



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



**Audit of the Office of Justice Programs
Office of Juvenile Justice and
Delinquency Prevention
Cooperative Agreements Awarded to
the Children's Advocacy Center for the
Pikes Peak Region dba Safe Passage
Colorado Springs, Colorado**

Audit Division GR-60-17-007

April 2017

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY
PREVENTION COOPERATIVE AGREEMENTS AWARDED TO
THE CHILDREN’S ADVOCACY CENTER FOR THE
PIKES PEAK REGION dba SAFE PASSAGE
COLORADO SPRINGS, COLORADO**

EXECUTIVE SUMMARY*

The U.S. Department of Justice (DOJ) Office of the Inspector General completed an audit of two cooperative agreements awarded by the Office of Justice Programs (OJP) Office of Juvenile Justice and Delinquency Prevention (OJJDP), to the Children’s Advocacy Center for the Pikes Peak Region (CACPPR) dba Safe Passage in Colorado Springs, Colorado. CACPPR was awarded \$2,649,910 under Award Numbers 2013-CI-FX-K003 and 2014-CI-FX-K003 to operate the Western Regional Advocacy Center, which is one of four regional children’s advocacy centers (CAC) under the program. As of November 17, 2016, CACPPR had drawn down \$2,296,612 of the total funds awarded.

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives. 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 examined CACPPR’s policies and procedures, accounting records, and financial and progress reports, and found that CACPPR did not comply with essential award conditions related to the use of award funds and Federal Financial Reports (FFRs). Specifically, we found that CACPPR charged unallowable personnel, contractor and consultant, and other direct costs to the awards; and FFRs were not accurate. Our audit identified \$185,773 in unallowable costs. Prior to the issuance of this report, CACPPR remedied \$167,244 in unallowable costs, resulting in remaining unallowable questioned costs totaling \$18,529.

Our report contains two recommendations to OJP, which are detailed later in this report. Our audit objectives, scope, and methodology are discussed in Appendix 1 and our Schedule of Dollar-Related Findings appears in Appendix 2. We discussed the results of our audit with CACPPR officials and have included their comments in the report, as applicable. In addition, we requested a response to our draft audit report from CACPPR and OJP, and their responses are appended to this

* The Office of the Inspector General redacted an individual’s name from the Children’s Advocacy Center for the Pikes Peak Region response to the draft audit report, which appears in Appendix 3 of this report, to protect the privacy rights of the identified individual.

report as Appendix 3, and 4 respectively. Our analysis of all responses, as well as a summary of actions necessary to close the recommendations can be found in Appendix 5 of this report.

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The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of two cooperative agreements awarded by the Office of Justice Programs (OJP) Office of Juvenile Justice and Delinquency Prevention (OJJDP), to the Children’s Advocacy Center for the Pikes Peak Region (CACPPR) dba Safe Passage in Colorado Springs, Colorado. CACPPR was awarded two cooperative agreements with one supplement totaling \$2,649,910, as shown in Table 1.

**Table 1
Cooperative Agreements Awarded to CACPPR**

AWARD NUMBER	AWARD DATE	PROJECT START DATE	PROJECT END DATE	AWARD AMOUNT
2013-CI-FX-K003	09/17/2013	10/01/2013	09/30/2015	\$1,059,910
2014-CI-FX-K003	09/15/2014	10/01/2014	03/31/2017	\$1,060,000
2014-CI-FX-K003 - Supplement	09/28/2015	10/01/2014	03/31/2017	\$530,000
TOTAL:				\$2,649,910

Source: OJP’s Grants Management System

The CACPPR awards were funded through the Victims of Child Abuse (VOCA) Regional Children’s Advocacy Centers (CAC) Program. Through this program, CACPPR operated one of four Regional CACs, which are required to: (1) develop multidisciplinary teams, local CAC programs, and state chapter organizations that respond to child abuse and neglect; and (2) deliver training and technical assistance that strengthen existing multidisciplinary teams, local CAC programs, and state chapter organizations.

