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**AUDIT OF THE  
OFFICE ON VIOLENCE AGAINST WOMEN  
GRANTS TO JANE DOE, INC.  
BOSTON, MASSACHUSETTS**

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

Audit Report GR-70-11-005  
August 2011

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**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN  
GRANTS TO JANE DOE, INC.**

**EXECUTIVE SUMMARY**

The U.S. Department of Justice Office of the Inspector General, Audit Division, has completed an audit of the following grants made by the Office on Violence Against Women (OVW) to Jane Doe, Inc. (Jane Doe): (1) Enhanced Training and Services to End Violence and Abuse of Women Later in Life Program Agreement, number 2007-EW-AX-K005; (2) Grants to Sexual Assault and Domestic Violence Coalitions Program, number 2007-MU-AX-0067; (3) Technical Assistance Program Call for Concept Papers Agreement, number 2007-TA-AX-K039; and (4) OVW Recovery Act Grants to State Sexual Assault And Domestic Violence Coalitions Program Grant, number 2009-EU-S6-0048. Collectively, these awards totaled \$1,341,410 in OVW funding. Jane Doe is also known as the Massachusetts Coalition Against Sexual Assault and Domestic Violence, and is located in Boston, Massachusetts.

The purposes of the four grants were to: (1) support efforts to coordinate victim services within Massachusetts and to collaborate with other federal, state, and local entities to respond to violence against women issues; (2) increase and strengthen training for police, prosecutors, and the judiciary in recognizing, investigating, and prosecuting instances of abuse, neglect, exploitation, domestic violence, and sexual assault against older individuals; (3) develop, organize, facilitate, and present three to four training programs to non-profit, non-governmental victim advocates across the country; and (4) preserve and create jobs and promote economic recovery.<sup>1</sup>

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 assessed Jane Doe's program performance in meeting the grants' objectives and overall accomplishments.

We determined Jane Doe did not fully comply with the essential grant requirements we tested. We found internal control weaknesses, untimely progress reports, unsupported and unallowable payroll expenditures, unallowable bonus payments, and unallowable and unreasonable

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<sup>1</sup> The Abuse Later in Life Agreement and the Technical Assistance Agreement were cooperative agreements, but for purposes of consistency they will be referred to as grants throughout this report.

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expenditures for conferences.<sup>2</sup> Additionally, a contractor performing grant funded services was not effectively monitored and Jane Doe did not comply with all of the grants' special conditions. Because of the deficiencies identified, we are questioning \$638,298, or about 47 percent, of the grant funds.<sup>3</sup>

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

We discussed the results of our audit with Jane Doe officials and have included their comments in the report, as applicable. Additionally, we requested a response to our draft report from Jane Doe and OVW, 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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<sup>2</sup> In October 2009, the financial reporting form was changed from the Financial Status Report to the Federal Financial Report. Because most of the forms we reviewed were Financial Status Reports, that is how we refer to them in this report.

<sup>3</sup> The Inspector General Act of 1978, as amended, contains our reporting requirements for questioned costs. However, not all findings are dollar-related. See Appendix II for a breakdown of our dollar-related findings and for definitions of questioned costs.

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## INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of four grants awarded by the Office on Violence Against Women (OVW) to Jane Doe, Inc. (Jane Doe), also known as the Massachusetts Coalition Against Sexual Assault and Domestic Violence.<sup>4</sup> These grants included: (1) grant number 2007-EW-AX-K005 – Enhanced Training and Services to End Violence and Abuse of Women Later in Life, (2) grant number 2007-MU-AX-0067 – State Grants to Sexual Assault and Domestic Violence Coalitions, (3) grant number 2007-TA-AX-K039 – Technical Assistance Program, and (4) grant number 2009-EU-S6-0048 – Recovery Act Grants to State Sexual Assault and Domestic Violence Coalitions. The last grant, grant number 2009-EU-S6-0048, was awarded under the American Recovery and Reinvestment Act of 2009.<sup>5</sup> Collectively, these grant awards totaled \$1,341,410 in OVW funding.

The award documentation stated that the purposes of these grants were to: (1) support Jane Doe's efforts to coordinate victim services within Massachusetts and to collaborate with other federal, state, and local entities to respond to violence against women issues; (2) increase and strengthen training for police, prosecutors, and the judiciary in recognizing, investigating, and prosecuting instances of abuse, neglect, exploitation, domestic violence, and sexual assault against older individuals; (3) develop, organize, facilitate, and present three to four training programs to non-profit, non-governmental victim advocates nationwide; and (4) preserve and create jobs and promote economic recovery.

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 assessed Jane Doe's program performance in meeting grant objectives and overall accomplishments. The following tables show the total funding for each award as well as the associated project start and end dates.

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<sup>4</sup> Of the four awards that we audited, two were grants and two were cooperative agreements. For purposes of this audit, we will refer to these awards as grants throughout this report.

<sup>5</sup> The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided \$225 million in funding to OVW that was intended to develop and support the capability of state, local, and non-profit entities involved in responding to violence against women. Specifically, the Recovery Act directed that \$8,750,000 be used to support the work of state domestic violence and sexual assault coalitions, among other eligible recipients.

**ENHANCED TRAINING AND SERVICES TO END VIOLENCE AND ABUSE OF WOMEN LATER IN LIFE**

<b>AWARD</b>	<b>AWARD DATE</b>	<b>PROJECT END DATE</b>	<b>AWARD AMOUNT</b>
<b>2007-EW-AX-K005</b>	09/11/2007	09/30/2010	\$399,333
<b>Total</b>			\$399,333

Source: Office on Violence Against Women

**GRANTS TO SEXUAL ASSAULT AND DOMESTIC VIOLENCE COALITIONS**

<b>AWARD</b>	<b>AWARD DATE</b>	<b>PROJECT END DATE</b>	<b>AWARD AMOUNT</b>
<b>2007-MU-AX-0067</b>	09/13/2007	08/31/2008	\$166,090
<b>Supplement 1</b>	09/22/2008	08/31/2009	165,930
<b>Supplement 2</b>	09/25/2009	08/31/2010	204,035
<b>Total</b>			\$536,055

Source: Office on Violence Against Women

**TECHNICAL ASSISTANCE PROGRAM CALL FOR CONCEPT PAPERS**

<b>AWARD</b>	<b>AWARD DATE</b>	<b>PROJECT END DATE</b>	<b>AWARD AMOUNT</b>
<b>2007-TA-AX-K039</b>	09/10/2007	06/30/2009	\$249,772
<b>Total</b>			\$249,772

Source: Office on Violence Against Women

**RECOVERY ACT GRANTS TO STATE SEXUAL ASSAULT AND DOMESTIC VIOLENCE COALITIONS PROGRAM AGREEMENT WITH JANE DOE, INC.**

<b>AWARD</b>	<b>AWARD DATE</b>	<b>PROJECT END DATE</b>	<b>AWARD AMOUNT</b>
<b>2009-EU-S6-0048</b>	07/23/2009	04/30/2011	\$156,250
<b>Total</b>			\$156,250

Source: Office on Violence Against Women

## **Office on Violence Against Women**

The Office on Violence Against Women (OVW), a component of the U.S. Department of Justice, provides primary management and oversight of the grants we audited. OVW's mission is to provide national leadership in developing the nation's capacity to reduce violence against women through the implementation of the Violence Against Women Act (VAWA). OVW provides financial and technical assistance to communities across the country that are developing programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking. Currently, OVW administers 2 formula grant programs and 17 discretionary grant programs which were established under VAWA and subsequent legislation. By forging state, local, and tribal partnerships among police, prosecutors, victim advocates, health care providers, faith leaders, and others, OVW grant programs intend to help provide victims with the protection and services they need to pursue safe and healthy lives, while simultaneously enabling communities to hold offenders accountable for their violence.

## **Enhanced Training and Services to End Violence and Abuse of Women Later in Life**

The Enhanced Training and Services to End Violence and Abuse of Women Later in Life program was statutorily created by the Violence Against Women Act of 2005 to increase and strengthen training for police, prosecutors, and the judiciary in recognizing, investigating, and prosecuting instances of abuse, neglect, exploitation, domestic violence, and sexual assault against older individuals. The program is also intended to provide or enhance services for older victims; create or support multidisciplinary collaborative community responses to older victims; and conduct cross-training for victim service organizations, governmental agencies, courts, law enforcement, and nonprofit, nongovernmental organizations serving older victims.

## **Grants to Sexual Assault and Domestic Violence Coalitions**

The Grants to Sexual Assault and Domestic Violence Coalitions program is intended to support state coalition efforts to coordinate victim services within their state as well as collaborate with other federal, state, and local entities to respond to violence against women issues affecting their jurisdictions. Statewide domestic violence coalitions provide comparable support to member battered women's shelters for victims of domestic violence and victim services programs. In a small number of states and

territories these support services are provided through a single dual sexual assault and domestic violence coalition. In other states, both state sexual assault and domestic violence coalitions exist.

### **Technical Assistance Program Call for Concept Papers**

The Technical Assistance Program is intended to provide grantees with the expertise and support they need to develop and implement successful state, local, tribal, and campus projects, increase victim safety, and bolster offender accountability. Through technical assistance grants, OVW supports educational initiatives, conferences, peer-to-peer consultations, and targeted assistance that allow its grantees to learn from experts and one another about how to overcome obstacles and incorporate promising practices in their efforts to address violence against women. Additionally, the Technical Assistance Program focuses on building the capacity of national criminal justice and victim advocacy organizations to address domestic violence, sexual assault, stalking, and dating violence, as well as examine issues of special interest to OVW and its constituents.

### **Recovery Act Grants to State Sexual Assault and Domestic Violence Coalitions**

The Recovery Act Grants to State Sexual Assault and Domestic Violence Coalitions Program (Recovery Act Coalitions Program) was funded by the American Recovery and Reinvestment Act of 2009 (Public Law 111-5) (Recovery Act). The Recovery Act Coalitions Program is intended to provide direct support to member rape crisis centers through funding, training and technical assistance, public awareness activities, and public policy advocacy. Statewide domestic violence coalitions intend to provide comparable support to member battered women's shelters and other domestic violence victim service providers. In a small number of states and territories, these support services are provided through a single dual sexual assault and domestic violence coalition. In Massachusetts, Jane Doe is organized as a statewide coalition of more than 60 community-based sexual assault and domestic violence programs.

### **Jane Doe, Inc.**

The mission of Jane Doe, Inc. (Jane Doe), also known as the Massachusetts Coalition Against Sexual Assault and Domestic Violence, is to bring together organizations and people who are committed to ending domestic violence and sexual assault. According to Jane Doe's website, it operates as a state-wide membership advocacy organization dedicated to



preventing and abolishing domestic violence, sexual assault, and stalking. Jane Doe was formed by the 1998 merger of the Massachusetts Coalition of Battered Women Service Groups and the Massachusetts Coalition Against Sexual Assault. Its membership is comprised of more than 60 community-based domestic violence, sexual assault, and/or dual programs. Jane Doe works with its member programs in order to understand the impact that domestic and sexual violence has on victims and local communities. Jane Doe also provides technical assistance, training, and information and facilitates communication among the membership in many venues. Jane Doe is based in Boston, Massachusetts.

The goals of the grant-funded programs we audited were to:

- (1) develop and operate a computer system to track domestic violence and sexual assault incidents within Massachusetts;
- (2) distribute a newsletter and administer a website to increase Jane Doe's state-wide voice;
- (3) conduct training for affiliates via the Jane Doe Training Institute;
- (4) serve as the fiscal agent for a third party training contractor;
- (5) coordinate Abuse Later in Life Training for Boston police officers and detectives, as well as Suffolk County prosecutors;
- (6) hire and retain staff to stimulate economic recovery; and
- (7) make enhancements to Jane Doe's website.

