



**OFFICE OF JUSTICE PROGRAMS
SERIOUS AND VIOLENT OFFENDER REENTRY
INITIATIVE GRANT ADMINISTERED BY THE
DELAWARE DEPARTMENT OF HEALTH AND SOCIAL
SERVICES
NEW CASTLE, DELAWARE**

U.S. Department of Justice
Office of the Inspector General
Audit Division
Philadelphia Regional Audit Office

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EXECUTIVE SUMMARY*

The U.S. Department of Justice Office of the Inspector General (OIG), Audit Division, has completed an audit of the Office of Justice Programs (OJP), Corrections Program Office (CPO), Serious and Violent Offender Reentry Initiative (SVORI) grant 2002-RE-CX-0008 and two supplements to the Delaware Department of Health and Social Services (DHSS) awarded by the Bureau of Justice Assistance (BJA).¹ DHSS received a total of \$2,603,234 from the grant to develop and implement institutional and community corrections-based offender reentry programs through collaborative partnerships with government, social service, faith-based, and community organizations in order to reduce recidivism, increase public safety, and successfully reintegrate serious and violent offenders back into the community. The objective of the grant was to assist in the reintegration of returning high-risk offenders residing in the state of Delaware.

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

We determined that the DHSS was in material non-compliance with the grant requirements we tested. Specifically, we reviewed the DHSS's compliance with seven essential grant conditions and found material weaknesses in the DHSS's management of grant expenditures and monitoring of contractors.

For the grant, we found \$287,154 in charges made to the grant that were unallowable. We also found that the DHSS was unable to support

* The Office of the Inspector General redacted the names of individuals from Appendix 3 of this report to protect the privacy rights of the identified individuals. See Privacy Act of 1974, 5 U.S.C. §552(a).

¹ Throughout the report, the grant and two supplements will be referred to as the "grant".

\$412,562 in grant expenditures. As a result, we questioned \$699,716 in grant-related expenditures. We also found a lack of adequate contractor monitoring performed by the DHSS and, as a result, we questioned \$2,592,091 in contractor payments.

In addition to the questioned costs, we made three management improvement findings related to financial and program reporting and program performance. Specifically, we determined that the DHSS did not submit Financial Status Reports and progress reports on time. We also found that progress reports did not report complete information. Lastly, the DHSS did not meet the goals and objectives of the grant and, most importantly, failed to ensure the program was sustained after the grant funding ended.

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

We discussed the results of our audit with officials at the DHSS and have included their comments in the report, as applicable. Additionally, we requested a response to our draft report from the DHSS 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 (OIG), Audit Division, has completed an audit of the Office of Justice Programs (OJP), Corrections Program Office (CPO), Serious and Violent Offender Reentry Initiative (SVORI) grant awarded to the Delaware Department of Health and Social Services (DHSS). In addition, we audited two supplements to the grant awarded by the Bureau of Justice Assistance (BJA).² The purpose of the grant was to develop and implement institutional and community corrections-based offender reentry programs through collaborative partnerships with government, social service, faith-based, and community organizations, in order to reduce recidivism, increase public safety, and successfully reintegrate serious and violent offenders back into the community. The objective of the grant was to assist in the reintegration of returning high risk offenders residing in Delaware.

The purpose of our audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grant. We also evaluated the DHSS's overall program performance and accomplishments in meeting grant objectives for the funded programs. Our audit covered the start of the initial grant award period in July 2002 to the closure of the grant in December 2006. As shown in the table below, the DHSS was awarded a total of \$2,603,234 to implement the grant program.

Office of Justice Programs Grant to the Delaware Department of Health and Social Services

Grant Award Number	Award Start Date	Award End Date	Award Amount
2002-RE-CX-0008	7/1/02	6/30/05	\$ 1,993,496
Supplement 1	7/1/02	6/30/05	\$ 310,462
Supplement 2	7/1/02	12/31/06	\$ 299,276
Total			\$ 2,603,234

Source: OJP grant files

² Throughout the report, the grant and two supplements will be referred to as the "grant".

Office of Justice Programs

The Office of Justice Programs (OJP), within the U.S. Department of Justice, provides primary management and oversight of the grant we audited. OJP assists federal, state, local, and tribal justice systems by disseminating state-of-the-art knowledge and practices across America, and providing grants for the implementation of these crime fighting strategies. Because most of the responsibility for crime control and prevention falls to law enforcement officers in states, cities, and neighborhoods, the federal government can be effective in these areas only to the extent that it can enter into partnerships with these officers. Therefore, OJP does not directly carry out law enforcement and justice activities. Instead, OJP works in partnership with the justice community to identify the most pressing crime-related challenges confronting the justice system and to provide information, training, coordination, and innovative strategies and approaches for addressing these challenges.

Corrections Program Office

The Corrections Program Office (CPO) was established within OJP in 1995 to implement the correctional grant programs created by the Violent Crime Control and Law Enforcement Act of 1994, as amended (Crime Act). The programs administered by the CPO are: the Violent Offender Incarceration and Truth-in-Sentencing Incentive Formula Grant Program, the Residential Substance Abuse Treatment for State Prisoners Formula Grant Program, and Facilities on Tribal Lands Discretionary Grant Program. The CPO also sponsors the Comprehensive Approaches to Sex Offender Management Grant initiative.

Bureau of Justice Assistance

The Bureau of Justice Assistance (BJA) provides assistance to local criminal justice programs that improve and reinforce the nation's criminal justice system. The BJA's goals are to reduce and prevent crime, violence, and drug abuse, and to improve the way in which the criminal justice system functions.

Serious and Violent Offenders Reentry Initiative

The Serious and Violent Offender Reentry Initiative (SVORI) Discretionary Grant Program was developed through a federal partnership by the Departments of Justice, Labor, Health and Human Services, Education, Housing and Urban Development, Commerce, Veterans Affairs, and Agriculture. The SVORI Grant Program was designed to provide funding to

state and local units of government to develop and implement institutional and community corrections-based offender reentry programs. The SVORI grant program functions at the local level largely through collaborative partnerships with government, social service, faith-based, and community organizations in order to reduce recidivism, increase public safety, and successfully reintegrate serious and violent offenders back into the community. The federal partners' goal was to help state and local agencies navigate the complex field of existing state formula and block grants and to assist them in accessing, redeploying and leveraging those resources to support the components of a comprehensive reentry program. SVORI grantees, through the use of a collaborative model, were to demonstrate coordination on a community-wide level involving workforce development, education, housing, substance abuse, mental health treatment, and family support. The grantees were to engage in strategic planning and management of staff in this collaborative environment, leveraging state, local, tribal, or other resources as necessary to ensure the success of the initiative. In addition to the new funding, the federal partners identified funds from their respective agencies that were already available to state and local agencies to provide the necessary services to implement a reentry program.

