



**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
OFFICE FOR VICTIMS OF CRIME GRANTS AWARDED TO  
THE PENNSYLVANIA COMMISSION ON CRIME AND  
DELINQUENCY  
HARRISBURG, PENNSYLVANIA**

U.S. Department of Justice  
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**EXECUTIVE SUMMARY**

The U.S. Department of Justice Office of the Inspector General, Audit Division, has completed an audit of two Office for Victims of Crime grants awarded to the Pennsylvania Commission on Crime and Delinquency (PCCD), located in Harrisburg, Pennsylvania. These grant awards were funded by the American Recovery and Reinvestment Act of 2009 (Recovery Act). The grants we audited included the Victims of Crime Act Victim Compensation Formula Grant Program (Victim Compensation grant), grant number 2009-SF-B9-0090, which totaled \$1,536,233, and the Victims of Crime Act Victim Assistance Formula Grant Program (Victim Assistance grant), grant number 2009-SG-B9-0117, which totaled \$1,323,000. The Victim Compensation grant provided funds to enhance victim compensation payments to eligible crime victims. The Victim Assistance grant provided funds to enhance crime victim services in Pennsylvania.

The objective of our audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants. We also evaluated PCCD's program performance in meeting objectives and overall accomplishments for each grant.

We determined that PCCD did not fully comply with the grant requirements we tested. We reviewed PCCD's compliance with seven essential grant conditions and found weaknesses in three of the areas we tested: grant expenditures, performance reports, and the monitoring of subgrantees. For the Victim Compensation grant, we found inconsistencies between PCCD's accounting records and performance data. For the Victim Assistance grant, we found that PCCD was unable to support all of the expenditures drawn down, totaling \$530,689 of the original grant award of \$1,323,000, and lacked sufficient subgrantee monitoring. As a result, we questioned \$530,689 in expenditures.

In addition to the questioned costs, we found management improvement findings related to performance reporting, drawdowns, and the monitoring of subgrantees. We determined that PCCD did not require subgrantees to submit supporting documentation for performance or fiscal reports, performance reports were inaccurately submitted, drawdowns were not based on actual costs, and subgrantees were not sufficiently monitored.

These items are discussed in detail in the Findings and Recommendations section of this report. Our audit objectives, scope, and methodology appear in Appendix I.

We discussed the results of our audit with PCCD officials and have included their comments in the report, as applicable. Additionally, we requested a response to our draft report from PCCD and OJP, and their responses are appended to this report as Appendix III and IV, respectively. Our analysis of both responses, as well as a summary of the actions necessary to close the recommendations can be found in Appendix V of this report.

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## INTRODUCTION

The U.S. Department of Justice Office of the Inspector General, Audit Division, has completed an audit of the Office for Victims of Crime (OVC) 2009 Victims of Crime Act Victim Compensation Formula Grant Program (Victim Compensation grant), grant number 2009-SF-B9-0090, which totaled \$1,536,233, and the 2009 Victims of Crime Act Victim Assistance Formula Grant Program (Victim Assistance grant), grant number 2009-SG-B9-0117, which totaled \$1,323,000. Both grants were funded through the American Recovery and Reinvestment Act of 2009 (Recovery Act), and were awarded to the Pennsylvania Commission on Crime and Delinquency (PCCD).

The Victim Compensation grant provided funds from the Recovery Act to enhance victim compensation payments to eligible crime victims by providing financial assistance to federal and state victims of crime. The Victim Assistance grant provided funds from the Recovery Act to enhance crime victim services by funding competitive grants awarded by Pennsylvania to local community-based organizations that provide direct services to crime victims.

The purpose of our audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants. We also evaluated PCCD's overall program performance and accomplishments in meeting grant objectives for the funded programs. As shown in the table below, PCCD received two awards totaling \$2,859,233.

### Office for Victims of Crime Grant to Pennsylvania Commission on Crime and Delinquency

Grant Award Number	Award Start Date	Award End Date	Award Amount
2009-SF-B9-0090	04/24/09	09/30/12	\$ 1,536,233
2009-SG-B9-0117	04/24/09	09/30/12	1,323,000
<b>Total</b>			<b>\$ 2,859,233</b>

Source: OVC grant files

## **Office for Victims of Crime**

The Office for Victims of Crime (OVC), within the U.S. Department of Justice, provides primary management and oversight of the grants we audited. OVC works to enhance the nation's capacity to assist crime victims and to provide leadership in changing attitudes, policies, and practices to promote justice and healing for all victims of crime.

The Crime Victims Fund (the Fund) was established by the 1984 Victims of Crime Act (VOCA). The Fund supports programs that significantly impact the lives of more than 4.2 million crime victims each year. Since its inception, the Fund has been supported by fines, penalty assessments, and bond forfeitures collected from convicted federal offenders, not tax dollars. In 2001, legislation passed which allows the Fund to also receive gifts, donations, and bequests from private entities. OVC distributes money deposited into the Fund directly to states to support state compensation and assistance services for victims and survivors of domestic violence, sexual assault, child abuse, drunk driving, homicide, and other crimes.

## **American Recovery and Reinvestment Act**

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The purposes of the Recovery Act are to: (1) preserve and create jobs and promote economic recovery; (2) assist those most impacted by the recession; (3) provide investments needed to increase economic efficiency by spurring technological advances in science and health; (4) invest in transportation, environmental protection, and other infrastructure that will provide long term economic benefits; and (5) stabilize state and local government budgets in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

Specifically, under this solicitation, OVC was to award each eligible state compensation program a Recovery Act - VOCA victim compensation formula grant to support the provision of crucial financial assistance to victims throughout the nation, and a Recovery Act - VOCA victim assistance formula grant to support the provision of services to victims of crime throughout nation.

## **Victim Compensation Formula Grant Program**

All states have established compensation programs for crime victims. These programs reimburse victims for crime-related expenses such as

medical costs, mental health counseling, funeral and burial costs, and lost wages or loss of support. Although each state compensation program is administered independently, most programs have similar eligibility requirements and offer comparable benefits. Compensation is paid only when other financial resources, such as private insurance and offender restitution, do not cover the loss. Some expenses are not covered by most compensation programs, including theft, damage, and property loss. To receive compensation, victims must comply with state statutes and rules, which generally require victims to cooperate with reasonable requests of law enforcement, and submit a timely application to the compensation program. VOCA funds supplement state efforts to compensate crime victims. Currently, compensation programs are reimbursed for 60 percent of all eligible state compensation payments from the previous year. For fiscal years 1986 through 2003, OVC distributed \$1,203,684,429 in VOCA compensation grant funds.

According to a PCCD grant official, the goal of the Victim Compensation grant was to provide financial assistance to victims of crime. PCCD was awarded grant funds in April 2009 but did not start spending grant funds until July 1, 2009. PCCD had spent \$1,461,318, or 95 percent of grant funds, to serve victims as of June 30, 2010. In addition, PCCD planned to spend the remainder of the grant funds as part of a public awareness campaign to increase visibility about the Victim Compensation Program for crime victims in hospital emergency waiting rooms.

### **Victim Assistance Formula Grant Program**

Each year, states and territories receive Victim Assistance grant funds to support community-based organizations that serve crime victims. Approximately 5,600 grants are made to domestic violence shelters, rape crisis centers, child abuse programs, and victim service units in law enforcement agencies, prosecutors' offices, hospitals, and social service agencies. These programs provide services that include crisis intervention, counseling, emergency shelter, criminal justice advocacy, and emergency transportation.