### **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 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. Additionally, the OJP Financial Guide cites applicable Office of Management and Budget (OMB) criteria and the Code of Federal Regulations (CFR) that we also considered in performing our audit. Lastly, we also relied on the General Service Administration's Federal Travel Regulations in conjunction with our compliance testing. We tested Jane Doe'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.

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- **Personnel budget allocation and personnel expenditures** to determine whether the personnel costs charged to the grants were allowable, supported, accurate, and whether positions were within approved grant budgets.
- **Grant expenditures** to determine whether the costs charged to the grants were allowable and adequately supported.
- **Reporting** to determine if the required periodic Federal Financial Reports and Progress Reports were submitted on time and accurately reflected grant activity.
- **Drawdowns** (requests for grant funding) to determine whether requests for reimbursement, or advances, were adequately supported, and if Jane Doe managed grant receipts in accordance with federal requirements.
- **Budget management and control** to determine whether Jane Doe adhered to the OVW-approved award budgets for the expenditure of grant funds.
- **Monitoring of contractors** to determine whether Jane Doe had taken appropriate steps to ensure that contractors complied with grant requirements.
- **Compliance with other grant requirements** to determine if Jane Doe complied with all of the terms and conditions specified in the individual grant award documents.
- **Accountable property** to determine whether Jane Doe had procedures for controlling accountable property, and whether the property was included in its inventory and identified as purchased with federal funds.
- **Program performance and accomplishments** to determine whether Jane Doe achieved grant objectives, and to assess performance and grant accomplishments.

Where applicable, we also test for compliance in the areas of indirect costs, matching funds, program income, and monitoring of subgrantees. For these grants, we determined that Jane Doe charged no indirect costs, matching funds were not required, the grant-funded programs generated no program income, and there were no subgrantees.

**FINDINGS AND RECOMMENDATIONS**

**COMPLIANCE WITH ESSENTIAL GRANT REQUIREMENTS**

We determined that Jane Doe, Inc. did not comply with all of the essential grant requirements in the areas we tested. Specifically, we found: (1) deficiencies in the system of internal controls, (2) unsupported and unallowable personnel expenditures, (3) unallowable and unreasonable non-personnel grant expenditures, (4) inadequate grant reporting, including untimely progress reports, (5) ineffective contractor monitoring, and (6) noncompliance with other grant requirements. As a result of these deficiencies, we question \$638,298 in grant expenditures, or about 47 percent of the combined total award budget for all grants. These conditions, including the underlying causes and potential effects on program performance, are further discussed in the body of this report.

**Internal Control Environment**

We began this audit by reviewing Jane Doe’s accounting and financial management systems and Single Audit Reports to assess the organization’s risk of non-compliance with laws, regulations, guidelines, and the terms and conditions of the grants. We reviewed the accounting and financial records specific to each grant to determine if Jane Doe’s system of internal controls provided for effective control of and accountability over DOJ grant funds. We interviewed management and staff from the organization, observed accounting and financial reporting activities outsourced to a third-party accounting and financial services firm (hereafter referred to as financial services contractor), and performed transaction testing to further assess risk.

While our audit did not assess Jane Doe’s overall system of internal controls, we did review the internal controls of Jane Doe’s financial management system specific to the management of DOJ grant funds during the grant periods under review. Overall, we identified significant internal control deficiencies that are discussed in greater detail below. These deficiencies warrant the attention of Jane Doe’s management for necessary corrective action.

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All of the grants we reviewed were required to comply with 2 C.F.R. Part 215, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations (formerly known as OMB Circular A-110) with respect to effective control and accountability over federal funds. Specifically, the CFR states, "Recipients must adequately safeguard all such assets and assure they are used solely for authorized purposes."

The day-to-day accounting and financial administration of Jane Doe is performed by its financial services contractor. The financial services contractor is responsible for: processing all accounting and financial transactions using a commercially available, off-the-shelf accounting software package; generating necessary and required financial and grant reporting; inputting and processing employee payroll; and overseeing cash management activities, including grant drawdowns and payment of vendor invoices. The financial services contractor works on-site at Jane Doe 2 to 3 days each week and reports directly to Jane Doe senior management – specifically the Executive Director and the Chief Operating Officer (COO). According to the Executive Director, while Jane Doe does not officially have a Chief Financial Officer (CFO) on staff, the duties and responsibilities of a CFO fall under the Executive Director. However, the Executive Director further commented that in the absence of a CFO, and because of the Executive Director's limited in-office availability and heavy workload, the CFO function has been delegated to the financial services contractor under the direct supervision of the COO.

We determined from our audit work that the financial services contractor exercised almost exclusive control over the accounting and financial recordkeeping functions and that Jane Doe management's access to the accounting software was generally limited to read-only access. We also determined from our discussions that no written standardized operating procedures existed to detail the work performed by the financial services contractor and to ensure the continuity of Jane Doe's financial operations in the absence of the financial services contractor.

According to all relevant versions of the OJP Financial Guide covering each of the grant awards, Jane Doe was required to establish and maintain adequate accounting systems and financial records to accurately account for all grant-funded awards. This includes having adequate access to and control over the accounting system. Both the financial services contractor and Jane Doe's Executive Director told us that they were unfamiliar with the OJP Financial Guide.

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Our testing confirmed that the financial services contractor provided some degree of separation of duties and had also implemented some internal controls specific to the tasks it performs. For example, the financial services contractor prepared monthly bank reconciliations, which are an effective internal control mechanism. However, we also found that Jane Doe management placed too much reliance on the financial services contractor. Specifically, our follow up discussions disclosed that Jane Doe did not have user rights to edit its own financial records. The financial services contractor had the exclusive ability to process, update, and amend Jane Doe's accounting system and financial records. Additionally, our review of two bank reconciliations revealed no evidence that management reviewed or approved the reconciliations. This, coupled with the absence of any documented standardized financial operating procedures, represents a significant internal control deficiency.

The Executive Director told us that she considered read-only access by Jane Doe management to its accounting system and financial records an indication of strong internal controls because it demonstrated segregation of duties. She was unable to explain why the monthly bank reconciliations were not reviewed and approved. More importantly, the Executive Director acknowledged that if the financial services contractor staff were not available, Jane Doe would be unable to process transactions in its accounting system, nor would it be able to internally access its own financial records. We were also told that Jane Doe staffing constraints further limited its ability to self-manage its accounting and financial operations as it did not have any employees who possessed the necessary knowledge, skills, and ability to effectively and efficiently perform the functions delegated to the financial services contractor.

In our judgment, the internal control weaknesses we identified could significantly impair Jane Doe's effective control and accountability over federal funds. Jane Doe's overreliance on the financial services contractor to perform all of the key and essential accounting and financial functions creates potential risk. This risk would be further exacerbated should the financial services contractor staff be unavailable, such as in the event of a contractor dispute, because Jane Doe would be unable to fully utilize its accounting system and access financial records. This could also undermine Jane Doe's ability to meet grant-funded programmatic objectives. From the cumulative body of audit work we conducted in this area, we concluded that Jane Doe should strengthen its internal controls to allow greater staff access to its accounting system and financial records, and to exercise greater supervisory review of the financial services contractor operations.

During our audit, we also identified an internal control weakness associated with an overall lack of documented monitoring and oversight of Jane Doe’s Executive Director. In the case of Jane Doe, governance rests with not only the Executive Director as a management principal, but also with its Board of Directors.

According to the Executive Director and the two Board members we spoke to, the Executive Director reports directly to the Board, keeps the Board informed as necessary of organizational results and accomplishments, and retains sole authority over the fiscal and programmatic operations of the organization. During our transaction testing, we found grant-funded payments, including bonus payment and regular expense reimbursements, to the Executive Director that were made without any documented Board authorization or approval. Jane Doe was unable to provide us with a signed copy of the Executive Director’s contractual agreement that we were told established an agreed-upon salary at the date of hire, the position’s roles and responsibilities, performance expectations, goals and objectives, frequency of performance evaluations, and bonus payment criteria.<sup>6</sup> Additionally, we were not provided with copies of Board minutes from Executive Sessions where we were told these issues would have been discussed and approved.

The current Chairperson of the Jane Doe Board told us that the Executive Director has the authority to set staff salaries as well as the amount of funds contractors may be paid. In addition, we were told the Executive Director has the ability to make periodic, self-directed bonus payments without Board approval provided the Board is notified that a bonus payment was made. In our judgment, the Board does not exercise sufficient checks and balances over the Executive Director. This lack of oversight represents an internal control shortcoming as the Executive Director’s ability to act without board approval does not provide effective segregation of duties or accountability over federal funds. The lack of oversight also increases the risk that fraud, waste, and abuse could occur, or that grant funds could be expended for unauthorized and unallowable purposes.

### **Personnel Budget Allocation and Expenditures**

Jane Doe allocated \$605,504, or about 45 percent of its four grant approved budgets, to personnel and fringe benefit expenditures. We determined from our discussions with management and a review of available documentation that consisted principally of employee timesheets, that Jane

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<sup>6</sup> Jane Doe provided a signed copy of the Executive Director’s contract in response to our draft report.

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Doe did not have a formal or verifiable methodology for properly allocating or recording employee time consistently to the grant-funded projects. Without a required and workable personnel allocation methodology, Jane Doe was not in compliance with mandated guidelines under 2 C.F.R. Part 230, Cost Principles for Non-Profit Organizations (formerly known as OMB Circular A-122).

The OJP Financial Guide cites 2 C.F.R. Part 230 and the requirement that charges to grant awards, including awards made to Jane Doe, be supported by personnel activity reports. Specifically, the required guidance states that charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official of the organization. The guidance goes on to say that the distribution of salaries and wages to awards must be supported by personnel activity reports.

Moreover, the CFR requires that the personnel activity reports should account for an employee's total activity and the portion of the activity charged to the award. The CFR additionally requires that the reports must be signed by the individual employee or by a responsible supervisory official having firsthand knowledge of the activities performed by the employee, and that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.

To determine if Jane Doe was in compliance with the OJP and CFR requirements discussed above, we tested a judgmental sample of grant expenditures made to Jane Doe employees in two non-consecutive pay periods and traced grant-funded employee personnel expenditures to timesheets for all four grants. We found that Jane Doe employee timesheets did not support personnel and fringe benefit expenditures charged to the grants because the timesheets did not break out the specific grant where work was being performed, contrary to CFR requirements. Because Jane Doe did not allocate employee time as required by the CFR, we were unable to verify that the employee timesheets we reviewed supported personnel and fringe benefit expenditures that Jane Doe charged to the grants.

Jane Doe, in its grant applications, was specific about the percentage of employee time to be spent on grant-specific tasks. The Executive Director told us that Jane Doe's award budgets and accompanying narratives were used as the basis for employee time charged to the grants - a good-faith estimate of employee effort. Furthermore, the Executive Director said that work was either classified as Domestic Violence or Sexual Assault among

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staff, and that there are only a few tasks where work was directly related to a specific grant.

We asked why Jane Doe’s timesheets did not support the specific charges made to the grants. The Executive Director said that the system to track employee time was ineffective, and that Jane Doe employees recorded their time based on project deliverables rather than the source of funding. The Executive Director attempted to re-compute the timesheets we reviewed to mathematically reconcile to grant charges. However, in our judgment this did not adequately address the CFR requirements. We therefore question \$605,504, or the entire approved budget for personnel and fringe benefit expenditures for all four grants as unsupported. The chart below itemizes the amount of questioned costs per grant:

**Unsupported Payroll Expenses**

<b>Grant Number</b>	<b>Questioned Cost Amount</b>
2007-EW-AX-K005	\$173,250
2007-MU-AX-0067	328,315
2007-TA-AX-K039	25,600
2009-EU-S6-0048	78,339
<b>Total</b>	<b>\$605,504</b>

*Grant 2009-EU-S6-0048 Fundraising*

We also reviewed employee timesheets from our judgmental sample to determine if employee time for fundraising activities was charged to the grant. Jane Doe conducts fundraising to help sustain the continuity of its operations. Our testing identified fundraising activity charged to the Recovery Act grant. Specifically, as part of our transaction testing we reviewed the timesheets of a part-time employee who was funded under the Recovery Act award. The timesheets, which were approved by the employee’s supervisor, showed that up to 60 percent (in the amount of \$1,975) of the employee’s time charged to the grant was for the preparation of a draft three-year fund development plan. We reviewed the plan and concluded it was for purposes of fundraising. Specifically, it was a fundraising plan for Jane Doe as an organization and did not specifically indicate that the fundraising plan was solely for purposes of furthering the Recovery act award.

