm the number of victims reported as served by VOCA funding. We found most of our tested subrecipients utilized case management systems to track and report this data. While one subrecipient manually tracked data in summary Excel spreadsheets, it was in the process of implementing a case management system, which officials stated would reduce the time clinicians spent tracking and reporting metrics.

All seven subrecipients that we tested maintained and were able to provide supporting documentation for reported PMT figures. We tested several performance figures at each subrecipient, and in nearly all instances the subrecipient was able to provide records to support that actual grant activity met the figures it reported to the GOCCP and OVC. For one subrecipient, we noted that the data produced by the case management system in response to our request included victim age information that appeared to be inaccurate and implausible; for instance, many victim clients had recorded ages well over 100.¹⁵ However, we do not take issue with these discrepancies since the data point we tested was simply the number of victims over the age of 60, which would remain largely unaffected for elderly victims, even if the dates were somewhat inaccurate.

¹⁵ We found that these discrepancies could be attributed to typos and the fact that the subrecipient used the year 1900 as a catchall for the system.

CONCLUSION AND RECOMMENDATIONS

Overall, we found the GOCCP used its grant funds to enhance services for crime victims. More specifically, we assessed the GOCCP's design and implementation of the VOCA program in several key areas. First, we found that the GOCCP properly planned for and executed its VOCA grant program. We determined that the GOCCP took appropriate measures in anticipating its increased FY 2015 funding and implemented an adequate process to select subrecipients. Second, we determined that the GOCCP generally complied with the program requirements by fulfilling the priority area distribution requirements and complying with the special conditions. While the GOCCP implemented adequate processes to ensure that the subrecipients submitted performance data, we found that the GOCCP should enhance its monitoring of this data to achieve full compliance with the VOCA requirements. Third, with respect to grant financial management, we determined that the GOCCP implemented numerous controls over its grant financial activities at the state level, but did not take a fair and allocable approach to how it charged shared administrated costs to the VOCA grants, resulting in a disproportionate burden on these federal awards. For subrecipient expenses, we found several instances of unallowable or unsupported payroll and fringe benefit charges, but no discrepancies in any of the other tested cost categories. Fourth, regarding subrecipient monitoring, we believe that the GOCCP has implemented solid mechanisms to provide reasonable assurance that its subrecipients comply with the terms and conditions of VOCA awards. However, we believe that the GOCCP could improve its monitoring of subrecipients and clarify for its subrecipients the requirements governing federal awards, particularly related to payroll charges.

We identify \$186,374 in total dollar-related findings and provide eight recommendations to OJP to address the noted deficiencies.

We recommend that OJP:

1. Ensure the GOCCP complies with OVC direction and reviews subrecipient-entered PMT to comply with this requirement.
2. Work with the GOCCP to remedy the \$54,682 in unsupported costs.
3. Work with the GOCCP to remedy the \$8,501 in unallowable costs.
4. Work with the GOCCP to remedy the \$123,191 in unallowable administrative costs.
5. Ensure the GOCCP realigns its administrative cost charge allocations to provide an equitable burden of charges across its available funding sources.
6. Ensure the GOCCP clarifies the responsibility for tracking its subrecipients' single audit compliance and following up on any issues with the subrecipients.
7. Ensure the GOCCP clarifies timekeeping requirements to ensure that its subrecipients properly allocate salary costs based on actual time worked on

VOCA grant projects, particularly for personnel who serve victims under several similar grant-funded projects.

8. Ensure the GOCCP monitors subrecipient charges more closely to ensure that only personnel performing allowable activities charge time to the VOCA grants.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope and Methodology

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

This was an audit of *Victims of Crime Act* (VOCA) victim assistance formula grants 2015-VA-GX-0036 and 2016-VA-GX-0066 to the GOCCP. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$77,244,442 to the GOCCP, which serves as the state administering agency. Each of the awards in our scope has a 4-year period of performance, and our audit concentrated on, but was not limited to, the period of October 2014, the project start date for VOCA assistance grant number 2015-VA-GX-0036, through November 2017. As of April 2017, the GOCCP had drawn down a total of \$15,524,463 from the two audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the GOCCP'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 performance 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 authorizing VOCA legislation, the VOCA victim assistance program guidelines, the DOJ Grants Financial Guide, and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System and Performance Measurement Tool, as well as the GOCCP's Grants Management System and its accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole; therefore, any findings identified involving information from those systems was verified with documents from other sources.