States and territories are required to give priority to programs serving victims of domestic violence, sexual assault, and child abuse. Additional funds must be set aside for underserved victims, such as survivors of homicide victims and victims of drunk drivers. For fiscal years 1986 through 2003, states were provided \$3,062,972,335 in VOCA Victim Assistance grants from OVC.

According to a PCCD grant official, the goal of this Victim Assistance grant was to provide direct services to crime victims in support of the Recovery Act objectives; to preserve and create jobs and promote economic recovery. PCCD implemented this grant through the use of four subgrantees that were to provide victim services.

### **Victims Assistance Grant Subgrantee Award Amount**

<b>Subgrantee</b>	<b>Award Amount</b>
Pinnacle Health System <sup>1</sup>	\$ 149,410
Women Against Abuse, Inc.	255,788
Women Organized Against Rape	221,518
Anti-Violence Partnership of Philadelphia	678,680
Remainder of Award – to be allocated among subgrantees	17,604 <sup>2</sup>
<b>Total Victims Assistance Grant Award Amount</b>	<b>\$1,323,000</b>

The subgrantees served four categories of victims: child abuse, domestic violence, sexual assault, and the underserved. From the beginning of the grant award through June 30, 2010, PCCD paid the four subgrantees a total of \$530,689, or 40 percent of grant funds.

### **Pennsylvania Commission on Crime and Delinquency**

PCCD was established in 1978 to improve the criminal justice system in Pennsylvania. PCCD works with the Pennsylvania Governor's Office to help coordinate the work of state and local criminal justice agencies to increase communication, effectiveness, and efficiency. PCCD allocates federal and state funds to victims, victim service providers, criminal and juvenile justice agencies, and works to help communities improve the administration of justice in a variety of ways.

PCCD's mission is to enhance the quality of criminal and juvenile justice systems, facilitate the delivery of services to victims of crime, and assist communities to develop and implement strategies to reduce crime and victimization. PCCD's vision is to be a state and national leader by providing

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<sup>1</sup> Pinnacle Health System had three contracts for three separate counties, which are Dauphin, Lebanon, and Perry counties.

<sup>2</sup> According to a PCCD official, the remaining \$17,604 will eventually be used to extend and augment one of the subgrants.

innovative services and programs that promote justice for all citizens and communities in Pennsylvania.

## **Our Audit Approach**

We tested compliance with what we considered to be the most important conditions of the grants. Unless otherwise stated in our report, we applied the Department of Justice Office of Justice Programs (OJP) Financial Guide as our primary criteria during our audit. The OJP Financial Guide serves as a reference manual assisting award recipients in their fiduciary responsibility to safeguard grant funds and ensure that funds are used appropriately and within the terms and conditions of awards. We tested PCCD's:

- **Internal control environment** to determine whether the financial accounting system and related internal controls were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grants.
- **Grant expenditures** to determine whether the costs charged to the grants were allowable and supported.
- **Monitoring of subgrantees** to determine whether PCCD had taken appropriate steps to ensure that subgrantees complied with grant requirements.
- **Grant drawdowns** to determine whether requests for reimbursement, or advances, were adequately supported, and if PCCD managed grant receipts in accordance with federal requirements.
- **Reporting** to determine whether the required Federal Financial Reports, performance reports, and Recovery Act reports were filed on time and accurately reflected grant activity.
- **Program performance and accomplishments** to determine whether PCCD achieved grant objectives, and to assess performance and grant accomplishments.
- **Compliance with other grant requirements** to determine whether PCCD complied with the terms and conditions specified in the individual grant award documents.

When applicable, we also test for compliance in the areas of matching funds, accountable property, indirect costs, program income, and monitoring contractors. For this grant, we determined that PCCD charged no indirect costs, did not obtain accountable property, matching funds were not required, the grant-funded program generated no program income, and there were no contractors. In addition, formula grant programs do not require financial clearance from OJP; therefore, we did not test budget management and control.

## **FINDINGS AND RECOMMENDATIONS**

### **COMPLIANCE WITH ESSENTIAL GRANT REQUIREMENTS**

We determined that PCCD generally complied with the essential grant requirements in the areas we tested for both the Victim Compensation grant and the Victim Assistance grant. However, for the Victim Assistance grant we found: (1) expenditures made with grant funds that were unsupported because of inadequate documentation; (2) weaknesses in the drawdown process; and (3) a lack of subgrantee monitoring. For both grants, we found weaknesses in grant reporting, including inaccurate and unsupported performance reports. As a result of these deficiencies, we questioned \$530,689 in unsupported expenditures for the Victim Assistance grant. These conditions, including the underlying causes and potential effects on the OVC programs, are further discussed in the body of this report.

#### **Internal Control Environment**

We began this audit by developing an understanding of PCCD's financial management system, policies and procedures, and the 2008 Single Audit Report to assess PCCD's risk of non-compliance with laws, regulations, guidelines, and the terms and conditions of the grants. We also interviewed officials from the organization to further assess risk to determine if controls were adequate to separately account for and maintain grant funds for each award.

According to the OJP Financial Guide, grant recipients are responsible for establishing and maintaining an adequate system of accounting and internal controls. An acceptable internal control system provides cost and property controls to ensure the optimal use of funds.

While our audit did not assess PCCD's overall system of internal controls, we did review the internal controls of PCCD's financial management system specific to the management of funds for each grant award during the grant periods under review. Overall, we identified internal control deficiencies that are discussed in greater detail below, and these deficiencies taken as a whole warrant the attention of PCCD management for necessary corrective action.

According to a PCCD official, federal funding sources were assigned a unique fund number and every individual grant award was assigned a unique internal order number. We verified that PCCD had a separate funding source and internal order numbers for both grants.

For the Victim Compensation grant, funds were primarily used to pay claims for losses, such as payments for funerals, loss of support, loss of earnings, counseling, relocation, hospitals and other medical providers, and claimants. We reviewed the claims process used by PCCD and found that claims went through several stages, including meeting eligibility requirements, verification, and the award process. Claims were also required to be signed off by several individuals in order to be approved and funded. After our review of the claims process, accounting information, and our interviews with grant officials, we determined that the internal controls being used by PCCD were working and adequate to safeguard grant funds received, and ensured the compliance with the terms and conditions of the Victim Compensation grant.

The Victim Assistance grant was used to reimburse subgrantees. While PCCD separately accounted for these grant funds, they did not require subgrantees to submit supporting documentation to verify claims of achievement or in conjunction with requests for reimbursement. Because of this, we could not perform transaction testing due to a lack of support, determine whether costs charged to the grant were allowable, or verify PCCD's claims of achievement.

Additionally, prior to administering the Victim Assistance grant, PCCD did not evaluate the subgrantees' financial management systems nor did they evaluate the subgrantees' internal processes and procedures for administering the award and adhering to the terms and conditions of the grant. PCCD also did not identify the subgrantees' key internal controls or assess their effectiveness. According to PCCD's fiscal monitoring form, the subgrantee is responsible for establishing and maintaining an adequate system of accounting and internal controls for itself. We believe that because PCCD relies on the self-monitoring of subgrantees, these issues can lead to internal shortcomings specific to the Victim Assistance grant and increase the potential for fraud, waste, and abuse of grant funds, as well as the spending of funds on unauthorized and unallowable purposes.

## **Expenditures**

According to the OJP Financial Guide, a grantee is responsible for establishing and maintaining an adequate financial system and accounting

records to accurately account for funds awarded. To determine whether expenditures made by PCCD using grant funds were allowable and adequately supported, we reviewed supporting documentation for those transactions we tested for the Victim Compensation grant program. Because PCCD did not require subgrantees to submit any supporting documentation, nor was any supporting documentation available as a result of PCCD monitoring activities, we could not perform transaction testing for the Victim Assistance grant.