The OJP Financial Guide specifically prohibits the use of grant funds for purposes of fundraising. The Financial Guide says that neither the salary of



persons engaged in fundraising nor indirect costs associated with those salaries may be charged to the award. However, it also carves out a narrow exception, and we reviewed the Recovery Act grant's terms and conditions to determine if Jane Doe fell within the exception.<sup>7</sup> The Recovery Act grant awarded to Jane Doe did not contain any special conditions that would have permitted Jane Doe to use grant funds for fundraising purposes. As noted above, the draft plan was for Jane Doe as an organization, not just the program the Recovery Act grant was intended to support. We therefore determined that the employee's activities to develop the draft three-year fund development plan should not have been charged to the Recovery Act grant.

The Executive Director told us that the part-time employee was not fully engaged in fundraising activities and amended the time sheets to show that the employee worked on Recovery Act activities. However, the part-time employee clearly indicated on the time sheets that she worked on the fund development plan. We therefore did not accept the Executive Director's modification. We question \$1,975, or the percentage of the timesheets we tested that identified fundraising hours worked by the part-time employee as unallowable. Even though the amount we identified as unallowable fundraising was already included as part of the total payroll expenses we previously questioned in this report, we are reporting this exception separately to highlight Jane Doe's lack of an internal control mechanism to ensure that only allowable charges are posted to grant awards.

### **Grant Expenditures**

We reviewed Jane Doe's non-personnel grant expenditures to determine if they complied with applicable terms and conditions outlined in the OJP Financial Guide and General Services Administration (GSA) imposed Federal travel policy. We judgmentally selected and tested transactions from all four Jane Doe grants. Jane Doe's non-personnel expenditures were primarily for consultants, conference and per diem charges, supplies, and occupancy expenses. We discuss the results of our transaction testing in greater detail below.

Chapter 7 of the OJP Financial Guide addresses allowable costs. Regarding conferences and workshops, it says for contracts for events that

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<sup>7</sup> According to the 2008 OJP Financial Guide, a recipient may also expend funds, in accordance with approved award terms, to seek future funding sources to institutionalize the project in the terms and conditions of an OJP grant award, but not for the purpose of raising funds to finance related or complimentary project activities.

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include 30 or more participants, lodging costs for any number of attendees requiring lodging must not exceed the federal per diem rates. If the lodging rate exceeds the federal per diem rate, none of the lodging costs associated with the event are allowable. It also says that food and beverage expenses for conferences should be, among other things, reasonable. The Financial Guide also notes that food or beverage charges cannot be related directly to amusement and/or social events. It goes on to state that any event where alcohol is served is considered a social event. Costs associated with social events are unallowable.

The Financial Guide states that travel costs are allowable as expenses by employees who are in travel status on official business and that these costs must be in accordance with federal or organizationally approved travel policy. While grant recipients may establish their own travel rates, the Department reserves the right to determine the reasonableness of those policies. If grant recipients do not establish their own rates, they must abide by the federal travel policy (GSA per diem rates). GSA posts current travel policy and per diem rate information. We determined that Jane Doe did not have its own travel policies in place. Therefore, federal travel policy, including per diem lodging and meals and incidental expenses (M&IE) rates apply.

*Grant 2007-EW-AX-K005*

For this grant we tested lodging and per diem costs, amounting to \$14,758 or 4 percent of the total grant award that were charged to the grant. We determined that Jane Doe exceeded per diem allowances on two occasions; specifically two conferences that Jane Doe project consultants participated in between July 2008 and June 2009. The per diem costs charged to the grant exceeded the Federal established rates by \$199. While the excess charges were unallowable, we do not consider the amount material and therefore do not question these costs.

*Grant 2007-MU-AX-0067*

For this grant we tested transactions that reflected lodging, space rental, and per diem charges specific to two conferences held in November 2007 and June 2009. The expenditures related to these conferences amounted to \$15,019, or 3 percent of the total grant award. As a result of our review, we questioned \$12,865 related to the two conferences, as explained below.

November 2007 Conference

Jane Doe sponsored a 2-day conference in Southbridge, Massachusetts, in November 2007 as part of its Diversity Training initiative. The conference had 40 participants and expenditures totaled \$12,691. Included in this total was \$487 in expenditures for alcohol and bar related charges. In response to our draft audit report, Jane Doe provided additional documentation for this conference; however, the documentation did not adequately address all of the questioned costs. As a result, we questioned the entire cost of the conference for the following reasons.

- The Financial Guide states that events at which alcohol is served are considered social, and should not be charged to a grant. The information provided to us during the audit and in response to our draft report does not identify the specific portions of the conference when alcohol was served. In addition, it does not identify how many times alcohol was served. As a result, we question the entire amount of the conference charged to the grant.
- The Financial Guide states that lodging costs for conferences with 30 or more attendees cannot exceed the established GSA lodging rate, which was \$92 per person per day for the time and location of this conference. The grantee charged the grant \$142.50 per person, per day for lodging costs, totaling \$5,700 – based on 40 participants. In our view, the lodging costs were not reasonable. As a result, we also question \$2,020 of the conference lodging costs because it was in excess of the per diem limit.
- The Financial Guide in effect at the time this conference took place states that food and beverage charges must be reasonable. In response to our working draft report, Jane Doe provided information showing that the per person food charge for this conference was \$101.18, totaling \$4,047 – based on 40 participants. In contrast, the GSA rate was \$49 per person, per day for the time and location of this conference, or \$1,960 for the entire conference. In our opinion, the food charges were not reasonable. As a result, we also question \$2,087 of the conference food and beverage costs because it was above the per diem limit.

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Although the \$4,107 we identified as unreasonable for exceeding the per diem limit was already included as part of the unallowable alcohol expense we previously questioned in this section of the report, we are reporting this exception separately to highlight Jane Doe's lack of an internal control mechanism to ensure that only allowable charges are posted to grant awards and questioning the \$4,107 separately.

June 2009 Conference

For the second conference, lodging was charged to the grant at a rate that exceeded the lodging per diem limit set by GSA. For this conference, Jane Doe sent one consultant to Washington, D.C., for a 2-day conference and incurred a rate of \$285 per day plus tax. The GSA rate was \$209 per day. The applicable OJP Financial Guide under Chapter 7 (Allowable Costs) says that absent an organizationally approved travel policy, organizations must abide by the current travel policy for per diem limits as posted by the GSA. Costs for this consultant exceeded the allowable per diem allowance by \$174 (the difference between the actual cost incurred of \$653 and the per diem allowance with tax of \$479). In our view, the lodging costs were not reasonable. We therefore question \$174, which is the amount charged to the grant in excess of the allowable rate.

. Unallowable questioned costs amounted to \$12,691 or the entire Southbridge Conference charge to the grant for charging alcohol to the grant. Unreasonable questioned costs amounted to \$4,281 for exceeding the GSA rate for lodging and food. We recommend that OJP work with the grantee to remedy those costs.

*Grant 2007-TA-AX-K039*

For this grant, we tested transactions that included lodging and per diem charges, which amounted to \$47,985, or 31 percent of the total grant. We determined that Jane Doe exceeded per diem limits for two conferences that Jane Doe consultants administered in San Francisco, California in January 2009 and in Washington, D.C., in May 2009. The applicable OJP Financial Guide under Chapter 7 (Allowable Costs) says that the costs for food and beverages must be reasonable. It further notes that absent an organizationally approved travel policy, organizations must abide by the current travel policy for per diem limits as posted by the GSA.

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### January 2009 Conference

For the 2-day San Francisco conference with 34 participants, Jane Doe exceeded the allowable per diem limits for breakfast and associated refreshments by \$3,093 over both days. This amount was calculated as the difference between the actual costs charged to the grant for breakfast and refreshments of \$7,445 over 2 days and the GSA per diem limit which was \$4,352 (34 participants multiplied by the M&IE rate of \$64 per day per person) for both days. The excess of \$3,093, or 71 percent over the per diem limit, in our judgment is unreasonable. Additionally, Jane Doe incurred an unallowable attrition fee or penalty of \$2,352 for the San Francisco conference in January 2009.<sup>8</sup> The OJP Financial Guide prohibits grantees from charging fines and penalties such as attrition fees to grant awards.

### May 2009 Conference

For the 2-day Washington, D.C., conference with 37 participants, Jane Doe exceeded the allowable per diem limits for dinner banquet charges and associated refreshments by \$3,011 over both days. This amount was calculated as the difference between the actual costs charged to the grant for dinner banquet charges and associated refreshments of \$7,747 over 2 days and the GSA per diem limit which was \$4,736 (37 participants at the M&IE rate of \$64 per day per person). The excess of \$3,011, or 64 percent over the per diem limit in our view is unreasonable.

Between both conferences, we questioned a total of \$8,456 for the grant to include \$6,104 of unreasonable per diem charges for two conferences and an unallowable attrition fee of \$2,352.

### *Grant 2009-EU-S6-0048 (Recovery Act)*

We selected a sample of transactions to test for the Recovery Act grant, which amounted to \$21,404, or about 14 percent of the total grant award. None of these transactions included lodging or per diem charges. We tested these transactions to determine if they were allowable and supportable. All of the expenditures we tested were both allowable and adequately supported for this grant.

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<sup>8</sup> An attrition fee is a penalty fee applied by hotels or other facility rental companies when the organization reserving a block of rooms does not book and use the rooms.

*Executive Compensation Record Retention*

We identified a bonus payment to the Executive Director that was not approved by the Board of Directors as required by Jane Doe policy. According to 2 C.F.R. Part 230, compensation to individual employees is allowable provided it conforms to the established policy of the organization. The Executive Director explained to us that the Board of Directors approves her compensation, including bonus payments. However, we were also told by Jane Doe officials the Board merely has to be notified of such payments to the Executive Director and that the Board does not need to approve these types of payments.

To determine if Jane Doe complied with either policy stated above, we examined documentation relating to payments made to the Executive Director, including Jane Doe's cover payment sheets, invoices, and other supporting documentation. We identified one transaction, a bonus check for \$1,441, where the Executive Director approved the payment for herself. We verified this payment with the financial services contractor.

We asked the Executive Director why she authorized a bonus to herself and she told us that she had provided notification to the Board of Directors. We asked the current Board Chairperson if the Board retained minutes to document that the Executive Director notified the Board about the bonus payment. However, neither the Board Chairperson nor Jane Doe officials we spoke with were able to provide us with sufficient documentation showing that the bonus payment had been properly approved by the Board of Directors. For example, they were unable to produce board minutes to document that the Board was notified by the Executive Director or that it approved the bonus. As a result, we questioned \$1,441 as unallowable according to the CFR because Jane Doe was unable to document the bonus payment made to the Executive Director conformed to the established policy of the organization.

We determined this was caused by lack of familiarity with grant imposed requirements as well as insufficient record retention policies pertaining to organizational compensation decisions. To improve organizational governance, it is essential that Jane Doe staff begin to retain the appropriate records to support board decisions regarding organizational compensation, and that responsible Jane Doe officials become familiar with CFR Cost Principles.

