



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



**Audit of the
Office of Justice Programs
Bureau of Justice Assistance
Developing and Enhancing
Statewide Automated Victim
Information and Notification
Program Grants Awarded to
the County Sheriffs of Colorado
Littleton, Colorado**

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
BUREAU OF JUSTICE ASSISTANCE DEVELOPING
AND ENHANCING STATEWIDE AUTOMATED VICTIM
INFORMATION AND NOTIFICATION PROGRAM GRANTS
AWARDED TO THE COUNTY SHERIFFS OF COLORADO
LITTLETON, COLORADO**

EXECUTIVE SUMMARY

The U.S. Department of Justice, Office of the Inspector General has completed an audit of the grants awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), under the Developing and Enhancing Statewide Automated Victim Information and Notification (SAVIN) Program to the County Sheriffs of Colorado, Inc. (CSOC) in Littleton, Colorado. CSOC was awarded \$1,499,360 under Grant Nos. 2008-VN-CX-0012 and 2011-VN-CX-0007 to implement and enhance an automated service that tracks the custody status of offenders in jail and notifies victims when there is a change in the offenders' status.

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, expenditures, budget management and control, drawdowns, federal financial reports, and program performance. The criteria we audited against are contained in the OJP Financial Guide and the grant award documents.

We examined CSOC's financial management procedures, accounting records, budget documents, and financial and progress reports. We found that CSOC did not comply with essential award conditions in the areas of expenditures, drawdowns, financial reporting, and performance. Specifically, CSOC made advanced requests for drawdowns based on upcoming expenses, resulting in CSOC having excess cash on hand for more than 10 days. We also identified numerous instances where the federal and match expenditures reported in the FFRs did not match CSOC's accounting records. We found that the progress reports contained information that could not be supported. CSOC did not comply with all of the awards' special conditions. Overall, we identified \$704,886 in unallowable and unsupported questioned costs, which included \$16,299 in duplicate costs that were questioned for more than one reason, resulting in net questioned costs of \$688,587. The report contains three recommendations to address dollar-related findings and five recommendations to improve the management of the grant.

Our audit objectives, scope, and methodology appear in Appendix 1 and our Schedule of Dollar-Related Findings appears in Appendix 2. We discussed the results of our audit with CSOC officials and have included their comments in the report, as applicable. In addition, we requested a response to our draft audit report from CSOC and OJP, and their responses will be appended to the final audit report.

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TABLE OF CONTENTS

INTRODUCTION	1
Audit Approach	2
FINDINGS AND RECOMMENDATIONS.....	3
Grant Financial Management	3
Grant Expenditures	5
Direct Costs	5
Matching Costs	7
Budget Management and Control	9
Drawdowns	10
Federal Financial Reports	11
Program Performance	14
Grant No. 2008-VN-CX-0012	14
Grant No. 2011-VN-CX-0007	14
Categorical Assistance Progress Reports	15
Special Conditions.....	17
Conclusion	18
Recommendations.....	19
APPENDIX 1: OBJECTIVES, SCOPE, AND METHODOLOGY	21
APPENDIX 2: SCHEDULE OF DOLLAR-RELATED FINDINGS.....	22
APPENDIX 3: COUNTY SHERIFFS OF COLORADO RESPONSE TO DRAFT AUDIT REPORT	23
APPENDIX 4: OFFICE OF JUSTICE PROGRAMS RESPONSE TO DRAFT AUDIT REPORT	27
APPENDIX 5: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT.....	31

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INTRODUCTION

The U.S. Department of Justice (DOJ), Office of the Inspector General completed an audit of the grants awarded by the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), under the Developing and Enhancing Statewide Automated Victim Information and Notification (SAVIN) Program to the County Sheriffs of Colorado, Inc. (CSOC) in Littleton, Colorado. CSOC was awarded two grants totaling \$1,499,360, as shown in Table 1.

**Table 1
Grants Awarded to CSOC**

AWARD NUMBER	PROJECT START DATE	PROJECT END DATE	AWARD AMOUNT
2008-VN-CX-0012	07/01/2008	12/31/2011	\$ 499,360
2011-VN-CX-0007	10/01/2011	09/30/2013	1,000,000
Total:			\$1,499,360

Source: OJP

The SAVIN Program assists states in building, implementing, and improving victim notification capacity. Eligible states may use grant funds either to develop notification capacity by creating a statewide victim notification system, or to enhance features or availability of an existing system. While applicants are generally limited to state government agencies authorized to manage the planning and implementation of a SAVIN program, state sheriff associations are eligible to apply as managing agencies if they are able to demonstrate strong governance support. CSOC, a non-profit organization that represents all 64 Sheriffs' Offices in Colorado, was designated by the Colorado Governor's Office as the official entity for victim notification management for the state's county jails.

According to CSOC's approved grant application, the purpose of Grant No. 2008-VN-CX-0012 was to implement the Colorado Victim Information and Notification Everyday (VINE), an automated service that tracks the custody status of offenders in jail and notifies victims of changes in the offenders' status, at the remaining half of jail facilities in the state that did not have access to the system. Budgeted items included a contract to implement VINE, partial funding for CSOC personnel, and county personnel costs for time spent on VINE training and VINE data entry. According to CSOC's approved grant application, the purpose of Grant No. 2011-VN-CX-0007 was to enhance VINE by adding offender photos to the website, notification services in the Spanish language, and the option to receive

notifications through text message. Budgeted items included a contract to complete the enhancements, a marketing plan, partial funding for CSOC personnel, and county personnel costs for time spent on VINE training and VINE data entry.

Audit Approach

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, expenditures, budget management and control, drawdowns, federal financial reports, and program performance.

We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated, the criteria we audited against are contained in the OJP Financial Guide and the award documents. The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology appear in Appendix 1. The Schedule of Dollar-Related Findings appears in Appendix 2.

FINDINGS AND RECOMMENDATIONS

We found that CSOC did not comply with essential award conditions in the areas of expenditures, drawdowns, financial reporting, and performance. Specifically, CSOC made advanced requests for drawdowns based on upcoming expenses, resulting in CSOC having excess cash on hand for more than 10 days. We also identified numerous instances where the federal and match expenditures reported in the FFRs did not match CSOC's accounting records. We found that the progress reports contained information that could not be supported. CSOC did not comply with all of the awards' special conditions. Overall, we identified \$704,886 in unallowable and unsupported questioned costs, which included \$16,299 in duplicate costs that were questioned for more than one reason, resulting in net questioned costs of \$688,587. Based on our audit results, we make three recommendations to address dollar-related findings and five recommendations to improve the management of the grant.

Grant Financial Management

According to the OJP Financial Guide, all grant recipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. We reviewed CSOC's Single Audit Report for Fiscal Year (FY) 2012 and financial management system to assess the organization's risk of non-compliance with applicable laws, regulations, guidelines, and terms and conditions. We also interviewed management and key personnel, and we observed accounting activities to further assess risk.

CSOC's FY 2012 Single Audit Report included two findings that were identified as significant deficiencies and related specifically to Grant No. 2011-VN-CX-0007.

- **Finding #2012-01, Award No. 2011-VN-CX-0007, Separation of Duties** - The accounting functions were under the control of one person, which allowed mistakes to go unnoticed. \$925,000 of grant income and \$925,000 of grant expenditures were not entered into the accounting system by the bookkeeper. The error was caught and corrected at year end, which was nine months later. The auditor recommended adding oversight, specifically having someone other than the bookkeeper, such as management, review the bank statements. CSOC responded that the Executive Director and a third party would provide more direct and frequent oversight.
- **Finding #2012-02, Award No. 2011-VN-CX-0007, Other Compliance Items** - The grantee is required to include specific language referring to the DOJ on any website created using grant funds. The website disclaimer was not included on the Colorado VINE website, which was created as part of the grant. The auditor recommended adding the disclaimer. CSOC responded that it would add the language to the website.

CSOC officials subsequently provided a corrective action plan to OJP that addressed both findings. For the first finding, CSOC revised its accounting policies and procedures by adding provisions for additional oversight. For the second finding, CSOC created written procedures for the disclaimer and added the required language to the VINE website.

CSOC officials identified another issue related to the accounting system during our audit, specifically the operation of a suspense account set up by a previous bookkeeper. CSOC officials stated that some of the expenditures that were identified as matching funds were erroneously kept in suspense. This meant that the spreadsheet used to track matching funds did not necessarily correspond with the accounting records. The VINE project manager had to try to manually account for the expenses that were not properly classified when reporting matching costs.