The Grantee

CACPPR is a non-profit organization, which does business as Safe Passage. Safe Passage is at the center of an inter-agency collaborative effort that minimizes the trauma of child abuse by centralizing services in one location. Safe Passage acts as a team leader, coordinating the responses of their team partners in medical, investigative, social service, legal, and mental health arenas. Annually, Safe Passage serves more than 800 children and non-offending caregivers in the midst of abuse investigations.

The Western Regional Children’s Advocacy Center (WRCAC) is a program operated by CACPPR. CACPPR has run the Regional CAC for the western region

since 2000.¹ According to CACPPR, the WRCAC program works to address two challenges: (1) reducing the impact of victims of sexual abuse and other forms of child maltreatment; and (2) improving the capacity of communities to provide a comprehensive multidisciplinary response to abuse.²

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving 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 grants. The OJP Financial Guide, 2015 DOJ Grants Financial Guide, and award documents contain the primary criteria we applied during the audit.

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

Program Performance and Accomplishments

We reviewed progress reports, the award solicitations and documentation, and interviewed the grantee officials to determine whether CACPPR demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed progress reports to determine if the reports were accurate. Finally, we reviewed CACPPR's compliance with the special conditions identified in the award documentation.

Program Goals and Objectives

The objectives for Award Number 2013-CI-FX-K003 were to increase child victims' access to developmentally appropriate, neutral, trauma-informed professional investigation services; collaboration and coordination among professionals involved in the investigation, prosecution, and treatment of child abuse; access to children impacted by child abuse to trauma-informed professional medical services and to evidence-based, trauma-informed therapy; access by child

¹ The VOCA Regional CAC Program's western region is comprised of thirteen states, including Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washing, and Wyoming.

² Statements of mission and intent regarding OJP, OJJDP, CACPPR and WRCAC have been taken from the agencies' websites directly (unaudited).

victims and non-offending parents to well-trained victim advocates; the capacity of local communities to provide culturally responsive services to child victims of abuse and their families; the capacity of local communities to provide an effective, evidence-based, trauma-informed response to child abuse; the capacity of state Chapters to assist local communities in developing a consistent professional and sustainable response to child abuse; and the capacity of WRCAC to provide relevant training and technical assistance to child abuse professionals in the West by developing collaborations with national, regional, and statewide organizations, developing online trainings with other Regional CACs, and developing a multi-year strategy to improve services for professionals in the region.

The objectives for Award Number 2014-CI-FX-K003, which includes both the initial and supplemental award, were the same as Award Number 2013-CI-FX-K003 and included one additional objective to increase the capacity of staff from CACs, multidisciplinary teams, and partner agencies to work within a trauma-informed system, including prevention of secondary trauma.

Based on our review, there were no indications that CACPPR was not adequately achieving the stated goals and objectives of the awards.

Progress Reports

According to the OJP Financial Guide and the 2015 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. In order to verify the information in the progress reports, we judgmentally selected a sample of 16 performance measures from the 2 most recent reports submitted for each award. We then traced the items to supporting documentation maintained by CACPPR.

Based on our review, we did not identify any material instances where the accomplishments described in the progress reports did not match the supporting documentation.

Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the awards. We evaluated the special conditions for each award and selected a judgmental sample of the requirements that are significant to performance under the awards and are not addressed in another section of this report. Based on our sample, we did not identify any instances of CACPPR violating the special conditions of the awards.

Grant Financial Management

According to the OJP Financial Guide and the 2015 DOJ Grants Financial Guide, all recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for

funds awarded to them. To assess the CACPPR's financial management of the awards covered by this audit, we reviewed CACPPR's Single Audit Reports for fiscal years 2014, 2015, and 2016 to identify internal control weaknesses and significant non-compliance issues related to federal awards. We also conducted interviews with financial staff, examined policy and procedures, and inspected award documents to determine whether CACPPR adequately safeguards the award funds we audited. Finally, we performed testing in the areas that were relevant for the management of this award, as discussed throughout this report.

Based on our review, we identified weaknesses in CACPPR's award financial management. Specifically, we found that CACPPR charged unallowable personnel, contractor and consultant, and other direct costs to the award. Additionally, we found that the Federal Financial Reports (FFR) were generally not supported by the accounting records for the awards. These issues are discussed in more detail in the Personnel Costs, Contractor and Consultant Costs, Other Direct Costs, and Federal Financial Reports sections of this report.