## **Reporting**

### *Financial Status Reports/SF 269As*

The financial aspects of grants are monitored through a Financial Status Report (FSR).<sup>9</sup> According to the OJP Financial Guide, FSRs are designed to describe the status of a program's funds and should be submitted within 45 days of the end of the most recent quarterly reporting period on a calendar basis throughout the life of an award. For periods when there have been no program outlays, a report to that effect must still be submitted. Grant funding requests (drawdowns) or future awards may be withheld if reports are not submitted or are excessively late. The Financial Guide also requires that grantees report the actual expenditures and unobligated liquidations as incurred for the quarterly reporting period. We reviewed the submitted FSRs for timeliness and accuracy.

### *Grant 2007-EW-AX-K005*

Jane Doe submitted all 10 of the required FSRs for the grant. Early in the award period, one of the 10 FSRs was submitted 5 days late. Jane Doe officials told us the late submission was attributable to turnover in financial services contractor staff and we do not consider this untimely submission to be material. Additionally, our review of the accounting records and reports provided to us by the financial services contractor showed the FSR submissions were accurate because they agreed with the data we reviewed.

### *Grant 2007-MU-AX-0067*

Jane Doe submitted all 11 of the required FSRs for the grant. We determined all of the FSRs were submitted timely. Ten of the 11 FSR's matched Jane Doe's accounting records. Jane Doe accounting records reported \$30,992 in grant expenditures for September 2007, but the FSR submission for that period did not report any expenditure of grant funds. We questioned the financial services contractor staff responsible for preparing the report, who noted this was for the first required FSR quarterly reporting for the award. According to the contractor, grant expenditures were not noted on the first FSR because the accounting records for September 2007 had not yet been closed out. FSRs are not due until 45 days after the end of the quarterly period. The FSR was submitted on time but additional grant-funded expenditures were later recorded in the

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<sup>9</sup> The FSR (Financial Status Report) has changed to FFR (Federal Financial Report) effective October 1, 2009. For purposes of consistency in this report, the term FSR will be used throughout the report when discussing required periodic financial reporting.

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accounting system after the FSR submission. Because the subsequent FSR submissions were accurate, we do not consider this to be a reportable matter.

### *Grant 2007-TA-AX-K039*

Jane Doe submitted 11 of the 11 required FSRs for the grant. We determined all of the FSRs were submitted timely. Ten of the 11 FSRs matched Jane Doe accounting records. Jane Doe accounting records for September 2007 reported \$2,839 in grant expenditures, but the FSR submission for that period did not report any expenditure of grant funds. Similar to grant 2007-MU-AX-0067, this involved the first required FSR quarterly report for the award. We discussed this with the financial services contractor, who told us that the accounting records for September 2007 had not yet been closed by the time the FSR was due (45 days after the end of the quarter). The FSR was submitted on time, but additional grant funded expenditures were later recorded in the accounting system after the FSR submission. Because subsequent FSR submissions could be matched to accounting system records, we do not consider this to be a reportable matter.

### *Grant 2009-EU-S6-0048 (Recovery Act)*

Jane Doe submitted all four of the required FSRs for the grant. We determined all of the FSRs were submitted timely. We reviewed Jane Doe accounting records and determined that all of the FSR submissions matched information in the accounting records.

### *Progress Reports*

Progress reports provide information relevant to the performance of a grant and the accomplishment of objectives set forth in the approved award. According to the OJP Financial Guide, these reports must be submitted twice yearly, within 30 days after the end of the reporting periods of June 30 and December 31, for the life of the award. Funds or future awards may be withheld if reports are not submitted or are excessively late.

We determined that Jane Doe submitted all 17 of the required semiannual reports for all of its awards. We reviewed each report for accuracy and timeliness. To determine the accuracy of the progress reports, we compared grant performance objectives against what Jane Doe reported in its progress reports. We also compared these reports to documentation



that Jane Doe assembled to support its performance objectives. From our review we determined the progress reports were accurate.

In testing for timeliness, we determined that Jane Doe submitted its 17 reports between 5 and 192 days late. Jane Doe's Executive Director told us that the progress reports were delinquent because the accuracy of the progress report was a higher priority to Jane Doe than timeliness. Additionally, the Executive Director remarked that progress reports were late because her workload was too great to file the reports in a timely manner. The Executive Director also cited Jane Doe's record keeping systems as a contributing factor in the late filings. Consequently, on several occasions, OVW withheld funding until the reports were submitted. The absence of complete and timely periodic progress reports impairs OJP's ability to monitor grant activity and increases the risk the project could be delayed causing grant funds to be wasted or used for unallowable purposes.

### **Drawdowns**

Drawdown is a term used by the grant awarding agency to describe when a recipient requests grant funding for expenditures associated with a grant. The OJP Financial Guide establishes the methods by which DOJ 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. Grantees may be paid in advance, provided they maintain procedures to minimize the time elapsing between the transfer of funds by the government and the disbursement of funds by the grantee. The Financial Guide recommends that funds be drawn to handle disbursements to be made immediately or within 10 days.

We interviewed Jane Doe officials, reviewed drawdown procedures, and verified the deposits of grant funds into the Jane Doe bank account. Jane Doe used its financial services contractor to calculate drawdowns based on grant-funded expenditures included in its accounting records and reported on Jane Doe's monthly profit and loss report for each grant. We noted no exceptions in our review of the Jane Doe drawdown process. Because Jane Doe incurred and paid grant-related expenditures using Jane Doe funds first, and then requested reimbursement through the grant drawdown process, we concluded that no advance payments were made to Jane Doe.

## **Budget Management and Control**

The OJP Financial Guide addresses budget controls surrounding grantee financial management systems. According to the Financial Guide, grantees are permitted to make changes to their approved budgets to meet unanticipated program requirements. However, the movement of funds between approved budget categories in excess of 10 percent of the total award must be approved in advance by the awarding agency. In addition, the Financial Guide requires that all grantees establish and maintain an adequate system for accounting and internal controls.

Jane Doe received a final Financial Clearance Memorandum for each of its grant awards that contained the approved and itemized budget for its awards. According to Jane Doe officials and its financial services contractor, Jane Doe relied on its accounting software package to produce both a transaction detail report and a separate profit and loss report for each grant award. Jane Doe used information from these reports to ensure that it remained within its approved budget for each award. The transaction detail report included the total grant expenditures summarized by each approved budget category. The approved budgets for each grant and the expenditures reported in Jane Doe's profit and loss reports are addressed below.

We asked Jane Doe officials and the financial services contractor how they ensured compliance with the Financial Guide's budget management requirements. The financial services contractor told us that grant expenditures are tracked on a monthly basis as incurred, and these expenditures are reconciled to the approved budget categories within Jane Doe's monthly transaction detail report.

For each grant we compared the total expenditures by budget category from the Jane Doe accounting system to the budget categories established by OVW's final budget revision. We determined that Jane Doe expenditures were within the allowable 10 percent deviation allowance. For each grant, we also found evidence that the financial services contractor regularly reconciled actual expenditures to the approved budget.

## **Monitoring of Contractors**

According to the OJP Financial Guide, grantees should ensure that they monitor organizations under contract in a manner that ensures compliance with their own overall financial management requirements. At the time of our audit, we interviewed Jane Doe officials to determine the extent of their

monitoring activities for a software development contractor, a database development contractor, the financial services contractor, and a third-party training provider.

We generally found evidence of contractor oversight for three of its four awards. The exception pertained to grant 2007-TA-AX-K039 and the use of a third-party training provider (training contractor). Jane Doe served as the fiscal agent for the training contractor, and in this role assumed responsibility for all of the expenditures incurred by the training contractor and ultimately reimbursed through the grant. Jane Doe did not have a formal contract with the training contractor but instead retained an informal e-mail that delineated the training contractor's obligation.

Jane Doe reimbursed the training contractor for its incurred expenditures. However, the Executive Director told us that Jane Doe has never assessed the capacity of the training contractor to adhere to the terms and conditions of the award. The Executive Director could not demonstrate to us that a standardized monitoring process was in place for this training contractor. In addition, the Executive Director told us that she did not attend any of the training classes conducted by the contractor, or monitor contractor expenditures. As noted above, we identified per diem expenditures that exceeded the allowable per diem rate by \$6,104, and unallowable attrition fee expenditures that amounted to \$2,352. These unallowable expenditures are evidence that Jane Doe did not effectively monitor the training contractor.

In our opinion, Jane Doe should more aggressively monitor its contractors. If formalized policies and procedures had existed, it is less likely that the contractor would have been reimbursed for unallowable expenditures. Strong internal controls that address contractor monitoring help to ensure that grant funds are spent for their intended purpose and improve the likelihood of achieving grant funded goals and objectives.

### **Compliance with Award Conditions**

Special conditions include the terms and conditions for the awards. The special conditions may also include special provisions unique to an award. We reviewed the special conditions for each of Jane Doe's awards and determined that Jane Doe did not comply with a special condition restricting payments to consultants in excess of \$450 per day without prior OVW approval. We found noncompliance with this special condition for grant 2007-MU-AX-0067 and the Recovery Act grant 2009-EU-S6-0048.

*Consultant Fees Over Allowable Limit*

Special Conditions incorporated as part of Jane Doe's 2007-MU-AX-0067 and 2009-EU-S6-0048 grant awards limited consultant fees to no more than \$450 a day. This special condition stipulates that a detailed budget justification must be submitted and approved by OVW prior to the obligation and expenditure of funds in excess of the \$450 daily threshold. To determine if Jane Doe complied with the special condition, we reviewed Jane Doe invoices as well as OVW correspondence to verify that consultant fees did not exceed \$450 a day, or if consultant fees exceeded \$450 a day, they were approved by OVW.

In its budget narratives for grant 2007-MU-AX-0067, Jane Doe allocated \$20,000 for a database consultant to develop a computer system that would track domestic violence and sexual assault incidences in Massachusetts. Jane Doe did not disclose to OVW, in its supplemental budget applications, the daily or hourly consultant rate it expected the consultant to charge. We reviewed the database consultant's invoices and determined it routinely charged Jane Doe between \$100 and \$150 per hour, based upon the nature of work performed. The consultant submitted multiple invoices charging more than \$450 a day. Our calculation of questioned costs included only those invoice line items for specific billable activities, such as program installation, where the fee charged exceeded \$450.

We reviewed Jane Doe's correspondence with OVW and did not identify any approval by OVW for consultant fees in excess of \$450 per day. As a result, we questioned \$10,031 as unallowable expenditures associated with excess consultant fees. We asked Jane Doe officials why they exceeded \$450 per day for their consultant without seeking prior approval from OVW. They acknowledged they lacked familiarity with the terms and conditions of the award as well as the Financial Guide. In our view, without a good working knowledge of the award requirements, the potential for incurring unallowable costs is greatly increased.

In its budget narrative for Recovery Act grant 2009-EU-S6-0048, Jane Doe said that a website development consultant would be paid in excess of \$450 per day at a specified rate of \$175 per hour. In December 2009, Jane Doe selected a website development contractor. We interviewed OVW and Jane Doe officials to determine if Jane Doe was in compliance with this special condition. We asked the OVW Grant Manager for this grant to determine if Jane Doe submitted a detailed pre or post-award request to OVW seeking approval for consultant fees in excess of \$450 per day. The

grant manager told us that OVW had no evidence of such a request from Jane Doe, apart from the budget accompanying the grant application.

We asked Jane Doe officials why they did not seek additional approval from OVW for consultant fees in excess of \$450 per day. They told us they felt they were in compliance with the special condition because Jane Doe disclosed this fact in the grant budget that OVW ultimately approved. Additionally, Jane Doe officials said that a portion of the project is not billed at an hourly rate but rather is an advance deposit and therefore the special condition was not applicable. However, we were also told by Jane Doe that the remainder of the website development will be billed at a rate over \$450 a day. At the time of our field work Jane Doe had not been billed with consultant fees in excess of \$450 per day. However, we consider this a reportable matter and deem it prudent for Jane Doe to request from the current OVW program manager specific written approval for this contractor to bill in excess of \$450 per day.