### *Victim Compensation Grant*

For the Victim Compensation grant, we found that PCCD used grant funds to pay the claims of victims of crime for losses, such as funeral, loss of support, loss of earnings, counseling, relocation, hospital and other medical providers, and claimants. As of June 30, 2010, PCCD had incurred expenditures and made drawdowns totaling \$1,461,318, or 95 percent of the \$1,536,233 of the original grant award. PCCD planned to use the remaining funds as part of a public awareness campaign to increase the visibility of the Victim Compensation Program for crime victims in hospital emergency rooms.

Expenditures associated with this grant were used to pay for all victim compensation claims from July 1, 2009, to August 25, 2009. During this period, PCCD provided \$1,459,423 in payments to claimants and providers. To determine whether these expenditures were allowable, according to the terms of the grant, supported with proper documentation, and reasonable, we tested the compensation program's transactions.

For expenditure testing purposes, we judgmentally selected a sample of 55 transactions representing 694 claim numbers that totaled \$1,068,267 in grant funding. We reviewed files associated with each of these claims in order to determine whether payments were allowable and supported. As part of our testing, we reviewed supporting documents PCCD used to determine the victim's eligibility and payment amount. These supporting documents included, but were not limited to, police reports, invoices from providers, and claimant information documents. In all of the 55 transactions we reviewed, we found no evidence of expenditures being unallowable or unsupported.

According to VOCA Crime Victim Compensation Program guidelines, grantees may retain up to 5 percent of each year's grant for administrative costs to expand, enhance, or improve the state's previous level of effort in administering the VOCA grant program at the state level and to support

activities and costs that impact the delivery and quality of services to crime victims throughout the state. Further, the grantee is required to submit a statement to OVC which reports the amount of the total grant award that will be allocated to administrative costs.

PCCD stated on their quarterly Recovery Act reports that they will use 5 percent, or \$76,812, of the grant award as part of a public awareness campaign to increase visibility of the program for crime victims in hospital emergency rooms. As of June 30, 2010, PCCD spent \$1,896 on a Victim Compensation program logo design and card designs. PCCD planned to spend the remaining funds on printing cards and posters, and purchasing card holders for about 300 emergency room waiting areas in Pennsylvania. We determined that these expenses were allowable according to the guidelines, as these items should increase the visibility of the Victim Compensation program. We also determined that PCCD appropriately submitted the required statement in the quarterly reports.

#### *Victim Assistance Grant*

As of June 30, 2010, PCCD had incurred expenditures and made funding requests (drawdowns) totaling \$530,689, or 40 percent of the original grant award of \$1,323,000. PCCD used these funds to provide direct services to crime victims through four subgrantees in support of the Recovery Act objectives of preserving and creating jobs and promoting economic recovery. The subgrantees were to provide essential services to crime victims and, according to a PCCD grant official, the funding for the subgrantees to provide these services has resulted in retained positions commensurate with meeting the goals of the Recovery Act funding.

To support the expenditures made through this grant, which were made up of payments to the four subgrantees, PCCD required subgrantees to submit quarterly fiscal and performance reports in order for them to receive their reimbursements.<sup>3</sup> The information from the quarterly reports

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<sup>3</sup> In addition to normal reporting requirements, grantees receiving Recovery Act funding must submit quarterly reports, which require both financial and programmatic data. Reports are due within 10 calendar days after the end of each quarter, beginning with the July to September 2009 reporting period.

was then used to report information for annual and Recovery Act reports to OVC.<sup>4</sup> During our audit, we found that PCCD did not require any supporting documentation to be submitted by the subgrantees with quarterly fiscal reports. According to a PCCD grant official, subgrantees were expected to maintain the records and documentation to substantiate all subgrantee expenditures, but not required to submit any of that documentation to PCCD in support of reimbursement requests. As a result, we could not determine what grant-funded services were provided by the subgrantees, and in particular, whether the charges were allowable or adequately supported.

Because PCCD did not obtain and maintain any supporting documentation from their subgrantees, we question \$530,689 in unsupported expenditures. In our view, when expenditures are unsupported it greatly increases the risk of unallowable and inappropriate charges to the grant.

### **Monitoring of Subgrantees**

According to the OJP Financial Guide, as the direct grant recipient, PCCD was responsible for all aspects of the grant-funded program, including proper accounting and financial recordkeeping of all subgrantee grant-funded expenditures. Moreover, PCCD was required to ensure that subgrantees had a system of internal controls in place to safeguard and account for the grant funds. PCCD was also required to provide adequate monitoring to ensure that subgrantees used the grant funds for their intended grant-authorized purpose. PCCD agreed to monitor its subawards under the Recovery Act in accordance with applicable statutes, regulations, OMB circulars, and guidelines, including the OJP Financial Guide, and to pass through the applicable award conditions in any subawards. PCCD was responsible for oversight of subgrantee spending and monitoring of specific outcomes and benefits attributable to the use of Recovery Act funds by its subgrantee. In addition, PCCD agreed to submit, upon request, documentation of its policies and procedures for monitoring of subawards under the Recovery Act.

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<sup>4</sup> For the annual report, the recipient agrees to provide information on the activities supported and an assessment of the effects that the Recovery Act victim assistance funds have had on services to crime victims within the State for a one year period (October 1 through September 30 – the federal fiscal year). This information will be submitted annually on the Victims of Crime Act Victim Assistance Grant Program State Performance Report, in accordance with the instructions developed by OVC. The information will be submitted no later than December 30 of each year.

After administering the grant award, PCCD grant officials monitored the four subgrantees through the review of quarterly fiscal and program reports submitted by the subgrantees and through telephone conferences and site visits. According to a PCCD grant official, PCCD conducted telephone conferences with each subgrantee after the subgrantee agreed to the terms of the award. Within the first 12 months of the project start date, PCCD performed an on-site monitoring visit at each of the four subgrantees. A second telephone conference was to be made towards the end of the contract date for all subgrantees.

PCCD required subgrantees to submit fiscal and program reports on a quarterly basis through PCCD's electronic grants management system. The information from the fiscal and program reports was then used to report information for the annual performance report and the quarterly Recovery Act reports submitted to OVC. PCCD's quarterly fiscal reports included subgrantee budget information, total funds received to date, expenditures to date, unpaid obligations, and unexpended cash. PCCD's quarterly performance reports included the specific Recovery Act performance measures (jobs retained), a description of victims served, and services provided by the subgrantee.

According to a grant official, PCCD did not check or verify the information that subgrantees submitted for either the fiscal or program reports. Because PCCD did not require the subgrantees to submit any supporting documentation for fiscal or program reports, PCCD could not provide us with documentation that supported the data reported by the four subgrantees within their reports. A PCCD official said that subgrantees were expected to maintain records and documentation to substantiate all expenditures made using grant funds, but not required to submit any of that documentation to PCCD.

While PCCD had taken steps to monitor subgrantees through on-site visits, telephone conferences, and quarterly reports, they did not require subgrantees to submit any supporting documentation, nor was any supporting documentation available as a result of PCCD monitoring activities. Because this information was not required or obtained, PCCD could not provide specific information or verify the details on what services the subgrantees provided to crime victims. Therefore, we could not verify the claims of achievement in the reports provided by PCCD to OJP, such as jobs retained or fiscal information.

