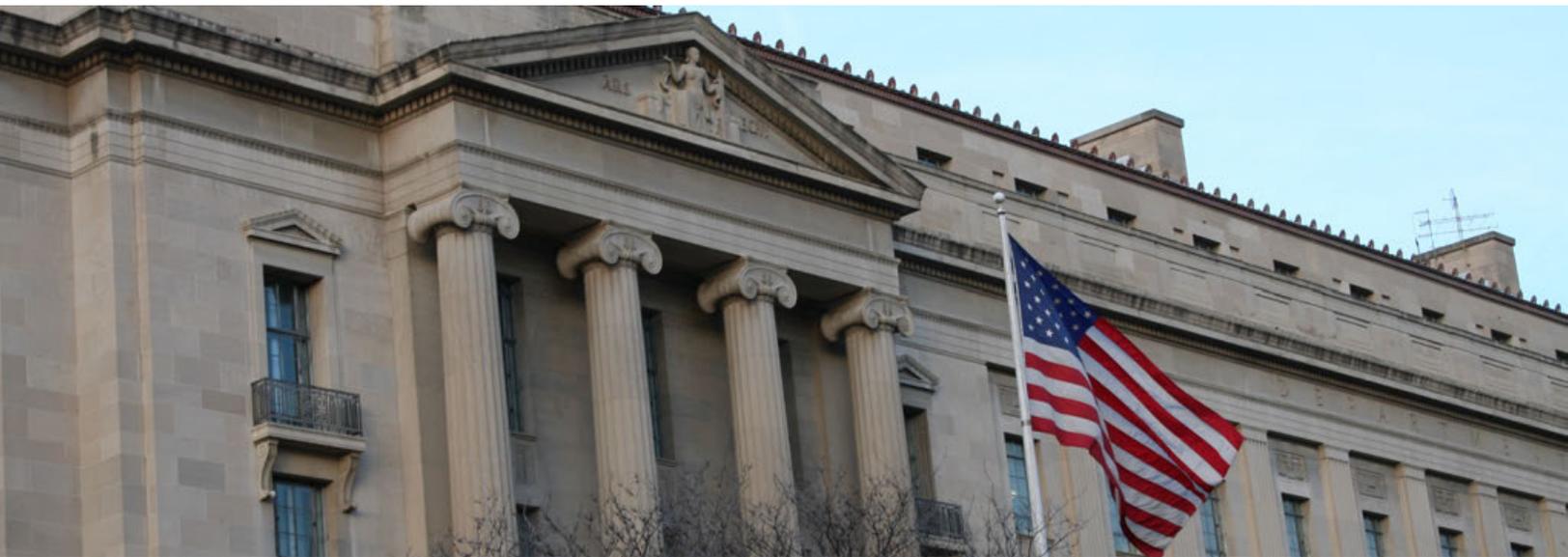




**Office of the Inspector General**  
U.S. Department of Justice

**OVERSIGHT ★ INTEGRITY ★ GUIDANCE**



**Audit of the Office of Justice Programs  
Specialized Services for Victims of  
Human Trafficking Award to  
Amara Legal Center, Inc.,  
Washington, D.C.**



# Executive Summary

*Audit of the Office of Justice Programs Specialized Services for Victims of Human Trafficking Award to Amara Legal Center, Inc., Washington, D.C.*

## Objectives

The Office of Justice Programs (OJP) Office for Victims of Crime (OVC) awarded a cooperative agreement (grant) to Amara Legal Center, Inc. (Amara) totaling \$599,439 for the Specialized Services for Victims of Human Trafficking Grant Program. The objectives of this audit were to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives.

## Results in Brief

While Amara demonstrated adequate progress towards meeting several grant goals and objectives, Amara did not adhere to all tested award requirements. Specifically, Amara did not comply with essential award conditions related to grant expenditures, subrecipient monitoring, grant deliverables reporting, and Federal Financial Reports (FFRs) accuracy. Amara reported performance metrics that were unsupported or otherwise fell outside the scope of the award, charged funds to the grant that were unallowable or unsupported, and submitted FFRs that were not supported by accounting records. We also identified deficiencies in the grantee's tracking of matching costs and methods to draw down expenses. The report questions \$64,074 in unallowable and unsupported expenses.

## Recommendations

Our report contains 12 recommendations to OJP to assist Amara in improving its grant management and administration, and to remedy questioned costs. We provided a draft of this report to Amara and OJP, whose responses can be found in Appendices 4 and 5, respectively. Our analysis of both responses, as well as a summary of actions necessary to close the recommendations, can be found in Appendix 6 of this report.

## Audit Results

OVC awarded the grant under audit to provide legal and social services to human trafficking victims in the Washington, D.C. metropolitan area. The project period for the grant started in October 2016 and is slated to end in September 2019. As of December 11, 2018, Amara had drawn down a cumulative amount of \$367,019 in grant funds.

**Program Goals and Accomplishments** – We found that Amara demonstrated progress towards meeting four of six grant goals. However, Amara did not have adequate support for progress in meeting two goals related to subrecipient effort.

**Progress Reports** – During the course of the audit, we tested Amara's two most recent progress reports for accuracy. Several reported performance metrics were either not validated by supporting documentation or inaccurate due to incorrect grantee reporting policies.

**Subrecipient Monitoring** – The audit determined that Amara had not followed its written subrecipient monitoring policies. As a result, Amara did not identify or correct its subrecipient's inaccurate performance metrics and inadequate accounting system.

**Grant Expenditures** – The audit identified several areas in which grant expenditures were not allowable or otherwise unsupported. These included unallowable personnel costs involving fundraising (\$7,104), as well as unsupported subrecipient expenditures stemming from payroll (\$41,770) and rent (\$15,200). We also identified that the subrecipient's financial management practices need to be improved to ensure it can adequately account for OVC funding received. Finally, Amara had not been properly tracking or allocating its matched funds to the grant. As the grant period has not yet ended, Amara has the opportunity to demonstrate that it will contribute the full amount of matching funds.

**Drawdowns** – The audit identified discrepancies between Amara's grant expenditures and drawdown records that could result in inaccurate drawdown requests.

**FFRs** – The audit identified FFRs that were not supported by Amara's accounting records.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
SPECIALIZED SERVICES FOR VICTIMS OF HUMAN TRAFFICKING  
AWARD TO AMARA LEGAL CENTER, INC., WASHINGTON, D.C.**

**TABLE OF CONTENTS**

INTRODUCTION.....	1
The Grantee.....	1
OIG Audit Approach .....	2
AUDIT RESULTS .....	3
Program Performance and Accomplishments.....	3
Program Goals and Objectives .....	3
Performance Reports .....	4
Compliance with Special Conditions .....	8
Subrecipient Monitoring .....	9
Grant Financial Management .....	10
Grant Expenditures .....	11
Budget Management and Control .....	17
Drawdowns.....	17
Federal Financial Reports .....	18
CONCLUSION AND RECOMMENDATIONS .....	20
APPENDIX 1: OBJECTIVES, SCOPE, AND METHODOLOGY.....	22
APPENDIX 2: SCHEDULE OF DOLLAR-RELATED FINDINGS .....	24
APPENDIX 3: SUBRECIPIENT TRANSACTION TESTING.....	25
APPENDIX 4: AMARA LEGAL CENTER, INC.'S RESPONSE TO THE DRAFT AUDIT REPORT.....	26
APPENDIX 5: OFFICE OF JUSTICE PROGRAMS' RESPONSE TO THE DRAFT AUDIT REPORT.....	30
APPENDIX 6: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT .....	36

# **AUDIT OF THE OFFICE OF JUSTICE PROGRAMS SPECIALIZED SERVICES FOR VICTIMS OF HUMAN TRAFFICKING AWARD TO AMARA LEGAL CENTER, INC., WASHINGTON, D.C.**

## **INTRODUCTION**

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of cooperative agreement (grant) number 2016-VT-BX-K030 awarded by the Office of Justice Programs (OJP) Office for Victims of Crime (OVC) to the Amara Legal Center, Inc. (Amara) in Washington, D.C.<sup>1</sup> The OVC funded this award under its FY 2016 Specialized Services for Victims of Human Trafficking Program, authorized by the Trafficking Victims Protection Act of 2000 (TVPA), as amended.<sup>2</sup> The OVC approved a total budget of \$799,438 for the grant, providing \$599,439 in federal funding and requiring Amara to provide \$199,999 in non-Federal matching funds over the grant's performance period of October 2016 through September 2019.

Funding through OVC's Specialized Services for Victims of Human Trafficking Grant Program is intended to provide services to underserved or unserved populations of victims of human trafficking.<sup>3</sup> This program's funding also seeks to facilitate community-level efforts to help human trafficking victims via interagency partnerships, professional training, and public awareness activities.

To address a scarcity of free legal services available to human trafficking victims in the Washington, D.C. metropolitan area, Amara received the grant to execute a legal and social services program focused on the needs of such victims. As part of this program, OJP authorized Amara subawarding \$300,000—or half of the amount of the award—to a local organization (subrecipient) with experience providing direct case management services to victims of human trafficking.

### **The Grantee**

Established in 2013, Amara is a non-profit organization that provides free legal services to survivors of domestic sex trafficking in Washington, D.C., Maryland, and Virginia. Amara helps these victims file for civil protection orders, restraining orders from abusers, expungement of criminal records, child custody agreements, divorces from abusers, and petitions for name changes. It also helps clients restore public benefits and social services that were lost as a result of victimization. Further, Amara networks with other organizations throughout the

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<sup>1</sup> The OVC awards cooperative agreements when it anticipates being substantially involved with the recipient during performance of the funded activity. We use the terms cooperative agreements, grants, and awards interchangeably throughout this report.