Delaware Department of Health and Social Services

The Delaware Department of Health and Social Services (DHSS) is the largest state agency within Delaware. The agency includes 12 divisions providing services in the areas of public health, social services, substance abuse and mental health, child support, developmental disabilities, long term care, visual impairment, aging and adults with physical disabilities, and Medicaid and medical assistance. The DHSS's mission is to improve the quality of life for Delaware's citizens by promoting health and well-being, fostering self-sufficiency, and protecting vulnerable populations.

The Division of Substance Abuse and Mental Health (DSAMH), within the DHSS, serves the adult population in need of publicly funded behavioral health services. The DSAMH's mission is to promote health and recovery by ensuring that Delaware's citizens have access to quality prevention and treatment for mental health, substance use, and gambling conditions.

The DHSS was the lead agency for the Delaware SVORI program. As the lead agency, the DHSS provided administrative oversight to the program. As part of the program there was a memorandum of agreement between the State of Delaware - Department of Health and Social Services, Department of Correction, Superior Court, Department of Labor, Workforce Investment Board, Department of Education, Public Defender's Office,

Delaware State Housing Authority and the Office of the Budget/Statistical Analysis Center. The agreement outlined responsibilities and time frames for efforts to develop and implement a statewide reentry program for serious and violent offenders between 18 and 35 years of age about to be released from incarceration into the community. The DSAMH and each of the partner agencies worked on collaborative projects involving substance abuse and mental health treatment in the past.

Our Audit Approach

We tested compliance with what we considered to be the most important conditions of the grant. Unless otherwise stated in our report, we applied the 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 the award. We tested the DHSS'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 grant.
- **Grant expenditures** to determine whether the costs charged to the grant were allowable and supported.
- **Monitoring of contractors** to determine whether the DHSS had taken appropriate steps to ensure that contractors comply with grant requirements.
- **Drawdowns (Requests for Grant Funding)** to determine whether the DHSS's requests for reimbursement or advances were adequately supported, and if the DHSS managed grant receipts in accordance with federal requirements.
- **Budget management and control** to determine whether the DHSS adhered to the OJP-approved budget for expenditures of grant funds.
- **Reporting** to determine whether the required Financial Status Reports and progress reports were filed on time and accurately reflected grant activity.

- **Program performance and accomplishments** to determine whether the DHSS achieved grant objectives, and to assess performance and grant accomplishments.
- **Compliance with other grant requirements** to determine whether the DHSS complied with the terms and conditions specified in the individual grant award documents.

When applicable, we also test for compliance in the areas of personnel, indirect costs, program income and matching funds. For this grant, we determined that the DHSS paid no employees with grant funds directly, charged no indirect costs, generated no program income, and matching funds were not required.

FINDINGS AND RECOMMENDATIONS

COMPLIANCE WITH ESSENTIAL GRANT REQUIREMENTS

From our audit, we determined that the DHSS was in material non-compliance with the essential grant requirements we tested. Specifically, we found: (1) grant expenditures that were unallowable because they were not in the approved budget or were not permissible uses of funds, (2) grant expenditures that were unsupported because of inadequate documentation, (3) an overall lack of contractor monitoring, (4) weaknesses in grant reporting, including late financial status reports and progress reports that were late and incomplete, and (5) failure to meet program goals and objectives. As a result of these deficiencies, we questioned \$287,154 in unallowable expenditures and \$412,562 in unsupported expenditures, totaling \$699,716 in expenditures. In addition, we questioned \$2,592,091 in contractor payments for lack of monitoring. These conditions, including the underlying causes and potential effects on the OJP program, are further discussed in the body of this report.

Internal Control Environment

We began this audit by developing an understanding of the financial and accounting systems and related internal controls the DHSS used to ensure it complied with the terms and conditions of the grant. We determined that the DHSS had an adequate internal control environment to safeguard and properly account for grant funds.

We interviewed grant officials and requested financial and accounting system data to determine if controls were adequate to separately account for and maintain grant funds. According to the DHSS officials, grant related expenses are separated from other expenses by separate appropriation accounts. We verified that these separate appropriation accounts were used during expenditure transaction testing.

Grant Expenditures

The DHSS's grant expenditures consisted primarily of payments to contractors, including other Delaware state agencies, to supplement existing mental health and substance abuse services aimed at increasing case management capacity and initiating a state-wide reentry effort. Other grant expenditures included travel and various administrative supply costs for items such as computer-related expenses, postage, and printing fees.

Payments to Contractors and Other Delaware State Agencies

The DHSS spent a total of \$2,592,091 in payments to contractors and other state agencies. We tested \$908,110 in grant expenditures reported in the DHSS accounting system for allowability and supportability. To determine if the expenditures were allowable, we compared the expenditures to the grant budget and permissible uses of funds outlined in the OJP Financial Guide. To determine if the expenditures were supported, we reviewed accounting system data and supporting documents such as invoices, receipts, and timesheets.

We found that the DHSS did not have sufficient support for the contractor payments selected for testing. The DHSS required the contractors to provide only a summary listing of expenditures without any accompanying supporting documentation. Because the DHSS did not require contractors to provide any supporting documentation for the expenditures in the summary listing, the DHSS requested the contractors to provide supporting documents that included receipts, invoices, and timesheets. The DHSS requested the supporting documentation only after we began our detailed expenditure testing. The DHSS provided us with the supporting documentation it received from the contractors, but the support was very limited. Most of the contractors provided summary accounting records or partial invoices. Additionally, some of the available supporting documentation demonstrated that the grant funded expenditures were unallowable.