### **Accountable Property**

#### *Grant 2009-EU-S6-0048 (Recovery Act)*

The OJP Financial Guide states that grantees are required to be prudent in the acquisition and management of property acquired with federal funds. The guide also states that grantees must establish an effective system for property management. Additionally, Jane Doe's internal written guidance stated that Jane Doe was to maintain detailed records of all property and equipment with an identification and segregation of any property and equipment acquired through government contracts.

Jane Doe officials told us that technical purchases were reviewed by the Office Manager and the senior Jane Doe official responsible for authorizing the purchase. We reviewed documentation supporting the five computers Jane Doe purchased and identified that the computers were installed within Jane Doe employee offices and were used by Jane Doe employees. We inventoried equipment purchased and found that the equipment was properly marked as purchased with federal funds, used as shown in the grant, and physically present and verifiable. However, the computers were not included on a Jane Doe inventory list. Because we were able to identify that the computer equipment was properly marked as purchased with federal funds, used as shown in the grant, and physically present at the time our audit, we noted no exceptions to accountable property standards.

## **Program Performance and Accomplishments**

### *Grant 2007-EW-AX-K005*

Jane Doe is the lead agency in the Abuse Later in Life partnership. The purpose of this grant was to fund the hiring of a project co-coordinator who, in turn, would coordinate the overall efforts of the partnership, including setting up meetings and training sessions, and reaching out to partners for information and direction as needed. Jane Doe also assumed the responsibility to report on performance measures and grant-funded activities through the timely submission of complete semi-annual progress reports. Jane Doe was to provide Abuse Later in Life training to Boston Police Family Division detectives and police officers as well as Suffolk County prosecutors.

We reviewed grant expenditures and progress reports to evaluate the extent of Jane Doe's progress towards meeting its objectives of training Boston police detectives, officers, and prosecutors. We found that Jane Doe met its performance objectives for the Abuse Later in Life grant by providing training for police officers and Suffolk County prosecutors.

### *Grant 2007-MU-AX-0067*

Jane Doe reported in its approved budget that funding for this grant award was to support its ongoing programmatic activities directed toward the coordination of state victims' service activities as well as to collaborate and coordinate with federal, state, and local entities engaged in activities addressing violence against woman. Jane Doe said that to accomplish its goals and objectives it would develop the following products: (1) a computer system to track domestic violence and sexual assault incidences within Massachusetts; (2) a newsletter and the administration of a website to increase Jane Doe's state-wide influence; and (3) training sessions for its affiliates via the Jane Doe Training Institute. In order to meet its programmatic objectives, Jane Doe allocated \$328,315 or 61 percent of its approved funding to personnel and fringe benefits. To assess if Jane Doe accomplished its performance objectives, we interviewed Jane Doe officials and reviewed progress reports, publications, and expenditures.

We determined that Jane Doe met its programmatic objectives. In its approved budget, Jane Doe allocated \$20,000 to its database development contractor for the development of the Jane Doe Data Project, a database that would track domestic violence and sexual assault incidents within Massachusetts. To determine if Jane Doe implemented the data project, we

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reviewed screenshots as well as payments to its database development contractor. We concluded that the data project was operational and being used by Jane Doe affiliates. We reviewed Jane Doe's annual report, monthly newsletters, and the Jane Doe website and concluded that Jane Doe made progress toward increasing its state-wide voice. We reviewed progress reports from December 2007 through December 2009 and concluded that Jane Doe was providing and tracking the training and technical assistance it provided to its affiliates. Because Jane Doe provided adequate technical assistance, an operational crime tracking system, as well as effectively increased its state-wide voice, we concluded that Jane Doe was meeting its performance objectives.

*Grant 2007 TA-AX-K039*

For this grant award, Jane Doe's grant application stated that a third party contractor was to provide two trainings, and in particular, conduct advanced training pertaining to advocacy strategies to help survivors develop the ability to achieve economic justice. Jane Doe's grant application said the curriculum to be used was designed to empower advocates to enrich and expand advocacy with individual survivors, to organize within their communities, and to build relationships with other social and economic justice initiatives in their jurisdictions. Jane Doe's grant application said the contractor was to provide in-depth training on core skills, including safety planning, intake/screening, dangerousness assessment, preserving confidentiality, community organizing, protection order practices and strategies, assisting immigrant survivors, engaging with faith communities, critical thinking, and other advocacy techniques.

In order to determine if the contractor was achieving its intended performance accomplishments, we reviewed grant expenditures, program performance reports, meeting conference rosters, and an OVW monitoring report. As explained earlier in this report, we found that Jane Doe was not adequately monitoring its training contractor specific to this grant award. However, we did not identify any information in our review of grant-related program performance materials that would indicate that the third party contractor was not meeting its intended goals and objectives. Moreover, an OVW monitoring report disclosed that the third party contractor appeared to meet its intended goals in its training. The project period was extended to June 30, 2010, so that seven additional audio conferences could be produced and the initial trainings could be distributed via the Internet. Therefore, we concluded that Jane Doe achieved its intended programmatic performance objectives.

*Grant 2009-EU-S6-0048 (Recovery Act)*

Jane Doe's grant application for this grant program said it wanted to hire two temporary part-time positions for purposes of job creation. Accordingly, Jane Doe intended to use grant funding to hire a new Chief Operations Officer, Technical Assistance Director, compensate two part-time positions, and enhance its website. The funding was to be used to promote economic growth and to either create or retain jobs. In order to assess if Jane Doe was achieving its intended performance accomplishments, we reviewed performance reports and grant expenditures to determine if Jane Doe was on track to achieve its performance objectives.

We determined that Jane Doe was meeting program performance objectives because it hired a permanent Chief Operations Officer and awarded a contract to a website contractor for the development of its website. Jane Doe has submitted a budget modification request to OVW to make two temporary contractor employees part-time employees and to change the title of its Technical Assistance Director to Director of Membership because the duties are identical. We concluded that Jane Doe was achieving its intended programmatic performance accomplishments.

**Conclusions**

We found that Jane Doe did not fully comply with grant requirements in the areas we tested. We found weaknesses in Jane Doe's system of internal control specific to its financial operations. We also found Jane Doe's employee budget allocations and personnel expenditures were not properly allocated for the grants we tested. We identified unsupported and unallowable expenditure charges to each of the grants, as well as deficiencies in progress reporting, monitoring of contractors, and compliance with other grant requirements. As a result of the deficiencies, we questioned \$638,298 in grant expenditures, or about 47 percent of the combined total award budget for all grants.

**Recommendations**

We recommend that OVW:

1. Ensure that Jane Doe strengthens its internal controls to allow management greater access to its accounting records, to exercise more control and scrutiny of its financial operations, and to provide for greater supervisory review of the financial services contractor.



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2. Ensure that Jane Doe strengthens its internal controls to permit more effective monitoring and oversight of the Executive Director.
3. Ensure that Jane Doe establishes appropriate internal controls surrounding the distribution of personnel expenditures to awards that include the design and implementation of procedures to ensure that personnel allocations are completed accurately, supported by verifiable data, and have evidence of supervisory review.
4. Remedy \$605,504 in unsupported personnel and fringe benefit expenditures for the grants.
5. Remedy \$1,975 in unallowable personnel expenditures for purposes of fundraising charged to grant 2009-EU-S6-004.
6. Remedy \$16,972 in total unallowable and unreasonable expenditures charged to grant 2007-MU-AX-0067. This total represents \$12,691 in unallowable conference expenditures, which includes \$487 in unallowable expenditures for alcohol and bar related charges. Additionally, this total includes \$4,281 in unreasonable expenditures for exceeding lodging and M&IE per diem limits.<sup>10</sup>
7. Remedy \$8,456 in conference-related expenditures charged to grant 2007-TA-AX-K039, which includes \$6,104 in unreasonable charges for exceeding lodging and M&IE per diem limits and \$2,352 in unallowable attrition fee charges.
8. Remedy \$1,441 in unallowable expenditures for the Executive Director's bonus charged to grant 2007-MU-AX-0067.
9. Remedy \$10,031 in unallowable consultant expenditures charged to grant 2007-MU-AX-0067.
10. Ensure that Jane Doe establishes appropriate internal controls that include the design and implementation of procedures to ensure that progress reports are filed on a timely basis in accordance with grant requirements.

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<sup>10</sup> The recommendation was revised from the draft report to separate the portion of expenditures questioned as unallowable and unreasonable. In part, these questioned costs relate to identical expenditures and any duplication will be removed from the total reported in the Schedule of Dollar-Related Findings (Appendix II).

11. Ensure that Jane Doe develops a formal contractor monitoring program that includes written policies and procedures.

**OBJECTIVES, SCOPE, AND METHODOLOGY**

The objective of the 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, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal controls, (2) personnel, fringe benefits, and non-personnel grant expenditures, (3) financial and progress reporting, (4) drawdowns, (5) budget management and control, (6) monitoring of contractors, (7) compliance with award special conditions, (8) accountable property, and (9) program performance and accomplishments. We determined that matching costs, indirect costs, and program income were not applicable to these awards.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit concentrated on but was not limited to the Cooperative Agreements and Grants which respectively received their funding on September 11, 2007, September 13, 2007, September 10, 2007, and July 23, 2009. We audited OVW's (1) Enhanced Training and Services to End Violence Against and Abuse of Woman Later in Life Program Agreement, (2) Statewide Coalition of Sexual Assault and Domestic Violence Program, (3) Technical Assistance Program Call for Concept Papers Agreement, and (4) OVW Recovery Act Grants to State Sexual Assault And Domestic Violence Coalitions Program.

Collectively, these grant awards totaled \$1,341,410 in OVW funding. Through February 16, 2010, Jane Doe drew down \$1,029,363.93 from all four grants.

We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in our report, the criteria we audited against are contained in the applicable Code of Federal Regulations and OMB Circulars cited in the OJP Financial Guide, General

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Services Administration Travel Regulations, and the award documentation for each respective grant.

In conducting our audit, we tested Jane Doe's grant activities in the areas we previously cited above. In addition, we reviewed the internal controls of Jane Doe's financial management system specific to the management of DOJ grant funds during the grant period under review. However, we did not test the reliability of the financial management system as a whole. We also performed limited tests of source documents to assess the accuracy and completeness of reimbursement requests and financial status reports. These tests were expanded when conditions warranted. We tested all accountable property, or five units of computer equipment, purchased with grant funds.

**SCHEDULE OF DOLLAR-RELATED FINDINGS**

<b>QUESTIONED COSTS:</b>	<b>AMOUNT</b>	<b>PAGE</b>
Unsupported personnel and fringe benefit expenditures	\$ 605,504	12
Unallowable personnel expenditures for fundraising	\$1,975	13
Unallowable conference charges on the basis of alcohol served	\$12,691	16
Unreasonable lodging and per diem charges	\$10,385	16-17
Unallowable attrition fee <sup>11</sup>	\$2,352	17
Unallowable bonus payment	\$1,441	18
Unallowable consultant fees	\$10,031	24
<b>Total Questioned Costs:</b>	<b>\$644,379</b>	
 <i>LESS DUPLICATION</i> <sup>12</sup>	 (\$6,081)	
<b>TOTAL DOLLAR-RELATED FINDINGS:</b>	<b>\$ 638,298</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.

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<sup>11</sup> An attrition fee is a penalty fee applied by hotels or other facility rental companies when the organization reserving a block of rooms does not book and use the rooms.

<sup>12</sup> We questioned costs related to personnel and per diem charges for food and lodging. These 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.