The Single Audit stated that there were three different bookkeepers during the period audited. The current bookkeeper acknowledged that prior to filling the position CSOC had two other bookkeepers in the previous 11 months. In order to address the issues with the accounting function, CSOC brought in an outside party to review all the records from the previous 11 months, in order to ensure that they were properly input, and to train the new bookkeeper on proper procedure. We concluded that CSOC's delays in properly recording and categorizing program expenditures prevented the agency from consistently maintaining adequate financial records. However, we determined the updates to the written policies and procedures and the efforts of the new bookkeeper appear to sufficiently address the issues identified.

We also reviewed CSOC's oversight of contractors and consultants. CSOC officials stated that they tracked contractor performance by working closely with the vendor throughout the contract period. We saw evidence of this contact, including emails containing status updates and monthly technical calls. However, during our review of grant expenditures, we identified an issue with the payments made to a marketing consultant. According to the consulting agreement, the consultant was to bill for services provided to CSOC on an hourly basis. Rather than paying the consultant based on actual services, CSOC made lump sum payments without obtaining a detailed account of the services provided. We found that this practice: (1) violated the terms of the consulting agreement; and (2) increased the risk of poor performance or non-performance, because CSOC had no mechanism to track the consultant's progress and associated costs. Because of this issue, as discussed in the Direct Costs section of the report, CSOC made advanced payments to the marketing consultant prior to services actually being provided. While CSOC officials indicated that they worked closely with its vendors, the lack of detail in the invoices resulting in advanced payments prior to services being performed limited CSOC's oversight of this particular consultant. This issue, along with the associated questioned costs, is discussed in the Direct Costs section of this report.

Grant Expenditures

We reviewed policies and procedures and conducted sample testing of transactions to determine if grant expenditures were allowable and supported. For Grant No. 2008-VN-CX-0012, we reviewed 20 transactions, which included 15 direct cost transactions and 5 matching cost transactions totaling \$434,549. For Grant No. 2011-VN-CX-0007, there were a total of 4 direct cost expenditures. Because of the limited number of transactions, we tested all direct cost transactions, as well as 6 matching cost transactions for a total sample size of 10 totaling \$1,075,393.¹

Direct Costs

For Grant No. 2008-VN-CX-0012, CSOC officials traveled to Colorado counties to train the local sheriffs and jail staff how to use VINE. CSOC budgeted travel expenses for this training, including per diem for meals, which are the only meals identified in the budget. CSOC also budgeted for general supplies. Four of the transactions in our sample included meals and promotional items that were not included as part of the approved budget. Due to the prevalence of this issue within the sample, we expanded our analysis of direct costs to include all supplies and travel expenditures charged to the grant. We identified a number of instances where meals were charged directly to the grant, including meals for local sheriffs and their spouses and meals provided during training sessions. CSOC also charged \$120 to the grant for promotional sweatshirts and t-shirts. In total, we identified \$1,472 in unallowable questioned costs for meals and promotional items that were not included in the approved budget. Therefore, we recommend that OJP coordinate with CSOC to remedy the \$1,472 in unallowable questioned costs related to expenditures for items that were not included in the approved grant budget for Grant No. 2008-VN-CX-0012.

For Grant No. 2008-VN-CX-0012, the approved grant budget included a portion of CSOC's occupancy and telephone costs as part of CSOC's required match. However, CSOC charged \$1,835 in overhead to the grant using federal funds. CSOC officials indicated that this amount was calculated by identifying the portion of federal funds that were not yet spent and expensing that amount under the grant to cover telephone and occupancy costs. Subsequent to our testing, CSOC officials also allocated the same overhead costs as part of the required match. Since CSOC identified overhead as a matching cost in the approved budget and allocated these costs to the match, we are questioning the \$1,835 in overhead costs charged to the grant as unallowable. Therefore, we recommend that OJP coordinate with CSOC to remedy the \$1,835 in unallowable questioned costs that were also reported as matching costs for Grant No. 2008-VN-CX-0012.

For Grant No. 2011-VN-CX-0007, CSOC paid a consulting firm a total of \$75,000 in three \$25,000 installments for marketing services. The accompanying

¹ CSOC tracked matching costs using a spreadsheet for each quarter. We chose a sample using the total costs for the quarter by expense type, meaning one matching transaction in our sample is all the quarterly costs for a given expense category.

invoices provided no detail beyond the \$25,000 total. According to the consultant, CSOC's Executive Director requested that the consultant bill CSOC in three lump sum payments. Making payments based on invoices without detail resulted in CSOC distributing federal funds with limited knowledge of the work completed during a given period. We requested a detailed account of the services provided. The consultant provided a listing of activities, including billable hours by date, and costs for collateral materials totaling \$75,555.² Based on our review of this supporting documentation, we found that the invoices did not wholly reflect after-the-fact costs for services provided. This violated the terms of the consulting agreement, which stated that the consultant would bill for services provided to CSOC on an hourly basis. Additionally, material costs totaling \$18,208 were not dated, meaning we could not determine when these costs were obligated. This resulted in CSOC making advanced payments or payments for costs incurred on an unknown date totaling \$30,132, as shown in Table 2.

Table 2
Consulting Payments for Grant No. 2011-VN-CX-0007

INVOICE (DATE)	INVOICE AMOUNT	COSTS OF ACTUAL SERVICES PROVIDED SINCE THE LAST INVOICE	AMOUNT OF INVOICE REPRESENTING AN ADVANCED PAYMENT OR OBLIGATION DATES UNKNOWN
1 (07/31/2013)	\$25,000	\$ 2,633	\$22,368
2 (10/02/2013)	25,000	28,272	0
3 (12/02/2013)	25,000	13,963	7,765 ³
TOTAL			\$30,132

Source: CSOC

In addition to violating the terms of the consulting agreement, making advanced payments increases the risk of poor performance or nonperformance by the consultant, as discussed in the Grant Financial Management section of this report. We are not questioning any costs related to the advanced payments, as the supporting documentation demonstrated that the services were ultimately provided. However, we recommend OJP ensures CSOC develops and implements a process to enhance consultant oversight. Additionally, we questioned the \$18,208 in materials costs as unsupported, because the supporting documentation did not provide sufficient detail, including relating costs to activities and the date the costs were incurred.

However, subsequent to our audit, CSOC submitted additional documentation pertaining to \$15,228 in materials costs, which included the dates these costs were incurred. This documentation was sufficient to remedy \$15,228 in unsupported questioned costs. However, all of the material costs were incurred after the grant

² Total fees and services paid to the consultant did not exceed \$75,000, as stated in the consulting agreement.

³ We applied \$3,272, the cost for services provided in excess of \$25,000 in the second invoice, to the third invoice.

ended. As a result, we identified \$15,228 in unallowable costs for services provided after the grant end date. Therefore, we recommend that OJP coordinate with CSOC to remedy \$2,980 in remaining unsupported questioned costs and \$15,228 in unallowable questioned costs for materials used by a consultant for Grant No. 2011-VN-CX-0007.

Our review also revealed additional issues related to the consultant costs. According to the OJP Financial Guide, you must obtain written prior approval for compensation for consultant services in excess of \$450 per 8-hour day, or \$56.25 per hour. CSOC did not obtain formal approval to pay more than the maximum consultant rate threshold, despite the fact that individuals with the consulting firm were charging an hourly rate in excess of the \$56.25 per hour. While the consulting agreement included overall cost estimates, the hourly rates for individuals were not detailed in the document. CSOC officials had no way of knowing that the rates were in excess of the amount requiring approval from OJP, because they did not request or review the detailed hourly rates charged by the consultant either prior to or during the time the work was conducted. As a result, we identified \$34,297 in unallowable excess compensation, the difference between the actual hourly rates charged to the grant and the \$56.25 maximum hourly rate. Therefore, we recommend that OJP coordinate with CSOC to remedy the \$34,297 in unallowable excess compensation for Grant No. 2011-VN-CX-0007.

Further, according to the OJP Financial Guide, obligations must occur during the project period stated on the award documents. Grant No. 2011-VN-CX-0007 ended on September 30, 2013; however, the consulting firm provided services after September 30, 2013. According to the consulting agreement, the services were to be billed on an hourly basis, meaning when rendered, so no obligation existed until the services were provided. CSOC officials stated that they drew down all of the remaining funds prior to paying the consultant, because the 2011 grant end date was nearing and they wanted to draw all of the funds before the grant ended. Rather than obligating all funds prior to the grant end date as required, CSOC drew down all funds prior to the end date and continued to incur costs after the grant ended. As a result, we identified \$28,692 in unallowable costs for services provided after the grant end date. Therefore, we recommend that OJP coordinate with CSOC to remedy the \$28,692 in unallowable costs for services provided after the grant end date for Grant No. 2011-VN-CX-0007.