Based on the above information, we have concluded that grant financial management related to the use of award funds, and accounting for and documenting award expenditures and income could be improved. As a result, we made two recommendations to OJP to address these deficiencies.

Grant Expenditures

For Award Numbers 2013-CI-FX-K003 and 2014-CI-FX-K003, CACPPR's approved budgets included personnel, fringe benefits, travel, office supplies, contractors and consultants, and other costs. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested 93 transactions totaling \$324,395, which included 44 transactions from Award Number 2013-CI-FX-K003 and 49 transactions for Award Number 2014-CI-FX-K003. As discussed in the following sections, based on our review, we identified \$185,773 in total unallowable costs. In response to our audit, CACPPR remedied \$167,244 in unallowable costs, resulting in remaining unallowable questioned costs totaling \$18,529.

Personnel Costs

As part of our sample, we reviewed 26 payroll transactions totaling \$118,671, which included all salary and fringe benefits expenditures for 2 non-consecutive pay periods for both awards. We also reviewed one additional transaction totaling \$806, related to an employee hired through a temporary staffing agency under Award Number 2014-CI-FX-K003. For the 26 payroll transactions, we determined that the expenditures were computed correctly, properly authorized, accurately recorded, and properly allocated to the awards. The employee paid through the temporary staffing agency was hired as WRCAC's Project Support Coordinator. However, this position was not included in either the initial or supplemental budgets for Award Number 2014-CI-FX-K003. According to the OJP Financial Guide and 2015 DOJ Grants Financial Guide, a Grant Adjustment

Notice (GAN) is required for changes to budgeted staff with primary responsibility for implementation of the award. As a result, we expanded our analysis to include all unallowable costs related to temporary staffing agency expenditures charged to the award totaling \$13,827 for the position that was not included as part of the award budget. CACPPR's Chief Financial Officer (CFO) acknowledged that some award expenditures were not included in the approved budget and CACPPR intended to file a GAN to include these costs. However, in order to reduce CACPPR's administrative burden, the CFO was refraining from filing a GAN until CACPPR had a comprehensive list of everything that needed to be added to the budget. Prior to the issuance of this report, CACPPR filed and OJP approved a GAN to include the new employee in the award budget. Therefore, we consider the \$13,827 in unallowable personnel costs charged to Award Number 2014-CI-FX-K003 remedied.

Contractor and Consultant Costs

As part of our sample, we reviewed eight contractor and consultant transactions totaling \$31,205. For Award Number 2013-CI-FX-K003, we found that based on the supporting documentation, CACPPR paid a contractor \$112.50 per hour to provide over-the-phone training, which exceeds OJP's maximum allowable consulting rate of \$81.25 per hour. As a result, we expanded our analysis to include all consulting fees in excess of the maximum hourly rate totaling \$1,375 paid to the contractor for both Award Numbers 2013-CI-FX-K003 and 2014-CI-FX-K003. CACPPR officials stated that the \$112.50 rate actually represents 2 hours of work; 1 hour of preparation and 1 hour of over-the-phone time. However, the invoices clearly state that the consultant is charging \$112.50 per hour; as a result, we questioned the \$1,375 as unallowable.

Additionally, we found that for Award Number 2014-CI-FX-K003, CACPPR paid a contractor \$10,000 to develop a manual for new CAC directors. However, the handbook was not included in either approved initial or supplemental budgets; as a result, we questioned the \$10,000 as unallowable. Prior to the issuance of this report, CACPPR filed and OJP approved a GAN to include the handbook in the award budget. Therefore, we consider the \$10,000 in unallowable contractor and consultant costs charged to Award Number 2014-CI-FX-K003 remedied.

In total, we identified \$11,375 in unallowable costs related to contractor and consultant costs, of which CACPPR remedied \$10,000 prior to the issuance of this report. Therefore, we recommend OJP coordinate with CACPPR to remedy the remaining in \$1,375 in unallowable contractor and consultant costs.