<sup>2</sup> See 22 U.S.C. § 7105(b) (2000). The TVPA is designed to combat trafficking in persons, especially into the sex trade, slavery, and involuntary servitude. It authorizes the Attorney General to make grants to develop, expand, or strengthen victim service programs for victims of trafficking.

<sup>3</sup> For example, in a region where services are primarily focused on women and girls, a project under this program might focus on services for men and boys.

United States to connect its clients with social services and raise public awareness of the legal issues facing its clients.

Amara's day-to-day operations are overseen by an Executive Director, who reports to a Board of Directors. The Executive Director we worked with throughout our review began serving Amara in this capacity in June 2018, shortly before we began our audit fieldwork.

### **OIG Audit Approach**

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

We tested compliance with what we consider to be the most important conditions of the grant. The Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (OMB Guidance); DOJ Grants Financial Guide; and the award documents contain the primary criteria we applied during the audit. We also reviewed relevant policies and procedures and interviewed personnel from Amara and its subrecipient to determine its progress towards achieving the grant objectives. Unless otherwise stated in this report, the scope of our review encompassed grant-related activities from October 2016, which was the beginning of the grant's performance period, through December 2018. The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

# AUDIT RESULTS

## Program Performance and Accomplishments

We reviewed award documents and interviewed officials from Amara and its subrecipient to determine whether Amara demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed the two most recent semiannual progress reports to determine if the required reports were accurate. Finally, we reviewed Amara's compliance with the special conditions identified in the award documentation.

### *Program Goals and Objectives*

Under the OVC grant, Amara received funding to hire additional staff to provide legal services and support a subgrant to provide social services for victims of human trafficking. Overall, the award funded six project goals, of which Amara would directly: (1) provide trauma-informed legal services to victims of sex trafficking; (2) increase the identification of victims of sex trafficking and connect them with services in the Washington, D.C. metropolitan area; and (3) build a local service referral network for victims of sex trafficking. Additionally, through the use of a subrecipient, Amara stated it would: (4) provide mentoring and case management services to 60 survivors of sex trafficking; (5) conduct street outreach to survivors of sex trafficking in the Washington, D.C. metropolitan area; and (6) provide training to first responders about sex trafficking.

Based on a review of supporting documents, which covered activities beginning from the inception of the grant in October 2016 through June 2018, we determined that Amara appeared to be on target to meet the first three grant goals for which it was directly responsible. Specifically, we found that Amara provided legal services to a number of sex trafficking victims, trained service organizations in identifying and providing services to sex trafficking victims, and expanded a referral network that created additional referral opportunities for sex trafficking victims.

With regard to the three goals associated with its subrecipient, we were able to verify Amara's progress towards achieving the case management service goal. However, we found that Amara did not collect sufficient support to demonstrate it was on target to achieve the other two program goals pertaining to its subrecipient's provision of social services. For example, Amara's subrecipient lacked sufficient support to demonstrate that it performed first responder training. A subrecipient official informed us that the subrecipient received funding from a separate federal grant for training and technical assistance activities. This subrecipient official was unaware that the subrecipient should only report to Amara the activities funded by Amara's subgrant. As a result, the subrecipient may have reported other non-OVC grant funded training activity to Amara. As we were unable to confirm what specific activities Amara's subgrant supported, we believe

that Amara must work with its subrecipient to track and report specific accomplishments supported by OVC grant funds.<sup>4</sup>

As for the goal of providing street outreach, we found that the subrecipient did not perform this service as outlined in the approved grant task timeline.<sup>5</sup> Our interviews with key Amara and subrecipient personnel revealed that the subrecipient had temporarily suspended the street outreach program in October 2016 to revamp the program and incorporate law enforcement officials. We also found that the subrecipient only notified Amara of the program's suspension around July 2018 and, as a result, Amara had not requested that OJP approve the change in grant-supported work via a Grant Adjustment Notice (GAN).

The DOJ Grants Financial Guide requires that primary grant recipients monitor their subrecipients to ensure that they use subawarded funds for authorized purposes in compliance with applicable requirements and to further achieve grant and subaward goals. Further, the Guide states that a recipient must initiate a GAN to request that OJP approve any change in scope, duration, activities, or other significant areas of the grant. By not conducting the street outreach program and not submitting a request to alter the performance metrics of the grant, Amara was not adhering to mandatory grant guidelines and requirements. Therefore, we recommend that OJP require that Amara initiates a GAN to seek approval to modify the grant goal to reflect the nature of outreach activities supported by the award.

### *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. Terms of the award require Amara to input all reportable performance measures into OVC's Trafficking Information Management System (TIMS) and provide a project narrative on a semiannual basis.<sup>6</sup> OVC officials told us that they aggregate TIMS data from all human trafficking grants to inform their programming priorities and support external reports.

In order to verify semiannual progress report information, we selected a sample of 23 performance metrics from Amara's 2 most recent semiannual reports. We then traced each sampled performance metric to Amara supporting documents,

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<sup>4</sup> Upon further discussion, the subrecipient stated the training reported was only in support of the OVC grant. However, the subrecipient did not provide additional documentation to support this statement. We discuss these issues in further detail in the "Performance Reports" and "Subrecipient Monitoring" sections below.

<sup>5</sup> Street outreach seeks to identify and provide services to survivors of sex trafficking who are not typically identified through other systems, such as the criminal justice or educational systems. Street outreach consists of volunteers, supervised by subrecipient staff, who patrol neighborhoods at night and attempt to connect with trafficking victims.

<sup>6</sup> Examples of key areas reported in TIMS includes information on clients served, community outreach, collaborative partners, services performed, and training provided.

and in some cases, available subrecipient records. Although Amara was able to demonstrate adequate progress in meeting four of the six grant goals, as discussed in the previous “Program Goals and Objectives” section, we identified inaccuracies in Amara’s reporting of performance measures associated with these goals. Specifically, our analysis revealed that Amara was not able to support metrics in the following key semiannual performance measure categories: (1) number of clients served, (2) amount and type of services provided to clients, (3) number of training events and attendees hosted, and (4) type of outreach performed.

### Number of Clients Served

OVC requires grantees to assign a unique identification number (ID) to each client served to ensure that personally identifiable information (PII) is not recorded in TIMS.<sup>7</sup> However, we determined that Amara assigned several clients multiple client IDs in TIMS. An Amara official stated that she had been erroneously creating a new client ID within TIMS for each new case, even though the same client could have received assistance regarding more than one case. The audit team determined that assigning IDs by case number instead of by client resulted in inflating the number of individuals reported being served by the grant. Personnel from OVC’s Training and Technical Assistance Center (TTAC), who manage TIMS, confirmed that each individual served under the grant should only have one client ID in TIMS, to which multiple cases could be assigned or attached.

Additionally, Amara officials and subrecipient personnel may also provide services to the same client, and thus a single client who received services from both Amara and its subrecipient would be recorded with two different client IDs in TIMS. While Amara’s Executive Director stated it has added client referrals as a metric to be tracked by its subrecipient when recording services, we do not know the extent of the crossover between Amara and subrecipient client populations because Amara did not maintain case files that identified individual subrecipient clients. An Amara official indicated that it would be difficult to address this issue because of the need to protect PII of human trafficking victims served by Amara’s subrecipient. We recognize that maintaining the privacy of clients is a responsibility of OVC grantees.<sup>8</sup> However, grantees are also responsible for demonstrating accurate reporting of performance information.

As TIMS is meant to capture only direct services provided through its grants, only client services performed by the subrecipient that received funding through this OVC grant or its matching costs should be reported to TIMS. We thus sought

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<sup>7</sup> According to the TIMS Online User Manual, to support data integrity and security, TIMS contains no PII of clients served through OVC grants. TIMS instead uses a Client ID system that allows grantees to create a client identification code, to which grant funding and services are further recorded. Information such as client names, Social Security numbers, and location should be stored in a separate and secure location.

<sup>8</sup> Under the award conditions, Amara must demonstrate that its policies and procedures maintain the confidentiality of victims’ information and comply with confidentiality requirements of 42 U.S.C. § 3789g and 28 C.F.R. Part 22 with regard to the collection, use, and revelation of data or information.

to verify the reported number of clients served by the subrecipient. We found that the subrecipient received funding from non-OVC sources to provide case management services for clients and that the subrecipient had not differentiated between specific clients served by this funding and clients served with OVC grant funds. Therefore, the progress reports prepared by the subrecipient erroneously reflected all of the clients, regardless of funding source, during a reporting period. This further inflated the number of victims Amara reported served through its OVC grant.

### Services Provided to Clients

On the two performance reports we reviewed, Amara reported providing a total of 695 hours of legal services to clients. Specifically, Amara reported providing 613 hours of legal services from July through December 2017, and 82 hours from January through June 2018.<sup>9</sup> While we were able to validate data for the June 2018 report, supporting data for the December 2017 report did not contain the hours of legal services Amara provided to clients under the OVC grant. We reviewed aggregated data from Amara's client management system, which contained the legal services Amara recorded providing to clients for an 18-month period covering January 2017 through June 2018. We found that the aggregated data ultimately did not support the client service hours Amara reported providing to clients from July to December 2017.

We discussed this issue with Amara officials and reviewed the process Amara used to compile and report this data through December 2017. Amara's former Executive Director stated that she instructed a staff member to input estimates of service time into TIMS. An Amara official also explained that she manually entered the time spent serving clients into TIMS on a semiannual basis immediately before the progress reports were due, rather than more frequently. We believe that the short window of time employees had to enter TIMS data, along with a lack of data entry review, contributed to data reporting errors. Amara officials noted that Amara has since updated its TIMS reporting process to require that employees enter legal service time on a weekly basis.