In reviewing the limited supporting documents provided by the DHSS and the contractors, we found unallowable costs totaling \$287,154 that included expenditures made by the DHSS, as well as by the Delaware Department of Labor. Three of the unallowable expenditures were paid by the DHSS, and included a holiday celebration, breakfasts at conferences with reentry participants, and a consultant that charged more than \$450 per day. According to the OJP Financial Guide, "the food and/or beverages provided are not related directly to amusement and/or social events and surrounding events must provide several hours of substantive information." We determined the holiday celebration to be a social event and the conference sessions where meals were provided lasted only 2 hours. For the consultant charges, according to the OJP Financial Guide, "when the [consultant] rate exceeds \$450 for an 8-hour day, a written prior approval is required from the awarding agency." We found no evidence that the DHSS requested OJP approval for these expenses. Therefore, we are questioning the holiday celebration totaling \$1,100, the breakfasts totaling \$225, and the amount in excess of the allowed \$450 per day for three consultants paid by the DHSS totaling \$5,829 as impermissible uses of grant funds.

The Delaware Department of Labor used \$280,000 of grant funds to purchase a Mobile Employment Technology Van. According to the DHSS officials, the van was used for working with clients on employment issues, such as testing their skills and competencies. The van visited community and faith-based agencies, along with probation and prison sites. However, we were unable to verify that the use of the van was consistent with the goals and objectives of the grant funded program and used exclusively for the benefit of that program.

Mobile Employment Technology Van and its Interior



Additionally, although the purchase of the van was supported and we were able to physically inspect the van, we question the \$280,000 as an unallowable expenditure because it was not included in the approved grant budget. The van was delivered in October 2006, 3 months before the grant ended in December 2006. The DHSS had submitted a letter to OJP

requesting a 6-month no-cost extension of the grant period to December 2006. The letter also requested expanded services including the Delaware mobile station. While the no-cost extension of the grant was approved, we found no evidence that OJP approved the expanded services including the purchase of the van. The DHSS stated in the final progress report the extension of the program was approved but made no mention of the van acquisition.

In addition, we are questioning \$411,159 in unsupported costs. These unsupported costs consisted of expenditures where contractors did not provide adequate supporting documentation for the charges made. The cause of the questioned grant expenditures was the overall lack of contractor monitoring. According to the DHSS officials, they did some site visits and they followed the contract terms which said the contractor needed to submit only a summary of expenditures. The DHSS officials were not able to explain why detailed supporting documentation was not requested or provided by the contractors. As a result, the DHSS is unable to determine if the contractor expenditures were for grant related expenses. In our view, when expenditures are unsupported it greatly increases the risk of unallowable and inappropriate charges to the grant. Moreover, when expenditures charged to the grant are unallowable because they are not within the approved budget or not for permissible uses, it not only increases the risk of supplanting but it also has the potential to undermine the goals and objectives of the grant funded effort.

Travel and Supplies Costs

The DHSS spent a total of \$11,560 on travel and supplies. We tested a portion of these expenditures and found that the DHSS did not have supporting documentation for \$1,403 in travel costs. The DHSS officials were unable to provide the missing travel documentation and we are questioning \$1,403 of travel costs charged to the grant as unsupported expenditures.

Monitoring of Contractors

According to the OJP Financial Guide, as the direct grant recipient, the DHSS was responsible for all aspects of the program including proper accounting and financial recordkeeping of all contractors' grant funded expenditures. Moreover, the DHSS was required to ensure that contractors had a system of internal controls in place to safeguard and account for the grant funds. The DHSS was also required to provide adequate monitoring to ensure that contractors used the grant funds for their intended grant authorized purpose.

The DHSS spent \$2,592,091 on contractors throughout the life of grant, representing more than 99 percent of the approved grant budget. The DHSS classified contractors in several different categories that included case management agencies, government agencies which were referred to as partner agencies, and community and faith based organizations.

DHSS Documentation

As previously mentioned in the Grant Expenditures section of this report, we found the DHSS could not provide adequate support for most of the contractor transactions. The support provided by the DHSS consisted of a listing of the contractors' expenses without any backup invoices or receipts. We found that the DHSS did not request sufficient documentation from the contractors to adequately monitor grant funded expenditures.

On-site Reviews

The DHSS told us they did periodic on-site reviews and submitted results in the form of written reports to the Steering Committee. These reviews were done on a quarterly basis for the case management agencies. For community and faith based organizations, these reviews were done in a more unofficial and relaxed atmosphere. The on-site reviews were based on the number of clients served, not on financial records. We asked the DHSS officials for copies of these reports several times, but the reports were never provided to us. Therefore, we were unable to verify that the DHSS monitored the contractors through on-site reviews and documented the results of those reviews in written reports.

Overall, we found that the DHSS did not obtain and review sufficient documentation from the contractors to adequately monitor how the contractors were spending grant funds. Therefore, we are questioning all of the contractor payments totaling \$2,592,091.

Drawdowns

The DHSS requested grant funds through eight separate drawdowns or funding requests totaling \$2,603,234. The DHSS was awarded the funds in June 2002, but did not draw funds until March 2004. To determine if drawdowns were completed in advance or on a reimbursement basis after grant expenditures were incurred and payment made, we analyzed the bank statements and supporting documentation for the actual expenditures. To determine if funds were requested based on actual expenditures, we calculated the time difference between the grant funds requested and received and the actual reported expenditures. We determined that grant

funds were requested on a reimbursement basis. The drawdowns did not exceed grant expenditures, and we concluded that DHSS drawdown procedures were adequate and working as intended.

Reporting

Financial Status Reports

The financial aspects of OJP grants are monitored through Financial Status Reports (FSRs). According to the OJP Financial Guide, FSRs should be submitted within 45 days of the end of the most recent quarterly reporting period. Even for periods when there have been 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 July 2002 and April 2007, the DHSS was required to submit a total of 19 FSRs for the grant. The DHSS submitted a total of 17 FSRs. We reviewed the submitted FSRs for accuracy and timeliness. While reviewing the FSRs for accuracy, we discovered four of the FSRs provided by OJP were different than the DHSS's FSRs. The DHSS believed the discrepancies occurred because some FSRs were resubmitted with corrected information. We were able to reconcile the FSRs with the DHSS's accounting records. However, we found that 12 of the 17 FSRs were submitted from 9 to 522 days late.

According to a DHSS official, it appears that the untimely submission of the first few reports may have been because the staff thought there was no requirement to report since there were no expenditures. Subsequent delays appear to have been due to staff turnover. Because the DHSS submitted FSRs late, OJP's ability to evaluate the financial aspects of the ongoing grant program on a timely basis was potentially compromised.

Progress Reports

Progress reports are submitted in order to present information on the performance and accomplishments of a grant. The DHSS submitted the nine required progress reports to OJP. In its progress reports, the DHSS reported a limited summary of the program. Because the DHSS did not report the status of the program objectives or goals, we considered these reports to be incomplete.