Other Direct Costs

As part of our sample, we reviewed 58 other direct cost transactions totaling \$173,713. The approved budget for Award Number 2014-CI-FX-K003 included impact stipends for CACs within the western region to enable staff or multidisciplinary team members to attend professional trainings not offered by CACPPR. However, we identified two impact stipends in our sample that were

awarded as technology stipends. The stipends were used to pay for computers, monitors, software, a microphone, and training. Additionally, one of the stipends in our sample was awarded as a reimbursement for salary expenditures incurred by a CAC. Although CACPPR included stipends in their budgets, neither the original nor the supplemental budgets for Award Number 2014-CI-FX-K003 included technology or salary stipends. As a result, we expanded our analysis to include all unallowable technology and salary stipends totaling \$131,254. Prior to the issuance of this report, CACPPR filed and OJP approved a GAN to include the stipends in the award budget. Therefore, we consider the \$131,254 in unallowable contractor and consultant costs charged to Award Number 2014-CI-FX-K003 remedied.

Based on our analysis, we also identified \$11,250 in unallowable monthly rent for an office space in Washington charged to Award No. 2014-CI-FX-K003. The space was a satellite office used by the WRCAC Executive Director and her assistant, who were both based out of Washington. However, in addition to the fact the out-of-state rent was not included in the approved initial or supplemental budgets for Award Number 2014-CI-FX-K003, it was expressly excluded. Specifically, the award budgets stated that, "There is no charge for office space for staff housed in satellite offices in Oregon and Washington." As a result, we expanded our analysis to include all unallowable out-of-state rent charged to the award, resulting in questioned costs totaling \$11,250. Prior to the issuance of this report, CACPPR filed and OJP approved a GAN to include the rent in the award budget. Therefore, we consider the \$11,250 in unallowable rent costs charged to Award Number 2014-CI-FX-K003 remedied.

Additionally, we noted that CACPPR charged rent to Award Number 2013-CI-FX-K003 for a building that it owned. CACPPR staff indicated that they thought of the rental charges as a way to cover WRCAC's portion of the building's costs, since the WRCAC program takes space away from CACPPR's primary function as a local CAC. However, according to the OJP Financial Guide, rental costs may not be charged to the award if the recipient owns the building or has a financial interest in the property. As a result, we expanded our analysis to include all unallowable rent charged to Award Number 2013-CI-FX-K003 that CACPPR paid to itself for a building it owned, resulting in questioned costs totaling \$16,500.

Our sample for Award Number 2014-CI-FX-K003 included \$178 in unallowable costs for bottled water that was not included in the approved award budget. Additionally, according to the *Principles of Federal Appropriations Law*, generally, appropriated funds are not available to pay for bottled water for the personal use of employees. As a result, we expanded our analysis to include all transactions related to bottled water for both Award Numbers 2013-CI-FX-K003 and 2014-CI-FX-K003, and identified \$1,567 in unallowable costs. Prior to the issuance of this report, CACPPR officials removed the bottled water expenditures totaling \$913 out of Award Number 2014-CI-FX-K003, which was open at the time of our audit. Therefore, we consider the \$913 in unallowable bottled water expenditures for Award Number 2014-CI-FX-K003 remedied; however, CACPPR still needs to remedy the \$654 in unallowable bottled water expenditure charged to Award Number 2013-CI-FX-K003.

In total, we identified \$160,571 in unallowable costs related to other direct expenditures that were either not included in the budget or are expressly prohibited in the relevant criteria, of which CACPPR remedied \$143,417 prior to the issuance of this report. Therefore, we recommend that OJP coordinate with CACPPR to remedy the remaining \$17,154 in unallowable other direct costs.

Budget Management and Control

According to the OJP Financial Guide and 2015 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 award 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 award expenditures to the approved budgets to determine whether CACPPR 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 OJP Financial Guide and the 2015 DOJ Grant Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. As of November 17, 2016, CACPPR had drawn down a total of \$2,296,612 from the two audited awards.

To assess whether CACPPR managed award receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the award accounting records.

During this audit, we did not identify any deficiencies related to the recipient's process for developing drawdown requests. However, we identified deficiencies related to individual award expenditures that resulted in unallowable costs. We address those deficiencies in the Grant Expenditures section in this report.