Additionally, we found that Amara's subrecipient reported services based on a pre-determined estimate rather than on the actual services rendered. Because Amara accepted subrecipient estimates of client services without requesting actual figures for services, its reported progress report data did not reflect the actual time or types of services provided under the OVC grant. In July 2018, Amara implemented a new method to guide subrecipient reporting and capture the types of services provided and time spent for each subrecipient client weekly to improve reporting accuracy. While this method may improve how Amara tracks actual services provided by its subrecipient, we were unable to confirm the accuracy of this method in practice, as it was implemented for a reporting period still in progress at the end of our fieldwork.

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<sup>9</sup> In TIMS, time-based services to clients are reported in units of 15-minute increments, with 4 units equaling 1 client hour.

## Training

Similarly, our progress report testing could not verify the number of individuals that Amara and its subrecipient reported received training. For the reports reviewed, there were a total of 142 more individuals trained and 3 more training events reported than we found evidenced by Amara's supporting documentation.

Moreover, Amara's progress reports included several trainings that appeared outside the scope of the grant. For example, Amara's subrecipient reported conducting two trainings outside of the D.C. metropolitan area. While it is possible that some attendees at these trainings were from the D.C. area, the grant's guidelines require that all activities performed under the grant be directed towards the Washington, D.C. area. Additionally, some reported trainings did not appear to be addressed to the target audience of first responders, such as law enforcement and probation officers, social workers, and school officials. Instead, the trainings were for the subrecipient's own volunteers and foster parents. While we recognize the importance of providing trainings to a diverse audience to facilitate identifying victims of human trafficking, the trainings in support of this grant goal were approved for specific first responder audiences in the Washington, D.C. area. Reporting trainings outside of the scope of the grant or trainings supported by other sources of funding risks misrepresenting who received training as a result of the grant.

Amara's Executive Director stated that she believed that some Amara employees did not record training activities in Amara's case management system, as required, and acknowledged that Amara needed to better track training supported by the grant. In October 2018, the Executive Director stated that Amara implemented new policies to track and record training activities in its case management system.

## Partners, Outreach, and Referrals

We reviewed Amara's performance measures associated with its partner organizations, community outreach activities, and referrals, all of which support grant goals to build a local service referral network for sex trafficking victims and connect victims with services.<sup>10</sup> While we verified that Amara partnered with selected organizations listed in its progress reports, we identified discrepancies in Amara's reported outreach activities. Specifically, we noted that Amara included a fundraising event in 2018 as part of its grant-funded outreach activities. The DOJ Grants Financial Guide specifies that fundraising charges are unallowable. Amara's Executive Director explained that although it reported the fundraising event, Amara

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<sup>10</sup> For progress reporting, TIMS captures collaborative partners providing direct services under the grant, relevant community outreach activities, and number of client referrals. Grantees can further describe work with partner organizations in the progress report narrative section.

spent no grant funds on the event.<sup>11</sup> Nevertheless, Amara should have only reported outreach supported by the OVC grant or through matching funds. With regard to clients referred from other entities, Amara did not report required referral source data to TIMS. Excluding this data under reports both the service referral network that Amara has grown and the collaborative anti-human trafficking partners within TIMS.

OVC aggregates reported grant performance measures—such as victims served, services provided, and training events and attendees—from all OVC human trafficking grants to derive and report publicly and to Congress the cumulative results of this program. As a result, inaccuracies in reported performance measures risk misrepresenting critical program activities and achievements to key internal and external stakeholders. Therefore, we recommend that OJP require that Amara, working with its subrecipient as applicable, correct previous progress report discrepancies with regard to the: (1) number of clients it served, (2) amount and type of services it provided to clients, (3) number of training events and attendees it hosted, (4) type of outreach performed, and (5) referral sources for client cases. To address future progress reporting, we also recommend that OJP require that Amara implement policies and procedures to collect and report accurate and verifiable performance measures. To address these recommendations, Amara needs to demonstrate that both it and its subrecipient have excluded from progress reports other efforts supported by non-OVC awards.

### *Compliance with Special Conditions*

Special conditions are the terms and conditions that are included with the award. We evaluated the special conditions for the OVC grant and selected a judgmental sample of nine conditions for further review. To guide our judgmental sample, we considered conditions we believed significant to performance under the grant and addressed topics unaddressed by another section of this report.

Our testing revealed that Amara complied with a majority of the award's special conditions. However, we identified that Amara did not meet a special condition to report subawards of \$25,000 or more, as required by the Federal Funding Accountability and Transparency Act (FFATA).<sup>12</sup> According to the DOJ Grants Financial Guide, a primary award recipient must file a subaward report to the FFATA Subaward Reporting System by the end of the month following the month in which it awarded any subgrant greater than or equal to \$25,000, unless an exemption applies.<sup>13</sup> Amara issued a subaward valued at \$300,000 in DOJ funds to its subrecipient in March 2017, and thus should have reported this subaward by

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<sup>11</sup> As detailed in the "Grant Expenditures" section of this report, we determined that Amara erroneously allocated to the grant \$7,104 in unallowable personnel charges associated with fundraising. However, we determined Amara did not allocate any costs associated with this fundraising event to the OVC grant.

<sup>12</sup> Under the FFATA, OMB maintains <http://www.usaspending.gov>, a searchable website that provides information about federal government spending decisions.

<sup>13</sup> Exemptions to these FFATA reporting requirements include recipients that had a gross income of \$300,000 or less in their previous year, awards to individuals, or classified awards.

the end of April 2017. Instead, Amara first filed a subaward report on March 30, 2018. We noted that OVC conducted a desk review in December 2017, in which the grant manager inquired about whether Amara had met its FFATA subaward reporting requirement. Amara then sought guidance from the grant manager about whether it was exempt from this requirement. The OVC grant manager incorrectly advised Amara that its subrecipient did not meet the gross income threshold required to file a report. As the DOJ Grants Financial Guide specifically requires subaward reporting if the recipient's (not subrecipient's) gross income was more than \$300,000, Amara should have complied with this special condition. However, because Amara relied on OVC grant manager guidance, only later filing the FFATA subaward report after its former Executive Director determined that it should have done so, we take no issue with the delay in reporting on the part of Amara. To ensure future compliance with FFATA, we recommend that OJP inform its OVC grant managers on applicable FFATA reporting and exemption requirements.

### **Subrecipient Monitoring**

According to the DOJ Grants Financial Guide, primary recipients of grants must monitor subrecipients to ensure that they: (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. To assess how Amara monitored its subrecipient, we reviewed Amara's grant management policies, identified monitoring procedures outlined in agreements between the organizations, and interviewed personnel from both Amara and the subrecipient. We found that Amara did not: (1) meet its own subrecipient monitoring schedules, or (2) require its subrecipient to submit reports that included all of the information as outlined in its agreements.

According to its own subrecipient monitoring plan, Amara was to conduct a monitoring visit every July to review subrecipient programmatic and operational systems, program progress, and financial burn rate. Following the monitoring visit, Amara would issue a monitoring report to summarize results and detail corrective actions to address any findings.<sup>14</sup> However, we found Amara did not follow the monitoring schedule outlined in its subgrant agreement. Instead, Amara had only conducted its first formal monitoring visit in November 2018.

Amara's subgrant document package also detailed subrecipient reporting requirements. It stated that the subrecipient should maintain adequate records that clearly support the charges and expenditures incurred under the project. It further required detailed monthly financial and programmatic reports. In particular, the financial reports required expense details, accounting of year-to-date expenses indicating actual versus budgeted expenses, and progress in meeting match requirements, among others. The programmatic reports also required specific information, such as major activities, challenges and issues faced (including

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<sup>14</sup> Amara was to complete the monitoring report within 10 days of the visit, submit it to the subrecipient for review and comment, and submit the final report to OVC within 30 days of the visit.

deviations from the project plan), planned activities, and any administrative and logistical changes or constraints.

We found the monthly reports and supporting documents the subrecipient submitted to Amara each month to be lacking the necessary information required by the subgrant. For example, we previously discussed that the subrecipient did not conduct a street outreach activity, a deviation from the project plan that should have been included in its programmatic reporting. The financial reports also did not include a comparison of actual to budgeted expenses. As detailed later in this report, we identified issues with the subrecipient's accounting of subgrant funds, as well as inadequate tracking of time and effort in support of subgrant projects.

Amara's Executive Director stated to us that Amara needed to improve how it monitors its subrecipient. The Executive Director subsequently requested the subrecipient provide additional support for invoiced services and scheduled a formal monitoring visit for November 2018. Considering the subrecipient was approved to receive about half of the federal funds under the grant, we recommend that OJP require that Amara implements fully its subrecipient monitoring plan to ensure proper oversight and support for use of grant funds.

### **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 account accurately for funds awarded to them. To assess Amara's financial management of the grants covered by this audit, we conducted interviews with financial staff, examined policy and procedures, and inspected general ledgers and supporting financial documents to determine whether Amara adequately safeguards the grant funds we audited. 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 concluded that grant financial management related to personnel, subrecipient, and matching costs could be improved. Specifically, we identified concerns with Amara's procedures for charging time to the grant, which resulted in unallowable costs. We also found Amara was not adequately monitoring its subrecipient, as Amara did not: (1) identify deficiencies with the subrecipient's ability to account for grant funds accurately, (2) require the subrecipient to maintain adequate time and effort reports, or (3) ensure the subrecipient allocated its rent costs appropriately. Furthermore, we found Amara lacked written policies and procedures for matching costs, which contributed to its challenges in tracking and accounting for its matching costs required by the grant. Finally, we identified systemic deficiencies in Amara's review of its accounting records. Because Amara hired an external accountant, we noted several instances in which reliance on these services without additional review of grant expenses caused unallowable or unsupported costs and errors in draw downs. Overall, these deficiencies led to inaccurate financial reports and reimbursement of grant expenditures, and are discussed in more detail in the "Grant Expenditures," "Draw Downs," and "Federal Financial Reports" sections.