Between July 2002 and April 2007, the DHSS submitted nine progress reports. We found that 5 of the 9 progress reports, or 56 percent, were from 113 to 479 days late. The DHSS officials could not explain why the

progress reports were often late and incomplete. In our judgment, the limited information and lateness of the DHSS progress reports potentially impairs the ability of OJP to monitor grant activity and increases the risk that grant funds might be used for unallowable purposes.

Budget Management and Control

OJP approved a detailed budget for the grant and the two supplements. The OJP Financial Guide requires that grant recipients spend grant funding according to defined budget categories, or request approval for reprogramming funds if actual spending exceeds certain limits.³ The following table presents the approved budget for the grant.

OJP Approved Grant Budget to the DHSS

OJP Grant Budget Category	2004-RE-CX-0008	First Supplement	Second Supplement	Total Grant
Personnel	\$ 0	\$ 0	\$ 0	\$ 0
Fringe Benefits	\$ 0	\$ 0	\$ 0	\$ 0
Travel	\$ 10,204	\$ 0	\$ 16,588	\$ 26,792
Equipment	\$ 0	\$ 0	\$ 0	\$ 0
Supplies	\$ 13,690	\$ 0	\$ 0	\$ 13,690
Contractual	\$1,969,602	\$309,841	\$282,091	\$2,561,534
Other	\$ 0	\$ 621	\$ 597	\$ 1,218
Total	\$ 1,993,496	\$ 310,462	\$ 299,276	\$ 2,603,234

Source: OJP Grant Award documents

We compared budgeted amounts from the approved financial clearance memorandums to actual expenditures from the grant transactions. We also determined the difference between the budgeted amounts and actual expenditures to determine if the DHSS spent more than 10 percent of the total award amount between approved budget categories. We determined that the DHSS spent grant funds according to the defined budget categories, and that the DHSS did not transfer more than 10 percent of the total award amount between approved budget categories.

³ Movement of budget dollars between approved budget categories without a Grant Adjustment Notice is allowable up to ten percent of the total award amount (ten percent rule), provided there is no change in project scope.

Program Performance and Accomplishments

The original grant and first supplement had the same goals and objectives, while the second supplement had a different list of goals and objectives. Overall, the objective of the grant was to assist in the reintegration of returning high-risk offenders residing in the state of Delaware.

The original grant and first supplement goals and objectives included:

- Prevent Recidivism
- Enhance Public Safety
- Redeploy and leverage existing community resources by developing linkages and accessing currently provided services.
- Assist the Offender to avoid crime, engage in pro-social community activities and meet family responsibilities.
- Ensure Program Sustainability

The second supplement had an overall goal to enhance and expand the scope of coordination between the Delaware Serious and Violent Offender Reentry Initiative and the City of Wilmington and City of Dover Weed and Seed Sites.

The second supplement goals and objectives included:

- Increase the knowledge, skills and abilities of the Delaware Serious and Violent Offender Reentry Initiative staff and case managers by providing additional training opportunities relevant to the reentry process.
- Increase the number of offenders returning to the Wilmington Weed and Seed site by at least 30 and increase the number of offenders served state-wide to 600 by July 2006.
- Build and restore family cohesiveness between offenders and their families by providing family case management services to at least 20 offenders and their families in the Wilmington Weed and Seed area and 20 offenders and their families in the Dover Weed and Seed area.

- Reduce the barriers to reintegration and socialization by providing trained volunteers to mentor offenders returning to Wilmington and Dover Weed Seed areas.
- Increase the available services-related information, training opportunities and services access for offenders returning to Weed and Seed sites through a series of nine seminars designed to link offenders to Community and Faith-based services within the Wilmington and Dover Weed and Seed areas.
- Increase the knowledge, skills and abilities of 60 youth in the Wilmington Weed and Seed area through a curriculum designed to teach life skills and entrepreneurship.
- Enhance the evaluation capacities of the SVORI and Weed and Seed projects.

To determine how well the DHSS achieved its goals, we interviewed the former DHSS Program Manager and asked what quantifiable measures were used to assess performance related to each goal and objective. In addition, we asked if each of the goals and objectives were implemented and the reason they were or were not implemented, but the DHSS officials were unable to provide us this information.

The former DHSS Program Manager said the DHSS did not reach their ultimate goal because the program did not continue after the grant ended. The Program Manager went on to say the DHSS was successful in providing services to agencies to better provide the reentry services to the client but unable to sustain the grant funded effort.

The DHSS said the success of the clients measured the success of the program. The DSAMH wanted to see the different types and amount of services clients were receiving, how well individual agencies were working with each other, and how many changes were made with these clients on a day to day basis. This information was sent to the Delaware Statistical Analysis Center (SAC) which was responsible for producing statistical reports. We requested performance information from the SAC and received the final draft of the *Delaware Serious and Violent Offender Reentry Project 2003 to 2006 Evaluation with Recidivism Results* dated May 2009. The report stated "SVORI dealt with offenders in the community during the 34-month period between March 2004 and December 2006. The Department of Corrections had identified 640 offenders who were thought to be eligible for SVORI, however less than half, 303, of these offenders were admitted to SVORI in the community. The difference between the expected

and the actual number of offenders that started the SVORI program was a surprise to the SVORI Steering Committee and presented an unanticipated challenge that they had to struggle to understand and find ways in which to adapt. This was a major issue that resulted in a very different reentry program than initially planned.”

The DHSS stated in the original program narrative that “the Delaware Offender Reentry Project is a statewide project that will target at least up to 300 offenders per year that are about to be released into the community.” In the first supplemental work plan, the DHSS stated “through a case-management approach, it is estimated that up to 540 offenders will receive re-entry services over the three years of the project. Case managers will work with a caseload of 30 offenders at a time.” In the second supplemental work plan it states “this proposal seeks to increase the number of offenders receiving case management services within in the Wilmington Weed and Seed site by at least 30 additional cases through July 2006. Equally important, the SVORI and Weed and Seed projects will build upon the strong partnerships that have been established by enhancing coordination and co-opting the informal mechanisms that currently exist in the community that can contribute to successful reentry.”

According to SAC’s report, of the 303 offenders that started the community phase of SVORI, only 96 or 32 percent successfully completed the program. The reasons why SVORI offenders did not successfully complete the program are detailed below. This assessment is based on the October 2006 Delaware SAC special SVORI monitoring report that was conducted just prior to the close of the program.