Federal Financial Reports

According to the OJP Financial Guide and the 2015 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. Additionally, recipients must report cumulative program income. To

determine whether CACPPR submitted accurate FFRs, we compared the four most recent reports to CACPPR's accounting records for each award.

We found that in all but one instance CACPPR underreported the quarterly and cumulative expenditures in the eight reports that we reviewed, as shown in Table 2.

Table 2
FFR Accuracy - Expenditures

REPORT No.	PERIOD EXP. REPORTED IN FFR	PERIOD EXP. REPORTED IN THE GL	PERIOD DIFFERENCE	CUMULATIVE EXP. REPORTED IN THE FFR	CUMULATIVE EXP. REPORTED IN THE GL	CUMULATIVE DIFFERENCE
AWARD NUMBER 2013-CI-FX-K003						
5	107,255	108,642	(1,387)	123,480	124,460	(980)
6	129,861	129,861	-	253,341	254,321	(980)
7	363,125	375,322	(12,197)	616,466	629,643	(13,177)
8	341,746	345,862	(4,116)	958,212	975,505	(17,293)
AWARD NUMBER 2014-CI-FX-K003						
5	217,177	218,941	(1,764)	228,274	230,038	(1,764)
6	215,011	218,588	(3,577)	443,285	448,626	(5,341)
7	518,057	522,964	(4,907)	961,342	971,590	(10,248)
8	236,646	239,978	(3,332)	1,197,988	1,211,568	(13,580)

Source: OJP's Grants Management System and CACPPR

CACPPR officials explained that the differences in expenditures between the FFRs and the accounting records were most likely due to the fact that they were subtracting quarterly income from their expenditures before they were reported. However, based on our analysis, we determined that this only accounted for the differences in four of the eight reports that we reviewed.

Additionally, we determined that cumulative income reported in the FFRs did not match the accounting records, as shown in Table 3.

Table 3
FFR Accuracy - Income

REPORT No.	PERIOD INCOME IN GL	CUMULATIVE INCOME IN GL	CUMULATIVE INCOME REPORTED IN FFR	DIFFERENCE BETWEEN CUMULATIVE INCOME REPORTED IN GL AND THE FFR	CUMULATIVE INCOME REPORTED IN FFR EQUALS PERIOD INCOME IN THE GL
AWARD NUMBER 2013-CI-FX-K003					
5	980	980	980	-	✓
6	-	980	-	980	✓
7	4,067	5,047	4,067	980	✓
8	4,116	9,163	-	9,163	
AWARD NUMBER 2014-CI-FX-K003					
5	1,764	1,764	1,764	-	✓
6	3,577	5,341	3,577	1,764	✓
7	1,323	6,664	1,323	5,341	✓
8	3,332	9,996	3,332	6,664	✓

Source: OJP's Grants Management System and CACPPR

CACPPR's CFO stated that she reported period income rather than cumulative income, which was true for seven of the eight FFRs in our sample. Cumulative income was correctly reported in two of the eight FFRs sampled; however, this is most likely due to the fact that in both instances, it was the first time income was reported for each award.

Based on the information outlined above, we determined that CACPPR's FFRs were not accurate. Therefore, we recommend that OJP ensure that CACPPR accurately reports program expenditures and income in the final FFR for Award Number 2014-CI-FX-K003.

Conclusion

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives. We assessed CACPPR's program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports. Based on our audit testing, we identified \$185,773 in unallowable costs related to personnel, contractor and consultant, and other direct costs. Prior to the issuance of this report, CACPPR remedied \$167,244 in unallowable costs, resulting in remaining unallowable questioned costs totaling \$18,529. In addition, we determined that the FFRs submitted by CACPPR did not

match the award accounting records. As a result, we made two recommendations to OJP.

Recommendations

We recommend that OJP:

1. Remedy the \$18,529 in unallowable costs related to:
 - a. \$1,375 in unallowable questioned contractor and consultant costs related to consultant payments in excess of the maximum federal rate.
 - b. \$17,154 in unallowable questioned other direct costs related to rent paid for a building owned by CACPPR and bottled water.
2. Ensure that CACPPR accurately reports program expenditures and income on the final FFR for Award Number 2014-CI-FX-K003.