Matching Costs

Matching costs are the non-federal recipient's share of the total project costs. For Grant No. 2008-VN-CX-0012, CSOC's required match was \$505,403 and for Grant No. 2011-VN-CX-0007, CSOC's required match was \$399,416.⁴ CSOC used a combination of cash and in-kind services in order to meet the match. The cash match included payroll expenditures related to the time CSOC employees dedicated to VINE, related travel, and supplies. In-kind services included participating county

⁴ According to the SAVIN Program FY 2008 Competitive Grant Announcement, a grant made under this program could not cover more than 50 percent of the total costs of the project being funded.

funded personnel costs. CSOC officials explained that county staff, including sheriff and jail staff, participated in the VINE program by attending regional trainings and by entering offender and victim data into VINE. Based on our review, we found that CSOC did not meet the required match for either award.

For Grant No. 2008-VN-CX-0012, the spreadsheets used to track matching costs totaled \$464,574, which is \$40,829 less than the required match. Additionally, part of the \$464,574 was not properly supported. According to 28 C.F.R §70.23, in order for third party in-kind match to be accepted, when an employer other than the recipient furnishes the services of an employee, these services must be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skills for which the employee would normally be paid. For Grant No. 2008-VN-CX-0012, three of the five transactions sampled were in-kind labor costs. We found that CSOC valued all services provided by employees from other organizations using average, rather than actual pay rates. Further, we found that since the counties are required by law to provide victim notification services, the in-kind services were the same skills for which the employee would normally be paid. Therefore, CSOC was required to use the actual employee's regular rate of pay plus actual reasonable fringe benefits to value the in-kind match. As a result, we expanded our analysis to include all in-kind services totaling \$388,725, none of which were properly supported. CSOC officials stated that they used the average rates to calculate the in-kind match, because it was the same methodology used for a previous SAVIN award. CSOC officials also indicated that gathering the required information from all county participants would be arduous, if even possible, as a result of the number of outside employees involved with the project.

After we notified CSOC officials of issues pertaining to the matching funds, they provided additional matching expenditures totaling \$124,600 for our consideration. We determined \$31,595 of the additional matching costs were either unallowable or unsupported.

As noted above, of the \$589,174 in matching costs provided by CSOC, we identified \$461,149 in unsupported and unallowable costs. Based on our review, we did not take exception to \$168,854 of matching costs, including \$75,849 from the original matching expenditures and \$93,005 from the additional matching expenditures. Because CSOC provided matching costs totaling \$589,174, which exceeds the required match of \$505,403, we are only questioning \$336,549 (\$505,403 - \$168,854) as unsupported, which is the difference between the required match and the matching costs for which we did not take exception. Therefore, we recommend that OJP coordinate with CSOC to remedy \$336,549 in unsupported matching questioned costs for Grant No. 2008-VN-CX-0012.

For Grant No. 2011-VN-CX-0007, the spreadsheets used to track matching costs totaled \$466,220, which is \$66,804 more than the required match. However, we determined a portion of these costs were not properly supported. According to the OJP Financial Guide, where grant recipients work on multiple cost activities, a

reasonable allocation of cost to each activity must be made based on time and/or effort reports that account for the total activity for which each employee is compensated. Two of six sample transactions were payroll costs for two CSOC employees. The supporting documentation provided were emails stating the number of hours worked on the grant; the emails did not contain sufficient detail, such as dates and activities. CSOC officials indicated that they used the same methodology for the life of the award; therefore, we determined all payroll costs for these employees totaling \$4,999 were not properly supported. This issue appears to be the result of a personnel change. Two different project managers were responsible for tracking payroll information for the two awards. The second project manager did not request that employees provide the same detail that was requested by the previous project manager.

Additionally, for Grant No. 2011-VN-CX-007, CSOC also used county funded personnel costs related to training and data entry as in-kind match. According to the OJP Financial Guide, to value in-kind match, when an employer other than a grantee furnishes free of charge the services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay exclusive of the employee's fringe benefits and overhead costs. Therefore, CSOC was required to use actual salary costs, excluding fringe benefits, to value the in-kind match for county funded personnel services. Two of the six sample transactions were for in-kind labor costs, and again we found that CSOC used average, rather than actual pay rates, a methodology copied from Grant No. 2008-VN-CX-0012. We expanded our analysis to include all in-kind services totaling \$345,639, none of which were properly supported.

As noted above, of the \$466,220 in matching costs provided by CSOC, we identified \$350,637 in unsupported costs.⁵ Based on our review, we did not take exception to \$115,583 of matching costs. Because CSOC provided matching costs totaling \$466,220, which exceeds the required match of \$399,416, we are only questioning \$283,833 (\$399,416 - \$115,583) as unsupported, which is the difference between the required match and the matching costs for which we did not take exception. Therefore, we recommend that OJP coordinate with CSOC to remedy \$283,833 in unsupported matching questioned costs for Grant No. 2011-VN-CX-0007.

Budget Management and Control

According to the OJP Financial Guide, the grant recipient must initiate a GAN for a budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total award amount. We compared grant expenditures to the approved budgets to determine whether CSOC transferred funds among budget categories in excess of 10 percent. We determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent for either grant.

⁵ Here and throughout the report, differences in the total amounts are due to rounding.

Drawdowns

According to the OJP Financial Guide, the grant recipient should time drawdown requests to ensure that federal cash on hand is the minimum needed for disbursements to be made immediately or within 10 days. Both grants ended prior to the start of our audit. Total expenditures equaled total drawdowns and all funds were drawn down for both grants. We expanded our testing to include all drawdowns for both grants, because all but one drawdown were in whole, thousand dollar increments. We found a number of instances where CSOC had excess cash on hand for more than 10 days.

For Grant No. 2008-VN-CX-0012, CSOC made nine drawdowns from September 2008 through June 2010. In every instance, CSOC drew down funds in excess of the minimum needed for disbursements to be made immediately or within 10 days. This resulted in CSOC having between \$9,686 and \$26,408 in excess cash on hand, as shown in Table 3.

Table 3
Excess Cash on Hand for Grant No. 2008-VN-CX-0012

DATE OF DRAWDOWN	AMOUNT DRAWN DOWN	CUMULATIVE AMOUNT DRAWN DOWN	CUMULATIVE EXPENDITURES THROUGH DRAWDOWN DATE PLUS 10 DAYS	CUMULATIVE DIFFERENCE
09/22/08	\$330,000	\$330,000	\$310,124	\$19,876
03/04/09	20,000	350,000	329,727	20,273
06/01/09	20,000	370,000	351,610	18,390
08/21/09	20,000	390,000	375,162	14,838
10/20/09	20,000	410,000	395,089	14,911
01/04/10	20,000	430,000	414,165	15,835
03/10/10	20,000	450,000	436,077	13,923
05/07/10	20,000	470,000	460,314	9,686
06/08/10	29,360	499,360	472,952	26,408

Source: OJP and CSOC

The CSOC officials responsible for overseeing the grants indicated that they drew down funds in advance of making disbursements and relied on the bookkeeper to inform them of the dollar amount needed to cover expenses.

For Grant No. 2011-VN-CX-0007, CSOC made two drawdowns. For the second drawdown, CSOC drew down funds in excess of the minimum needed for disbursements to be made immediately or within 10 days. CSOC drew down \$75,000 on August 27, 2013. The entire \$75,000 was on hand for 13 days, 3 days past the 10 days allowed; \$50,000 of the \$75,000 was on hand for 42 days, 32 days past the 10 days allowed; and \$25,000 of the \$75,000 was on hand for 113 days, 103 days past the 10 days allowed. CSOC officials stated that they drew down the \$75,000 prior to needing the funds to ensure that all funds were drawn

down prior to the grant end date, September 30, 2013. In addition to CSOC having excess cash on hand for more than 10 days, it also obligated a portion of the related federal expenditures after the grant end date, in violation of grant criteria. This issue is discussed in the Grant Expenditures section of this report.

Based on the information outlined above, we determined that CSOC does not have adequate policies and procedures to prevent it from drawing down excess cash. Therefore, we recommend that OJP coordinate with CSOC to develop policies and procedures for drawing down federal grant funds.