This lack of monitoring places federal grant award funds at risk and undermines the ability of OVC to adequately administer and manage the

award, as well as ensure that federal funds are being adequately safeguarded and spent accurately and properly in accordance with the grant objectives. In our opinion, when subgrantees are not being sufficiently monitored, it is not possible to determine if the stated objectives of the grant are being met.

Additionally, as these funds are a part of the Recovery Act, we could not confirm that the funding was achieving any of the results being reported by PCCD.

## **Drawdowns**

The OJP Financial Guide establishes the methods by which the Department of Justice makes payments to grantees. The methods and procedures for payment are designed to minimize the time elapsed between the transfer of funds by the government and the disbursement of funds by the grantee.

To determine if drawdowns were completed in advance or on a reimbursement basis, after funds were spent, we interviewed grant officials and analyzed supporting documentation for the actual expenditures. To determine if funds were requested based on actual expenditures, we calculated the difference between the grant funds requested and received to the actual reported expenditures.

### *Victim Compensation Grant*

PCCD requested 95 percent of grant funds through three drawdowns, or funding requests, totaling \$1,461,318 as of June 30, 2010. According to a PCCD official, the remainder of the grant was to be spent on a public awareness campaign which would take place by the end of December 2010. Additionally, PCCD was awarded the funds in April 2009, but did not draw funds until September 2009.

We determined that grant funds were requested on a reimbursement basis. In addition, we determined that drawdowns were requested based on actual expenditures and did not exceed grant expenditures. As a result, we found that PCCD's drawdown procedures were adequate for this grant.

### *Victim Assistance Grant*

PCCD requested 40 percent of grant funds through 12 drawdowns, or funding requests, totaling \$530,689 as of June 30, 2010. PCCD awarded the

subgrantee contracts on June 9, 2009, but did not draw funds until September 2009, and the subgrantees' contract periods were from July 1, 2009 to June 30, 2011, or 24 months.

According to a PCCD official, PCCD reimbursed the subgrantees based on 1/24<sup>th</sup> of their contracted amount on a monthly basis, or in other words, provided funding as a fixed monthly reimbursement for the award period rather than rely on requests from the subgrantee that included supporting documentation for actual expenditures. According to PCCD officials, this was because the subgrantees (typically non-profit organizations) often had cash flow problems and relied on PCCD reimbursements to help sustain their operations. As a result, PCCD did not make funding requests to OVC based on actual expenses.

When payments are not made based on actual expenditures, it places federal grant award funds at risk and undermines the ability of OVC to adequately administer and manage the award, as well as ensure that federal funds are being adequately safeguarded and spent accurately and properly in accordance with the grant objectives.

## **Reporting**

### *Federal Financial Reports for the Victim Compensation Grant*

The financial aspects of OJP grants are monitored through Federal Financial Reports (FFRs).<sup>5</sup> According to the OJP Financial Guide, FFRs should be submitted within 30 days of the end of the most recent quarterly reporting period. Even for periods when there were no program outlays, a report to that effect must be submitted. Funds or future awards may be withheld if reports are not submitted or are excessively late.

Between January 2009 and June 2010, PCCD was required to submit a total of six FFRs for the Victim Compensation grant, and we found that PCCD submitted all of the required FFRs. We reviewed the submitted FFRs for both accuracy and timeliness. After conducting an analysis of the FFRs and the grantee's accounting records, we concluded that the accounting records accurately supported the FFRs that were provided. We also found that one of the six FFRs was submitted 6 days late. However, because only one

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<sup>5</sup> Effective for the quarter beginning October 1, 2009, grant recipients must report expenditures online using the Federal Financial Report (FFR-425) Form no later than 30 days after the end of each calendar quarter. The final report must be submitted no later than 90 days following the end of the grant period. These reports are no longer called Financial Status Reports.

report was late and the length of time was insignificant, the effect on OVC's ability to monitor the grant was, in our view, immaterial.

#### *Federal Financial Reports for the Victim Assistance Grant*

Between January 2009 and June 2010, PCCD was required to submit a total of six FFRs for the grant, and we found that PCCD submitted all of the required FFRs. We reviewed the submitted FFRs for both accuracy and timeliness. After conducting an analysis of the FFRs and the grantee's accounting records, we concluded that even though PCCD did not track expenditures by line item for its subgrantees, the accounting records they provided accurately supported the FFRs that were provided for the Victim Assistance grant. We also found that one of the six FFRs was submitted 6 days late. However, similar to the Victim Compensation grant, because only one report was late and the length of time was insignificant, the effect on OVC's ability to monitor the grant was, in our view, immaterial.

#### *Annual Performance Report for the Victim Compensation Grant*

Annual progress reports are submitted in order to present information on the performance of a grant. According to the special conditions set forth in the grant award documentation, the recipient agrees to complete and submit a Victims of Crime Act Victim Compensation Grant Program State Performance Report (compensation performance report) in accordance with the instructions developed by OVC. The reports are to be submitted no later than December 30 of each year.

We reviewed the compensation performance report submitted by PCCD for both accuracy and timeliness. The report consisted of four sections: (1) background information; (2) total number of claims during the reporting period by age group, eligibility status, and how the claim was processed; (3) details of the type of crime, the number of claims processed for that specific crime, and the total amount paid; and (4) the total expenses paid by services.

For the period we reviewed, PCCD was required to submit one performance report that was due by December 30, 2009. We found that PCCD submitted this report timely; however, we also found that some of the report's information was inaccurate. According to the OJP Financial Guide, a funding recipient agrees to collect data appropriate for facilitating reporting requirements and ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. Based on our review of the information

supporting the compensation performance report, we determined that there were a total of 1,172 unique claim numbers and 1,822 transactions processed by PCCD from July 1, 2009, to August 25, 2009. Through PCCD's claims processing software, the Victim Compensation grant funds were expended between July 1, 2009, and August 5, 2009. However, we found that the results of the compensation performance report did not match the results of the transaction data.

Specifically, we found that in calculating the statistics for the performance report, the data PCCD used only reflected the claims processed from July 1, 2009, to August 5, 2009. Because PCCD relied on data that the claims processing software generated without comparing and verifying the expenditures to the statistical data, the results reported in the compensation performance report were inaccurate.

During our audit, PCCD acknowledged there was a discrepancy between the performance reporting and the actual transaction data. PCCD had also notified OVC that there was an error in the report and were working to submit a revised report. In the future, PCCD plans to flag payments assigned to each federal award, which PCCD believed would make tracking expenditures faster, easier, and more accurate.

#### *Annual Performance Report for the Victim Assistance Grant*

We reviewed the submitted Victims of Crime Act Victim Assistance Grant Program State Performance report (assistance performance report) for both accuracy and timeliness. This report consisted of four sections: (1) background information; (2) total number of claims during the reporting period by age group, eligibility status, and how the claim was processed; (3) details of the type of crime, the number of claims processed for that specific crime, and the total amount paid; and (4) the total expenses paid by services.

PCCD was required to submit one assistance performance report during the period of our review that was due on December 30, 2009, and we found that PCCD submitted this report timely. Because PCCD did not require its subgrantees to submit supporting documentation, we could not verify the accuracy of this annual performance report.

According to PCCD grant officials, their electronic grants management system was designed to capture performance data, which includes jobs retained and fiscal information, through the submission of performance and fiscal reports by PCCD's subgrantees. However, because this was the only

documentation PCCD maintained for the performance of the assistance grant and no supporting documentation was obtained, we could not verify the accuracy of this assistance performance report.