APPENDIX 1

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives. To accomplish this objective, 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 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 OJP OJJDP, cooperative agreements awarded to CACPPR dba Safe Passage under the VOCA Regional CAC Program. OJP awarded \$1,059,910 to CACPPR under Award Number 2013-CI-FX-K003 and \$1,590,000 under Award Number 2014-CI-FX-K003. As of November 17, 2016, CACPPR had drawn down \$2,296,612 of the total grant funds awarded. Our audit concentrated on, but was not limited to September 17, 2013, the award date for Award Number 2013-CI-FX-K003, through December 16, 2016, the last day of our fieldwork. Award Number 2013-CI-FX-K003 ended on September 30, 2015. Award Number 2014-CI-FX-K003 was still ongoing at the time of our review.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of CACPPR's activities related to the audited grants. We performed sample-based audit testing for award expenditures including payroll and fringe benefit charges; financial reports; and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The OJP Financial Guide, 2015 DOJ 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 as well as the CACPPR's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems was verified with documentation from other sources.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs: ³		
Unallowable Costs		
Contractor and Consultant Costs	1,375	5
Other Direct Costs	17,154	6-7
<i>Total Unallowable Costs</i>	<i>\$18,529</i>	
Net Questioned Costs	\$18,529	

³ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, or 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.

CHILDREN'S ADVOCACY CENTER OF THE PIKES PEAK REGION'S
RESPONSE TO THE DRAFT AUDIT REPORT



April 11, 2017

David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General U.S. Department of Justice
1120 Lincoln Street, Suite 1500
Denver, CO 80203

Dear Mr. Sheeren:

Following are the responses to the recommendations from the Children's Advocacy Center for the Pikes Peak Region dba Safe Passage (CACPPR) per the draft audit report for Cooperative Agreement Numbers 2013-CK-FX-K003 and 2014-CK-FX-K003.

Recommendation:

1. Remedy the \$18,529 in unallowable costs related to:
 - a. \$1,375 in unallowable questioned contractor and consultant costs related to consultant payments in excess of the maximum federal rate.

Response:

CACPPR does not concur with this recommendation. The audit report notes a finding of \$1,375 related to a payment to a contractor. The report notes that it appears the contractor was paid \$112.50 per hour, which would be above the federally allowed rate for that period of \$56.25 per hour. The amount paid by CACPPR to this contractor was based on a two-hour block at a rate of \$56.25/hr. However, if one multiplies \$56.25 x 2 one arrives at \$112.50 per hour. The error does not lie in the rate paid, rather in the explanation of the rate on the invoice. The two-hour block was to provide follow-up consultation and supervision to individuals who had participated in a previous training in an evidence-based mental health model. This consultation and supervision was provided over the phone and the two-hour block consisted of a one-hour planning period during which the contractor reviewed cases to be staffed and provided notes to the participants, and a one-hour phone call in which the cases were staffed.

For each invoice there are two documents. One lists the amount being charged as \$112.50 per hour. The other lists the \$112.50 as a *unit*. The description of the service as a unit is more accurate in that each call consisted of the one-hour pre- and post-work as well as the one-hour supervision call. So the actual rate we were paying the contractor was for two hours per month for a total of \$112.50.

The hospital office billing for these services was contacted to confirm their understanding of the billing. Here is their response:



423 South Cascade Avenue • Colorado Springs, CO 80903 • Telephone: (719) 636-2460 • FAX: (888) 273-8796 • www.SafePassageCAC.org

On Tue, Mar 14, 2017 at 11:47 AM, [REDACTED] wrote:

Hi Maureen,

Here are the contracts for 2014 & 2015. I was unaware of the increase. But the point of your question is about the billing of an hourly rate vs a unit rate. According to the contract of a rate/month. So yes, the rate per month of \$112.50 (or the increased amount in 2015) was to cover the hour of prep and hour of the call @ \$56.25 hour.

[REDACTED]

Although some of the invoices state \$112.50/hr., it was clearly understood by the contractor, the individual doing the billing for the hospital, and our staff that the rate was for two hours per month at \$56.25/hr. for a total of \$112.50 per month.

Recommendation

b. \$17,154 in unallowable questioned other direct costs related to rent paid for a building owned by CACPPR and bottled water.