Federal Financial Reports

According to the OJP Financial Guide, FFRs should show the actual expenditures and unliquidated obligations incurred, both for the quarterly reporting period and cumulatively, for each award. To determine whether the FFRs submitted by CSOC were accurate, we compared the reports to CSOC's accounting records and the spreadsheets CSOC used to track matching funds. For Grant No. 2008-VN-CX-0012, we reviewed the 10 most recent FFRs. For Grant No. 2011-VN-CX-0007, we reviewed all FFRs for a total of eight.

We found that the cumulative federal expenditures reported in the final FFR matched the total federal expenditures in CSOC's accounting records for both awards. However, CSOC understated the period's federal expenditures in 7 of the 18 reports we reviewed and overstated the period's federal expenditures in 2 of the 18 reports we reviewed, as shown in Table 4.

Table 4
FFR Accuracy by Period – Federal Expenditures

REPORT No.	REPORT PERIOD END DATE	PERIOD EXPENDITURES IN QUARTERLY REPORT	PERIOD EXPENDITURES IN ACCOUNTING RECORDS	DIFFERENCE BETWEEN REPORT & ACCOUNTING RECORDS
Grant No. 2008-VN-CX-0012				
5	09/30/09	\$24,480	\$24,523	\$(43)
6	12/31/09	10,141	30,385	(20,244)
7	03/31/10	21,843	33,049	(11,206)
8	06/30/10	83,919	38,837	45,082
9	09/30/10	0	6,904	(6,904)
10	12/31/10	0	336	(336)
11	03/31/11	0	12	(12)
12	06/30/11	0	6,056	(6,056)
Grant No. 2011-VN-CX-0007				
8	09/30/13	\$75,000	\$25,000	\$50,000 ⁶

Source: OJP and CSOC

We also found that for Grant No. 2008-VN-CX-0012, while CSOC reported cumulative matching expenditures totaling \$505,403 in the final FFR, CSOC's records included matching expenditures totaling \$464,574, or \$40,829 less than what was reported. For Grant No. 2011-VN-CX-0007, while CSOC reported cumulative matching expenditures totaling \$505,379 in the final FFR, CSOC's records included matching expenditures totaling \$466,220, or \$39,159 less than what was reported.⁷ Additionally, CSOC understated the period's matching expenditures in 2 of the 18 reports we reviewed and overstated the period's matching expenditures in 10 of the 18 reports we reviewed, as shown in Table 5.

⁶ The grant ended on September 30, 2013, meaning this was the final FFR. CSOC recorded \$50,000 in federal expenditures in the accounting records after grant end date, resulting in a temporary difference between the FFR and CSOC's records. The related issue of obligating grant funds after the grant end date is discussed in the Expenditures section of this report.

⁷ Based on our analysis of the matching expenditures during fieldwork, we determined the matching funds identified in CSOC's records were not all supported. The issue is discussed in the Grant Expenditures section of this report.

Table 5

FFR Accuracy by Period – Matching Expenditures

REPORT No.	REPORT PERIOD END DATE	PERIOD EXPENDITURES IN QUARTERLY REPORT	PERIOD EXPENDITURES IN MATCHING RECORDS	DIFFERENCE BETWEEN REPORT & MATCHING RECORDS
Grant No. 2008-VN-CX-0012				
8	06/30/10	\$110,891	\$72,075	\$38,816
9	09/30/10	85,044	78,155	6,889
12	06/30/11	62,976	55,219	7,757
14	12/31/11	459	20,990	(20,531)
Grant No. 2011-VN-CX-0007				
1	12/31/11	0	25,234	(25,234)
2	03/31/12	87,012	55,068	31,944
3	06/30/12	75,121	65,608	9,514
4	09/30/12	60,860	58,745	2,115
5	12/31/12	67,213	60,135	7,078
6	03/31/13	79,570	70,286	9,284
7	06/30/13	63,296	62,469	827
8	09/30/13	72,307	68,676	3,631

Source: OJP and CSOC

During our review of the financial management system, we determined that CSOC did not maintain adequate financial records due to a lack of oversight and staff turnover, as discussed in the Grants Financial Management section of this report. This impacted reporting as there were not sufficient controls to ensure the information used for financial reporting was consistently reliable. Additionally, we identified a formula error in the spreadsheets CSOC used to track matching funds for Grant No. 2011-VN-CX-0007, which was copied from period to period and resulted in double counting a portion of the in-kind match.

Finally, for both grants CSOC incorrectly reported "Indirect Expense" as part of its FFRs. In the final report for Grant No. 2008-VN-CX-0012, CSOC acknowledged that recording this information was an error and corrected it by leaving the indirect expense section of the FFR blank. However, CSOC did not correct this error in the final report for Grant No. 2011-VN-CX-0007. This information should be excluded from any updated report provided by CSOC.

Based on the information outlined above, we determined that CSOC's FFRs were not accurate. We offer no recommendation regarding developing new reporting policies and procedures, as it appears the CSOC has already updated its written accounting procedures, as discussed in the Grants Financial Management section of this report. However, we recommend that OJP obtain a final FFR for Grant Nos. 2008-VN-CX-0012 and 2011-VN-CX-0007 with the correct cumulative matching expenditures and indirect costs.

Program Performance

We reviewed the grant solicitations and grant documentation, and interviewed CSOC officials to determine whether the program goals and objectives were implemented. The goals and objectives for each grant and the degree to which each grant met those goals and objectives are detailed below. We also reviewed the Categorical Assistance Progress Reports (progress reports), which are completed semi-annually, to determine if the required reports are accurate. Finally, we reviewed CSOC's compliance with the special conditions identified in the award documentation.

Grant No. 2008-VN-CX-0012

Grant No. 2008-VN-CX-0012 was the second phase of a two phase project. The first phase provided half, or 32, of Colorado's jail facilities with access to Colorado VINE, an automated service that tracks the custody status of offenders in jail.⁸ The goal for Grant No. 2008-VN-CX-0012 was to implement VINE at the 32 remaining facilities in the state. CSOC officials indicated that this goal was achieved. We found that at the end of the grant, December 31, 2011, VINE was implemented in all but five facilities. We saw evidence demonstrating that the contractor responsible for implementing VINE was actively working with four of the five remaining facilities. We determined CSOC's assertion is reasonable based on our review of the supporting documentation.⁹

Grant No. 2011-VN-CX-0007

There were three goals for Grant No. 2011-VN-CX-0007. This included: (1) making offender photographs available through the VINE website, which included objectives to educate law enforcement about this capability and interface with all participating counties to extract the photos; (2) offering notification services in Spanish, which included objectives to provide the VINE website in Spanish and inform the public of its availability; and (3) offering notification by text message, which included the objective to inform the public of its availability. CSOC officials stated that the goals pertaining to Spanish language and text messaging services were completed, which we were able to confirm. CSOC officials indicated that the goal pertaining to offender photos was only partially complete, as not all participating counties were interfaced as of the end of the grant. However, CSOC officials stated that the goal will be met, because the agreement between CSOC and the contractor charged with the project requires the contractor to interface with every county. CSOC disclosed this information in its final progress report. We confirmed that offender photos are available for many counties and also that the contract provided assurance that the work will be completed.

⁸ The 64 jail systems in Colorado are made up of county jails, the Department of Youth Corrections, and the Department of Corrections.

⁹ During our audit, we became aware of the fact that not all counties in the state are currently participating in VINE. CSOC officials explained that due to various external factors, some counties chose not to participate in the program, while others participated but have since opted out.

Categorical Assistance Progress Reports

According to the OJP Financial Guide, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. In order to verify the information in progress reports, we selected a sample of 5 performance measures from the 2 most recent progress reports submitted for each grant for a total sample size of 20. For Grant No. 2008-VN-CX-0012, these reports covered the reporting periods from January 2011 through June 2011 and July 2011 through December 2011. For Grant No. 2011-VN-CX-0007, these reports covered the reporting periods from January 2013 through June 2013 and July 2013 through September 2013. We then traced the items to supporting documentation maintained by CSOC officials.

For Grant No. 2008-VN-CX-0012, we found that 2 of the 10 performance measures we reviewed were properly supported. For the remaining eight performance measures, CSOC officials were not able to provide sufficient support, as shown in Table 6.

