



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



Audit of the Office On Violence Against Women Grants Awarded to the New Hampshire Department of Justice Concord, New Hampshire

**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN
GRANTS AWARDED TO
THE NEW HAMPSHIRE DEPARTMENT OF JUSTICE
CONCORD, NEW HAMPSHIRE**

EXECUTIVE SUMMARY

The Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of grants awarded by the Office on Violence Against Women (OVW), under the Safe Havens and Abuse Later in Life programs to the New Hampshire Department of Justice (NHDOJ). NHDOJ was awarded \$2,112,598 in total under grant numbers 2006-CW-AX-0022, 2009-EW-AX-K003 and 2010-CW-AX-K001. The purposes of the grants were to provide supervised visitation and exchange services to families and provide Abuse Later in Life training and victim services.

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. To accomplish this objective, we assessed performance in the following areas of grant administration and management: award financial management, program performance and accomplishments, grant expenditures, budget management and control, drawdowns, Federal Financial Reports, program income, subrecipient monitoring, and compliance with grant special conditions.

As of March 2015, the New Hampshire Department of Justice had drawn down \$2,023,853 of the total grant funds awarded. We examined New Hampshire Department of Justice's accounting records, financial and progress reports, and operating policies and procedures and found that the NHDOJ did not fully comply with essential grant conditions regarding budget management and indirect costs. From the audit we determined that NHDOJ did not classify transactions to approved budget categories and did not use its DOJ approved indirect cost agreement to allocate indirect expenses to the grants.

Our report contains two recommendations to the Office on Violence Against Women which are detailed in the Findings and Recommendations section of this report. Our audit objectives, scope, and methodology are discussed in Appendix 1.

We discussed the results of our audit with NHDOJ officials and have included their comments in the report, as applicable. In addition, we requested a response to our draft audit report from the New Hampshire DOJ and OVW. The responses are appended to this report as Appendix 2 and 3, respectively. Our analysis of both responses, as well as a summary of actions necessary to close the recommendations can be found in Appendix 4 of this report.

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INTRODUCTION

The Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of grants awarded by the Office on Violence Against Women (OVW), under the Safe Havens and Abuse Later in Life programs to the New Hampshire Department of Justice (NHDOJ) under grant numbers 2006-CW-AX-0022, 2009-EW-AX-K003, and 2010-CW-AX-K001.¹ The objectives of the grants included enhancing public safety by: (1) providing supervised visitation and exchange options for families with a history of domestic violence, child abuse, sexual assault and stalking, (2) provide training to law enforcement officials, prosecutors and judges about abuse, domestic violence and sexual assault against older individuals (3) providing or enhancing services and victim outreach.

As shown in the following table, OVW awarded NHDOJ a total of \$2,112,598 for the three grants.

Table 1

Grants Awarded to the New Hampshire Department of Justice

Award	Award Date	Award Start Date	Award End Date ^a	Award Amount
2006-CW-AX-0022	9/13/2006	10/1/2006	9/30/2011	\$1,130,859 ^b
2009-EW-AX-K003	9/28/2009	10/1/2009	6/30/2013	\$ 342,402
2010-CW-AX-K001	9/23/2010	10/1/2010	9/30/2014	\$ 639,337
			Total:	\$2,112,598

^a The award end date includes all project period extensions.

^b The 2006-CW-AX-0022 grant received a supplemental award of \$480,978 in September 2008.

Source: OVW award documents

¹ The report will refer to the 2006-CW-AX-0022 grant, and the 2009-EW-AX-K002 and 2010-CW-AX-K001 cooperative agreements as grants.

The 2006-CW-AX-0022 and 2010-CW-AX-K001 grants were funded through the OVW FY 2006 Safe Havens: Supervised Visitation and Exchange Grant Program, and the OVW FY 2010 Safe Havens: Supervised Visitation Grant Program. The report will refer to both programs as Safe Havens rather than the full program title.

The 2009-EW-AX-K003 grant was funded through the OVW FY09 Enhanced Training and Services to End Violence Against and Abuse of Women Later in Life Program. The report will refer to the program as Abuse Later in Life rather than the full program title.

Office on Violence Against Women

The mission of the Office on Violence Against Women (OVW), a component of the Department of Justice, is to provide federal leadership in developing the nation's capacity to reduce violence against women and administer justice for and strengthen services to victims of domestic violence, dating violence, sexual assault, and stalking. To accomplish its mission, OVW awards grants and cooperative agreements to states such as New Hampshire through programs such as the Safe Havens and Abuse Later in Life.