While our audit did not assess the GOCCP's overall system of internal controls, we did review the internal controls of the GOCCP's financial management system specific to the management of funds for each VOCA grant within our review. To determine whether the GOCCP adequately managed the VOCA funds we audited, we conducted interviews with state of Maryland financial staff, examined policies and procedures, and reviewed grant documentation and financial records. We also developed an understanding of the GOCCP's financial management system and its policies and procedures to assess its risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs:		
Unsupported Salary and Fringe: Subrecipient A	\$54,682	9
Unallowable Salary and Fringe: Subrecipient C	<u>\$8,501</u>	10
Questioned Subrecipient Costs	\$63,183	
Unallowable State Administrative Costs	\$123,191	13
Unsupported Training Costs	<u>\$1,482</u>	12
Questioned State Grantee Costs	\$124,673	
<i>Gross Questioned Costs</i> ¹⁶	\$187,856	
Less Duplicate Questioned Costs ¹⁷	<u>(1,482)</u>	
Net Questioned Costs	\$186,374	
 TOTAL DOLLAR-RELATED FINDINGS	 <u>\$186,374</u>	

¹⁶ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

¹⁷ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which includes \$1,482 in unsupported training costs.

**GOVERNOR'S OFFICE OF CRIME CONTROL AND PREVENTION
RESPONSE TO THE DRAFT AUDIT REPORT¹⁸**



GOVERNOR'S COORDINATING OFFICES

COMMUNITY INITIATIVES • SERVICE & VOLUNTEERISM • PERFORMANCE IMPROVEMENT
CRIME CONTROL & PREVENTION • SMALL, MINORITY & WOMEN BUSINESS AFFAIRS
CHILDREN • DEAF & HARD OF HEARING

March 7, 2018

John J. Manning
Regional Audit Manager
Washington Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
1401 South Clark Street, Suite 9000
Arlington, VA 22202

Dear Mr. Manning:

Following is the Governor's Office of Crime Control and Prevention (GOCCP) response to the OIG Recommendations on pages 20 and 21 of the Audit Report issued on February 14, 2018.

1. Concur - GOCCP will update the Grant Training and Operations Manual, Chapter 24: Sub-award Monitoring - Programmatic to include the review of sub recipient PMT data with the GOCCP quarterly programmatic report and performance measures within the next 60 days.
2. Concur - GOCCP will work with OJP and the sub recipient to resolve the \$54,682 in unsupported costs.
3. Concur - GOCCP will work with OJP and the sub recipient to resolve the \$8,501 in unsupported costs.
4. Concur - GOCCP will work with OJP to resolve the \$123,191 in unallowable administrative costs.
5. Concur - GOCCP will submit an application for an agency indirect cost rate to be used for charging administrative costs to federal awards within the next 60 days.
6. Concur - GOCCP will add a requirement to the Notice of Funding Availability (NOFA) asking if the sub recipient spends more than \$750,000 in federal funds during the fiscal year. If the recipient responds, yes, a follow-up question will be asked; has a single audit been filed as required by 2 CFR §200.50. Further, we

GOVERNOR'S COORDINATING OFFICES
100 COMMUNITY PLACE
CROWNSVILLE, MD 21032-2023

¹⁸ The attachments to the GOCCP's response are not included in this final report.

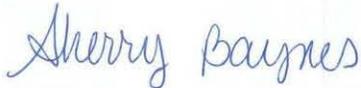
will require an uploaded screenshot of the submission to the Federal Audit Clearinghouse. The grant General Conditions will also be updated to state that GOCCP is responsible for issuing a management decision for audit findings that relate to grants awarded with federal funds in compliance with 2 CFR §200.521. This will be completed within 60 days.

7. Concur - GOCCP will update the NOFA to include in the Budget Tab instructions that it is a requirement for employees who work on multiple programs to document the actual hours worked on each program and that the budget estimates do not qualify as support for charges. This language will also be updated in the General Conditions. This will be completed within 60 days.
8. Non-Concur - The GOCCP VOCA Program Manager as well as the audit unit reviews the timesheets of employees who work on the program during the site visit. This is reflected in the Grant Training and Operations Manual Chapters 28 and 30. Please refer to Attachments 1 and 2.

Sincerely,



Glenn Fueston
Executive Director



Sherry Baynes
Director of Financial Operations

cc: Linda Taylor, Lead Auditor, Audit and Review Division, Office of Audit, Assessment and Management

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

MAR 15 2018

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

FROM: Ralph E. Martin 
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Office for Victims of Crime, Victim Assistance Formula Grants Awarded to the Governor's Office of Crime Control and Prevention, Crownsville, Maryland*

This memorandum is in reference to your correspondence, dated February 14, 2018, transmitting the above-referenced draft audit report for the Maryland Governor's Office of Crime Control and Prevention (GOCCP). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **eight** recommendations and **\$186,374¹** in net 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 ensure the GOCCP complies with OVC direction and reviews subrecipient-entered Performance Measurement Tool to comply with this requirement.**

OJP agrees with this recommendation. We will coordinate with GOCCP to obtain a copy of written policies and procedures, developed and implemented, to ensure that the GOCCP reviews subrecipient-entered quarterly performance data, entered in OJP's Office for Victims of Crime (OVC) web-based Performance Measurement Tool.