Table 6

Unsupported Progress Report Facts for Grant No. 2008-VN-CX-0012

PROGRESS REPORT PERFORMANCE MEASURES	CSOC'S RESPONSE	ISSUE WITH SUPPORT PROVIDED
JANUARY – JUNE 2011		
What was the total number of subscribers enrolled in program?	183,127	CSOC pulled a report from the VINE system showing 53,410 subscribers.
Number of facilities in your state that participate in SAVIN	60	CSOC was unable to provide data for the reporting period.
How many notifications triggered by change in offender status?	137,280	CSOC pulled a report from the VINE system showing 190,103 notifications.
Number of notifications by transaction type: Web portal	464	CSOC provided registration data, rather than notification data.
JULY – DECEMBER 2011		
How many user-initiated notifications were there?	132,821	CSOC pulled a report that did not pertain specifically to user-initiated notifications.
How many notifications required operator assistance?	0	CSOC provided registration data, rather than notification data.
How many notifications triggered by change in offender status?	137,231	CSOC pulled a report from the VINE system showing 191,147 notifications.
Number of notifications by transaction type: Other	4339	CSOC provided registration data, rather than notification data.

Source: OJP and CSOC

For Grant No. 2011-VN-CX-0007, 7 of the 10 performance measures we reviewed were properly supported. For the remaining three performance measures, CSOC officials were not able to provide sufficient support, as shown in Table 7.

Table 7

Unsupported Progress Report Facts for Grant No. 2011-VN-CX-0007

PROGRESS REPORT PERFORMANCE MEASURES	CSOC'S RESPONSE	ISSUE WITH SUPPORT PROVIDED
JANUARY – JUNE 2013		
How many subscribers are registered with the SAVIN system?	16,339	CSOC pulled a report from the VINE system showing 15,593 subscribers.
How many jails are currently connected to the SAVIN system?	50	CSOC was unable to provide data for the reporting period.
JULY – SEPTEMBER 2013		
How many times did the governance board meet during the reporting period?	12	The support documentation showed and CSOC officials confirmed that the board only met once.

Source: OJP and CSOC

CSOC officials stated that they primarily used a reporting tool in the VINE system to complete the progress reports. CSOC did not retain a copy of the supporting documentation for the reported data at the time the reports were completed. When we requested support for our sample, CSOC used the same reporting tool. However, CSOC was not able to replicate the figures reported because either: (1) the information is only available in real-time, or (2) the information is available for a period in time; however, the reports are not static because the system can only identify activity, including past activity, for current registrants.

Additionally, CSOC officials stated that the wording of some of the progress report questions was confusing and BJA was not responsive when they requested clarification. This means that CSOC was not always confident the information provided matched the information solicited. CSOC also provided us with supporting documentation that clearly addressed something other than the information solicited in the progress report. For example, CSOC provided information regarding system registrations to support questions about system notifications, as outlined in the tables above. CSOC officials indicated that the reporting tool in VINE does not specifically track this information, so they provided data that they felt was most closely related. Because the original supporting documentation was not maintained, it is not possible for us to evaluate the accuracy of the information used at the time the reports were submitted.

Based on the information outlined above, we determined that CSOC does not have adequate policies and procedures to track grant performance measures. Therefore, we recommend that OJP coordinate with CSOC to develop policies and procedures to ensure that valid and auditable source documentation is available to support all data collected for each performance measure.

Special Conditions

Special conditions are the contractual terms and conditions that are included with the awards. We evaluated the special conditions for each grant and selected a judgmental sample of the requirements that are significant to performance under the grants and are not addressed in another section of this report. For Grant No. 2008-VN-CX-0012, we evaluated four special conditions. For Grant No. 2011-VN-CX-0007, we evaluated six special conditions. We identified four instances where CSOC violated the special conditions.

The special conditions state that the recipient agrees to ensure that the State Information Technology Point of Contact (POC) receives written notification regarding any information technology project funded by this grant during the obligation and expenditure period. For both Grant Nos. 2008-VN-CX-0012 and 2011-VN-CX-0007, CSOC did not formally notify Colorado's POC, who is with the Colorado Department of Public Safety (CDPS), of the VINE project. CSOC officials stated that they did not send the state a written notification regarding VINE, because the state, specifically CDPS, was very involved with the project. CSOC did provide copies of minutes from a Colorado Integrated Criminal Justice Information System Board Meetings during the award periods, in which the POC was in attendance and VINE was discussed.

The special conditions state that all contracts under this award should be competitively awarded unless circumstances preclude competition. When a contract amount exceeds \$100,000 and there has been no competition for the award, the recipient must comply with rules governing sole source procurement found in the current edition of the OJP Financial Guide. According to the OJP Financial Guide, all sole-source procurements in excess of \$100,000 must receive prior approval of the awarding agency. For Grant No. 2008-VN-CX-0012, the application indicated that CSOC intended to obtain a contract for \$491,575 from a non-competitively bid source. CSOC subsequently executed this contract and paid the contractor a total of \$484,575. The BJA program manager responsible for overseeing this grant stated that a sole source GAN, the required means to obtain approval, was never filed or approved for this grant. While CSOC violated this condition, because it did not file a GAN, CSOC did submit two documents pertaining to sole source justification for this contract with its application at the request of BJA. Similarly, for Grant No. 2011-VN-CX-0007, CSOC's grant application indicated that it intended to obtain a contract for \$1,000,000 from a non-competitively bid source. CSOC subsequently executed this contract and paid the contractor \$925,000. Again, the BJA program manager responsible for overseeing this grant stated that a sole source GAN was never filed or approved for this grant. While CSOC violated this condition, we considered the fact that this grant funded enhancements to the existing notification system, which was operated by the same contractor used for Grant No. 2008-VN-CX-0012. CSOC previously submitted a sole source justification for this contractor, as outlined above, identified the contractor by name in its grant budget, and would not have been able to use another vendor. Nonetheless, we found that for both Grant Nos. 2008-VN-CX-0012

and 2011-VN-CX-0007, CSOC failed to obtain a GAN approving its use of a sole source contractor as required by the special conditions of the awards.

The special condition states the recipient agrees to submit to BJA for review and approval any written materials that will be published through funds from this grant at least 30 working days prior to the targeted dissemination date. Additionally, the publications shall contain a statement indicating that the project is supported by the grant. For Grant No. 2011-VN-CX-0007, CSOC did not submit a VINE brochure for review by BJA or include required disclaimer language in that material prior to publishing. CSOC officials stated that they discussed the general marketing plan with BJA; however, they did not submit specific materials for review or include the required language. Officials went on to say that they were unaware of the criteria and felt as though BJA could have informed them of the requirement during the multiple conversations between CSOC and BJA regarding the marketing plan.

The special condition states that any website funded under the award must contain a statement indicating that the project is supported by the grant. For Grant No. 2011-VN-CX-0007, CSOC's noncompliance with this condition was identified as part of CSOC's FY 2012 Single Audit. CSOC subsequently included the required disclaimer language on its website, as discussed in the Grant Financial Management section of this report.

Based on the information outlined above, we determined that CSOC does not have adequate policies and procedures to ensure compliance with special conditions for federal awards. Therefore, we recommend that OJP coordinate with CSOC to develop policies and procedures to ensure that CSOC will comply with special conditions for federal awards.

Conclusion

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. We examined CSOC's financial management procedures, accounting records, budget documents, and financial and progress reports, and found:

- \$1,472 in unallowable questioned costs related to expenditures for items that were not included in the approved grant budget for Grant No. 2008-VN-CX-0012.
- \$1,835 in unallowable questioned costs that were also reported as matching costs for Grant No. 2008-VN-CX-0012.
- Inadequate oversight of a consultant.

- \$2,980 in remaining unsupported questioned costs and \$15,228 in unallowable questioned costs for materials used by a consultant for Grant No. 2011-VN-CX-0007.
- \$34,297 in unallowable questioned costs related to excess compensation for Grant No. 2011-VN-CX-0007.
- \$28,692 in unallowable questioned costs for services provided after the grant end date for Grant No. 2011-VN-CX-0007.
- \$336,549 in unsupported matching questioned costs for Grant No. 2008-VN-CX-0012.
- \$283,833 in unsupported matching questioned costs for Grant No. 2011-VN-CX-0007.
- Inadequate policies and procedures to prevent drawing down excess cash.
- Inaccurate FFRs.
- Inadequate policies and procedures to track grant performance measures.
- Inadequate policies and procedures to ensure compliance with special conditions for federal awards.

Based on our audit results, we make 3 recommendations to address dollar-related findings and 5 recommendations to improve the management of the grant.