Reasons for Not Completing SVORI after Admission:

- 27.6 percent once admitted, offender later refused to participate and/or withdrew
- 25.4 percent were found not to meet SVORI admission criteria
- 23 percent were re-incarcerated before completion of SVORI
- 18.9 percent were discharged by a judge as unsuccessful
- 2.7 percent absconded
- 2.2 percent moved to another state.

Because the number of offenders that successfully completed the program was far below the goal of the grant program and the fact that the program was not sustained, we believe the program was not successful in accomplishing its intended goals and objectives. Additionally, the DHSS was unable to demonstrate whether the program goals and objectives were actually implemented. According to a former DHSS official involved with the

program, detailed program performance data was not obtained to make an assessment as to the extent that program goals and objectives were accomplished. In our judgment, program performance must be assessed throughout the grant period to help the DHSS determine if funds are helping to meet program goals and objectives and to make adjustments if necessary.

Compliance with Other Grant Requirements

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 and both award supplements combined included a total of 26 special conditions. From our testing we determined that the DHSS complied with all the special conditions contained in the grant, including both supplements.

Other Reportable Matters

Grant Specific Reporting Requirements

As part of the Supplemental Appropriation awarded in 2004, all SVORI grantees were required to submit specific participant reports for the remainder of the program. These reports generally were designed to show the level of participation in the program and program results, such as the number of offenders in defined high-risk target population and the number of offenders in the target population enrolled in education or training during the reporting period. The reporting requirements were to be fulfilled as part of the semi-annual progress reports. As we discussed earlier in this report under the Reporting section, the DHSS' progress reports did not contain the additional participant information required.

Conclusions

The DHSS did not fully comply with the grant requirements we tested. We found material weaknesses in the DHSS' expenditures and monitoring of contractors resulting in \$2,592,091 in questioned costs. In addition, we found that the DHSS charged \$287,154 to the grant for unallowable expenditures and \$412,562 to the grant that could not be adequately supported.

Additionally, we found that the DHSS did not have procedures in place to ensure the timely submission of Financial Status Reports and progress reports, nor did it ensure that progress reports provided complete information.

We also determined that the DHSS did not meet the goals and objectives of the grant. Most importantly, the DHSS failed to ensure the program was sustained after the grant funding ended.

Recommendations

We recommend that OJP:

1. Remedy \$287,154 in unallowable expenditures outside the scope of the approved budget or used for purposes not permitted under the award that included the purchase of equipment (\$280,000), consultant fees (\$5,829), and social gatherings and meals (\$1,325).
2. Remedy \$412,562 in unsupported expenditures that included contractual services (\$411,159) and travel costs (\$1,403).
3. Remedy \$2,592,091 in unsupported expenditures that resulted from a lack of contractor monitoring.
4. Ensure that the DHSS implements and adheres to procedures that will result in the timely submission of Financial Status Reports.
5. Ensure that the DHSS implements and adheres to procedures that will result in the timely submission of complete progress reports.
6. Ensure that the DHSS develops grant performance measures and monitors the performance of the grant to ensure that the DHSS reaches the program goals and objectives.

OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of our audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and 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 contractors, (4) drawdowns, (5) financial status and progress reports, (6) budget management and control, (7) program performance and accomplishments, and (8) compliance with other grant requirements. We determined that indirect costs, program income, and matching costs were not applicable to this grant.

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 the areas of grant expenditures and compliance with other grant requirements. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grant reviewed, such as high dollar amounts or expenditure category based on the approved grant budget. This non-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 of Justice Programs Grant Number 2002-RE-CX-0008. The grantee had a total of \$2,603,234 in requests for grant funding through May 2007. Our audit concentrated on, but was not limited to, the award of the original grant in June 2002, through closure of the grant in April 2007.

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 Financial Status Reports and Progress Reports, evaluated actual program performance and accomplishments to grant goals and 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

QUESTIONED COSTS:	AMOUNT	PAGE
Unallowable Expenditures	\$287,154	7
Unsupported Expenditures	\$412,562	9
Inadequate Contractor Monitoring	\$2,592,091	11
TOTAL OF QUESTIONED COSTS:	\$3,291,807	
<i>LESS DUPLICATION⁴</i>	(\$698,313)	
 TOTAL DOLLAR-RELATED FINDINGS:	 \$2,593,494	

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.

⁴ We questioned costs related to contracts and travel. Some of the questioned costs relate to identical expenditures – though questioned for different reasons – and, as a result, that portion of questioned costs is duplicated. We reduced the amount of costs questioned by the amount of this duplication.

**DELAWARE HEALTH AND SOCIAL SERVICES
RESPONSE TO THE DRAFT AUDIT REPORT**



**DELAWARE HEALTH
AND SOCIAL SERVICES**
OFFICE OF THE SECRETARY

October 28, 2009

U.S. Department of Justice
Office of Justice Programs
Office of Audit, Assessment, and Management
Audit and Review Division
Attention: Linda J. Taylor
810 7th Street, N.W.
Washington, DC 20531

Re: Delaware Serious and Violent Offender Reentry Initiative (SVORI) 2002-RE-CX-0008

Dear Ms. Taylor:

The Department of Health and Social Services (DHSS) is in receipt of the Draft Audit Report of the Serious and Violent Offenders Reentry Initiative (SVORI) grant, conducted by the Department of Justice, Office of Inspector General. The Division of Substance Abuse and Mental Health (DSAMH) has reviewed the report dated September 29, 2009, and would like to provide the following information and comments in response to the draft report.

As stated in the report, this grant ran from 2002-2006 with funding amounting to \$2,603,234. Since the conclusion of the grant, several extraordinary factors hindered DHSS's ability to provide much of the information requested by OIG. These factors are outlined below to provide contextual background to the report. The factors are as follows:

- Since the conclusion of the grant (December 2006), all key organizational staff providing leadership and management during the grant period left our employ. DSAMH attempted to contact these individuals who, for the most part, either did not respond or were unable to provide information needed to assist us in responding to OIG's auditors.
- DSAMH fiscal unit moved to a new geographical location in the summer of 2007 during which many supporting documents were apparently lost or inadvertently destroyed.
- DISS recently went through a transition in leadership, including the Director of DSAMH. The Director's first day in her position coincided with the opening meeting with the OIG to begin the SVORI audit. Due to the transition in

leadership, the new Director was not made aware of many details regarding the audit. She was not made aware of the severity of the findings of the audit until the exit conference, and consequently, was not able to intervene earlier to make necessary materials available to the auditors. Many documents have been identified since this exit conference that should help to remedy the findings of the draft SVORI audit report. These documents are attached with this letter and should offer necessary support to reverse the findings.