## *Grant Expenditures*

Amara's approved budget for the grant included the following categories: personnel, fringe benefits, travel, supplies, contractual, and other expenses. Amara was also required to expend \$199,999 in local funds for the grant, which represents a 25 percent local match. Amara's accounting records showed \$311,290 in expenses from the beginning of the grant through June 2018.<sup>15</sup> 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 during this time. Specifically, we judgmentally selected and tested 131 transactions representing \$95,916 in expenditures that included Amara's personnel costs, including salaries and fringe, as well as other expenses, such as matching costs of travel and rent, and invoices for subrecipient personnel and rent costs.

We reviewed supporting documents, accounting records, and performed verification testing related to grant expenditures. Overall, we found that Amara generally supported sampled health and retirement benefit and supply costs. However, we identified issues with personnel, subrecipient, and matching costs. Based on this testing, we recommend that OJP remedy \$64,074 in questioned costs.

### Personnel Costs

Grantees must charge salaries and fringe benefits to federal awards based on records that accurately reflect the actual work performed on a particular award. The DOJ Grants Financial Guide requires that grant recipients support payroll charges with records of actual work performed, such as time and effort reports or timesheets. Whenever a grant recipient works on multiple grant programs or activities, it must apply a reasonable allocation of costs to each activity. Furthermore, the OMB Guidance states that a grant recipient may rely on budget estimates or other distribution percentages determined for interim accounting purposes, but such estimates cannot be used to support charges to federal awards without reconciling after-the-fact charges.<sup>16</sup> Ultimately, a grantee must ensure that the final amount it charges for personnel expenses to a federal award is accurate, allowable, and properly allocated, that is, based on actual time worked.

To validate how Amara charged personnel costs to the grant, we judgmentally selected six nonconsecutive pay periods and tested payroll expenses associated with grant-funded employees. These expenses included salaries and a

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<sup>15</sup> This total is derived from an updated general ledger that Amara provided in November 2018 and includes federal and match expenditures. For our transaction testing, we used a general ledger that was current as of September 2018. We noted differences of \$16,811 in expenditures through June 2018 between the general ledgers, mainly regarding fringe benefits, phone bills, and in-kind match expenses, which we considered as part of our testing.

<sup>16</sup> OMB Guidance requires that the non-federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a federal award based on budget estimates (2 CFR Part 200.430).

portion of fringe benefits for payroll taxes (Social Security and Medicare). As Amara also used grant funds to pay for additional fringe benefits, such as healthcare and retirement plans, we included a selection of these expenses in our testing as well. For the pay periods tested, we verified that the employees whose payroll and fringe was expensed to the grant were listed in the OJP-approved grant budget.

We interviewed Amara employees and reviewed Amara's policies for timekeeping and charging personnel expenses to the grant. For timekeeping, Amara employees used an electronic timecard application to track and record their hours worked on various grant projects. The Executive Director then approved timesheets biweekly. Even though Amara maintained detailed project time records via these timesheets, we found that Amara instead used budgeted estimates to allocate employees payroll costs to the grant. Specifically, Amara charged salary expenses biweekly to the grant based on a payroll allocation spreadsheet, which contained an estimated percentage of each employee's time spent on the grant. This estimated percentage was applied to each employee's overall salary to determine the portion of payroll expensed or allocated to the grant.

We believe such a process requires a consistent review of timesheets to ensure that the estimated allocations accurately represent the amount of actual work performed. When we interviewed both Amara's former and current Executive Directors regarding their review process for payroll charges, we determined that Amara was previously using the budgeted percentages to charge payroll expenses without adequate reconciliation to actuals. However, the current Executive Director stated she performs a review each pay period to ensure employees' actual time is reflective of the activities worked in support of the grant and of the estimated payroll allocation.

As part of our verification of personnel charges to the grant, we traced employees' recorded payroll expenses in the accounting records to the payroll allocation spreadsheets and payroll distribution records. We also performed our own calculations of the percentage of time the employees worked on grant-related activities based on their timesheets to determine whether the salary and fringe allocations were accurate. Finally, we reviewed timesheets to ensure activities associated with the grant were allowable and approved.

While we identified only minor discrepancies in the amount of actual time employees spent on grant-related activities versus the estimates used to derive personnel expenses, we found that Amara was applying different allocation percentages to employees' salaries to calculate payroll expenses, as compared to fringe benefit expenses of healthcare and retirement in 2017. This further supports that these salary and fringe allocations were based on budgeted estimates without reconciliation to actual costs. While we recognize that Amara has sought to improve its timesheet review and payroll allocations, we recommend that OJP require that Amara charge future personnel costs based on actual time worked instead of estimated or budgeted figures. Such a process would ensure that any allocations applied to salaries and fringe benefits, including healthcare and

retirement, would be the same percentage supported by actual time spent on grant-related activities.

Additionally, our test of personnel expenses identified costs charged to the grant that Amara classified as “development.” This was a designation that Amara used to track fundraising activities, which were unallowable.<sup>17</sup> Upon review of Amara’s payroll allocation spreadsheets, we noted that a portion of employees’ salaries and payroll tax benefits designated as fundraising were allocated to the grant from December 2016 through September 2017. We verified that these expenses were included in Amara’s accounting records and drawn down during our fieldwork, resulting in a total of \$7,104 in unallowable fundraising activities charged to the grant. When we brought this issue to their attention, Amara officials informed us that they understood that fundraising activities were unallowable and were surprised to learn that the charges were erroneously allocated to the grant. Amara stated that its accounting records mistakenly classified these expenses as fundraising activities. Therefore, we recommend that OJP remedy \$7,104 in unallowable fundraising charges to the grant.

For the sampled pay periods, we further reviewed Amara’s timesheets to ensure employees charged only appropriate and approved costs to the grant. We noted that some of the timesheets listed an activity code that was used for fundraising. Upon following up on these charges, Amara officials confirmed that most were miscoded and provided support to show that it has corrected all of the miscoded time charges. Amara’s Executive Director stated she would work with employees to enhance the accuracy of timekeeping and also provided updated procedures that outlined a detailed review process for employee’s timesheets each pay period.

### Subrecipient Costs

Amara awarded a subgrant valued at \$300,000 in OVC grant funds to a local subrecipient who provided social services to victims of human trafficking. To verify subrecipient costs, we first reviewed the universe of subrecipient expenses that Amara allocated to the OVC grant from January 2017 through June 2018. We traced subrecipient expenses listed in Amara’s accounting records to bank statements and invoices, which totaled \$158,463.

When DOJ grantees award subgrants using federal funds, the DOJ Grants Financial Guide requires the grantee to identify applicable compliance requirements in its subgrant agreement. As previously mentioned in the Subrecipient Monitoring section of this report, Amara’s subgrant agreement contained detailed compliance requirements for its subrecipient to follow, including maintaining adequate records that clearly support the charges and expenditures incurred under the grant. Considering that Amara did not follow its subrecipient monitoring plan, we reviewed

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<sup>17</sup> According to OMB Guidance, the costs of organized fundraising—such as financial campaigns, endowment drives, and solicitation of gifts—are unallowable (2 CFR Part 200.442). The DOJ Grants Financial Guide further clarifies that the portion of a person’s salary that covers time spent engaged in unallowable fundraising may not be charged to the award.

subrecipient expenses from January 2017 through June 2018 to determine whether the payments were accurate, allowable, and in accordance with the DOJ Grants Financial Guide. Specifically, we judgmentally selected five subrecipient expenses that were each associated with a monthly invoice submitted from January 2017 through June 2018. These five invoices included personnel (salary) and rent costs. Upon further review, we expanded our testing to include all rent charges through June 2018. Overall, we tested 21 transactions for which Amara paid a total of \$56,970, of which \$41,770 related to salaries and \$15,200 related to rent.<sup>18</sup>

In analyzing the subrecipient's personnel costs, we found that the subrecipient did not maintain adequate records regarding the time its employees spent on grant-related activities. Specifically, we requested timesheets to support personnel charges for two full-time employees and one part-time employee. In response, the subrecipient provided electronic spreadsheets that lacked approvals and, in the case of salaried employees, the amount of time worked on subgrant-specific activities. From our review of sampled timesheets, the subrecipient did not sufficiently track hours worked on subgrant-related activities, and instead charged salary costs based on budgeted rather than actual time. Additionally, the subrecipient salary costs allocated to the subgrant did not align with the wages reported earned in its payroll data. Therefore, we question \$41,770 in unsupported subrecipient salary costs.

The subrecipient began charging expenses associated with rent beginning in November 2017 to support its "drop-in center."<sup>19</sup> We further compared selected rent costs to available supporting documents. While the subrecipient maintained adequate documents, such as a signed lease agreement and copies of checks or bank statements to demonstrate that it paid these costs, we found that the subrecipient could not support how it allocated its rent to the subgrant. The cost of space used for the benefit of the project is generally allowable; however, costs must also be allocable to the project.

A subrecipient official stated that its drop-in center hosted survivors of human trafficking who received services supported by either the Amara subgrant or a separate source of funding. As such, we believe that the subrecipient should have developed a method to allocate reasonably rent costs associated between these funding sources. Further, the subrecipient should have only invoiced Amara for rent costs proportionate to the number of individuals staying at the drop-in center who received services supported by the subgrant. Because the subrecipient could not support what proportion of drop-in center space it used to serve clients funded by the OVC grant, we question the total \$15,200 in unsupported rent costs charged to the grant through June 2018.

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<sup>18</sup> See Appendix 3 for further details.

<sup>19</sup> A drop-in center is a safe and secure environment for survivors of human trafficking to receive support, meals, and care.