¹ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amounts.

- 2. We recommend that OJP work with the GOCCP to remedy the \$54,682 in unsupported costs.**

OJP agrees with this recommendation. We will review the \$54,682 in questioned costs, related to personnel costs charged to Grant Number 2015-VA-GX-0036, and will work with the GOCCP to remedy, as appropriate.

- 3. We recommend that OJP work with the GOCCP to remedy the \$8,501 in unallowable costs.**

OJP agrees with this recommendation. We will review the \$8,501 in questioned costs, related to unallowable personnel costs, that the GOCCP charged to Grant Number 2015-VA-GX-0036, and will work with the GOCCP to remedy, as appropriate.

- 4. We recommend that OJP work with the GOCCP to remedy the \$123,191 in unallowable administrative costs.**

OJP agrees with this recommendation. We will review the \$123,191 in questioned costs, related to unallowable administrative costs, that the GOCCP charged to Grant Number 2015-VA-GX-0036, and will work with the GOCCP to remedy, as appropriate.

- 5. We recommend that OJP ensure the GOCCP realigns its administrative cost charge allocations to provide an equitable burden of charges across its available funding sources.**

OJP agrees with this recommendation. We will coordinate with GOCCP to obtain a copy of revised policies and procedures, to ensure that administrative costs are allocated to its available funding sources, including Victim of Crime Act (VOCA) awards, in an equitable manner.

- 6. We recommend that OJP ensure the GOCCP clarifies the responsibility for tracking its subrecipients' single audit compliance and following up on any issues with the subrecipients.**

OJP agrees with this recommendation. We will coordinate with GOCCP to obtain a copy of written policies and procedures, developed and implemented, to clarify GOCCP's responsibility and process for tracking subrecipient compliance with single audit requirements, and following up on any findings identified in the subrecipients' single audit reports.

7. **We recommend that OJP ensure the GOCCP clarifies timekeeping requirements to ensure that its subrecipients properly allocate salary costs based on actual time worked on VOCA grant projects, particularly for personnel who serve victims under several similar grant-funded projects.**

OJP agrees with this recommendation. We will coordinate with GOCCP to obtain a copy of written policies and procedures, developed and implemented, to ensure that subrecipients properly allocate salary costs based on actual time worked on VOCA funded projects, particularly for personnel who serve victims under several similar grant-funded projects.

8. **We recommend that OJP ensure the GOCCP monitors subrecipient charges more closely to ensure that only personnel performing allowable activities charge time to the VOCA grants.**

OJP agrees with this recommendation. We will coordinate with GOCCP to obtain a copy of written policies and procedures, developed and implemented, to ensure that only personnel performing allowable activities charge time to the VOCA funded projects.

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

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

The Office of the Inspector General (OIG) provided a draft of this audit report to the Governor's Office of Crime Control and Prevention (GOCCP) and the Office of Justice Programs (OJP) for review and comment. The GOCCP's response is incorporated in Appendix 3, and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP concurred with our recommendations, and as a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

1. Ensure the GOCCP complies with OVC direction and reviews subrecipient-entered PMT to comply with this requirement.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the GOCCP to obtain a copy of written policies and procedures, developed and implemented, to ensure that the GOCCP reviews subrecipient-entered quarterly performance data, entered into the Performance Management Tool (PMT).

The GOCCP also concurred with our recommendation and stated in its response that it will update its training and operations manual, specifically the subaward programmatic monitoring chapter, to include the review of subrecipient PMT data.

This recommendation can be closed when we receive documentation demonstrating that the GOCCP has made this update and informed its relevant personnel of the change regarding review of subrecipient PMT data.

2. Work with the GOCCP to remedy the \$54,682 in unsupported costs.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will review the \$54,682 in questioned costs related to subaward personnel costs, and will work with the GOCCP to remedy, as appropriate.

The GOCCP also concurred with our recommendation and stated in its response that it will work with OJP and the subrecipient to resolve the \$54,682 in unsupported costs.

This recommendation can be closed when we receive evidence that OJP has coordinated with the GOCCP to remedy the \$54,682 in unsupported costs related to subaward payroll and fringe benefits.

3. Work with the GOCCP to remedy the \$8,501 in unallowable costs.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will review the \$8,501 in questioned costs related to unallowable personnel costs, and will work with the GOCCP to remedy, as appropriate.