DSAMH Response to OIG Recommendations

The following comments are provided in response to the recommendations contained in OIG's draft audit report.

1. Remedy \$287,154 in unallowable expenditures outside the scope of the approved budget or used for purposes not permitted under the award that included the purchase of equipment (\$280,000), consultant fees (\$5,829), and social gatherings and meals (\$1,325).

\$280,000 (Purchase of equipment)

DHSS disagrees with OIG's view that the cited expenditures are unallowable. DHSS was able to access archived working papers related to the SVORI audit. This documentation indicates the following:

- On December 8, 2005, DSAMH submitted a written request to modify the SVORI budget to include the purchase of a Department of Labor Mobile Technology Vehicle. (DS1#1, DS4#1) This letter was addressed to the Office of Justice Programs (OJP) Project Manager at that time, [REDACTED] (DS5 #1).
- December 12, 2005, "DE Offender Reentry Project Expansion Work Plan/ Budget" that includes a line item for a DOL Mobile Station in the amount of \$250,000. (DS2 #1)
- On February 2, 2006, a letter was addressed to Ms. Regina Schofield, Assistant Attorney General, requesting a no cost extension to the grant. (DS3) A "DE Offender Reentry Project Expansion Update" was attached, indicating the DOL mobile station (DS3#1).
- In April 2006, funds were expended via an intergovernmental voucher to the Department of Labor for the subsequent purchase of the Mobile Work Station. The purchase of the Mobile Work Station was completed in accordance with Delaware state procurement laws.

This provides substantial evidence that the state made the purchase of the Mobile Work Station in accordance with OJP's Financial Guide, March 2005, Chapter 10, page 90, "Procurement Standards": #1 "A State shall follow the same policies and procedures it uses for procurement from its non-federal funds"; and Chapter 15, page

108 "procedures for requesting prior approval" #2 "As a separate written request to the appropriate authority as described above." ([REDACTED] as indicated above.)

\$5,829 (Consultant Fees):

No consultants were paid by DSAMH using SVORI funds and we request an opportunity to review the documents on which OIG based its assertion. DSAMH is under the assumption that OIG reviewed invoices from a company hired by DSAMH to produce a conference summary report during the grant. Given the OIG staff contact coordination issues previously outlined, DSAMH believes that there is a misunderstanding regarding this expenditure. These expenses fall under the allowable expenditures of "Consultants Employed by Commercial and Not-For-Profit Organizations" listed on page 112 of the OJP financial guide (Chapter 15, #6 "Consultant Rates," item c).

\$1,325 (meals)

The cited costs, which OIG asserts are unsupported, represent a sub-set of costs associated with State staff travel associated with the SVORI grant. All State employee travel must conform to the State Budget and Accounting Policy Manual. This manual sets forth the general budgeting and accounting policies, rules, regulations and guidelines which agencies of the State of Delaware are required to follow in planning, budgeting, managing and reporting financial transactions. DSAMH requests an opportunity to review with OJP the specific items included in the \$1,325 meal expenses to petition for the validity of the expense.

2 Remedy \$412,562 in unsupported expenditures that included contractual services (\$411,159) and travel costs (\$1,403).

\$411,159 (contractual services)

The summary document that was supplied to the OIG auditors listed expenses that were beyond the requested sample. Not all of the supporting documentation was supplied to the auditors for those extra expenses and may have added confusion to the reviewers as they derived the amount of "unsupported" costs. DSAMH does not have a listing of documents that were received and reviewed by the OIG that total the cited amount. Despite multiple attempts, DSAMH has not been able to derive the total \$411,159 in expenses. Therefore, DSAMH cannot determine which expenditures OIG reviewed and cannot provide comment. We request a list of the documents OIG reviewed so that we may be able to provide the appropriate comments in response to this remedy/recommendation.

As previously stated, DSAMH had difficulty producing all requested documentation. Additionally, contracted service provider agencies face even more barriers to keeping detailed documentation. Per the grant's design, many non-profit, faith-based and community level organizations were to be the recipients of grant funds. When approached for receipts for specific expenditures (as many as five years after the expiration of the grant) the smaller agencies included in the sample were unable to produce documentation within the time constraints allowed by the OIG.

While DSAMH acknowledges the need to provide education and oversight for these agencies, it is inherently difficult for small non-profit agencies, often with two to four staff, to maintain large amounts of storage space. DSAMH contracts mandate appropriate record retention schedules. If pressed to return the questioned costs, DSAMH will be forced to return to these non-profit agencies to recoup funds lost to the state due to a lack of documentation. Such a demand would cripple or close these agencies in these difficult economic times.

Travel costs (\$1,403):

The cited costs that OIG asserts are unsupported represents a sub-set of costs associated with State staff travel associated with the SVORI grant. All State employee travel must conform to the State Budget and Accounting Policy Manual. This manual sets forth the general budgeting and accounting policies, rules, regulations and guidelines that agencies of the State of Delaware are required to follow in planning, budgeting, managing and reporting financial transactions. DSAMH requests an opportunity to review with OJP the specific items included in the \$1,403 travel costs to petition for the validity of the expense.

3. Remedy \$2,592,091 in unsupported expenditures that resulted from a lack of contractor monitoring.

DSAMH disagrees with this finding, as it relies on a small documentation sample. DSAMH requests a copy of the list of documents comprising the audit sample so that we may be able to provide responsive comments. DSAMH's audit review process includes contract monitoring and reviews each year, and licensing and accreditation of all substance abuse treatment agencies in the state. The licensing reviews are conducted annually following a rigorous review protocol. DSAMH also receives and reviews contractors' independent audits, when required by the (Federal) Office of Management and Budget (OMB) Circular A-133. No issues requiring corrective action were brought to our attention from the reports provided.

Contract invoices that document the review and scrutiny of invoices submitted for this grant are available on-site. DSAMH has documentation for invoices reviewed on a line-item basis and the identification of unallowable expenses that correspondingly were not paid out of grant funding.

4. Ensure that DHSS implements and adheres to procedures that will result in the timely submission of Financial Status Reports.

(The response to findings four and five appear after finding five.)

5. Ensure that the DHSS implements and adheres to procedures that will result in the timely submission of complete progress reports.