As discussed earlier, PCCD lacks an effective means for monitoring subgrantee performance because they depend on subgrantees entering accurate information into PCCD's grants management system and do not collect supporting documentation to verify claims of achievement. When supporting documentation is not obtained and verified, it is not possible to determine if the stated performance objectives of the grant are being met.

#### *Recovery Act Reports for the Victim Compensation Grant*

In addition to the normal reporting requirements, grantees receiving Recovery Act funding must submit quarterly reports which require both financial and programmatic data. Reports are due within 10 calendar days after the end of each calendar quarter, beginning with the July to September 2009 reporting period. As of October 10, 2009, these reports must also include the cumulative activities and projects funded since the enactment of the Recovery Act on February 17, 2009. Recipients that received recovery funds from a federal agency are required to submit these reports to that agency, which should contain the following information:

- the total amount of recovery funds received from that agency;
- the amount of recovery funds received that were expended or obligated to projects or activities; and
- a detailed list of all projects or activities for which recovery funds were expended or obligated, including: the name of the project or activity, a description of the project or activity, an evaluation of the completion status of the project or activity, an estimate of the number of jobs created and the number of jobs retained by the project or activity, and detailed information on any subcontracts or subgrants awarded by the recipient.

We reviewed the submitted Recovery Act Reports for both accuracy and timeliness. Between January 2009 and June 2010, PCCD was required to submit a total of four Recovery Act Reports, and we found that PCCD submitted all four required Recovery Act Reports on time. After conducting an analysis of the Recovery Act Reports and the grantee's accounting records, we concluded that the accounting records accurately supported the Recovery Act Reports that were provided to OJP.

### *Recovery Act Reports for the Victim Assistance Grant*

We reviewed the submitted Recovery Act Reports for both accuracy and timeliness. Between January 2009 and June 2010, PCCD was required to submit a total of four Recovery Act Reports and we found that PCCD submitted all four required Recovery Act Reports on time. PCCD was required to report the total amount of recovery funds received, the amount of recovery funds that were expended or obligated to this project, a detailed list of all projects for which recovery funds were expended or obligated, and detailed information on any subgrantees.

After conducting an analysis of the Recovery Act Reports and the grantee's accounting records, we determined that the summary accounting records matched the amount reported as expended for the period on the Recovery Act Reports that were provided to OJP. While PCCD reported on all of the required information for the four quarters, we could not verify the number of jobs retained for each quarter because PCCD did not maintain supporting documentation.

### **Program Performance**

#### *Victim Compensation Grant*

The objective of this grant was to provide funds from the Recovery Act to enhance state victim compensation payments to eligible crime victims in Pennsylvania. In addition, the Victim Compensation grant provided financial assistance to federal and state victims of crime. As stated above, 95 percent of these funds were used to reimburse crime victims for expenses related to the crime incident. PCCD planned to spend the remaining 5 percent on outreach initiatives for the Victim Compensation Program in hospital emergency room waiting areas.

Under the VOCA, state programs are required to offer compensation to victims and survivors for the following four categories of expenses: medical expenses, mental health counseling and care, loss of wages, and funeral expenses. Other expenses may be authorized by state statute, rule, or other established policy.

Medical expenses can include crime incident-related hospital visits; doctor, dentist, ambulance, or physical therapy bills; medications; medical supplies; and medical equipment. Health counseling and care may include counseling/therapy bills for the victim, along with certain family members

related to the victim. Loss of wages may include receiving reimbursement if the victim is unable to work because of crime injuries. In homicide cases, any person who assumes the obligation or who pays for the funeral or burial expenses is eligible to file a claim for reimbursement of those costs. Other expenses may include loss of support, which a victim's family could receive if the person who financially supported them or their family was murdered. If a victim of crime needs to immediately relocate for safety or health reasons, some moving costs may be reimbursed. Finally, a victim may also be reimbursed for the costs related to the reasonable and necessary costs of cleaning the crime scene of a private residence.

### *Measuring Performance*

PCCD measured the effectiveness of the Victim Compensation grant through the number of victims served. According to a grant official, PCCD was successful in assisting 1,168 crime victims with \$1,459,421 in Recovery Act funds. However, we were unable to verify this information because of the inconsistencies between the accounting records and the performance data records previously mentioned.

In addition, PCCD used economic growth measures to measure its performance. These economic growth measures included amounts paid for funerals, loss of earnings, hospitals, providers, and claimants. While we could not verify the performance data due to inconsistencies between the accounting and performance records, in our opinion, PCCD was actively providing funds to crime victims based on the information we reviewed during transaction testing.

### *Program Sustainability*

In addition to receiving this grant, the Victims Compensation Program continues to sustain itself through the following funding sources;

- **Adult/Juvenile Penalty Assessment:** Imposed upon a criminal defendant or juvenile (either convicted, placed in a diversionary program, a consent decree or an adjudication).
- **Restitution:** A court-ordered payment from a defendant to the victim for injuries or losses as a result of a crime. If the compensation program has made an award to a victim, restitution payments must be paid directly to the compensation fund.

- Unclaimed Restitution: Court-ordered restitution that the offender has paid but the victim has not claimed is deposited by counties into the state general fund. These funds are then deposited by the state treasurer into the compensation fund, on or before June 30 of each year.
- Reimbursements: Any money returned to the program.
- Subrogation: An amount reimbursed to the compensation program when a crime victim receives an award through litigation or an insurance settlement or reimbursement. The compensation fund is entitled to this money by law, when an award has previously been made.
- Donations: Received for the fund.

As stated above, the objective of the grant was to provide funds from the Recovery Act to enhance state victim compensation payments to eligible crime victims and provide financial assistance to victims of crime. Based on our review of PCCD records, we determined that PCCD met their goals and objectives. PCCD served 1,172 victims of crime and planned to increase awareness of the program by conducting a public awareness campaign about the Victim Compensation program.

#### *Victim Assistance Grant*

The objective of the grant was to provide funds from the Recovery Act to enhance crime victim services in Pennsylvania by competitively awarding funds to local community-based organizations that provide direct services to crime victims.

As stated above, 40 percent of the total grant award, totaling \$1,323,000, had been used to reimburse subgrantees. These funds were used to provide direct services to crime victims in support of the Recovery Act objectives of preserving and creating jobs and promoting economic recovery through four subgrantees that were to provide essential services to crime victims. According to a PCCD grant official, the funding for the subgrantees to provide these services has resulted in retained positions. Because PCCD did not verify supporting documentation provided by the subgrantees, we could not determine if PCCD (through its subgrantees) has retained actual positions.

OVC awarded each eligible state assistance program a Recovery Act – VOCA victim assistance formula grant to support the provision of services to victims of crime throughout the nation. Services under this grant program were defined as those efforts that respond to the emotional and physical needs of crime victims; assist primary and secondary victims of crime to stabilize their lives after victimization; assist victims to understand and participate in the criminal justice system; and provide victims of crime with a measure of safety and security.

### *Measuring Performance*

PCCD measured the effectiveness of the Victims Assistance Program through the following funding guidelines:

- Number of jobs retained due to Recovery Act funding;
- Number of jobs created due to Recovery Act funding;
- Number of programs with uninterrupted service to victims as a result of Recovery Act funding;
- Number of programs that were reinstated to provide services to victims as a result of Recovery Act funding;
- Number of new partnerships established as a result of Recovery Act funding; and
- Number of partnerships continued as a result of Recovery Act funding.

As stated above, PCCD's subgrantees provide performance data in quarterly program reports through PCCD's electronic grants management system. According to a PCCD official, PCCD measures the progress toward achieving performance objectives through reviews of each subgrantee's quarterly performance report to see if a subgrantee is on track for meeting targets established in their respective grant applications.