Recommendations

We recommend that OJP:

1. Remedy the \$49,996 in net unallowable questioned costs associated with the following issues:¹⁰
 - a. Remedy \$1,472 in unallowable questioned costs related to expenditures for items that were not included in the approved grant budget for Grant No. 2008-VN-CX-0012.
 - b. Remedy \$1,835 in unallowable questioned costs that were also reported as matching costs for Grant No. 2008-VN-CX-0012.
 - c. Remedy \$34,297 in unallowable questioned costs related to excess compensation for Grant No. 2011-VN-CX-0007.

¹⁰ Net questioned costs totaling \$49,996 exclude the duplicated amount totaling \$16,299, which are both excess compensation costs and costs for services provided after the grant end date.

- d. Remedy \$28,692 in unallowable questioned costs for services provided after the grant end date for Grant No. 2011-VN-CX-0007.
2. Ensure CSOC develops and implements a process to enhance consultant oversight.
3. Remedy \$18,208 in questioned costs for materials used by a consultant for Grant No. 2011-VN-CX-0007 associated with the following issues:¹¹
 - a. Remedy \$15,228 in unallowable questioned costs that were incurred after the grant end date.
 - b. Remedy \$2,980 in unsupported questioned costs.
4. Remedy \$620,382 in unsupported questioned costs associated with the following issues:
 - a. Remedy \$336,549 in unsupported matching questioned costs for Grant No. 2008-VN-CX-0012.
 - b. Remedy \$283,833 in unsupported matching questioned costs for Grant No. 2011-VN-CX-0007.
5. Ensure CSOC develops policies and procedures for drawing down federal grant funds.
6. Obtain a final FFR for Grant Nos. 2008-VN-CX-0012 and 2011-VN-CX-0007 with the corrected cumulative matching expenditures and indirect costs.
7. Coordinate with CSOC to develop policies and procedures to ensure that valid and auditable source documentation is available to support all data collected for each performance measure.
8. Coordinate with CSOC to develop policies and procedures to ensure that CSOC will comply with special conditions for federal awards.

¹¹ In response to the draft report, CSOC submitted additional documentation pertaining to \$15,228 in materials costs, which included the dates these costs were incurred. This documentation was sufficient to remedy \$15,228 in unsupported questioned costs. However, all of the material costs were incurred after the grant ended, which violates the OJP Financial Guide. As a result, we identified \$15,228 in unallowable costs for services provided after the grant end date. Therefore, we changed the recommendation to address the unallowable and unsupported costs separately while the total questioned costs for this recommendation remained the same.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, expenditures, budget management and control, drawdowns, federal financial reports, and program performance. We tested compliance with what we consider to be the most important conditions of CSOC's activities related to the audited grants. Unless otherwise stated in this report, the criteria we audit against are contained in the OJP Financial Guide and the award documents.

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

This was an audit of the Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA), grants awarded to the County Sheriffs of Colorado (CSOC) under the Developing and Enhancing Statewide Automated Victim Information and Notification (SAVIN) Program. Grant No. 2008-VN-CX-0012 was awarded for \$499,360, and Grant No. 2011-VN-CX-0007 was awarded for \$1,000,000. Our audit concentrated on, but was not limited to July 1, 2008, the award start date for Grant No. 2008-VN-CX-0012, through September 30, 2013, the award end date for Grant No. 2011-VN-CX-0007. As of September 30 2013, CSOC had drawn down all grant funds for both awards.

In conducting our audit, we performed sample testing in four areas, including grant expenditures (including matching expenditures), Federal Financial Reports, Categorical Assistance Progress Reports, and compliance with special conditions. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the award reviewed, such as dollar amounts, expenditure category, or risk. However, this non-statistical sample design does not allow a projection of the test results for all grant expenditures or metrics.

In addition, we evaluated grant financial management (including monitoring of contractors), drawdowns, budget management and control, and program performance and accomplishments. However, we did not test the reliability of the financial management system as a whole and reliance on computer based data was not significant to our objective.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

DESCRIPTION	AMOUNT	PAGE
Questioned Costs ¹²		
Unallowable Costs – Not in Budget:	\$1,472	5
Unallowable Costs – Also Reported as Matching:	1,835	5-6
Unallowable Costs – Excess Rates:	34,297	7
Unallowable Costs – After End Date: ¹³	43,920	7
<i>Total Unallowable:</i>	<i>\$81,524</i>	
Unsupported Costs - Materials:	\$2,980	6-7
Unsupported Costs – 2008-VN-CX-0012 Matching:	336,549	8
Unsupported Costs – 2011-VN-CX-0007 Matching:	283,833	8-9
<i>Total Unsupported:</i>	<i>\$623,362</i>	
<i>Total (Gross):</i>	<i>\$704,886</i>	
<i>Less Duplication¹⁴:</i>	<i>(\$16,299)</i>	
Net Questioned Costs:	\$688,587	

¹² **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

¹³ We previously identified \$18,208 in unsupported materials costs. In response to the draft report, CSOC submitted additional documentation pertaining to \$15,228 in materials costs. This documentation was sufficient to remedy \$15,228 in unsupported questioned materials costs. However, all of the material costs were incurred after the grant ended. As a result, we identified an additional \$15,228 in unallowable costs for services provided after the grant end date.

¹⁴ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount totaling \$16,299, which are both excess compensation costs and costs for services provided after the grant end date.

**COUNTY SHERIFFS OF COLORADO
RESPONSE TO DRAFT AUDIT REPORT¹⁵**



County Sheriffs of Colorado

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Executive Director Chris Johnson

January 20, 2015

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Sheriff Garrett Wiggins
Routt County

David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General
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Dear Mr. Sheeren:

I am writing in response to the audit your office did for the two grants that we received for the VINE Program (Victim Information and Notification Program). I am addressing the eight recommendations.

First of all, I would like to thank Christina for her patience with me during the audit. I was not in my current role during the first grant (2008-VN-CX-0012) that County Sheriffs of Colorado (CSOC) received and therefore I did not have all the documentation readily available. Due to my not being here during that first grant process, and just starting my role as Project Manager after we had received the 2nd grant (2011-VN-CX-007), this was a learning process for me. We acknowledge here at CSOC that there were a lot of errors we made during the reporting of these two grants and we have learned a lot from this audit. At least we were consistent in our reporting for both grants as I just followed in my reporting what the Project Manager did for the first grant, not knowing that some of the procedures he had followed were inaccurate. We were given very little direction on the reporting process and reaching out to get the help we needed was difficult. The online manual information was also very confusing, therefore making some of our reporting inaccurate. At no point with either of these grants, was there any misuse of funds, as was established in the audit from your office.

¹⁵ Attachments to this response were not included in this final report.

The Project Manager for the first grant (2008) is no longer working here at CSOC as he took another position. The bookkeeper we currently have was not here at the time either one of these grants were being reported on so there was some issues with pulling prior documentation or knowing where they pulled information from. As I stated earlier, we have learned a lot through this audit and we have made changes in our procedures, which will help us with our progress reports for any future grants that we may receive. The current Executive Director, Chris Johnson, was just recently hired in June, 2014, so he was also not here during either of these grants that we received. We all tried our best to find any missing information for both grants.

1. a. We concur that there was \$1,472 in questionable costs for the 2008 grant in regards to travel expenses/promotional items. These expenses were definitely incurred, as there are receipts to show that. We were under the assumption when meals were incurred during travel for trainings, they were all considered eligible expenses. The \$120 for the promotional items were items that were given away during our two Regional Trainings that we held in 2011 (shortly after I had started). Since we had such large turnouts from all the counties and Appriss flew in from Kentucky to do some of the training, we felt it would be appropriate to give-a-way a few promotional items from CSOC to the attendees, not knowing that this was not an acceptable expense.
- b. We concur that there was \$1,835 in questionable costs for the 2008 grant in regards to overhead. It was not realized that this cost was both charged as overhead costs to the grant and also used in the matching. However, we had thousands more in overhead costs that were considered "ineligible" due to those costs not being put into the initial budget. This was a big oversight on CSOC's writing of the grant. We do have documentation that CSOC incurred significant costs for copying, technology, postage, utilities, and due to this not being put into the initial budget, we could not use this.
- c. We concur that there was \$34,297 in questionable costs for the 2011 grant in regards to the consultant costs. When we hired the consulting firm, we did not tell them, as we were not aware of it ourselves, that we could not spend over \$56.25 per hour. If we had known this, we would have had them change the whole billing structure so they were aware of this stipulation and they would have complied. We are very aware of this now and it has been documented in our "Policies and Procedures for Federal Grants" Manual. We had a Marketing Committee of 5 people that interviewed consultants, went over our requirements and what we wanted them to do for us and our timeframes, and CRL & Associates was a perfect fit for us. They did exactly what we wanted we just did not give them enough guidance and direction as to the billing structure since we were not aware of this ourselves.
- d. We concur that there was \$28,692 in questionable costs for the 2011 grant in regards to not incurring all our marketing expenses before the grant ended on 9/30/2013. Again, this was ignorance on our part in that we did not realize that we had to actually spend all the money prior to 9/30/13. I thought we just had to draw the money out of the grant. We started the process of hiring this consultant way too late in the year in order to get everything done before the grant ended. The time spent on the initial phase of coming up with a new branding took much longer than anticipated as we sent the survey out to

everyone in the VINE committee for feedback. This was a lengthy process which took us into September before we even had the final version. Then we started the process of printing brochures, posters, and promotional products. If I would have known that we needed to request an extension, I would have certainly done that. Again, there was very little direction on what we needed to do when we were approved from BJA to hire a marketing consultant with the remaining \$75,000 left over from the grant funds. As I stated earlier, the VINE committee feels that the money we used to hire the consulting firm, was well worth it and has been well received by law enforcement agencies, victim advocates, and most importantly, the victims and the public. As stated in the audit, the costs we spent are not in question but the timelines and the legalities of the contract are what is in question.