Response:

CACPPR concurs with this recommendation and has already made the adjustment in our accounting system by removing both of the questioned costs in the amount of \$17,154. CACPPR will issue a check for return of funds once we have the information from DOJ on how to reimburse these funds.

Recommendation:

2. Ensure that CACPPR accurately reports program expenditures and income on the final FFR for Award Number 2014-CI-FX-K003.

Response:

CACPPR concurs with this recommendation and agrees to report program income and expenditures in cumulative on the final FFR for award number 2014-CI-FX-K003. The differences were due to reporting by period and not cumulative.

Closing remarks:

As to additional information in support of variances on the FFR reports and the detail GL please see Attachment 1 for 2013-CK-FX-K003 and Attachment 2 for 2014-CK-FX-K003. The differences in expenses was due to program expenses being reported by period and not cumulative and in two cases the expenses reported on the detail GL included accrued vacation and depreciation (both of which were recorded for external audit purposes) but excluded on the FFR because they are non-cash, non-allowable expenses. The difference in income was due to program income being reported by period and not cumulative. When the final FFR for FY14 grant is completed for quarter ending March 31, 2017 the program income and expenses will be reported in cumulative which will demonstrate that all income

and expenses have been reported accurately. If requested, CACPPR can prepare a revised final FFR for the FY13 grant with program income and expenses reported in cumulative.

I was not asked during the audit process to provide these additional documents for review and would request this information be taken into consideration before the final audit report is presented.

Please let me know if you have additional questions or need further explanation or support for the above information.

Sincerely,



Maureen Basenberg, MPA
Executive Director

cc: Crystal Collette
Chief Financial Officer
Children's Advocacy Center for the Pikes Peak Region

Linda J. Taylor
DOJ Office of Justice Programs
Lead Auditor, Audit Coordination Branch
Audit and Review Division

**OFFICE OF JUSTICE PROGRAMS'
RESPONSE TO THE DRAFT AUDIT REPORT**



U.S. Department of Justice
Office of Justice Programs
Office of Audit, Assessment, and Management

Washington, D.C. 20531

APR 20 2017

MEMORANDUM TO: David Sheeren
Regional Audit Manager
Denver 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 of Juvenile Justice and Delinquency Prevention, Cooperative Agreements Awarded to the Children's Advocacy Center for the Pikes Peak Region dba Safe Passage, Colorado Springs, Colorado*

This memorandum is in reference to your correspondence, dated March 22, 2017, transmitting the above-referenced draft audit report for the Children's Advocacy Center for the Pikes Peak Region (CACPPR) dba Safe Passage. We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **two** recommendations and **\$18,529** 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 remedy the \$18,529 in unallowable costs related to:

a. \$1,375 in unallowable questioned contractor and consultant costs related to consultant payments in excess of the maximum federal rate.

OJP agrees with this subpart of the recommendation. We will review the \$1,375 in questioned costs, related to contractor and consultant costs in excess of the maximum Federal rate that the CACPPR charged to cooperative agreement numbers 2013-CI-FX-K003 and 2014-CI-FX-K003; and work with CACPPR to remedy, as appropriate, any such costs determined to be unallowable.

b. \$17,154 in unallowable questioned other direct costs related to rent paid for a building owned by CACPPR and bottled water.

OJP agrees with this subpart of the recommendation. To remedy the \$17,154 in questioned costs charged to cooperative agreement number 2013-CI-FX-K003, related to rent paid for a building owned by CACPPR and bottled water, CACPPR returned the funds to the U.S. Department of Justice (DOJ), adjusted its accounting records to remove the costs, and submitted a revised final Federal Financial Report (FFR) for the award (see Attachment). Accordingly, the Office of Justice Programs requests closure of this subpart of the recommendation.

2. We recommend that OJP ensure that CACPPR accurately reports program expenditures and income on the final FFR for Award Number 2014-CI-FX-K003.

OJP agrees with this recommendation. We will coordinate with CACPPR to ensure that all program income and related expenditures, attributable to cooperative agreement number 2014-CI-FX-K003, are properly reported on the final FFR for this award.

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.