According to the OJP Financial Guide, PCCD is required to retain supporting documents, statistical records, and all other records pertinent to the award. However, PCCD did not verify the information submitted by the subgrantees or require the subgrantees to submit supporting documentation because their grants management system was created to store important data, such as performance accomplishments. In our judgment, when subgrantees are not monitored for accuracy in reporting, it is not possible to

determine if the stated performance objectives of the grant were met. PCCD should collect and review supporting documentation to ensure performance measures are being met.

#### *Verification of Jobs Retained for the Victim Assistance Grant*

In developing the Victim Assistance Program, PCCD required each subgrantee to include personnel expenditures in the budgets they submitted to PCCD. Each subgrantee included a target number of jobs that would be retained through the use of grant funds. According to the subgrantees' submissions, there were 43 planned jobs that would be retained using the grant funding. According to the reports submitted by the subgrantees to PCCD, 59 positions were being retained by the subgrantees. Because PCCD did not require and maintain supporting documentation, we could not determine if the subgrantees, through PCCD, were meeting their stated targets for job retention.

According to a PCCD official, PCCD was serving the population by providing services to victims of crime and was also retaining jobs. However, because PCCD did not maintain supporting documentation, we could not verify that jobs were actually retained or victims of crime were actually being served as a result of the grant funds PCCD received.

#### *Program Sustainability*

According to a PCCD official, PCCD plans to sustain the Victim Assistance Program after the expiration of this grant. PCCD hopes to continue to receive VOCA grant funding and continue to serve victims of crime in Pennsylvania.

### **Compliance with Other Grant Requirements**

#### *Victim Compensation Grant*

In addition to the general grant requirements, we tested for compliance with terms and conditions specified in the grant award documents. The original grant award contained 31 special conditions. PCCD complied with all of the special conditions contained in the Victim Compensation grant.

## *Victim Assistance Grant*

In addition to the general grant requirements, we tested for compliance with terms and conditions specified in the grant award documents. The original grant award contained 29 special conditions. PCCD complied with 27 of the special conditions contained in the grant. PCCD did not maintain timesheets to document hours worked for activities related to this grant for subgrantee personnel and did not sufficiently monitor subgrantees.

According to a PCCD grant official, the goal of this grant was to provide direct services to crime victims in support of the Recovery Act objectives, and specifically to preserve and create jobs and promote economic recovery. We found that PCCD did not require the subgrantees to submit supporting documentation, as discussed earlier. Additionally, PCCD did not maintain the timesheets for all staff funded using grant funds, which was one of the special conditions of the grant. As a result, we could not determine if the subgrantees were meeting the stated goals of the grant program.

## **Conclusions**

PCCD did not fully comply with the grant requirements we tested. We found weaknesses in PCCD's expenditures and monitoring of subgrantees resulting in \$530,689 in questioned costs, as the expenditures were not adequately supported.

We also identified several areas where management improvements were warranted, including implementing changes to the reimbursement process for subgrantees, the evaluation of subgrantee processes and procedures, and implementation of procedures ensuring the accurate submission of progress reports. We also determined that while it appears that PCCD is on track to meet the goals and objectives of the grants, it could enhance program performance by ensuring that the data used for performance reporting is reviewed and verified.

## **Recommendations**

We recommend that OVC:

1. Ensure PCCD has a process in place to reimburse subgrantees based on actual expenditures.

2. Remedy \$530,689 in unsupported expenditures to subgrantees for the Victim Assistance grant.
3. Ensure PCCD adequately monitors and verifies subgrantee fiscal and performance information.
4. Ensure PCCD evaluates subgrantee processes and procedures for administering and adhering to the terms and conditions of the Victim Assistance grant.
5. Ensure PCCD has implemented and adheres to procedures that will result in the accurate submission of performance reports.
6. Ensure PCCD has a process in place to adhere to the terms and conditions of the Victims Assistance grant with regard to maintaining timesheets.

## OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of our audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants. We also assessed grantee program performance in meeting grant objectives and overall accomplishments. The objective of our audit was to review activities in the following areas: (1) internal control environment, (2) grant expenditures, (3) monitoring of subgrantees, (4) drawdowns, (5) reporting, (6) program performance and accomplishments, and (7) compliance with other grant requirements. We determined that budget management and control, program income, accountable property, matching costs, indirect costs, and the monitoring of contractors were not applicable to these grants.

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 provided a reasonable basis for our findings and conclusions based on our audit objectives.

In conducting our audit, we performed sample testing in grant expenditures. In this effort, we employed a statistical sampling design to obtain broad exposure to numerous facets of the grants reviewed, such as high dollar amounts. Although this sample takes into account some level of detail, the sample is classified as judgmental. After stratifying the claims, consolidating the transactions, and eliminating multiple charges and multiple transactions from the same vendor, the testing sample was summarized creating a universe as a whole. We identified samples of 55 grant expenditures. This statistical sample design does not allow for the projection of the test results to the universes from which the samples were selected.

We audited the Office for Victims of Crime grant numbers 2009-SF-B9-0090 and 2009-SG-B9-0117. The grantee had a total of \$1,461,318 in requests for grant funding through June 2010 for grant number 2009-SF-B9-0090, the Victim Compensation Grant, and \$530,689 in requests for grant funding through June 2010 for grant number 2009-SG-B9-0117, the Victim Assistance Grant. Our audit concentrated on, but was not limited to, the award of the original grants in March 2009 through June 2010.

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the *Office of Justice Programs Financial Guide* and grant award documents.

In addition, we reviewed the timeliness and accuracy of Federal Financial Reports, Performance Reports and Recovery Act Reports, evaluated actual program performance to grant objectives, and considered internal control issues. However, we did not test the reliability of the financial management system as a whole.

## SCHEDULE OF DOLLAR-RELATED FINDINGS

<b>QUESTIONED COSTS:</b>	<b>AMOUNT</b>	<b>PAGE</b>
Unsupported Expenditures	\$ 530,689	11
<b>TOTAL OF QUESTIONED COSTS:</b>	<b>\$530,689</b>	
<b>TOTAL DOLLAR-RELATED FINDINGS:</b>	<b>\$530,689</b>	

***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.

PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY  
RESPONSE TO THE DRAFT AUDIT REPORT

Commonwealth of Pennsylvania



PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY

March 11, 2011

U. S. Department of Justice  
Office of the Inspector General  
Attn: Thomas O. Puerzer  
Philadelphia Regional Audit Office  
701 Market Street, Suite 201  
Philadelphia, Pennsylvania 19106

**RESPONSE TO DRAFT AUDIT REPORT OF THE OFFICE OF JUSTICE PROGRAMS  
OFFICE OF VICTIMS OF CRIME GRANTS AWARDED TO THE PENNSYLVANIA  
COMMISSION ON CRIME AND DELINQUENCY**

Dear Mr. Puerzer:

Thank you for the opportunity to review and comment on the recommendations included in the draft audit reported provided by the Department of Justice, Office of Inspector General. The Pennsylvania Commission on Crime and Delinquency (PCCD) has carefully considered the recommendations and is respectfully submitting our official response.

**Recommendation No. 1: OVC should ensure that PCCD has a process in place to reimburse subgrantees based on actual expenditures.**

The Pennsylvania Commission on Crime and Delinquency does not entirely concur with this recommendation.