According to Safe Havens program's Guiding Principles, program funding supports supervised visitation and exchange services for victims of domestic violence, sexual assault, stalking, dating violence, and child abuse. Supervised visitation and exchange services provide parents who may present a risk to their children or to another parent the opportunity to have parent-child contact monitored by an appropriate third party. OVW awarded NHDOJ \$1,770,196 in total Safe Havens program funding through the 2006-CW-AX-0022 grant and the 2010-CW-AX-K001 grant.²

The OVW Abuse Later in Life program supports 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; enhanced services for older victims; multidisciplinary collaborative community responses to older victims; and cross-training for victim service organizations, governmental agencies, courts, law enforcement, and nonprofit, nongovernmental organizations serving older victims. OVW awarded NHDOJ \$342,402 in Abuse Later in Life program funding through the 2009-EW-AX-K003 grant.

New Hampshire Department of Justice - Grants Management Unit

NHDOJ performs the constitutional, statutory and common law duties of the New Hampshire Attorney General. The U.S. Census Bureau estimated New Hampshire's 2014 population to be more than 1.3 million residents. The State of New Hampshire's most recent Single Audit Report identified that New Hampshire administered 308 federal programs with total federal expenditures of approximately \$1.76 billion.

According to its website, the NHDOJ Grants Management Unit (GMU) is responsible for the administration and management of specific federal grant programs. These federal grants programs deal with various aspects of criminal justice and fall into four general categories: (1) preventing crime, (2) investigating and prosecuting crime, (3) incarceration, and (4) aiding crime victims. The GMU manages over \$7,000,000 in federal grant programs annually. The NHDOJ awards sub grants to approximately 100 other state government, county government, local government and non-profit agencies throughout New Hampshire.

² The distinguishing factor between a grant and cooperative agreement is the degree of federal participation or involvement during the performance of work activities. The 2009-EW-AX-K003 and 2010-CW-AX-K003 awards were cooperative agreements.

OIG Audit Approach

We tested compliance with what we consider to be the most important conditions of the grants. The criteria we audited against are contained in the OVW Financial Grants Management Guide and the OJP Financial Guide that also incorporates 28 C.F.R. § 66, Uniform Administrative Requirements for Grants, OMB Circular A-87 the Cost Principles for State, Local, and Indian Tribal Governments, and the award documents.³ The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix 1 contains additional information on the audit's objective, scope, and methodology.

³ The 2006-CW-AX-0022 and 2009-EW-AX-K003 award documents included special conditions that required NH DOJ to follow the OJP Financial Guide, while the 2010-CW-AX-K001 grant had a special condition that required NH DOJ to follow the OVW Financial Grants Management Guide. Because the OJP and OVW Guides are not identical in their requirements, the applicable guide will be referenced in the body of the report.

FINDINGS AND RECOMMENDATIONS

We reviewed the New Hampshire Department of Justice's (NHDOJ) compliance with key grant conditions and found that NHDOJ generally met the terms and conditions of the grants with some exceptions. From our audit, we identified instances of non-compliance with grant requirements and related internal control deficiencies that included: (1) inadequate budget monitoring, and (2) failure to rely on the OJP Office of the Chief Financial Officer approved indirect cost rate agreement to charge indirect costs to the grants. These conditions and their underlying causes are discussed in the body of the report. We found that NHDOJ took corrective action to address identified internal control deficiencies regarding inaccurate personnel and fringe benefit charges and subrecipient monitoring during the period of our audit.

Award Financial Management

According to the OVW Financial Grants Management Guide and the OJP Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for all funds awarded to them. We reviewed the Single Audit Reports for fiscal years (FY) 2012 and 2013. We also considered a 2014 OVW office based review and a 2012 OJP Office of the Chief Financial Officer review to identify any control weaknesses and significant non-compliance issues specific to the administration of the grants we audited. We also conducted interviews with financial staff, examined policy and procedures, and reviewed award documents to determine whether NHDOJ's award financial management processes adequately safeguard grant funds and ensure compliance with the terms and conditions of the grants.

Prior Audits and Reviews

We reviewed the State of New Hampshire's Single Audit Reports for FY 2012 and 2013 and did not identify any findings specific to the grants we audited.