Attachment

cc: Maureen A. Henneberg
Deputy Assistant Attorney General
for Operations and Management

Lara Allen
Senior Advisor
Office of the Assistant Attorney General

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

Eileen Garry
Acting Administrator
Office of Juvenile Justice and Delinquency Prevention

Chyrl Jones
Deputy Administrator
Office of Juvenile Justice and Delinquency Prevention

cc: Amy Callaghan
Special Assistant
Office of Juvenile Justice and Delinquency Prevention

James Antal
Associate Administrator
Office of Juvenile Justice and Delinquency Prevention

Jeffrey Gersh
Deputy Associate Administrator
Youth Development, Prevention and Safety Division
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cc: Aida Brumme
Manager, Evaluation and Oversight Branch
Grants Financial Management Division
Office of the Chief Financial Officer

Richard P. Theis
Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number IT20170322123654

**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 OJP and the Children’s Advocacy Center for the Pikes Peak Region (CACPPR) for review and official comment. CACPPR’s response is incorporated in Appendix 3 and OJP’s response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP concurred with our recommendations, as a result, the status of the audit report is resolved. CACPPR disagreed with our recommendation concerning unallowable contractor costs. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations to OJP:

1. Remedy the \$18,529 in unallowable costs related to:

- a. \$1,375 in unallowable questioned contractor and consultant costs related to consultant payments in excess of the maximum federal rate.**

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with CACPPR to remedy the \$1,375 in unallowable consultant costs.

CACPPR did not agree with our recommendation and stated in its response that the contractor was paid an allowable federal rate of \$56.25 per hour versus the \$112.50 per hour rate identified in our report. CACPPR officials stated that \$112.50 was based on a 2-hour block rate, which consisted of a 1-hour planning period during which the contractor reviewed cases to be staffed and provided notes to the participants, and a 1-hour phone call in which the cases were staffed. CACPPR also provided a general statement from the contractor asserting that the rate was representative of two hours of work. However, the invoices clearly state that the consultant was charging \$112.50 per hour, and CACPPR was unable to provide sufficient additional evidence to demonstrate that the contractor was in fact providing two hours of service for every \$112.50 billed.

This recommendation can be closed when we receive documentation demonstrating OJP has remedied the \$1,375 in unallowable contractor costs.

b. \$17,154 in unallowable questioned other direct costs related to rent paid for a building owned by CACPPR and bottled water.

Closed. OJP agreed with our recommendation and provided documentation demonstrating that CACPPR returned \$17,154 to the U.S. Department of Justice.

We reviewed the documentation and determined it adequately addresses our recommendation; therefore, this subpart of the recommendation is closed.

2. Ensure that CACPPR accurately reports program expenditures and income on the final FFR for Award Number 2014-CI-FX-K003.

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with CACPPR to ensure that it accurately reports program expenditures and income on the final FFR for Award Number 2014-CI-FX-K003.

CACPPR agreed with our recommendation and stated in its response that it will accurately report cumulative expenditures and cumulative income on its final FFR. In its response and the accompanying attachments, CACPPR provided additional details regarding the differences between the FFRs and CACPPR's accounting records. CACPPR explained that the award accounting records included accrued vacation and depreciation, which were recorded for external audit purposes, but excluded on the FFR because they are non-cash, unallowable expenses. This explanation, along with CACPPR's practice of subtracting expended program income from expenditures prior to reporting expenditures, accounts for the differences that we identified in the FFRs we reviewed for both awards. However, in our judgment, non-grant expenditures should not be included in the award accounting records or should be clearly labeled as a non-federal contribution.

Additionally, CACPPR officials stated they were not asked to provide additional documentation related to this issue during the audit process. We disagree with this statement. On February 1, 2017, we emailed CACPPR the results of our FFR analysis and asked about the discrepancies that we identified. In its response to that inquiry CACPPR stated that the differences were due to its practice of subtracting expended program income from expenditures reported on the FFR, as discussed in the Federal Financial Reports section of this report. CACPPR failed to mention the fact that other unallowable expenditures included in its award accounting records are also excluded from its FFRs.

This recommendation can be closed when we receive documentation showing that CACPPR accurately reported program expenditures and income on the final FFR for Award Number 2014-CI-FX-K003.

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