The DOJ Grants Financial Guide requires that all recipients and subrecipients maintain adequate accounting systems and financial records and accurately account for award funds. Overall, we identified significant weaknesses in the subrecipient's financial management practices that need to be improved to ensure it can adequately account for the OVC funding received through the subgrant. For example, the subrecipient lacked written financial policies or procedures and did not keep detailed accounting records to track the subgrant expenditures. Instead, a subrecipient official stated she entered all employee salaries together under one journal entry for the subgrant each month. Furthermore, the subrecipient did not properly track matching funds acquired from donations. While a subrecipient official explained that the subrecipient used donations to support survivor services and activities, the subrecipient could not provide adequate evidence of the source, amount, and timing of these donations in support of the grant program as required. Therefore, we were unable to determine whether the subrecipient actually used these funds for allowable purposes to further the OVC grant.

The subrecipient official responsible for the subgrant's financial management acknowledged the need to improve its accounting procedures. We recommend that OJP require that Amara work with its subrecipient to ensure its financial management system accurately accounts for OVC funds and subgrant-related activity. To address this recommendation, Amara needs to ensure that its subrecipient: (1) accounts for personnel charges through actual time and effort reports and payroll data, rather than budgeted figures, and (2) allocates rental costs based on the proportion of individuals supported by the subgrant. We further recommend that OJP remedy a total \$56,970 unsupported subrecipient charges, which include \$41,770 in tested salary costs and \$15,200 in rent expenses paid through June 2018.

#### Matching Costs

Matching costs are the non-federal grant recipient's share of the total project costs to increase the amount of resources available to support the program. As stated in the OVC Specialized Services for Victims of Human Trafficking program's solicitation, the matching requirement for grantees funded under the program is 25 percent of the award. Grantees can meet matching requirements through either cash or in-kind donations, which include donations such as office space, equipment, or the value of time contributed by those providing services to the grant project. According to the DOJ Grants Financial Guide, recipients and subrecipients must maintain records for match expenses that clearly show the source, amount, and timing for all matched contributions.

Based on the OJP-approved budget, Amara planned to meet its \$199,999 match requirement through in-kind donations of office space for itself and its subrecipient, as well as through use of its own funds (cash match) to support travel and phone bills. According to the DOJ Grants Financial Guide, if a third party donates space, the value must not exceed the fair market value of the property at the time of donation. Additionally, it specifies that an allowable cash match must include costs which are allowable with federal funds, and that the recipient contribute the full matching share by the end of the award.

To support applying donated rental space as in-kind matching costs, Amara first ascertained the value of the total square footage of the office space that a legal firm donated for it to use at \$3,000 per month. We found that Amara set this value based on market research of rental space at similar buildings in the area.<sup>20</sup> Amara plans to allocate a little over 88 percent of the value of the donated space used for the grant project, or \$2,658 a month. While we could follow Amara's valuation method, we could not verify the actual amount or cost of the space provided, as Amara could not provide a formal agreement to use the space. Additionally, we determined that Amara had not been properly tracking its matched funds to the grant in its accounting records. Amara's accounting records only contained in-kind rent expenses from January 2018 through April 2018 valued at \$3,000 a month, for a total of \$12,000.<sup>21</sup> We noted these costs do not reflect the percentage allocation that Amara described as being used to support the grant project and was approved by OJP.

Further, despite Amara's intention to apply rent and telephone costs to fulfill its matching cost obligation, Amara's draw down records indicate that it allocated to the OVC award telephone bills for one attorney and rent starting in April 2018. We also found that the supporting documents for other selected phone bills, travel expenses, and rent associated with Amara's current location did not sufficiently evidence that the full amount of these costs supported the OVC grant. For example, we determined that Amara did not allocate phone expenses based on the time the employees spent on grant-related activities. Amara also did not allocate a portion of its current rent to the grant, despite employees working on non-OVC related activities in the space.<sup>22</sup> Finally, an attorney's travel reimbursements did not clearly show that the travel supported OVC grant clients or trainings. We discussed this matter with Amara officials, who explained that they are working to address these discrepancies.

Amara required its subrecipient to meet nearly half, or \$95,680, of its matching requirement through in-kind rental costs. Our review of supporting documents revealed that Amara had included the subrecipient's in-kind rent valued at \$2,900 per month as part of its match through 2017. However, the subrecipient switched locations and began directly charging Amara for rent at its new location in November 2017. Considering that Amara intended on applying the subrecipient rent for November and December 2017 to meet part of its matching cost, we

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<sup>20</sup> When evaluating Amara's matching costs, Amara officials explained that because they found it difficult to support the rental value of the space used to provide for in-kind matching costs, at one point they intended to switch the source of their match to private cash donations. However, Amara had not been tracking donations to ensure the donations were used for allowable activities under the OVC grant. Amara officials determined it would revert to their original plan to apply rent associated with office space as matching costs. Specifically, Amara officials explained that it intended to use a portion of office space donated by a private law firm, its current rent, travel card expenses, cell phone bills, and \$95,680 in funds from its subrecipient as matching costs.

<sup>21</sup> Amara's Executive Director explained that its new accountant intended to make journal entries, which include the applicable rent charges from 2016 and 2017.

<sup>22</sup> Amara's Executive Director noted that Amara's rent does not include fundraising activities, which it conducts at a separate workspace.

believe that this effectively resulted in allocating the cost of these rent expenses twice to the OVC grant. When its subrecipient then changed its source of match to cash donations totaling \$31,745 through March 2018, Amara had originally accepted these amounts without adequate supporting documentation, such as receipts or copies of checks. We discussed this issue with Amara's Executive Director, who stated that she is seeking additional supporting documents to show that the subrecipient expended matching funds in support of OVC grant work.

Overall, Amara's decision to switch its source of match after grant award and then return to its original plan caused it to report its match on its Federal Financial Reports (FFRs) incorrectly. Additionally, we found that Amara lacked written policies and procedures to guide how it should value and allocate matching costs, which contributed to its challenges in tracking and accounting for its matching costs required by the grant. Inadequate tracking of matching costs increases the risk that Amara could use these funds in a manner not allowed or otherwise in support of the grant. As the grant period has not ended, Amara has the opportunity to demonstrate that it will contribute the full amount of matching funds. Therefore, we recommend that OJP require that Amara: (1) implements procedures to account for matching costs accurately under the grant, and (2) provides adequate support to demonstrate that it has met its match requirements by the end of the award period.

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

We compared grant expenditures to the approved budgets to determine whether Amara transferred funds among budget categories in excess of 10 percent. We determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent.

#### *Drawdowns*

According to the DOJ Grants Financial Guide, grantees should 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 11, 2018, Amara had drawn down a cumulative amount of \$367,019 in grant funds.

We determined that Amara used a reimbursement method for drawdowns and maintained a spreadsheet of expenses by month to be requested for drawdown that was separate from its accounting records. According to Amara's written procedures, the Executive Director is responsible for requesting documentation of the total amount spent on the grant monthly from the external accountant in

preparation for making a drawdown. After receiving all expenses from the accountant and reviewing these numbers for accuracy, the Executive Director would then make the drawdown request to OJP.

To assess whether Amara managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in Amara's accounting records and determined that Amara had coded \$54,657 more in non-matching expenses in its general ledger than it had requested in drawdowns through June 2018.

Although the results of this comparison indicated that Amara had underdrawn grant funds, we identified weaknesses in the drawdown process Amara used that could result in future errors. The use of an external spreadsheet containing information not based on Amara's accounting records increased the chance of it not requesting drawdowns based on actual grant receipts.<sup>23</sup> To highlight this issue, when Amara first began to drawdown funds, it believed it erroneously overdraw approximately \$9,700. However, this overdraw was based on its own drawdown records that we found did not reflect Amara's actual accounting records and was later updated.<sup>24</sup> When reviewing the payment history for Amara, we noted that several of the expense dates associated with drawdown requests did not accurately capture the entire time period that these drawn down expenses were incurred.

Overall, Amara can enhance its process for tracking grant expenditures and associated drawdown amounts. We recommend that OJP require that Amara improves its policies and procedures so that drawdown requests accurately reflect actual charges incurred by the grant.

### *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 Amara submitted accurate FFRs, we compared the seven most recent reports submitted covering a period of October 2016 to June 2018 to Amara's accounting records for the award.

We found that the FFRs did not match Amara's accounting records for the OVC grant. We found a total of \$79,814 in over-reported expenditures between the 7 FFR reports reviewed and Amara's accounting records. Specifically, Amara's accounting records showed it over reported its matching expenditures, yet under reported its federal share of expenditures. As previously mentioned, Amara

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<sup>23</sup> We determined that the drawdown spreadsheets maintained by Amara and its accountant contained different amounts that could not be explained by Amara.

<sup>24</sup> OJP guidance states that grantee drawdown requests should be based on actual dates when the grantee incurs grant expenses. The Grant Payment Request System for Recipients User Guide states that when making a drawdown request, a grantee should include expense claim begin and end dates, which are the start and finish dates for expenses that will be incurred (advanced) or were incurred (reimbursed). The guide further states that recipients can submit multiple payment requests as long as the dates are not the same or do not overlap.

experienced challenges in tracking its matching costs and did not adequately review its grant accounting records, which resulted in unallowable expenses to the grant. Therefore, these deficiencies contributed to inaccurate financial reports. We believe Amara's financial management system needs to be strengthened to meet award requirements and provide adequate support for its FFRs. Accordingly, we recommend that OJP require that Amara implements policies and procedures to ensure the proper monitoring and tracking of both federal and matching expenditures under the grant so that Amara can properly report the correct amount of expenditures on its FFRs.