2. To ensure that we at CSOC will not have these consultant oversights happen again, we have developed a "Policies and Procedures for Federal Grants" manual. I have attached that manual to this report. (*See Document 1*). We learned a lot from this audit and it will help us tremendously with future grants.
3. We concur that there was \$18,208 in questionable costs associated with the costs for the materials used by a consultant. Again, this was ignorance on CSOC in that we did not request these dates be given to us from our consultant. I have contacted the consultant since this finding in the audit and they have given me specific dates for all the materials they purchased on our behalf. That is attached in (*Document 2*).
4. We concur that there was \$620,382 in questionable costs associated with both grants. Again, this was ignorance on CSOC. We did track all our attendees for both grants as we had everyone sign rosters. Needless to say, there were thousands of staff that attended both trainings for this 6 year span. When the budget was submitted, they put in there an average hourly wage for staff, in which we used for both grants. This average wage we used was based on phone calls made to multiple jails asking what the average hourly wage was. It was assumed that we would use this amount for both grants so everyone that attended had their hours for training multiplied by this average hourly wage and that is how we came up with the amount we used for matching. During the audit, it was discovered that we cannot use an average hourly wage for all attendees, it has to be an exact hourly wage for each attendee. We attempted to try and resolve this by creating an excel document for every training class for the last 6 years, putting the individuals name on it, and tracking it by each agency. This process has taken me over 8 weeks to compile. The draft of the audit was being completed when I finished compiling this list so I didn't know if I should proceed forward in sending this out to all the agencies. There are 212 agencies that this involves, including Judicial Offices, non-profit agencies, sheriff's agencies, police departments, attorney offices, juvenile facilities, victim service agencies, Colorado State Patrol, department of human services, FBI, school districts, psychology agencies and county resource agencies. Since this dates as far back as 2009, a majority of these individuals are no longer employed by these agencies. I have attached a sample of the spreadsheet we did for each of these 212 agencies. (*See Document 3*). I have not sent them out as this process will take me several months to get back and I didn't know if it was even feasible for me to continue with this. We do have rosters of

every training that was conducted from 2009 – 2013 so the question is not if these individuals attended but the hourly wage that was used.

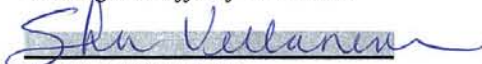
5. To ensure that CSOC has the correct draw down procedures, we have added the procedures to the “Policies and Procedures for Federal Grants” manual. *(See Document 1, #6.)*
6. I would be happy to obtain a final FFR for both grants but I am uncertain how to do this. I know both grants have been closed out so they would need to be re-opened? I would need guidance on how to do this.
7. In order to ensure that the supporting data used when doing performance measures is valid, we have added this procedure to our “Policies and Procedures for Federal Grants” manual. *(See Document 1, #10).*
8. In order to ensure that CSOC will comply with the special conditions for federal awards, we have established a procedure in our “Policies and Procedures for Federal Grants” manual. *(See Document 1, #11.)*

As you can tell, there were a lot of errors that CSOC did in reporting on both of these grants, but without a lot of instruction and training, we did the best we could do. I understand there is now required grant training, which will be very helpful for future grants. We truly appreciate both grants that we were fortunate to have received. Without these grants, we would not have a successful statewide victim notification program in Colorado. This program has literally helped thousands of victims be able to keep track of their perpetrators and to feel safe knowing that they will be the first to know when that offender is getting out of jail so they can enact their safety plan. This program is currently operating on a very tight budget that the state is paying for but once again, we would not have this program if it wasn't for the U.S. Department of Justice so we sincerely thank you for both grants.

Sincerely,



Chris Johnson
Executive Director
County Sheriffs of Colorado



Sharon Villanueva
Colorado VINE Project Manager
County Sheriffs of Colorado



Janelle Crain
Bookkeeper/Business Manager
County Sheriffs of Colorado

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



U.S. Department of Justice


Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

JAN 13 2015

MEMORANDUM TO: David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General

FROM: Jeffery A. Haley 
Acting Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Bureau of Justice Assistance, Developing and Enhancing Statewide Automated Victim Information and Notification Program Grants Awarded to the County Sheriffs of Colorado, Littleton, Colorado*

This memorandum is in reference to your correspondence, dated December 16, 2014, transmitting the above-referenced draft audit report for the County Sheriffs of Colorado (CSOC). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **eight** recommendations and **\$688,587¹** in net questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. **We recommend that OJP remedy \$49,996 in unallowable questioned costs associated with the following issues:**
 - a. **Remedy \$1,472 in unallowable questioned costs related to expenditures for items that were not included in the approved grant budget for grant number 2008-VN-CX-0012.**
 - b. **Remedy \$1,835 in unallowable questioned costs that were also reported as matching costs for grant number 2008-VN-CX-0012.**

¹ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amounts.

- c. **Remedy \$34,297 in unallowable questioned costs related to excess compensation for grant number 2011-VN-CX-0007.**
- d. **Remedy \$28,692 in unallowable questioned costs for services provided after the grant end date for grant number 2011-VN-CX-0007.**

OJP agrees with the recommendation. We will coordinate with CSOC to remedy the \$49,996 in questioned costs that were charged to grant numbers 2008-VN-CX-0012 and 2011-VN-CX-0007.

- 2. **We recommend that OJP ensure that CSOC develops and implements a process to enhance consultant oversight.**

OJP agrees with the recommendation. We will coordinate with CSOC to obtain a copy of written policies and procedures, developed and implemented, to ensure that Federal funds awarded to consultants are properly accounted for, controlled, and monitored; and the supporting documentation is maintained for future auditing purposes.

- 3. **We recommend that OJP remedy \$18,208 in unsupported questioned costs for materials used by a consultant for grant number 2011-VN-CX-0007.**

OJP agrees with the recommendation. We will coordinate with CSOC to remedy the \$18,208 in questioned costs charged to grant number 2011-VN-CX-0007, related to materials that were used by a consultant.

- 4. **We recommend that OJP remedy \$620,382 in unallowable questioned costs associated with the following issues:**

- a. **Remedy \$336,549 in unsupported matching questioned costs for grant number 2008-VN-CX-0012.**
- b. **Remedy \$283,833 in unsupported matching questioned costs for grant number 2011-VN-CX-0007.**

OJP agrees with the recommendation. We will coordinate with CSOC to remedy the \$620,382 in questioned matching costs that were charged to grant numbers 2008-VN-CX-0012 and 2011-VN-CX-0007.

- 5. **We recommend that OJP ensure that CSOC develops policies and procedures for drawing down Federal grant funds.**

OJP agrees with the recommendation. We will coordinate with CSOC to obtain a copy of written policies and procedures, developed and implemented, to ensure that future drawdowns of Federal grant funds are based on the actual expenditures incurred, or are the minimum needed for disbursements to be made immediately or within 10 days.

6. **We recommend that OJP obtain final Federal Financial Reports for grant numbers 2008-VN-CX-0012 and 2011-VN-CX-0007 with the corrected cumulative matching expenditures and indirect costs.**

OJP agrees with the recommendation. We will work with CSOC to obtain revised final Federal Financial Reports for grant numbers 2008-VN-CX-0012 and 2011-VN-CX-0007, which reflect the actual cumulative Federal and matching expenditures.