JANE DOE, INC.  
RESPONSE TO THE DRAFT AUDIT REPORT



March 18, 2011

BY EMAIL TO [THOMAS.O.PUERZER@USDOJ.GOV](mailto:THOMAS.O.PUERZER@USDOJ.GOV)  
AND BY FIRST-CLASS MAIL

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

Re: Response to Draft Audit Report dated February 11, 2011

Dear Mr. Puerzer,

Jane Doe, Inc. ("JDI") welcomes the scrutiny with which you and your Office reviewed our operations and, as you know, we already have implemented many of your recommended refinements to our timesheet compilation, expense reporting and reimbursement protocols, and payroll documentation systems. We appreciate the detailed ways in which your Draft Audit Report ("*Draft*") will improve our internal systems and bookkeeping, but we hope that your Office in turn can appreciate that bookkeeping is not the mission of JDI. JDI's mission is to protect and heal the survivors of domestic violence and sexual assault, by promoting collaboration between our member organizations, shaping best practices, and providing up-to-date training and technical assistance. We have worked very hard to apply each of the four grants your Office reviewed toward the advancement of that mission, and we therefore are particularly proud that your *Draft* confirms that, *for each of the four grants, JDI had either "met its programmatic objectives," or "achieved its intended programmatic performance objectives," or "was achieving its intended programmatic performance accomplishments."* *Draft* at pp. 24-26.

With appreciation for that acknowledgement of our programmatic success, JDI nonetheless offers these corrections to the *Draft*, and respectfully asks that they be incorporated to insure the accuracy of the final report:

Payroll Documentation. The *Draft* claims that "Jane Doe was not able to provide us with a *signed* copy of the Executive Director's contractual agreement," and that "payments [including bonus payments] made to the Executive Director were made without any documented Board authorization or approval." *Draft* at pp. 10-11 (emphasis added). As [REDACTED] of your Office knows, however, we *did* provide an *unsigned* copy of that agreement, by email to him on

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June 28, 2010, explaining that we simply had not by then found a signed copy. I've attached that email, and the signed signature page of the agreement, at Tab 1. More importantly, in an email to [REDACTED] dated July 22, 2010, we explained that bonuses to the Executive Director were determined by the Board pursuant to its Executive Compensation Policy (which previously had been provided to your team). We heard nothing in response to that email, and therefore assumed our reply had sufficed. To correct the *Draft's* mistaken inferences, however, we have attached at Tab 2: our July 22, 2010 email; another copy of the Board-approved Executive Compensation Policy which provides for Board review of the Executive Director's compensation; a sample of Board minutes, from January 13, 2010, documenting Board review of the Executive Director's performance and compensation; and an example of *written approval*, dated June 21, 2001, by the Board chair, Ms. Gianakis, of bonus compensation to the Executive Director in June, 2010. Please also note that such bonuses, when deemed earned by the Board, have been awarded to the Executive Director *in lieu of step increases* in her base salary since 2007-2008. We again invite Mr. Kramer's or your questions regarding the sufficiency of our documentation.

Disallowed Expense Charge of \$487.00. The *Draft* notes an impermissible charge of \$487 for "alcohol and bar related expenditures" arising out of a November 2007 conference of member organizations' Executive Directors and therefore disallowed reimbursement for "all activities and associated costs related to the conference," totaling \$12,691. We have double-checked our records and admit this error. We regret it -- particularly since the mistakenly charged amount is less than 4% of the penalty which may be levied against JDI, namely, the amount of *all* costs associated with this very worthwhile conference.<sup>1</sup> But most importantly, we assure you that this oversight was an aberration. JDI is well aware of the rules on permissible charges against grants, and we are meticulous about reviewing itemized requests for reimbursement to ensure compliance with those rules. I have attached at Tab 4 just two examples -- taken from requests for reimbursement submitted soon after the charge your Office found -- to document the detail of our usual review: the first (dated June 6, 2008) noting "\$9.00 Pinot Grigio disallowed" by JDI; and the second (dated May 28, 2009) noting that "JDI can't pay for \$77.00 charge for alcohol."

Database Consultant's Hourly (Not Daily) Fees. The *Draft* correctly notes that JDI "allocated \$20,000 to a database consultant for the development of a computer system that would track domestic violence and sexual assault incidences [as reported to JDI member agencies] in Massachusetts," and that that consultant "routinely charged Jane Doe between \$100 and \$150 *per hour* based upon the work performed." *Draft* at p. 22 (emphasis added). But without citing any other facts, the *Draft* then mistakenly infers that JDI "exceeded \$450 *per day* for [this] consultant," and "did not identify any approval by OVW for consultant fees in excess of \$450

<sup>1</sup> We recognize that, also with regard to this conference, the *Draft* claims JDI "incurred *room* charges of \$285 per person." *Draft* at p. 15 (emphasis added). That is not correct. As documented by the itemization from the hotel (attached at Tab 3), the room charge was *only \$142.50 per person*, with the remaining \$142.50 assessed, as part of a package rate, for food and conference services.

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per day.” *Id.* As a result of this mistaken inference, you have “questioned \$10,031 . . . associated with excess consultant fees.” *Draft* at p. 23.

In truth, however, JDI did report the full cost of this consultant’s contract, \$40,000, in the “Budget Detail Worksheet and Narrative” portion of the grant application (attached at Tab 5) which was originally reviewed -- and approved -- by OVW. That consultant then billed for its work on a project basis, or for certain services on an hourly basis, but it did not bill on a per-day basis, nor did its invoices ever cluster hourly charges on a per-day basis, so JDI never believed it necessary to request any additional approvals for any charges “in excess of \$450 per day.” Moreover, the consultant’s invoices (which I’ve also enclosed at Tab 5) itemize the services which were rendered on an hourly basis, but they total *only 169 hours over the 20-month span* of the consultant’s billing period. That averages just over eight hours per month, or two hours per week, and is consistent with JDI’s recollection of the pace of the hourly work. Unless you have some other basis for the inference that our consultant did indeed charge fees “in excess of \$450 per day,” we ask that you withdraw your challenge to the \$10,031 investment we made in this valuable database-building work.

Time Sheet Detail. Based on what it calls “a judgmental sample,” the *Draft* found that some subset of the literally thousands of time sheets completed during the grant periods “did not break out the specific grant where work was being performed,” and further, that “*the employee’s timesheet we reviewed had time recorded and approved as fundraising.*” *Draft* pp. 12-14 (emphasis added). Based on this limited review, and the impermissible entry for “fundraising” found on this single timesheet, you have “questioned \$605,504, or the entire approved budget for personnel and fringe benefits expenditures *for all four grants as unsupported,*” as well as “\$1,975 or the percentage of the timesheets we tested that identified fundraising hours worked by the part-time employee as unallowable.” *Draft* at pp. 13-14 (emphasis added). We understand, and accept responsibility for, the \$1,975 challenge arising out of our part-time employee’s solitary mistake, but we ask that you reconsider the challenge to our entire *approved* budget -- the full \$605,504 -- on two primary grounds.

First, as you may now know, we have worked with [REDACTED], a Financial Grants Management Specialist in OVW, to ensure that each of her and her colleagues’ specific recommendations for the redesign of our timesheets *has been implemented* so that time units are now separately accounted for, by grant, on every time sheet. I’ve attached at Tab 6 a copy of our most recent email exchange, from September 2010, documenting that collaboration.

Second, while JDI did not previously realize that employees had to break out approved work by grant project on a *daily* basis, we always sought (and obtained) approval from OVW for the specific percentage of *overall* work time that identified employees would be devoting to identified (and approved) projects as specified in our grant applications. Moreover, on a *daily* basis, we *did* require employees to break out separately, and specifically identify, any time units which were *not* devoted to one of these approved “Program[s],” and required that time units



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devoted to tasks outside the approved scope of each grant application be plainly denoted as “DEVELOPMENT” or “LOBBYING.” There was no effort to conceal or confuse here; only a good-faith decision to serve efficiency by requiring employees separately to identify time spent on unapproved daily tasks rather than enumerating every daily task undertaken to further a previously *approved* grant objective. I have attached at Tab 7 one such itemization of employees/time/tasks from one approved grant application, as well as one example of a time sheet which clearly identifies time spent on unapproved tasks.

Third, the OMB Circular to which the *Draft* often refers recognizes that, “where a non-profit organization has only one major function,” it may allocate certain of its “indirect costs” (meaning “those that have been incurred for common or joint objectives”) by a “simplified allocation method.” *OMB Circular No. A-122* (revised May 10, 2004) at p. 6. Moreover, the *Circular* wisely counsels that, “Actual conditions shall be taken into account in selecting the base to be used in allocating the expenses in each grouping to benefitting functions;” and that “logic and reason” are among the “essential consideration[s]” in any such allocation. *Id.* at p. 8. We endorse this common-sense approach, and while we now shall ensure that JDI employees meet the letter of OVW’s timesheet requirements, we respectfully ask that you review and consider our past compliance with the spirit of these requirements before deciding whether the full \$605,504 awarded under the applicable grants must, in fairness, be forfeited by JDI.

Monitoring of Our Training Contractor. We appreciate the *Draft*’s acknowledgement of sufficient “contractor oversight [by JDI] for three of its four awards,” but we wish to address the one “exception” noted -- with regard to a training contractor for which JDI served as fiscal agent -- by meeting your team’s apparent request for “evidence that a standardized monitoring process was in place for this training contractor.” *Draft* at p. 21. JDI’s collaboration with this training resource, Civil Legal Institute (“CLI”) has been a long, close and immensely valuable one for all of JDI’s member organizations as well as victims’ advocates and service providers from across the country. That relationship was first set out in an itemized agreement (admittedly sent in an email given the parties’ familiarity with each other) that did indeed “delineat[e] the training contractor’s obligation.” *Draft* at p. 21. (I’ve attached another copy of that delineation, dated December 1, 2006, at Tab 8.)

More importantly, JDI *has* monitored the costs, content and effectiveness of each CLI training conducted pursuant to that relationship, by, among other things: requiring and reviewing written “Project Narratives” for each CLI training session, including specification of educational goals, program format and length, target audience, and follow-up “[a]ssessment . . . after each event [to] ask participants to reflect on the CLI content as well as the work achieved upon their return . . .” (a sample Project Narrative is attached at Tab 9). Project costs are similarly monitored, by requiring and reviewing extensive “Budget Detail Worksheets” for upcoming CLI initiatives (a sample, showing 58 separate cost items, is attached at Tab 10). And when CLI presents a particular training session, JDI confirms achievement of the project’s goals by requiring and reviewing the program’s documentation of “Learning Objectives,” “Topics and

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Faculty” (which typically includes an hour-by-hour program agenda and identifies faculty and curriculum for each session), and the session’s full list of attendees. (I have attached copies of each of these from a typical session at Tab 11.) Put simply, while we take to heart the *Draft*’s recommendation of “more aggressive monitoring,” in this instance, we respectfully submit that, given our long and close collaboration with CLI’s staff and faculty, and the regular steps outlined above, our monitoring of CLI has been appropriately aggressive and consistent with the effective contractor oversight your team confirmed with regard to our other three awards. *Draft* at p. 21.