## CONCLUSION AND RECOMMENDATIONS

As a result of our audit testing, we conclude that Amara did not adhere to all tested grant requirements, but overall demonstrated adequate progress towards achieving the grants' stated goals and objectives for which it was directly responsible for performing. However, we found that Amara's subrecipient could not demonstrate achievement of certain grant goals. Additionally, both Amara and its subrecipient could improve tracking of key performance measures to support accurate progress reporting of DOJ grant-funded activities.

Amara needs to take action to fully comply with essential award conditions related to subrecipient monitoring, use of funds, and federal financial reports. We also found that Amara's process for requesting drawdowns could be improved. We provide 12 recommendations to Amara to address these concerns.

We recommend that OJP:

1. Require that Amara initiates a Grant Adjustment Notice to seek approval to modify the grant goal to reflect the nature of outreach activities supported by the award.
2. Require that Amara, working with its subrecipient as applicable, correct previous progress report discrepancies with regard to the:
  - a. number of clients it served,
  - b. amount and type of services it provided to clients,
  - c. number of training events and attendees it hosted,
  - d. type of outreach performed, and
  - e. referral sources for client cases.
3. Require that Amara implement policies and procedures to collect and report accurate and verifiable performance measures.
4. Inform its Office for Victims of Crime (OVC) grant managers on applicable Federal Funding Accountability and Transparency Act (FFATA) reporting and exemption requirements.
5. Require that Amara implements fully its subrecipient monitoring plan to ensure proper oversight and support for use of grant funds.
6. Require that Amara charge future personnel costs based on actual time worked instead of estimated or budgeted figures.
7. Remedy \$7,104 in unallowable fundraising charges to the grant.
8. Require that Amara works with its subrecipient to ensure its financial

management system accurately accounts for the Office for Victims of Crime (OVC) funds and subgrant-related activity.

9. Remedy a total of \$56,970 unsupported subrecipient charges, which include \$41,770 in tested salary costs and \$15,200 in rent expenses paid through June 2018.
10. Require that Amara:
  - a. Implements procedures to account for matching costs accurately under the grant; and
  - b. Provides adequate support to demonstrate that it has met its match requirements by the end of the award period.
11. Require that Amara improves its policies and procedures so that drawdown requests accurately reflect actual charges incurred by the grant.
12. Require that Amara implements policies and procedures to ensure the proper monitoring and tracking of both federal and matching expenditures under the grant so that Amara can properly report the correct amount of expenditures on its Federal Financial Reports.

**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, and federal financial reports.

**Scope and Methodology**

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

This was an audit of the Office of Justice Programs (OJP) Office for Victims of Crime (OVC) grant number 2016-VT-BX-K030 awarded to the Amara Legal Center, Inc. (Amara) under the Specialized Services for Victims of Human Trafficking Grant Program for the amount \$599,439. The purpose of the grant was to provide a legal and social services program to better serve the needs of victims of human trafficking in the Washington, D.C. metropolitan area. As of December 11, 2018, Amara had drawn down \$367,019 of the total grant funds awarded. Our audit concentrated on, but was not limited to, September 28, 2016, the grant award date, through December 2018, the last month of our fieldwork. Due to the timing of our fieldwork, our testing on financial and progress reports as well as program performance and accomplishments was completed on data through June 2018.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of Amara's activities related to the audited grant. We performed sample-based audit testing for grant expenditures including salary, fringe benefits, travel, supplies, and other expenses; and for testing program performance progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grant reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; 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, GMS, as well as Amara's and its subrecipient's accounting systems 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.

## APPENDIX 2

### SCHEDULE OF DOLLAR-RELATED FINDINGS

	<u>Description</u>	<u>Amount</u>	<u>Page</u>
<b>Questioned Costs:</b>			
	Unallowable Personnel Costs	\$7,104	13
	Subtotal Unallowable Costs	<u>7,104</u>	
	Unsupported Subrecipient Salary Costs	41,770	14
	Unsupported Subrecipient Rent Costs	15,200	14
	Subtotal Unsupported Costs	<u>56,970</u>	
	<b>Total Questioned Costs<sup>25</sup></b>	<b><u>\$64,074</u></b>	

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<sup>25</sup> **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

## APPENDIX 3

### SUBRECIPIENT TRANSACTION TESTING

As detailed in the "Subrecipient Costs" section of the report, Amara's subrecipient invoiced Amara monthly for services provided from January 2017 through June 2018, totaling \$158,463 in subrecipient expenses. Of these monthly expenses, we selected 5 for testing, which included 17 individual transactions for salaries and rent. As shown by the table below, we expanded our sample to include all subrecipient rent expenses through June 2018, which added 4 transactions. Therefore, we sampled a total of 21 transactions comprising \$56,970 in subrecipient costs paid by Amara, of which \$41,770 related to salaries and \$15,200 related to rent.

**Table**  
**Subrecipient Transactions Tested**

<b>Invoice Count</b>	<b>Invoice Month/Year</b>	<b>Transaction No.</b>	<b>Transaction Description</b>	<b>Amount Paid</b>
1	August 2017	1	Executive Director's Salary	\$2,800
		2	Survivor Services Coordinator's Salary	4,860
		3	Drop-In Center Aide's Salary	1,040
2	November 2017	4	Executive Director's Salary	2,800
		5	Survivor Services Coordinator's Salary	4,968
		6	Drop-In Center Aide's Salary	1,872
		7	Drop-In Center Rent	1,900
3	December 2017	8	Executive Director's Salary	2,800
		9	Survivor Services Coordinator's Salary	4,320
		10	Drop-In Center Aide's Salary	1,638
		11	Drop-In Center Rent	1,900
4	May 2018	12	Executive Director's Salary	2,800
		13	Survivor Services Coordinator's Salary	4,536
		14	Drop-In Center Rent	1,900
5	June 2018	15	Executive Director's Salary	2,800
		16	Survivor Services Coordinator's Salary	4,536
		17	Drop-In Center Rent	1,900
6	January 2018	18	Drop-In Center Rent	1,900
7	February 2018	19	Drop-In Center Rent	1,900
8	March 2018	20	Drop-In Center Rent	1,900
9	April 2018	21	Drop-In Center Rent	1,900
<b>Total:</b>				<b>\$56,970</b>

Source: Subrecipient invoices associated with grant 2016-VT-BX-K030 and Amara's grant general ledger as of November 2018.

**AMARA LEGAL CENTER, INC.'S RESPONSE  
TO THE DRAFT AUDIT REPORT<sup>26</sup>**



February 12, 2018

John J. Manning  
Regional Audit Manager  
Washington Regional Audit Office  
Office of the Inspector General  
U.S. Department of Justice  
Jefferson Plaza, Suite 900  
Washington, D.C. 20530

Dear Mr. Manning:

This letter is in response to the draft audit report, received January 15, 2019, issued by the Department of Justice (DOJ), Office of the Inspector General (OIG), Washington Regional Audit Office, through the Office of Justice Programs (OJP) related to an Office of Victims of Crimes (OVC) Grant Award 2016-VT-BX-K030.

The attached response includes explanations and supporting documentation regarding the Amara Legal Center's (Amara) consideration of the OIG recommendations and its subsequent actions to remedy findings and ensure compliance with DOJ recommendations.

Thank you for the opportunity to respond to the draft audit report. We are grateful for this grant that allows us to serve a vulnerable population. It was a pleasure working with the auditing team, and we know Amara will be in a better position as a result.

Sincerely,

A handwritten signature in black ink, appearing to read "Llamilet Gutierrez". The signature is fluid and cursive, with a large initial 'L'.

Llamilet Gutierrez, Esq,  
Executive Director

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<sup>26</sup> Attachments provided with this response were not included in this report.



**Recommendation 1:** Require that Amara initiates a Grant Adjustment Notice (GAN) to seek approval to modify the grant goal to reflect the nature of outreach activities supported by the award.

**Response:** We concur with the recommendation and Amara has submitted a GAN regarding street outreach. Unfortunately, the GAN was not approved because we also had to submit a new budget. Shortly after our initial GAN, one of our staff members left so we now have another reason to submit a new budget and a GAN. We will submit the GAN for both as soon as we have completed the job description for the new staff member on this grant.

**Recommendation 2:** Require that Amara, working with its subrecipient as applicable, correct previous progress report discrepancies with regard to the: number of clients it served, amount and type of services it provided to clients, number of training events and attendees it hosted, type of outreach performed, and referral sources for client cases.

**Response:** We concur with the recommendation. Amara will print out all the cases in TIMS and will ensure that we correct and remove duplicated clients (i.e. if Amara and Courtney's House served the same client, the client will only be inputted once). Amara will also ensure that we review all of the uploaded clients and confirm that the number assigned in TIMS are based on clients not legal issues/open cases. Amara will work with our subgrantee to ensure that they are distinguishing OVC-covered clients and non-OVC clients.

Amara has addressed the tracking of hours by reminding attorneys to enter their hours worked on their cases in our client tracking database. Afterwards, our Program Assistant inputs those entries on a weekly basis into TIMS. Amara will also print out the training events provided by Amara and by Courtney's House to confirm that those events were not paid trainings, covered by other grants, or fundraising events. As stated above, we have already implemented a system where we track referrals to our partners using our client database. Although we are still experiencing issues with TIMS not correctly reflecting our partners, we made sure we included our partners from this grant reporting period in our most recent grant report.

**Recommendation 3:** Require that Amara implement policies and procedures to collect and report accurate and verifiable performance measures.

**Response:** We concur with the recommendation. As mentioned above, we have begun addressing the performance measures, and we are creating written policies to ensure current and future compliance.

**Recommendation 4:** Inform its Office for Victims of Crime (OVC) grant managers on applicable Federal Funding Accountability and Transparency Act (FFATA) reporting and exemption requirements.



**Response:** We concur with the recommendation, and the recommendation was resolved. It is our understanding that our grant manager was made aware of the reporting and exemption requirements.