DSAMH agrees that several reports were submitted late, but still contends that the electronic reporting system through OJP unfairly delays agencies within the same state from submitting reports when more than one grant is active. An example of this problem is that many State of Delaware agencies need to access the reporting

system, and are all "locked out" if one of the agencies is late in reporting. One of the many instances is noted in the previously cited March 2006 Project Overviews.

DSAMH acknowledges that process improvement efforts should always include the timely submission of required reporting, and continues to strive to achieve 100% compliance with this requirement.

6. Ensure that the DHSS develops grant performance measures and monitors the performance of the grant to ensure that the DHSS reaches the program goals and objectives.

DSAMH agrees that grant performance monitoring is a part of organizational performance improvement processes. DSAMH welcomes the OJP to visit and review the new practices that have been put in place by the new administration subsequent to the departure of previous management staff. For example, the Director of Program monitoring has since been elevated to an executive staff position within DSAMH. This unit has been reorganized to include licensing, program, and fiscal monitoring of contracts. This unit is aligned with the planning unit, which oversees the management of grants and will coordinate on adherence to grant specific requirements.

Finally, DHSS and DSAMH disagree with the claim that the overall objective of the grant, "to assist in the reintegration of returning high-risk offenders residing in the state of Delaware," was a *failure*. During the time of the grant, DHSS/DSAMH invested \$258,112 in state general funds towards the project. Activities and efforts continue in Delaware to promote the successful reintegration of offenders. In fact at the time of the audit, Delaware Governor, Jack Markell, was releasing his statewide plan for re-entry. Information can be found at:

<http://governor.delaware.gov/news/2009/05may/20090511-reentryplan.shtml>

Delaware, DHSS, and DSAMH hold the successful reintegration of offenders as a top priority for the state. We look forward to further discussion, in hopes of sufficiently addressing the concerns and resolving the issues at hand.

Sincerely,



Rita M. Landgraf
Secretary

[The DHSS's response included 5 attachments. We have not included these attachments in our report due to their technical nature.]

**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

OCT 20 2009

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

FROM: Maureen A. Henneberg
Director *Maureen A. Henneberg*

SUBJECT: Response to the Draft Audit Report, *Office of Justice Programs
Serious and Violent Reentry Initiative Grant Awarded to the
Delaware Department of Health and Social Services;
New Castle, Delaware*

This memorandum is in response to your correspondence dated September 29, 2009, transmitting the above draft audit report for the Delaware Department of Health and Social Services (DHSS). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains **six** recommendations and **\$3,291,807** in questioned costs. The following is our analysis of the audit recommendations.

- 1. Remedy the \$287,154 in unallowable expenditures outside the scope of the approved budget or used for purposes not permitted under the award that included the purchase of equipment (\$280,000), consultant fees (\$5,829), and social gatherings and meals (\$1,325).**

We agree with the recommendation. We will coordinate with the DHSS to remedy the \$287,154 in questioned costs related to unallowable expenditures charged to grant number 2002-RE-CX-0008 that were outside the scope of the approved budget or used for purposes not permitted under the grant, which included the purchase of equipment (\$280,000); consultant fees (\$5,829); and social gatherings and meals (\$1,325).

- 2. Remedy the \$412,562 in unsupported expenditures that included contractual services (\$411,159) and travel costs (\$1,403).**

We agree with the recommendation. We will coordinate with the DHSS to remedy the \$412,562 in unsupported expenditures that were charged to grant number 2002-RE-CX-0008, which included contractual services (\$411,159) and travel costs (\$1,403).

- 3. Remedy the \$2,592,091 in unsupported expenditures that resulted from a lack of contractor monitoring.**

We agree with the recommendation. We will coordinate with the DHSS to remedy the \$2,592,091 in unsupported expenditures, which resulted from a lack of contractor monitoring that were charged to grant number 2002-RE-CX-0008. We will also coordinate with DHSS to obtain a copy of written procedures developed and implemented to ensure that adequate oversight is established for future Federal awards.

- 4. Ensure that the DHSS implements and adheres to procedures that will result in the timely submission of Financial Status Reports.**

We agree with the recommendation. We will coordinate with the DHSS to obtain a copy of procedures developed and implemented to ensure that future Financial Status Reports are submitted in a timely manner.

- 5. Ensure that the DHSS implements and adheres to procedures that will result in the timely submission of complete progress reports.**

We agree with the recommendation. We will coordinate with the DHSS to obtain a copy of procedures developed and implemented to ensure that future semi-annual progress reports are complete, accurate, and submitted in a timely manner.

- 6. Ensure that the DHSS develops grant performance measures and monitors the performance of the grant to ensure that the DHSS reaches the program goals and objectives.**

We agree with the recommendation. We will coordinate with the DHSS to ensure that DHSS develops grant performance measures and monitors the performance of the grant to ensure that DHSS reaches the program goals and objectives.

We appreciate the opportunity to review and comment on the draft report. If you have any questions or require additional information, please contact Linda J. Taylor, Acting Deputy Director, Audit and Review Division on (202) 514-7270.

**OIG, AUDIT DIVISION, ANALYSIS AND SUMMARY OF
ACTIONS NECESSARY TO CLOSE THE REPORT**

We provided the draft report to both the Delaware Department of Health and Social Services (DHSS) and the Office of Justice Programs (OJP) for review and comment. DHSS's response is included as Appendix III of this report, and OJP's response is included as Appendix IV. The DHSS agreed with two recommendations, disagreed with three recommendations, and did not state an opinion on the remaining recommendation. OJP agreed with all six recommendations. We consider all six recommendations resolved based on OJP's agreement. The status and actions necessary to close each recommendation, along with a discussion of the responses from DHSS and OJP, are provided below.

During the onsite fieldwork for this audit, the specific questioned costs were discussed in detail with the DHSS officials. In addition, at the exit conference OIG personnel stated that a breakdown of questioned costs would be provided separately from our report, as our report does not contain the specific vendors, contractors, or transactions reviewed. The OIG will provide a list of specific questioned costs to OJP in order to facilitate the closing of the recommendations.

1. **Resolved.** Remedy \$287,154 in unallowable expenditures outside the scope of the approved budget or used for purposes not permitted under the award that included the purchase of equipment (\$280,000), consultant fees (\$5,829), and social gatherings and meals (\$1,325).