7. **We recommend that OJP coordinate with CSOC to develop policies and procedures to ensure that valid and auditable source documentation is available to support all data collected for each performance measure.**

OJP agrees with the recommendation. We will coordinate with CSOC to obtain a copy of written policies and procedures, developed and implemented, to ensure that valid and auditable source documentation is available to support all data collect for each performance measure.

8. **We recommend that OJP coordinate with CSOC to develop policies and procedures to ensure that CSOC will comply with special conditions for Federal awards.**

OJP agrees with the recommendation. We will coordinate with CSOC to obtain a copy of written policies and procedures, developed and implemented, to ensure compliance with award special conditions.

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

cc: Linda J. Taylor
Lead Auditor, Audit Coordination Branch
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OJP Executive Secretariat
Control Number IT20141217095505

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

The Office of the Inspector General (OIG) provided a draft of this audit report to County Sheriffs of Colorado (CSOC) and Office of Justice Programs (OJP). CSOC's response appears in Appendix 3 and OJP's response appears in Appendix 4. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

CSOC's response indicated that a number of the current employees were not with the organization during all or part of the implementation of the two awards. However, staff turnover does not alleviate the recipient's responsibility to comply with the administrative and financial requirements set forth in the award agreement.

Recommendations:

- 1. Remedy the \$49,996 in net unallowable questioned costs associated with the following issues: ¹⁶**
 - a. Remedy \$1,472 in unallowable questioned costs related to expenditures for items that were not included in the approved grant budget for Grant No. 2008-VN-CX-0012.**
 - b. Remedy \$1,835 in unallowable questioned costs that were also reported as matching costs for Grant No. 2008-VN-CX-0012.**
 - c. Remedy \$34,297 in unallowable questioned costs related to excess compensation for Grant No. 2011-VN-CX-0007.**
 - d. Remedy \$28,692 in unallowable questioned costs for services provided after the grant end date for Grant No. 2011-VN-CX-0007.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with CSOC to remedy the \$49,996 in net unallowable questioned costs that were charged to Grant Nos. 2008-VN-CX-0012 and 2011-VN-CX-0007.

CSOC concurred with our recommendations but had the following comments related to the specific recommendations.

¹⁶ Net questioned costs totaling \$49,996 exclude the duplicated amount totaling \$16,299, which are both excess compensation costs and costs for services provided after the grant end date.

For recommendation subpart a, CSOC stated in its response that it believed the meal costs incurred during travel for trainings were allowable. CSOC is correct that costs to cover meals for CSOC employees while on travel were identified in CSOC's budget for Grant No. 2008-VN-CX-0012 and were allowable. However, the unallowable questioned costs identified in this report were related to meals for local sheriffs and their spouses and meals provided during training sessions that were not included in the grant budget. CSOC also stated that it thought it would be appropriate to "give-a-way" a few promotional items. However, promotional items were also not included in the grant budget.

For recommendation subparts b through d, CSOC stated in its response that it was not aware of the criteria. However, grant criteria as set forth in the special conditions and OJP Financial Guide is made available to all grant recipients when the grants are awarded.

This recommendation can be closed when we receive evidence that OJP coordinated with CSOC to remedy the \$49,996 in net unallowable questioned costs.

2. Ensure CSOC develops and implements a process to enhance consultant oversight.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with CSOC to obtain a copy of written policies and procedures that are developed, implemented and maintained at CSOC to ensure that Federal funds awarded to consultants are properly accounted for, controlled, and monitored.

CSOC stated in its response that it addressed this recommendation by creating a policies and procedures manual for federal grants. However, we reviewed this document and did not identify any language specifically addressing consultant oversight.

This recommendation can be closed when we receive documentation that CSOC updated their written policies and procedures to enhance consultant oversight.

3. Remedy \$18,208 in questioned costs for materials used by a consultant for Grant No. 2011-VN-CX-0007 associated with the following issues:

a. Remedy \$15,228 in unallowable questioned costs that were incurred after the grant end date.

b. Remedy \$2,980 in unsupported questioned costs.

Resolved. OJP concurred with the recommendation. OJP stated in its response that it will coordinate with CSOC to remedy the \$18,208 in questioned costs charged to Grant No. 2011-VN-CX-0007, related to materials used by the consultant.

In response to the draft report, CSOC submitted additional documentation pertaining to \$15,228 in materials costs, which included the dates these costs were incurred. This documentation was sufficient to remedy \$15,228 in unsupported questioned costs. However, all of the material costs were incurred after the grant ended, which violates the OJP Financial Guide. As a result, we identified \$15,228 in unallowable costs for services provided after the grant end date. Therefore, we changed the recommendation to address the unallowable and unsupported costs separately while the total questioned costs for this recommendation remained the same.

This recommendation can be closed when we receive evidence that OJP coordinated with CSOC to remedy \$2,980 in remaining unsupported questioned costs and \$15,228 in unallowable questioned costs for materials used by a consultant for Grant No. 2011-VN-CX-0007.

- 4. Remedy \$620,382 in unsupported questioned costs associated with the following issues:**
 - a. Remedy \$336,549 in unsupported matching questioned costs for Grant No. 2008-VN-CX-0012.**
 - b. Remedy \$283,833 in unsupported matching questioned costs for Grant No. 2011-VN-CX-0007.**

Resolved. OJP concurred with the recommendation. OJP stated in its response that it will coordinate with CSOC to remedy the \$620,382 in unsupported questioned matching costs that were charged to Grant Nos. 2008-VN-CX-0012 and 2011-VN-CX-0007.

CSOC stated in its response that it initiated a process to properly account for the third party in-kind match, but it was uncertain whether or not to proceed.

This recommendation can be closed when we receive evidence that OJP coordinated with CSOC to remedy the \$620,382 in unsupported questioned matching costs that were charged to Grant Nos. 2008-VN-CX-0012 and 2011-VN-CX-0007.

- 5. Ensure CSOC develops policies and procedures for drawing down federal grant funds.**

Closed. OJP concurred with the recommendation. OJP stated in its response that it will coordinate with CSOC to obtain a copy of written policies and procedures, developed and implemented, to ensure that future drawdowns of

Federal grant funds are based on the actual expenditures incurred, or are the minimum needed for disbursements to be made immediately or within 10 days.

CSOC's response included a new policies and procedures manual for federal grants, which addresses drawing down federal grant funds. This includes instructions not to draw down grant funds until the expense has been incurred and, when drawn down, disbursing the funds within 10 days.

We reviewed CSOC's documentation and determined that it adequately addressed our recommendation. Therefore, this recommendation is closed.

6. Obtain a final FFR for Grant Nos. 2008-VN-CX-0012 and 2011-VN-CX-0007 with the corrected cumulative matching expenditures and indirect costs.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with CSOC to obtain revised final FFRs for Grant Nos. 2008-VN-CX-0012 and 2011-VN-CX-0007 which reflect the actual cumulative Federal and matching expenditures.

CSOC concurred with our recommendation, but indicated that it was not sure how to proceed.

This recommendation can be closed when we receive documentation of the revised, final FFRs for Grant Nos. 2008-VN-CX-0012 and 2011-VN-CX-0007 which reflect the actual cumulative Federal and matching expenditures.

7. Coordinate with CSOC to develop policies and procedures to ensure that valid and auditable source documentation is available to support all data collected for each performance measure.

Closed. OJP concurred with the recommendation. OJP stated in its response that it will coordinate with CSOC to obtain a copy of written policies and procedures, developed and implemented, to ensure that valid and auditable source documentation is available to support all data collected for each performance measure.

CSOC's response included a new policies and procedures manual for federal grants, which addresses ensuring that valid and auditable source documentation is available to support all data collected for performance measures. This includes printing and retaining the documentation used when collecting data.

We reviewed CSOC's documentation and determined that it adequately addressed our recommendation. Therefore, this recommendation is closed.

8. Coordinate with CSOC to develop policies and procedures to ensure that CSOC will comply with special conditions for federal awards.

Closed. OJP concurred with the recommendation. OJP stated in its response that it will coordinate with CSOC to obtain a copy of written policies and procedures, developed and implemented, to ensure compliance with award special conditions.

CSOC's response included a new policies and procedures manual for federal grants, which addresses special conditions for federal awards. This includes adding language to marketing materials identifying DOJ as the funding source, and CSOC reviewing special conditions for new awards in order to ensure compliance.

We reviewed CSOC's documentation and determined that it adequately addressed our recommendation. Therefore, this recommendation is closed.

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