**Recommendation 5:** Require that Amara implements fully its subrecipient monitoring plan to ensure proper oversight and support for use of grant funds.

**Response:** We concur with the recommendation. As mentioned in the draft report, Amara has already started formal monitoring as outlined in our subgrantee agreement.

**Recommendation 6:** Require that Amara charge future personnel costs based on actual time worked instead of estimated or budgeted figures.

**Response:** We concur with the recommendation. Amara has already begun and will continue to drawdown based on actual hours worked and not estimated percentages on the grant.

**Recommendation 7:** Remedy \$7,104 in unallowable fundraising charges to the grant.

**Response:** We disagree with this recommendation. As Amara mentioned in its correspondence with the auditing team on November 19, 2018, the only charges to Specialized Services that were fundraising were 4.6 hours by one employee charging 35% of her time to the grant, and 2.85 hours by another employee charging 30% of her time to the grant. Based on the salaries, that only totals to \$263.80. Our explanation on how we arrived at our total is as follows:

- Employee 1 charged 4.6 hours to the grant for fundraising activities. This employee charged 35% of her total time (120 hours) to the grant, meaning she worked 42 hours on grant. 4.6 hours is 10.95% of 42. Employee 1 charged a total of \$1318.64 to grant for this period (October 2017), 10.95% of \$1318.64 equals \$144.39.
- Employee 2 charged 2.85 hours to the grant for fundraising activities. This employee charged 30% of her total time (120 hours) to the grant, meaning she worked 36 hours on the grant during this period (October 2017). 2.85 hours is 7.92% of 36. Employee 2 charged a total of \$1507.64 to the grant for this period, 7.92% of \$1507.64 equals \$119.41.

**Recommendation 8:** Require that Amara works with its subrecipient to ensure its financial management system accurately accounts for the Office for Victims of Crime (OVC) funds and subgrant-related activity.

**Response:** We concur with this recommendation. We have begun working with our subgrantee to improve their financial management system. With our recommendation, our subgrantee hired a bookkeeper who will assist them in adding budgets for their grants into



Quickbooks. Further, Amara will assist its subgrantee in creating written policies for their financial management systems, including properly tracking salary entries and in-kind donations in Quickbooks so that grant expenses can be tracked to ensure expenses are allowable.

**Recommendation 9:** Remedy a total of \$56,970 unsupported subrecipient charges, which include \$41,770 in tested salary costs and \$15,200 in rent expenses paid through June 2018.

**Response:** We concur with this recommendation. Amara will work with its subgrantee to develop a reasonable rent cost for their drop-in center. Further, Amara has already begun requesting timesheets that include hours worked, activity completed, employee signature, and supervisor signature to ensure accurate actual time and effort reports are maintained.

**Recommendation 10:** Require that Amara: implements procedures to account for matching costs accurately under the grant; and provides adequate support to demonstrate that it has met its match requirements by the end of the award period.

**Response:** We concur with this recommendation, and Amara has already begun implementing procedures to account for matching costs in Quickbooks as part of our grant budget. We presented the updated Quickbooks match entry to the auditing team and will correct the 2017 match to ensure our match is reflected in our general ledger. Further, we will ensure that we have supporting documentation for each of those matching costs.

**Recommendation 11:** Require that Amara improve its policies and procedures so that drawdown requests accurately reflect actual charges incurred by the grant.

**Response:** We concur with this recommendation, and as mentioned in the response for “Recommendation 6,” Amara has and will continue to drawdown based on actual time and effort reports. Further, we are creating written policies to ensure current and future compliance.

**Recommendation 12:** Require that Amara implements policies and procedures to ensure the proper monitoring and tracking of both federal and matching expenditures under the grant so that Amara can properly report the correct amount of expenditures on its Federal Financial Reports (FFRs).

**Response:** We concur with this recommendation as it is addressed in “Recommendation 10” and “Recommendation 11.” With the implementations of those responses, we will ensure that FFRs are accurate.

OFFICE OF JUSTICE PROGRAMS' RESPONSE  
TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

Office of Justice Programs

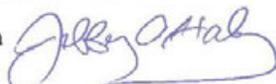
Office of Audit, Assessment, and Management

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Washington, D.C. 20531

FEB 14 2019

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, Specialized Services for Victims of Human Trafficking Cooperative Agreement, Awarded to Amara Legal Center, Inc., Washington, D.C.*

This memorandum is in reference to your correspondence, dated January 15, 2019, transmitting the above-referenced draft audit report for Amara Legal Center, Inc. (Amara). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **12** recommendations and **\$64,074** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. **We recommend that OJP require that Amara initiates a Grant Adjustment Notice to seek approval to modify the grant goal to reflect the nature of outreach activities supported by the award.**

OJP agrees with the recommendation. We will coordinate with Amara to ensure that it works with OJP's Office for Victims of Crime (OVC) to initiate a Grant Adjustment Notice to modify the award goal of Cooperative Agreement Number 2016-VT-BX-K030, to reflect the nature of outreach activities supported by the award.

2. **We recommend that OJP require that Amara, working with its subrecipient as applicable, correct previous progress report discrepancies with regard to the:**

- a. **number of clients it served,**
- b. **amount and type of services it provided to clients,**
- c. **number of training events and attendees it hosted,**
- d. **type of outreach performed, and**
- e. **referral sources for client cases.**

OJP agrees with the recommendation. We will coordinate with Amara to ensure that it works with its subrecipient to correct discrepancies in previously submitted progress reports, related to the: a) number of clients it served; b) amount and type of services it provided to clients; c) number of training events and attendees it hosted; d) type of outreach performed; and e) referral sources for client cases.

3. **We recommend that OJP require that Amara implements policies and procedures to collect and report accurate and verifiable performance measures.**

OJP agrees with the recommendation. We will coordinate with Amara to obtain a copy of written policies and procedures, developed and implemented, to ensure that performance measures data is accurate and verifiable; and that the supporting documentation is maintained for future auditing purposes.

4. **We recommend that OJP inform its Office for Victims of Crime (OVC) grant managers on applicable Federal Funding Accountability and Transparency Act (FFATA) reporting and exemption requirements.**

OJP agrees with the recommendation. OJP's Office of Audit, Assessment, and Management (OAAM), Grants Management Division, will provide annual training to OJP grant managers during fiscal year 2019; and will include a session on the applicable Federal Funding Accountability and Transparency Act reporting and exemption requirements.

5. **We recommend that OJP require that Amara implements fully its subrecipient monitoring plan to ensure proper oversight and support for use of grant funds.**

OJP agrees with the recommendation. We will coordinate with Amara to obtain a copy of written policies and procedures, developed and implemented, to ensure that Federal grant funds awarded to subrecipients are properly accounted for, controlled, and monitored.

6. **We recommend that OJP require that Amara charge future personnel costs based on actual time worked instead of estimated or budgeted figures.**

OJP agrees with the recommendation. We will coordinate with Amara to obtain a copy of written policies and procedures, developed and implemented, to ensure that future personnel costs charged to Federal grants are based on the actual time spent working on these awards, as documented by employee time and effort reports.

7. **We recommend that OJP remedy \$7,104 in unallowable fundraising charges to the grant.**

OJP agrees with the recommendation. We will review the \$7,104 in questioned costs, related to unallowable fundraising costs charged to Cooperative Agreement Number 2016-VT-BX-K030, and will work with Amara to remedy, as appropriate.

8. **We recommend that OJP require that Amara works with its subrecipient to ensure its financial management system accurately accounts for the Office for Victims of Crime (OVC) funds and subgrant-related activity.**

OJP agrees with the recommendation. We will coordinate with Amara to obtain a copy of written policies and procedures, developed and implemented, to ensure that accounting systems maintained by its subrecipients accurately account for OVC award funds and subgrant-related activities.

9. **We recommend that OJP remedy a total of \$56,970 unsupported subrecipient charges, which include \$41,770 in tested salary costs and \$15,200 in rent expenses paid through June 2018.**

OJP agrees with the recommendation. We will review the \$56,970 in questioned subrecipient costs, related to \$41,770 in salary costs and \$15,200 in rent expenses, charged to Cooperative Agreement Number 2016-VT-BX-K030, and will work with Amara to remedy, as appropriate.

10. **We recommend that OJP require that Amara:**

- a. **Implements procedures to account for matching costs accurately under the grant; and**
- b. **Provides adequate support to demonstrate that it has met its match requirements by the end of the award period.**

OJP agrees with the recommendation. We will coordinate with Amara to obtain a copy of written policies and procedures, developed and implemented, to ensure that grant matching costs are accurately accounted for and reported; and documentation is maintained to support that the matching requirements have been met by the end of the award period.

11. **We recommend that OJP require that Amara improve its policies and procedures so that drawdown requests accurately reflect actual charges incurred by the grant.**

OJP agrees with the recommendation. We will coordinate with Amara to obtain a copy of written policies and procedures, developed and implemented, to ensure that drawdown requests accurately reflect the actual charges incurred by the grant.

12. **We recommend that OJP require that Amara implement policies and procedures to ensure the proper monitoring and tracking of both Federal and matching expenditures under the grant, so that Amara can properly report the correct amount of expenditures on its Federal Financial Reports.**

OJP agrees with the recommendation. We will coordinate with Amara to obtain a copy of written policies and procedures, developed and implemented, to ensure that Federal and matching grant expenditures are accurately recorded, and correctly reported on Federal Financial Reports.