The DHSS disagreed with our recommendation. In its response to the purchase of equipment (\$280,000), the DHSS stated the purchase of a Mobile Work Station was approved by OJP. However, we found no evidence where the expansion of the work plan/budget was approved by OJP, only that the no-cost 6 month grant period extension was approved. In addition, the current OJP Program Manager could not provide any evidence that the adjusted work plan/budget was ever approved.

In response to the consultant fees (\$5,829), the DHSS stated that the expenses fall under the allowable expenditures of "Consultants Employed by Commercial and Not-For-Profit Organizations" in the OJP Financial Guide. However, the OJP Financial guide goes on to say "these organizations are subject to competitive bidding procedures. Thus, they are not subject to the \$450 per day maximum compensation threshold before requesting prior approval." According

to a DHSS official, the contract under which the consultants were paid was not competitively bid and therefore the consultants are subject to the \$450 per day maximum compensation.

In response to the social gatherings and meals (\$1,325), the DHSS stated that the OIG asserts these costs are unsupported; however, we are questioning the costs as unallowable, not unsupported. The DHSS did not provide a reason why the costs would be allowable. The DHSS requested the specific items included in the \$1,325 and the OIG will provide the list separately to OJP to facilitate its review.

In its response, OJP agreed with the recommendation and said that it will coordinate with the DHSS to remedy the \$287,154 in questioned costs related to the unallowable expenditures.

This recommendation is resolved based on OJP's concurrence and agreement to remedy the unallowable expenditures. This recommendation can be closed when we receive documentation demonstrating that OJP has remedied the \$287,154 in unallowable expenditures.

2. **Resolved.** Remedy \$412,562 in unsupported expenditures that included contractual services (\$411,159) and travel costs (\$1,403).

In its response to the contractual services (\$411,159), the DHSS requested a list of specific items questioned. The OIG will provide OJP with the specific items making up the \$411,159 in questioned costs.

In response to the travel costs (\$1,403), the DHSS requested a list of the specific items questioned. The OIG will provide OJP with the specific items making up the \$1,403 in questioned costs.

In its response, OJP agreed with the recommendation and said it would coordinate with the DHSS to remedy the \$412,562 in unsupported expenditures.

This recommendation is resolved based on OJP's concurrence, and OJP's agreement to coordinate with the DHSS to remedy costs. This recommendation can be closed when we receive documentation demonstrating that OJP has remedied the \$412,562 in unsupported contractual services and travel costs.

3. **Resolved.** Remedy \$2,592,091 in unsupported expenditures that resulted from a lack of contractor monitoring.

In its response, the DHSS disagreed with this finding. The DHSS requested a list of documents comprising the audit sample in order to provide responsive comments. However, we based this finding on the DHSS's grant monitoring process as a whole, and did not base the recommendation on a sample.

Additionally, the DHSS stated the Division of Substance Abuse and Mental Health's (DSAMH) audit review process included contract monitoring and reviews each year. The OIG repeatedly requested the DHSS to provide evidence of the reviews during the audit, however, no documents were provided.

The DHSS also stated the DSAMH has documentation for invoices reviewed on a line-item basis. However, during our audit we found that the documents provided by the DHSS consisted of a listing of the contractors' expenses without any supporting invoices or receipts. Additionally, we found that the DHSS did not request sufficient documentation from the contractors to adequately monitor grant funded expenditures.

In its response, OJP agreed with the recommendation and stated that it would coordinate with DHSS to remedy the \$2,592,091 in unsupported expenditures which resulted from a lack of contractor monitoring. In addition, OJP stated that it would coordinate with DHSS to obtain a copy of written procedures developed and implemented to ensure that adequate oversight is established for future federal awards.

This recommendation is resolved based on OJP's concurrence and agreement to remedy the unsupported expenditures. This recommendation can be closed when we receive documentation demonstrating that OJP has remedied \$2,592,091 in unsupported expenditures, and after we receive a copy of written procedures developed and implemented to ensure that adequate oversight is established for future federal awards.

4. **Resolved.** Ensure that the DHSS implements and adheres to procedures that will result in the timely submission of Financial Status Reports.

In its response, the DHSS agreed that several reports were submitted late, but stated that the electronic reporting system through OJP unfairly delayed agencies within the same state from submitting reports when more than one grant is active.

In its response, OJP agreed with the recommendation and said that it will coordinate with the DHSS to obtain a copy of procedures developed and implemented to ensure that future FSRs are submitted in a timely manner.

This recommendation is resolved based on OJP's concurrence and agreement to coordinate with the DHSS on obtaining written policies. This recommendation can be closed when we receive documentation demonstrating that the DHSS has implemented, and is following, procedures to timely report expenditures on FSRs.

5. **Resolved.** Ensure that the DHSS implements and adheres to procedures that will result in the timely submission of complete progress reports.

In its response, the DHSS agreed that several reports were submitted late, but contended that the electronic reporting system through OJP unfairly delays agencies within the same state from submitting reports when more than one grant is active.

In its response, OJP agreed with the recommendation and said that it will coordinate with the DHSS to obtain a copy of procedures developed and implemented to ensure that future semi-annual progress reports are complete, accurate, and submitted in a timely manner.

This recommendation is resolved based on OJP's concurrence and agreement to coordinate with the DHSS to obtain written policies. This recommendation can be closed when we receive documentation demonstrating that the DHSS has developed and implemented procedures to submit future semi-annual progress reports completely, accurately, and timely.

6. **Resolved.** Ensure that the DHSS develops grant performance measures and monitors the performance of the grant to ensure that the DHSS reaches the program goals and objectives.

The DHSS said the DSAMH has new practices that have been put in place by the new administration. In addition, the DHSS disagreed with the claim that the overall objective of the grant was a failure. However, the OIG repeatedly requested evidence to demonstrate the status of reaching stated goals and objectives. The DHSS did not provide any documentation. In addition, the former DHSS Program Manager told us the DHSS did not reach their ultimate goal because the program did not continue after the grant ended.

In its response, OJP agreed with the recommendation and said that it will coordinate with the DHSS to ensure that the DHSS develops grant performance measures and monitors the performance of the grant to ensure that DHSS reaches the program goals and objectives.

This recommendation is resolved based on OJP's concurrence and agreement to coordinate with the DHSS on the creation of grant performance measures as well as monitoring the performance of the grant to ensure that the DHSS reaches the program goals and objectives written policies. This recommendation can be closed when we receive documentation demonstrating that the DHSS has developed and implemented performance measures and monitors the performance of the grant to ensure that the program goals and objectives are reached.