PCCD concurs that as a general rule reimbursement of actual subgrantee expenditures is preferable and we have revised payment procedures to reflect such, however, we believe that exceptions to this procedure should be allowable as there are times when agencies require advance payment due to the subgrantee lacking sufficient operating capital. In those situations where advance payments are made, it would be the result of the subgrantee demonstrating they lack sufficient working capital and that they have procedures in place to avoid having excess cash-on-hand.

P.O. Box 1167, Harrisburg, PA 17108-1167  
Toll-Free: (800) 692-7292  
Web Site: [www.pccd.state.pa.us](http://www.pccd.state.pa.us)

As indicated in the draft audit report, PCCD utilizes an electronic grants management system that requires expenditure data (cash expenditures and accruals) to be submitted no less frequently than quarterly. Subgrantees have been notified that in the event of them requiring more frequent payment, they may submit interim expenditure reports as frequently as once a month. In order for payment to be made on an accrued expenditure, PCCD will require that the grantee has in place procedures to avoid having excess cash-on-hand. PCCD will develop standards as to what will be considered sufficient demonstration of lack of operating capital as well as what procedures will be would be acceptable to PCCD to ensure that subgrantees do not maintain excess cash-on-hand.

**Recommendation No. 2: OVC should ensure that the PCCD remedies the \$530,689 in unsupported expenditures to subgrantees for the Victim Assistance grant.**

The Pennsylvania Commission on Crime and Delinquency concurs with this recommendation.

The draft audit report states that "PCCD did not require supporting documentation to be submitted by the subgrantees with quarterly fiscal reports". The interpretation of the OJP Financial Guide by PCCD reflects that the responsibility for retention of all subgrant related financial records, supporting documents, statistical records, and all other records pertinent to the award shall remain with the subgrantee organization. In the PCCD Standard Subgrant Conditions that are incorporated into every subgrant award it is stated "PCCD, in its specifically stated sole discretion, may undertake an inspection and/or audit of the financial records of Applicant relating to the Subgrant Project. Applicant shall provide PCCD with full and complete access to all records relating to the performance of the Subgrant Project and to all persons who were involved in the Subgrant Project".

As an alternative to maintaining all supporting documentation on site, PCCD utilizes a sampling procedure which mandates that selected subgrantees, selected both randomly and through a risk assessment process, provide all or some of the supporting documentation that corresponds to their expenditure reports. The supporting documentation will be reviewed for accuracy prior to PCCD issuing payment.

Upon receiving notice that the above stated expenditure would be questioned, PCCD requested the financial back-up from those subgrantees awarded these funds and is currently in the process of reviewing and reconciling this material. Based on the preliminary review of this material and the results of the on-site monitoring that took place with each subgrantee, PCCD is confident that there is sufficient support for these expenditures.

**Recommendation No. 3:** OVC should ensure that the PCCD adequately monitors and verifies subgrantee fiscal and performance information.

The Pennsylvania Commission on Crime and Delinquency concurs with this recommendation.

PCCD will continue to enhance existing monitoring procedures to ensure that supporting documentation is adequate and corresponds to fiscal and program reports that are submitted by subgrantees.

PCCD on-site monitoring procedures require that an assessment be made of the data that is submitted to PCCD. PCCD will re-enforce with program and fiscal monitoring staff that supporting documentation must be reviewed, reconciled and retained as part of this process.

As mentioned in response to recommendation No.2, PCCD is utilizing a sampling approach to test supporting fiscal documentation (i.e. payroll register, payroll journal, timesheets, paid receipts and invoices). PCCD will explore the development of procedures to test supporting documentation for submitted program reports.

**Recommendation No. 4:** Ensure PCCD evaluates subgrantee processes and procedures for administering and adhering to the terms and conditions of the Victim Assistance grant.

The Pennsylvania Commission on Crime and Delinquency concurs with this recommendation.

PCCD will assess our current pre-award subgrantee review process and make changes as needed to ensure that subgrantee systems support compliance with the terms and conditions of the Victim Assistance Grant.

**Recommendation No. 5:** Ensure PCCD has implemented and adheres to procedures that will result in the accurate submission of performance reports.

The Pennsylvania Commission on Crime and Delinquency concurs with this recommendation.

PCCD will develop written procedures to support the accuracy of submitted performance reports.

**Recommendation No. 6:** Ensure PCCD has a process in place to adhere to the terms and Conditions of the Victim Assistance grant with regard to maintaining timesheets.

The Pennsylvania Commission on Crime and Delinquency concurs with this recommendation.

PCCD's interpretation of special condition No. 14 as it relates to timesheet maintenance is that timesheets must be maintained by all personnel (including subgrantee personnel) whose activities are charged to the grant but that subgrantee personnel timesheets may be maintained by the subgrantee in so much as they are available for review by PCCD or outside auditors upon request. As stated in the responses to recommendations No. 3 and No. 4 related to the collection of supporting fiscal documentation, PCCD will use a sampling approach to collect and review timesheets in support of this special condition. PCCD will also review, reconcile and retain timesheets as part of our on-site monitoring visits.

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

Sincerely,



Derin Myers, Director  
Office of Financial Management and  
Administration

CC: Ms. Linda J. Taylor, Lead Auditor  
Audit Coordination Branch  
Audit and Review Division

Ms. Linda Rosenberg, Executive Director  
Pennsylvania Commission on Crime and Delinquency

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

March 21, 2011

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

FROM: /s/  
Maureen A. Henneberg  
Director

SUBJECT: Response to the Draft Audit Report, *Office of Justice Programs, Office for Victims of Crime Grants Awarded to the Pennsylvania Commission on Crime and Delinquency, Harrisburg, Pennsylvania*

This memorandum is in response to your correspondence, dated February 18, 2011, transmitting the subject draft audit report for the Pennsylvania Commission on Crime and Delinquency (PCCD). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains **six** recommendations and **\$530,689** 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 ensure that PCCD has a process in place to reimburse subgrantees based on actual expenditures.**

We agree with the recommendation. We will coordinate with PCCD to obtain a copy of procedures developed and implemented to ensure that reimbursements to subgrantees are based on actual expenditures incurred under Federal grants.

**2. We recommend that OJP remedy the \$530,689 in unsupported expenditures to subgrantees for the Victim Assistance grant.**

We agree in part with the recommendation. While subrecipients are generally not required to submit source documents to grantees to support costs charged against OJP award funds, we agree that direct recipients should be vigilant in monitoring the use of all subaward funds (see Attachment - excerpt from OJP Financial Guide). Accordingly, we will coordinate with the PCCD to ensure that they have developed and implemented appropriate subgrantee monitoring procedures to cover the fiscal aspects of their subawards, as well as the performance aspects. Specifically, we will ensure that the PCCD's revised subgrantee monitoring procedures include appropriate steps to monitor subaward funds during site visits, including: reconciling amounts reported on subgrantee fiscal cost reports with expenditures recorded in subgrantee accounting systems; ensuring compliance with Federal cash management regulations; and testing subgrantee expenditures to ensure that costs charged to Federal awards are properly supported, allowable, allocable, reasonable, and necessary.

To remedy the \$530,689 in unsupported expenditures charged to grant number 2009-SG-B9-0117, we will request that PCCD provide accounting records and related documents to support the actual cumulative costs reported on their most recent Federal Financial Report (FFR). Specifically, we will request that PCCD provide copies of all subgrantee fiscal reports, which reflect the amounts expended (not drawn down) by each subgrantee, as well as any other records which support the cumulative expenditures incurred for this award. We will also request that PCCD adjust their most recent FFR for grant number 2009-SG-B9-0117 and return funds to DOJ, if necessary.