Let me end where I began, by confirming that JDI already has begun to do better in its tracking and reporting detail, but proudly -- and gratefully -- noting that, for each grant your Offer reviewed, JDI has indeed “met its programmatic objectives,” and we’ve succeed at that in at least these principal ways:

- (1) The state coalition grant has allowed JDI to improve coordination of victims’ services, and criminal justice, health and other complementary support systems. For example, these funds supported JDI’s successful focus on preventing domestic violence homicides in Massachusetts. JDI, with its member programs, has influenced how systems, advocates and the public view such homicides, and our efforts have improved the homicide prevention practices of local programs, prosecutors and law enforcement. These efforts have recently been recognized by the White House -- the President’s FY12 budget includes specific funding for other states to replicate the homicide prevention practices and models begun here in Massachusetts;
- (2) With the Abuse in Later Life grant, JDI has strengthened response and investigation of Abuse in Later Life complaints and support for victims of such abuse. For example, JDI supported the Boston Police Department in adopting best practices for responding to complaints of sexual and domestic violence against elders, and organized a training collaboration among the Boston Police Department’s elder abuse detectives, the Suffolk County DA’s Office’s elder crimes prosecutor, and advocates to work to improve system response and justice for elder victims;
- (3) As the fiscal agent for a national technical assistance project, JDI has supported legal advocates in state coalitions and local sexual and domestic violence programs, as well as private bar and legal services attorneys throughout the country, by keeping them current on important legal developments. In particular, through conferences, webinars and other training venues, JDI’s Civil Legal Institute project has ensured that this community of legal advocates continued to have opportunities for meeting and learning; and

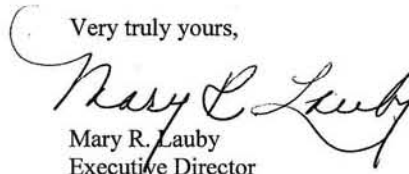
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- (4) Recovery Act funding allowed JDI to improve its ability to communicate with its members and the public, including victims and survivors, by updating JDI's website and board orientation manual and bringing 21<sup>st</sup> century communication technology and learning tools to JDI member programs and board members. In particular, JDI created new tools to enable victims to locate critical services, and a password-protected members-only resource to improve communication between local services providers. Within months, JDI will release a valuable planning document to further statewide priorities for the provision of sexual violence services.

If you have questions about any of our proposed corrections to the *Draft*, or our requests for reconsideration, or if you simply need more data, we remain ready to assist you and your team.

Very truly yours,



Mary R. Lauby  
Executive Director

cc: Peter A. Biagetti, Esq.  
(with enclosures)

OFFICE ON VIOLENCE AGAINST WOMEN  
RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice


Office on Violence Against Women


Washington, D.C. 20530

March 29, 2011

MEMORANDUM

TO: Thomas O. Puerzer  
Regional Audit Manager  
Philadelphia Regional Audit Office

FROM: Susan B. Carbon   
Director  
Office on Violence Against Women

Rodney Samuels   
Audit Liaison  
Office on Violence Against Women

SUBJECT: Office on Violence Against Women Grants to Jane Doe, Inc. Draft Report

This memorandum is in response to your correspondence dated February 11, 2011 transmitting the above draft audit report for Jane Doe, Inc. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains **eleven** recommendations and \$638,776 in unsupported and unallowable grant expenditures. The Office on Violence Against Women (OVW) agrees with the recommendations and is committed to working with the grantee to address each item and bring them to a close as quickly as possible. The following is an analysis of the audit recommendations:

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1. **Ensure that Jane Doe strengthens its internal controls to allow management greater access to its accounting records, to exercise more control and scrutiny of its financial operations, and to provide for greater supervisory review of the financial services contractor.**

We agree with this recommendation. We will coordinate with Jane Doe, Inc. to ensure that they strengthen its internal controls to allow management greater access to its accounting records, to exercise more control and scrutiny of its financial operations, and to provide for greater supervisory review of the financial services contractor.

2. **Ensure that Jane Doe strengthens its internal controls to permit more effective monitoring and oversight of the Executive Director.**

We agree with this recommendation. We will coordinate with Jane Doe, Inc. to ensure that they strengthen their internal controls in order to permit more effective monitoring and oversight of the Executive director.

3. **Ensure that Jane Doe establishes appropriate internal controls surrounding the distribution of personnel expenditures to awards that include the design and implementation of procedures to assure that personnel allocations are completed accurately, supported by verifiable data, and have evidence of supervisory review.**

We agree with this recommendation. We will coordinate with Jane Doe, Inc. to ensure that they establish appropriate internal controls surrounding the distribution to awards that include the design and implementation of procedures to assure that personnel allocations are completed accurately, supported by verifiable data, and evidence of supervisory review.

4. **Remedy the \$605,504 in unsupported personnel and fringe benefit expenditures for the grants.**

We agree with this recommendation. We will coordinate with Jane Doe, Inc. to remedy the \$605,504 in unsupported personnel and fringe benefit expenditures for the grant.

5. **Remedy \$1,975 in unallowable personnel expenditures for the purposes of fundraising charged to the 2009-EU-S6-0048 grant.**

We agree with this recommendation. We will coordinate with Jane Doe, Inc. to remedy the \$1,975 in unallowable personnel expenditures for the purpose of fundraising charged to the 2009-EU-S6-0048 grant.

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6. **Remedy the \$13,344 in unallowable expenditures for exceeding Lodging and Meals and Incidental Expense (MIE) per diem limits for the 2007-MU-AX-0067 grant, which is inclusive of \$487 in unallowable expenditures for alcohol and bar related charges to the 2007-MU-AX-0067 grant.**

We agree with this recommendation. We will coordinate with Jane Doe, Inc. to remedy the \$13,344 in unallowable expenditures for exceeding Lodging, Meals and Incidental Expense (MIE) per diem limits for the 2007-MU-AX-0067 grant, which is inclusive of \$487 in unallowable expenditures for alcohol and bar related charges to the 2007-MU-AX-0067 grant.

7. **Remedy the \$8,456 in unallowable conference-related expenditures charged to the 2007-TA-AX-K039 grant, which is inclusive of \$2,352 in unallowable attrition fee charges to the 2007-TA-AX-K039 grant.**

We agree with this recommendation. We will coordinate with Jane Doe, Inc. to remedy the \$8,456 in unallowable conference-related expenditures charged to the 2007-TA-AX-K039 grant, which is inclusive of \$2,352 in unallowable attrition fee charges to the 2007-TA-AX-K039 grant.

8. **Remedy \$1,441 in unallowable expenditures for the Executive Director's bonus charged to the 2007-MU-AX-0067.**

We agree with this recommendation. We will coordinate with Jane Doe, Inc. to remedy the \$1,441 in unallowable expenditures for the Executive Director's bonus charged to the 2007-MU-AX-0067.

9. **Remedy \$10,031 in unallowable consultant expenditures charged to the 2007-MU-AX-0067 grant.**

We agree with this recommendation. We will coordinate with Jane Doe, Inc. to remedy the \$10,031 in unallowable consultant expenditures charged to the 2007-MU-AX-0067 grant.

10. **Ensure that Jane Doe establishes appropriate internal controls that include the design and implementation of procedures to assure that progress reports are filed on a timely basis in accordance with grant requirements.**

We agree with this recommendation. We will coordinate with Jane Doe, Inc. to ensure that they establish appropriate internal controls that include the design and implementation of procedures to assure that progress reports are filed on a timely basis in accordance with grant requirements.

- 11. Ensure that Jane Doe develops a formal contractor monitoring program that includes written policies and procedures.**

We agree with this recommendation. We will coordinate with Jane Doe, Inc. to ensure that they develop a formal contractor monitoring program that includes written policies and procedures.

We appreciate the opportunity to review and comment on the draft report. We will continue to work with Jane Doe, Inc. to address the recommendations. If you have any questions or require additional information, please contact Rodney Samuels or my staff at: (202) 514-9820.

cc: Richard Theis  
Assistance Director  
Audit Liaison Group  
Justice Management Division

Angela Wood  
Budget Officer  
Office on Violence Against Women

Kimberly Galvan  
Program Specialist  
Office on Violence Against Women

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

**Analysis of Jane Doe, Inc. and OVW Responses**

We provided a copy of our draft report to Jane Doe, Inc. (Jane Doe) and the Office on Violence Against Women (OVW) for comment. In its response, Jane Doe did not specifically address each recommendation but provided general comments on some of the issues we raised. From our review of the response, Jane Doe did not fully agree or disagree with most of our 11 recommendations and said that it already has implemented many of our recommendations specific to timesheet compilation, expense reporting, reimbursement protocols, and payroll documentation systems. Jane Doe also noted its programmatic accomplishments and acknowledged that our report will help to improve its internal systems and bookkeeping. Additionally, the Jane Doe response said that we incorrectly questioned costs concerning consultant daily fees exceeding \$450 per day, unallowable lodging, meals and incidental expenditures, and unsupported payroll expenditures. Jane Doe also contended that the development of a formalized contractor monitoring program is unnecessary and commented that the language we used to describe an undocumented bonus payment to the Executive Director was inaccurate.

We reviewed and fully considered each of the issues raised by Jane Doe in its response to our report. For each instance in its response where Jane Doe said our report was incorrect, we address that issue in detail under the specific recommendation to which it pertains. After conducting our analysis, we determined that the report was factually accurate and the issues were clearly stated. However, we did make one change in the amount of a questioned cost and one change to the classification of a questioned cost from unallowable to unreasonable.

Specifically, on page 16 of this report, we recalculated the questioned cost determination for lodging at a June 2009 conference charged to grant 2007-MU-AX-0067. In this instance, for our draft report we originally questioned the full amount of \$653 as unallowable lodging charged to the grant at a rate that exceeded the lodging per diem limit set by the General Services Administration (GSA). For this report, we now question \$174 as unallowable lodging, which is the amount charged to the grant in excess of the allowable GSA rate. This change resulted in a reduction of \$479 in questioned costs and is based on our further review of the applicable OJP



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Financial Guide and a determination that, in this instance only, the excess actual cost over the allowable GSA imposed limit should be questioned.

The other change to this report is on pages 15, 16, and 17 for grant awards 2007-MU-AX-0067 and 2007-TA-AX-K039, respectively. In this instance, we changed our classification of \$10,385 in total questioned costs from unallowable to unreasonable to more accurately reflect our basis for questioning these costs. This change was based on additional documentation and analysis where we determined \$4,281 in expenditures charged to grant 2007-MU-AX-0067 were unreasonable based on significantly exceeding the GSA rate for lodging and food at two separate grant conferences. Additionally, \$6,104 in expenditures charged to grant 2007-TA-AX-K039 were considered unreasonable based on significantly exceeding the allowable GSA per diem limits for breakfast, dinner banquet charges, and associated refreshments at two separate grant conferences.

In its response to our report, OVW agreed with all 11 recommendations. We consider each of the 11 recommendations resolved based on OVW's agreement. The status and actions necessary to close each recommendation, along with a discussion of the responses from Jane Doe and OVW, are provided below.

### Summary of Actions Necessary to Close Report

1. **Resolved.** Ensure that Jane Doe strengthens its internal controls to allow management greater access to its accounting records, to exercise more control and scrutiny of its financial operations, and to provide for greater supervisory review of the financial services contractor.

In its response, Jane Doe did not specifically address this recommendation, but did acknowledge that it is already implementing many of the recommendations cited in this report.

The OVW response agreed with our recommendation. This recommendation is resolved based on OVW's concurrence and agreement to work with Jane Doe to ensure it establishes procedures to allow management greater access to its accounting records, to exercise more control and scrutiny over its financial operations, and to provide greater supervisory review over its financial services contractor. This recommendation can be closed when we receive documentation demonstrating that Jane Doe developed and implemented effective internal control policies and procedures regarding the abovementioned items.

2. **Resolved.** Ensure that Jane Doe strengthens its internal controls to permit more effective monitoring and oversight of the Executive Director.

In its response, Jane Doe did not directly address this recommendation. However, Jane Doe disagreed with the report's statements regarding payments made to the Executive Director without any documented board authorization or approval. Jane Doe also contended that there was Board Review of Executive Director performance and compensation. Additionally, Jane Doe provided with its response documentation that it contends supports its Executive Compensation Policy, a sample of Board minutes from January 13, 2010, documenting Board review of the Executive Director's performance and compensation, and a copy of an e-mail from the Board Chairperson dated June 21, 2010, that it contends is written approval of bonus compensation to the Executive Director in June 2010.