The GOCCP also concurred with our recommendation and stated in its response that it will work with OJP and the subrecipient to resolve the unsupported costs.

This recommendation can be closed when we receive evidence that OJP has coordinated with the GOCCP to remedy the \$8,501 in unallowable costs related to subaward payroll and fringe benefits.

4. Work with the GOCCP to remedy the \$123,191 in unallowable administrative costs.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will review the \$123,191 in questioned costs related to unallowable state administrative costs, and will work with the GOCCP to remedy, as appropriate.

The GOCCP also concurred with our recommendation and stated in its response that it will work with OJP to resolve the \$123,191 in unallowable administrative costs.

This recommendation can be closed when we receive evidence that OJP has coordinated with the GOCCP to remedy the \$123,191 in unallowable administrative costs.

5. Ensure the GOCCP realigns its administrative cost charge allocations to provide an equitable burden of charges across its available funding sources.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with GOCCP to obtain a copy of revised policies and procedures, to ensure that administrative costs are allocated to its available funding sources, including Victims of Crime Act (VOCA) awards, in an equitable manner.

The GOCCP also concurred with our recommendation and stated in its response that it will submit an application for an agency indirect cost rate to be used for charging administrative costs to federal awards.

This recommendation can be closed when we receive evidence that OJP has clarified for the GOCCP the guidelines regarding appropriately proportioned administrative charges to VOCA and that the GOCCP's administrative cost charge allocations have been realigned to provide an equitable burden of charges across its available funding sources.

6. Ensure the GOCCP clarifies the responsibility for tracking its subrecipients' single audit compliance and following up on any issues with the subrecipients.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the GOCCP to obtain a copy of written policies and procedures, developed and implemented, to clarify GOCCP's responsibility and process for tracking subrecipient compliance with single audit requirements, and following up on any findings identified in the subrecipients' single audit reports.

The GOCCP also concurred with our recommendation and stated in its response that it will add a requirement to its subaward Notice of Funding Availability asking if the subrecipient spends more than \$750,000 in federal funds during the fiscal year. If the recipient responds yes, the subrecipient will be prompted to report whether a single audit has been filed as required, and upload a screenshot of the submission to the Federal Audit Clearinghouse. The GOCCP will also update its subaward conditions to state that the GOCCP is responsible for issuing a management decision for audit findings that relate to subgrants awarded with federal funds.

This recommendation can be closed when OJP provides evidence that the GOCCP has established and implemented procedures to track subrecipient compliance with single audit requirements and monitor any issues identified.

7. Ensure the GOCCP clarifies timekeeping requirements to ensure that its subrecipients properly allocate salary costs based on actual time worked on VOCA grant projects, particularly for personnel who serve victims under several similar grant-funded projects.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the GOCCP to obtain a copy of written policies and procedures, developed and implemented, to ensure that subrecipients properly allocate salary costs based on actual time worked on VOCA funded projects, particularly for personnel who serve victims under several similar grant-funded projects.

The GOCCP also concurred with our recommendation and stated in its response that it will update its subaward Notice of Funding Availability to clarify that subrecipient employees who work on multiple programs must document the actual hours worked on each program and that budget estimates do not qualify as support for charges. The GOCCP stated that this language will also be updated in its subaward conditions.

This recommendation can be closed when OJP provides evidence that the GOCCP has established and shared guidance to ensure that subrecipients properly allocate salary costs based on actual time worked on VOCA funded projects.

8. Ensure the GOCCP monitors subrecipient charges more closely to ensure that only personnel performing allowable activities charge time to the VOCA grants.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with the GOCCP to obtain a copy of written policies and procedures, developed and implemented, to ensure that only personnel performing allowable activities charge time to the VOCA funded projects.

The GOCCP did not concur with our recommendation and stated in its response that during their site visits the VOCA program manager and the contracted audit team review the timesheets of subrecipient employees who work on the VOCA program. The GOCCP stated that this practice is reflected in its training and operations manual, which it provided as attachments to its response. While the official policy of the GOCCP may require this review, interviews with GOCCP staff indicated that there are conflicting and overlapping responsibilities, and it is unclear in practice who is ultimately responsible for consistently checking that only subrecipient personnel who perform allowable activities appropriately charge time to VOCA. Further, as discussed in the report, OIG site visit testing of subrecipient personnel expenses identified several instances where the subrecipients had charged or planned to charge personnel costs improperly. Therefore, we believe clarification for GOCCP staff, along with additional oversight of subrecipients in this area, is necessary.

This recommendation can be closed when OJP provides evidence that the GOCCP's monitoring practices are sufficiently designed to ensure that only personnel performing allowable activities charge time to VOCA.



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