**3. We recommend that OJP ensure that PCCD adequately monitors and verifies subgrantee fiscal and performance information.**

We agree with the recommendation. We will coordinate with PCCD to obtain a copy of procedures implemented to strengthen controls over subgrantee monitoring to ensure that subgrantee fiscal and performance information is properly monitored and verified.

**4. We recommend that OJP ensure that PCCD evaluates subgrantee processes and procedures for administering and adhering to the terms and conditions of the Victim Assistance grant.**

We agree with the recommendation. We will coordinate with PCCD to obtain a copy of procedures developed and implemented to evaluate subgrantee processes and procedures for administering and adhering to the terms and conditions of the Victim Assistance grant.

5. **We recommend that OJP ensure that PCCD has implemented and adheres to procedures that will result in the accurate submission of performance reports.**

We agree with the recommendation. We will coordinate with PCCD to obtain a copy of procedures developed and implemented to ensure that information included in performance reports is accurate.

6. **We recommend that OJP ensure that PCCD has a process in place to adhere to the terms and conditions of the Victims Assistance grant with regard to maintaining timesheets.**

We agree with the recommendation. We will coordinate with PCCD to obtain a copy of policies and procedures developed and implemented to ensure that timesheets for the Victims Assistance grant are adequately maintained; and adhere to the terms and conditions of the grant, and Federal grant guidelines.

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

Joye E. Frost  
Acting Director  
Office for Victims of Crime

James Cantrall  
Deputy Director  
Office for Victims of Crime

Toni Thomas  
Associate Director  
Office for Victims of Crime

Antwan Williams  
Audit Liaison  
Office for Victims of Crime

Deserea Jackson  
Program Manager  
Office for Victims of Crime

cc: OJP Executive Secretariat  
Control Number 20110215

**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 Pennsylvania Commission on Crime and Delinquency (PCCD) and the Office of Justice Programs (OJP). PCCD's response is incorporated in Appendix III, and OJP's response is incorporated in Appendix IV of this final report. Because the PCCD and OJP generally concurred with our recommendations and discussed the specific actions that will be taken to address each of our findings, we consider all of the recommendations resolved. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

**Recommendation Number:**

1. **Resolved.** PCCD concurred in part with our recommendation to have a process in place to reimburse subgrantees based on actual expenditures. PCCD said in its response that, as a general rule, reimbursement of actual subgrantee expenditures is preferable and that it has revised procedures accordingly. However, PCCD also said it believes exceptions to this procedure should be allowable. PCCD acknowledged that some subgrantees require advance payment because they lack sufficient operating capital. According to PCCD, in those instances where advance payments are made, the subgrantee would have to demonstrate a lack of sufficient operating capital for payment to be made on accrued expenditures. Additionally, PCCD said that it will require that subgrantees have in place procedures to avoid having excess cash on hand. PCCD also commented that it will develop standards as to what will be considered sufficient demonstration of a lack of operating capital as well as what procedures will be acceptable to ensure that subgrantees do not maintain excess cash on hand. While the response from PCCD said it concurred in part with our recommendation, after reviewing the details of the response, we believe it is adequate to address our recommendation because the actions proposed will have the effect of strengthening internal controls associated with the subgrantee reimbursement process.

In its response, OJP agreed with our recommendation and said that it will coordinate with PCCD to ensure it has a process in place to reimburse subgrantees based on actual expenditures. This recommendation can be closed when we receive evidence that PCCD has developed and implemented procedures to ensure that

reimbursements to subgrantees are based on actual expenditures incurred under federal grants.

2. **Resolved.** PCCD concurred with our recommendation to remedy \$530,689 in unsupported expenditures to the Victim Assistance grant. PCCD said in its response that it will use a sampling procedure mandating that subgrantees, selected both randomly and through a risk assessment process, provide all or some of the supporting documentation that corresponds to their expenditure reports. According to PCCD, it is currently requesting supporting documentation from those subgrantees awarded funds that make up the \$530,689 in questioned costs, and it will be reviewing and reconciling this documentation as received.

The OJP response agreed in part with our recommendation that PCCD remedy \$530,689 in unsupported expenditures to the Victim Assistance grant. OJP said that while subrecipients are generally not required to submit source documents to grantees to support costs charged to OJP awards, it agreed that direct recipients should be vigilant in monitoring the use of subaward funds according to the OJP Financial Guide. According to the OJP response, it will request that PCCD provide accounting records and related documents to support the actual cumulative costs reported on their most recent Federal Financial Report (FFR) for the Victim Assistance grant.

While OJP's response agreed in part with our recommendation, after reviewing the details of the response, we believe it is adequate to address our recommendation because the actions proposed by OJP will strengthen internal controls and ensure that subgrantee expenditures charged to the Victim Assistance grant can be supported. Moreover, OJP's response said that it will offer guidance to PCCD to assist in developing and implementing appropriate subgrantee monitoring procedures. This recommendation can be closed when we receive evidence that PCCD has completed this review for the expenditures in question and reconciled any differences with the subgrantees, as well as implemented necessary and appropriate procedures.

3. **Resolved.** PCCD concurred with our recommendation to adequately monitor and verify subgrantee fiscal and performance information. PCCD said it will continue to enhance existing monitoring procedures to ensure that supporting documentation is adequate and

corresponds to fiscal and program reports that are submitted by the subgrantees.

The OJP agreed with our recommendation and said it will coordinate with PCCD in implementing subgrantee procedures to strengthen controls over subgrantee monitoring and ensure that subgrantee fiscal and performance information is properly monitored and verified. This recommendation can be closed when we receive evidence that PCCD has implemented procedures to strengthen controls over subgrantee monitoring that ensure subgrantee fiscal and performance information is properly monitored and verified.

4. **Resolved.** PCCD concurred with our recommendation to ensure that PCCD evaluates subgrantee processes and procedures for administering and adhering to the terms and conditions of the Victim Assistance grant. PCCD said it will assess its current pre-award subgrantee review process and make changes as needed to ensure that subgrantee systems support compliance with the terms and conditions of the Victim Assistance grant.

The OJP agreed with our recommendation and said it will coordinate with PCCD in developing and implementing subgrantee processes and procedures for administering and adhering to the terms and conditions of the Victim Assistance grant. This recommendation can be closed when we receive evidence that PCCD has developed and implemented procedures to evaluate subgrantee processes and procedures for administering and adhering to the terms and conditions of the grant.

5. **Resolved.** PCCD concurred with our recommendation to implement and adhere to procedures that will result in the accurate submission of performance reports. PCCD said it will develop written procedures to support the accuracy of submitted performance reports.

The OJP agreed with our recommendation and said it will coordinate with PCCD in developing and implementing procedures to ensure information included in the performance reports is accurate. This recommendation can be closed when we receive evidence that PCCD has developed and implemented procedures that will result in the accurate submission of performance reports.

6. **Resolved.** PCCD concurred with our recommendation to have a process in place to adhere to the terms and conditions of the Victim

Assistance grant with regard to maintaining timesheets. PCCD said it will use a sampling approach to collect and review timesheets in support of special condition Number 14. PCCD also commented that it will review, reconcile, and retain timesheets as part of its on-site monitoring visits.

The OJP agreed with our recommendation and said it will coordinate with PCCD in developing and implementing procedures to ensure that timesheets for the Victims Assistance grant are adequately maintained and adhere to the terms and conditions of the grant and federal grant guidelines. This recommendation can be closed when we receive evidence that PCCD has developed and implemented policies and procedures to ensure that timesheets for the Victim Assistance grant are adequately maintained, and adhere to the terms and conditions of the grant and federal grant guidelines.