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.

cc: Matt M. Dummermuth  
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Senior Advisor  
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cc: Richard P. Theis  
Assistant Director, Audit Liaison Group  
Internal Review and Evaluation Office  
Justice Management Division

OJP Executive Secretariat  
Control Number: IT20190116073024

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

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the Amara Legal Center, Inc. (Amara). OJP's response is incorporated in Appendix 5 and Amara'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. Require that Amara initiates a Grant Adjustment Notice to seek approval to modify the grant goal to reflect the nature of outreach activities supported by the award.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with Amara to ensure that it works with OJP's Office for Victims of Crime (OVC) to initiate a Grant Adjustment Notice (GAN) to modify the grant goal to reflect the nature of outreach activities supported by the award.

Amara also concurred with the recommendation. Amara stated that it is currently working to submit a GAN and associated budget for both a new staff member and the street outreach.

This recommendation can be closed when OJP provides evidence that Amara has initiated a GAN to seek approval to modify the grant goal to reflect the nature of outreach activities supported by the award.

- 2. Require that Amara, working with its subrecipient as applicable, correct previous progress report discrepancies with regard to the:**
  - a. number of clients it served,**
  - b. amount and type of services it provided to clients,**
  - c. number of training events and attendees it hosted,**
  - d. type of outreach performed, and**
  - e. referral sources for client cases.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with Amara to ensure that it works with its subrecipient and corrects discrepancies in previously submitted progress reports involving number of clients served, amount and type of services

provided to clients, number of training events and attendees hosted, type of outreach performed, and referral sources for client cases.

Amara also concurred with the recommendation and stated that it will correct and remove duplicated clients in the Trafficking Information Management System (TIMS). Amara also stated it is currently working with its subrecipient to ensure it accurately inputs OVC-funded clients and services into the system. Amara further stated it instructed its attorneys to enter service hours worked in its client tracking system, which will be entered into TIMS weekly. Additionally, Amara stated that it will review trainings conducted to verify that events are not funded through other grants or are fundraising events. Amara concluded that it implemented a system of referral tracking within its client database.

This recommendation can be closed when OJP provides evidence that Amara has corrected previous discrepancies in its grant reporting related to the number of clients served by Amara and its subrecipient, as well as the number of service hours provided to clients by Amara and its subrecipient. Additionally, the evidence should demonstrate that Amara has accurately reconciled reported OVC-funded training events and attendees, as well as solely OVC-funded outreach events, within TIMS. Finally, OJP should provide evidence that Amara has accurately reported past and current client referral information within TIMS.

**3. Require that Amara implement policies and procedures to collect and report accurate and verifiable performance measures.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with Amara to obtain a copy of written policies and procedures, developed and implemented, to ensure that performance measures data is accurate and verifiable, and that supporting documentation is maintained for future auditing purposes.

Amara also concurred with the recommendation and stated that it has begun addressing the performance measures, as explained in its response to the previous recommendation. Amara stated it is creating written policies to ensure current and future compliance.

This recommendation can be closed when OJP provides evidence that Amara has provided its written policies and procedures to ensure compliance with collecting and reporting accurate and verifiable performance measures.

**4. Inform its Office for Victims of Crime (OVC) grant managers on applicable Federal Funding Accountability and Transparency Act (FFATA) reporting and exemption requirements.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that OJP's Office of Audit, Assessment, and Management, Grants Management Division, will provide annual training to OJP grant managers

during fiscal year 2019. OJP stated that this training will include a session on the applicable FFATA reporting and exemption requirements.

Amara also concurred with this recommendation and stated that it understood the grant manager was made aware of the reporting and exemption requirements.

This recommendation can be closed when OJP provides evidence that the annual OJP grant manager training addressed the specific FFATA reporting and exemption requirements and that the pertinent grant manager attended the training.

**5. Require that Amara implements fully its subrecipient monitoring plan to ensure proper oversight and support for use of grant funds.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with Amara to obtain a copy of written policies and procedures to ensure that federal grant funds awarded to subrecipients are properly accounted for, controlled, and monitored.

Amara also concurred with this recommendation and stated in its response that it has started to conduct formal monitoring, as outlined in the subgrantee agreement.

This recommendation can be closed when OJP provides evidence demonstrating that Amara has fully implemented and conducted a formal subrecipient monitoring to ensure proper oversight for use of grant funds.

**6. Require that Amara charge future personnel costs based on actual time worked instead of estimated or budgeted figures.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with Amara to obtain a copy of written policies and procedures, developed and implemented, to ensure that future personnel costs charged to Federal grants are based on the actual time spent working on these awards, as documented by employee time and effort reports.

Amara also concurred with this recommendation and stated in its response that it has started and will continue to draw down funds based on actual hours worked and not estimated percentages on the grant.

This recommendation can be closed when OJP provides evidence that Amara has charged personnel costs based on actual time worked on the grant.

**7. Remedy \$7,104 in unallowable fundraising charges to the grant.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will review the \$7,104 in questioned costs related to unallowable fundraising costs charged to the grant, and will work with Amara to remedy, as appropriate.

Amara disagreed with our recommendation. In its response, Amara identified unallowable fundraising charges to the grant for two employees in October 2017 that totaled up to \$264. However, these October 2017 charges were not part of the \$7,104 of unallowable fundraising charges that we identified on the grant's general ledger during our fieldwork.

Based on information provided in Amara's response, however, we updated the final report to clarify that we identified charges in Amara's accounting system that it associated with fundraising, which is not an allowable charge to the grant. When we discussed this issue with Amara officials they stated that they miscoded these personnel costs in their accounting system due to an administrative error. Therefore, to address this recommendation, Amara's accounting system should be updated to accurately reflect that these personnel charges to the grant were not for fundraising, and therefore allowable.

This recommendation can be closed when OJP has coordinated with Amara to remedy the \$7,104 in unallowable fundraising charges to the grant.

**8. Require that Amara works with its subrecipient to ensure its financial management system accurately accounts for the Office for Victims of Crime (OVC) funds and subgrant-related activity.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with Amara to obtain a copy of written policies and procedures, developed and implemented, to ensure that accounting systems maintained by its subrecipients accurately account for OVC award funds and subgrant-related activities.

Amara also concurred with this recommendation and stated in its response that it has been working with its subrecipient to improve its financial management system. Amara added that its subrecipient hired its own bookkeeper to assist in adding budgets for its grants into its accounting system. In addition, Amara stated that it will further assist its subrecipient in creating written policies for its financial management systems to ensure that grant expenses are properly tracked and allowable.

This recommendation can be closed when OJP has provided evidence demonstrating that Amara has ensured that its subrecipient's financial management system accurately accounts for OVC funds and subgrant-related activity.

**9. Remedy a total of \$56,970 unsupported subrecipient charges, which include \$41,770 in tested salary costs and \$15,200 in rent expenses paid through June 2018.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will review the \$56,970 in questioned subrecipient costs, related to \$41,770 in salary costs and \$15,200 in rent expenses, charged to

the grant. OJP stated that it will work with Amara to remedy these charges, as appropriate.

Amara also concurred with this recommendation and stated in its response that it is currently working with its subrecipient to receive adequate support to ensure accurate time and effort reports are maintained. Additionally, Amara stated it will work with its subrecipient to develop a reasonable rent allocation to the grant.

This recommendation can be closed when OJP has coordinated with Amara to remedy \$56,970 in unsupported subrecipient charges, which include \$41,770 in tested salary costs and \$15,200 in rent expenses paid through June 2018.

**10. Require that Amara:**

- a. Implements procedures to account for matching costs accurately under the grant; and**
- b. Provides adequate support to demonstrate that it has met its match requirements by the end of the award period.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with Amara to obtain a copy of written policies and procedures, developed and implemented, to ensure that grant matching costs are accurately accounted for and reported; and documentation is maintained to support that the matching requirements have been met by the end of the award period.

Amara also concurred with this recommendation and stated that it has begun implementing procedures to account for matching costs in its accounting system as part of its grant budget. Amara stated that it has presented the updated match entry to the audit team and will correct the 2017 match to ensure it is reflected in the general ledger. Further, Amara stated it will ensure it maintains supporting documentation for its matching costs.

This recommendation can be closed when OJP has provided evidence demonstrating that Amara has implemented procedures to account for matching costs accurately under the grant and can support that its match requirements have been met by the end of the award period.

**11. Require that Amara improves its policies and procedures so that drawdown requests accurately reflect actual charges incurred by the grant.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with Amara to obtain a copy of written policies and procedures, developed and implemented, to ensure that drawdown requests accurately reflect the actual charges incurred by the grant.

Amara also concurred with this recommendation and stated in its response that Amara will draw down funds based on actual time and effort reports and will create written policies to ensure current and future drawdown compliance.

This recommendation can be closed when OJP has provided evidence that Amara has developed written policies and procedures to ensure that drawdown requests accurately reflect actual charges incurred on the grant.

**12. Require that Amara implements policies and procedures to ensure the proper monitoring and tracking of both federal and matching expenditures under the grant so that Amara can properly report the correct amount of expenditures on its Federal Financial Reports.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with Amara to obtain a copy of written policies and procedures, developed and implemented, to ensure that federal and matching grant expenditures are accurately recorded and correctly reported on Federal Financial Reports (FFRs).

Amara also concurred with this recommendation. Amara stated in its response that it will ensure the FFRs are accurate by implementing actions explained in its responses to Recommendations 10 and 11. However, those responses refer to Amara implementing procedures to accurately account for matching costs and drawing down funds based on actual time and effort reports, as well as creating written policies to ensure current and future drawdown compliance. While those procedures will help ensure accurate records, Amara should ensure that its updated policies and procedures include verifying the accuracy of the grant expenditures reported on the FFRs.

This recommendation can be closed when OJP has provided evidence that Amara has implemented policies and procedures to ensure proper monitoring and tracking of federal and matching grant expenditures in order to properly report the correct amount of expenditures on its FFRs.



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**U.S. DEPARTMENT OF JUSTICE OFFICE OF THE INSPECTOR GENERAL**

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