At the time of our fieldwork, Jane Doe officials were unable to provide documentation that demonstrated effective monitoring and oversight of the Executive Director. We reviewed the documentation provided by Jane Doe in its response and determined that it did not adequately support effective Executive Director scrutiny. The Executive Compensation Policy provided by Jane Doe was applicable in September 2009 and there was no evidence that it was implemented nor would it have addressed the December 2008 bonus payment we questioned as an unallowable expenditure. The January 2010 Board minutes provided by Jane Doe did not indicate what the results of the Executive Director's annual review were or if the Executive Director's annual performance review entitled her to either a merit or cost of living based bonus. Finally, the e-mail from the Jane Doe Board Chairperson in June 2010 was evidence of approval for an Executive Director bonus payment for fiscal year 2010 and did not address the December 2008 bonus payment we questioned.

The OVW response agreed with our recommendation. This recommendation is resolved based on OVW's concurrence and agreement that that it will coordinate with Jane Doe to ensure that Jane Doe strengthens its internal controls to provide greater monitoring and oversight over its Executive Director. This recommendation can be closed when we receive documentation demonstrating that Jane Doe developed and implemented effective internal controls to provide greater monitoring and oversight over its Executive Director.

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3. **Resolved.** Ensure that Jane Doe establishes appropriate internal controls surrounding the distribution of personnel expenditures to awards that include the design and implementation of procedures to assure that personnel allocations are completed accurately, supported by verifiable data, and have evidence of supervisory review.

In its response, Jane Doe did not directly address this recommendation, but said that it had already implemented our recommendations with respect to timesheet compilation as well as payroll documentation systems. Additionally, Jane Doe provided documentation demonstrating the redesign of its employee timesheets addressing our recommendation.

The OVW response agreed with our recommendation. This recommendation is resolved based on OVW's concurrence and agreement to coordinate with Jane Doe to ensure that it establishes appropriate internal controls surrounding the distribution of personnel expenditures to awards that include the design and implementation of procedures to ensure that personnel allocations are completed accurately, supported by verifiable data, and have evidence of supervisory review. This recommendation can be closed when we receive documentation demonstrating that Jane Doe has developed and implemented effective internal controls associated with the distribution of personnel expenditures.

4. **Resolved.** Remedy the \$605,504 in unsupported personnel and fringe benefit expenditures for the grants.

In its response, Jane Doe was not in full agreement with our recommendation. Jane Doe's response stated that they have redesigned their timesheets so that time units are accounted for by grant on every time sheet. Jane Doe also stated that employees previously recorded their time based on project rather than funding source. Finally, Jane Doe requested that the OIG utilize the spirit of the indirect costs section under 2 C.F.R. Part 230 (formerly known as OMB-Circular A-122) as alternate criteria. However, beyond including documentation supporting the new timesheets being used by employees, Jane Doe did not provide supporting documentation adequately demonstrating that employee timesheets supported personnel and fringe benefit expenditures. Moreover, in its response Jane Doe conceded that it did not previously realize that employees had to break out approved work by grant funded project. In our view, this admission confirms our detailed audit testing and analysis that Jane Doe did not have an effective system in place to

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allocate employee personnel effort and associated fringe benefit charges to a specific grant award.

The OVW response agreed with our recommendation. This recommendation is resolved based on OVW's concurrence and agreement to coordinate with Jane Doe to remedy the \$605,504 in unsupported personnel and fringe benefit expenditures for the grants. This recommendation can be closed when we receive documentation demonstrating that Jane Doe has remedied the \$605,504 in unsupported personnel and fringe benefit expenditures to OVW.

5. **Resolved.** Remedy \$1,975 in unallowable personnel expenditures for the purposes of fundraising charged to the 2009-EU-S6-0048 grant.

In its response Jane Doe said it understood and accepted responsibility for the \$1,975 charge for fundraising and said it resulted from a part-time employee's solitary mistake. The Jane Doe response offered no further explanation on what internal control improvements it intended to implement to preclude future occurrences of this instance of noncompliance with grant requirements.

The OVW response agreed with our recommendation. This recommendation is resolved based on OVW's concurrence and agreement to coordinate with Jane Doe to remedy the \$1,975 in unallowable personnel expenditures for the purpose of fundraising charged to the 2009-EU-S6-0048 grant. This recommendation can be closed when we receive documentation demonstrating that Jane Doe has remedied the \$1,975 in unallowable personnel expenditures for the purpose of fundraising.

6. **Resolved.** Remedy the \$13,344 in unallowable expenditures for exceeding lodging and M&IE per diem limits for grant 2007-MU-AX-0067, which includes \$487 in unallowable expenditures for alcohol and bar related charges to grant 2007-MU-AX-0067.

In its response, Jane Doe agreed in part to our recommendation. Jane Doe agreed that it charged the grant \$487 for an unallowable expenditure for alcohol but contended that the alcohol charge was an aberration and that Jane Doe was well aware of the rules on permissible charges against grants. To support its statements, Jane Doe provided two examples of a process it has in place that identified instances in which alcohol expenditures were disallowed as charges to a federal grant. However, as noted in the report, the relevant OJP Financial Guide

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states that if alcohol is present at an event, the event is considered to be a social event. As such, the costs associated with an event where alcohol is present are considered unallowable even if alcohol is not charged to the grant. For the examples provided by Jane Doe, the removal of alcohol charges would not eliminate the fact that the function was a social event according to the OJP Financial Guide, and as a result, all of the costs associated with the events should not be charged to a grant.

Jane Doe also took exception with our determination for questioning costs on a separate basis with regard to the lodging charges of \$285 per conference attendee. In its response, Jane Doe provided documentation that was requested but not provided during fieldwork. This supporting documentation disclosed that \$143 per person was spent for nightly lodging. In reviewing this additional documentation, we note that \$143 is still in excess of the \$92 maximum GSA allowance for per diem lodging at this location. However, from our review of documentation submitted by Jane Doe with its response, we determined that \$2,020 was adequately supported and we will lower our questioned costs for this report by that amount. Additionally, after a further review of the OJP Financial Guide, we determined that this report would only question the excess actual cost over the allowable GSA imposed per diem limit for lodging, meals, and incidental expenses. This resulted in reducing the amount of questioned costs by an additional \$479. After making these changes of \$2,499, the total amount of questioned costs is now restated to \$10,845.

For this report, we changed the classification of \$4,281 in questioned costs from unallowable to unreasonable to more accurately reflect our basis for questioning these costs. The unallowable classification of the remaining questioned costs was unchanged.

The OVW response agreed with our recommendation. This recommendation is resolved based on OVW's concurrence and agreement to coordinate with Jane Doe to remedy the \$10,845 (reduced from \$13,344 in the draft report) in unallowable expenditures for exceeding lodging, meals, and incidental expense per diem limits for grant 2007-MU-AX-0067, which includes \$487 in unallowable expenditures for alcohol and bar-related charges to that same grant. This recommendation can be closed when we receive documentation demonstrating that Jane Doe has remedied the \$10,845 in unallowable expenditures for exceeding, lodging, meals, and incidental expense per diem.

7. **Resolved.** Remedy the \$8,456 in unallowable conference-related expenditures charged to grant 2007-TA-AX-K039, which includes \$2,352 in unallowable attrition fee charges to the grant.

In its response, Jane Doe did not address this specific recommendation.

For this report we changed the classification of \$6,104 in questioned costs from unallowable to unreasonable to more accurately reflect our basis for questioning these costs. The unallowable classification of the remaining questioned costs was unchanged.

The OVW response agreed with our recommendation. This recommendation is resolved based on OVW's concurrence and agreement to coordinate with Jane Doe to remedy the \$8,456 in unallowable conference-related expenditures charged to grant 2007-TA-AX-K039, which includes \$2,352 in unallowable attrition fee charges to the same grant. This recommendation can be closed when we receive documentation demonstrating that Jane Doe has remedied the \$8,456 in unallowable conference-related expenditures to OVW.

8. **Resolved.** Remedy \$1,441 in unallowable expenditures for the Executive Director's bonus charged to grant 2007-MU-AX-0067.

In its response, Jane Doe indirectly addressed our recommendation saying that it provided documentation to support the Board of Directors' approval of a December 2008 bonus payment made to the Executive Director. The documentation provided was an e-mail from its Board Chairperson dated June 21, 2010, approving a bonus for fiscal year 2010. However, the bonus payment we questioned was made on December 1, 2008, so the e-mail provided was evidence of the approval of an alternate bonus payment that we did not question.

The OVW response agreed with our recommendation. This recommendation is resolved based on OVW's concurrence and agreement to coordinate with Jane Doe to remedy the \$1,441 in unallowable expenditures for the Executive Director's bonus charged to grant 2007-MU-AX-0067. This recommendation can be closed when we receive documentation demonstrating that Jane Doe has remedied the \$1,441 unallowable bonus payment to OVW.

9. **Resolved.** Remedy \$10,031 in unallowable consultant expenditures charged to the grant 2007-MU-AX-0067.

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In its response, Jane Doe was not in agreement with our recommendation. Jane Doe said that it never believed it necessary to request any additional approvals for charges in excess of \$450 per day because the consultant's full contractual amount was disclosed in its grant application budget detail worksheet. In our assessment of the contractor's fees in question, we did not question any flat rate fees charged on contractor invoice billings. Instead, from our review of the contractor invoices we were unable to determine the allotment of specific days over which the contractor services were provided. As a result, we questioned any specific contractor tasks that were charged in excess of the \$450 per day allowable maximum imposed under the applicable OJP Financial Guide.

The OVW response agreed with our recommendation. This recommendation is resolved based on OVW's concurrence and agreement to coordinate with Jane Doe to remedy the \$10,031 in unallowable consultant expenditures charged to grant 2007-MU-AX-0067. This recommendation can be closed when we receive documentation demonstrating that Jane Doe has remedied the \$10,031 unallowable consultant payments to OVW.

10. **Resolved.** Ensure that Jane Doe establishes appropriate internal controls that include the design and implementation of procedures to assure that progress reports are filed on a timely basis in accordance with grant requirements.

In its response, Jane Doe did not address this specific recommendation.

The OVW response agreed with our recommendation. This recommendation is resolved based on OVW's concurrence and agreement to coordinate with Jane Doe to ensure that it establishes appropriate internal controls that include the design and implementation of procedures to assure that progress reports are filed on a timely basis in accordance with grant requirements. This recommendation can be closed when we receive documentation demonstrating that Jane Doe established and implemented appropriate internal controls and procedures addressing the timely submission of progress reports.

11. **Resolved.** Ensure that Jane Doe develops a formal contractor monitoring program that includes written policies and procedures.

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In its response, Jane Doe was not in agreement with our recommendation of more aggressive contractor monitoring. Jane Doe said that the report did not take exception with the monitoring of other grant funded contractors except for the training contractor. Jane Doe commented that given the long history of collaboration with the training collaborator's staff, more aggressive contractor monitoring was unnecessary. Jane Doe also said it monitored project costs by requiring and reviewing project narratives and Budget Detail Worksheets submitted by the training contractor.

Despite Jane Doe's claims, our audit disclosed that the training contractor incurred unallowable expenditures for exceeding GSA imposed the per diem limits for meals and incidental expenses by \$6,104, as well as incurred \$2,352 in unallowable attrition fines. In our view, more aggressive contractor monitoring could have prevented \$8,456 in unallowable expenditures that were charged to the grant. Additionally, Jane Doe in its response did not provide documentation to establish that the training contractor operated with a formalized and executed contract and conceded the absence of a contract was a result of the parties' familiarity with each other.

The OVW response agreed with our recommendation. This recommendation is resolved based on OVW's concurrence and agreement to coordinate with Jane Doe to develop a formal contractor monitoring program that includes written policies and procedures. This recommendation can be closed when we receive documentation demonstrating that Jane Doe developed and implemented a formal contractor monitoring program with appropriate written policies and procedures.