In May 2014, OVW initiated an office-based review of the NHDOJ's 2010-CW-AX-K001 grant. The review found that grant drawdowns and Federal Financial Reports (FFR) were not supported by source documentation and that NHDOJ was out of compliance with the OVW Financial Grants Management Guide. Specifically, OVW determined that NHDOJ lacked adequate supporting documentation for grant drawdowns and quarterly FFR filings contrary to the OVW Guide. That review also took exception to NHDOJ's program income accounting. We considered this review as part of our internal control assessment and testing and did not identify any of these deficiencies as recurring issues specific to the grants we audited. The OVW review also cited financial internal control shortcomings by a NHDOJ subrecipient and that NHDOJ did not adequately monitor its subrecipients with any set established frequency or risk based approach. As a result of the OVW review,

NHDOJ developed enhanced subrecipient monitoring procedures which OVW approved in November 2014, and which we were told are now being used. We discuss the issue of subrecipient monitoring in more detail later in this report.

In August 2012, OJP's Office of the Chief Financial Officer (OCFO) issued a report to NHDOJ detailing the results of its monitoring review. The review did not include the grants we audited but we consider the reviews findings to be relevant to the grants we audited. The OCFO found that subrecipient expenditures were not accurately accounted for in the financial system as well as financial reports and expenditures were not tracked by approved grant budget category. Moreover, the review found that subrecipients were not adequately monitored if at all. From our audit, we found that NHDOJ accurately recorded the amount of subrecipient transactions in its accounting system and on its FFRs. However, we also determined that neither NHDOJ's accounting system nor supplementary spreadsheets maintained by NHDOJ's grant manager classified transactions by approved budget category. We discuss this issue in greater detail later in this report under the Budget Monitoring and Control section.

Indirect Cost Distribution Methodology

According to the OVW Financial Grants Management Guide, indirect costs are costs of an organization that are not readily assignable to a particular project, but are necessary to the operation of the organization and the performance of the project. The OJP Office of the Chief Financial Officer (OCFO) previously provided the NHDOJ with an approved indirect cost rate agreement for use in its grant awards. The effective indirect cost rate varies based on when the grant funded costs were incurred during the period for which the rate applies.

For the 2009 and 2010 grants the NHDOJ had an approved indirect cost rate to distribute indirect charges to these grants. According to the final approved budgets for both grants, the NHDOJ was authorized to charge indirect costs on a distribution base that included only personnel expenditures and fringe benefit charges incurred. However, from our review we determined that the NHDOJ did not rely on its OCFO approved indirect cost rate cited in the final grant budgets to make indirect charges to the grants and instead allocated indirect charges based on the amount of time a grant funded employee worked on the grant per month as well as the total cost of the NHDOJ monthly overhead pool expense. In examining the distribution methodology used by the NHDOJ it was clear that appropriate internal controls were not in place to ensure that indirect costs were charged to the grants in conformity with OVW compliance requirements. In our judgment, the process used and the absence of controls increases the risk that NHDOJ will make indirect costs distributions to its grants in excess of the final approved budgets and have no mechanism to detect and preclude that from occurring. We recommend that NHDOJ develop policies and procedures that ensure indirect costs charges to its grants are based off of the budget specific approved indirect cost rate and distribution base.

Program Performance and Accomplishments

We found the NHDOJ generally met the performance standards for each of the three grants based on our review of available and verifiable documentation. Specifically, for all of the grants in total we compared 26 grant objectives noted in each of the program narratives to the progress reports and we verified a sample of 8 accomplishments back to the source documentation. Our analysis of performance standards for each grant follows.

2006 and 2010 Safe Havens Grants

OVW provided funding for the 2006 grant from the Safe Havens: Supervised Visitation and Safe Exchange Grant Program. The purpose of the Safe Havens program is to support supervised visitation and safe exchange options for families with a history of domestic violence, child abuse, sexual assault and stalking. The 2006 grant initial program narrative and supplemental award funding included the following objectives: (1) offer a more holistic array of services to victims, (2) develop a more complete working relationship with local domestic violence and sexual assault victim service agencies and state and local court systems, (3) continue to ensure safety and security of client victims and staff providers, (4) increase outreach to underserved families, (5) improve services through ongoing staff training, and (6) establish two new satellite offices. For the 2010 grant the objectives included: (1) hire a visitation review coordinator, (2) provide services for families at three visitation centers, and (3) increase outreach to underserved families.

We found each of our tested accomplishments reported in the Progress Reports for both grants were consistent with the objectives noted above. We also tested select accomplishments to source documentation for each grant and found adequate supporting evidence.

2009 Enhanced Training and Services Grant

OVW provided funding for the 2009 grant from the Enhanced Training and Services to End Violence Against and Abuse of Women in Later Life Grant Program. The purpose of the program is 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; 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. The grant specific objectives included: (1) develop a multidisciplinary approach to address elder abuse, including collaborative community responses to victims, (2) provide training to recognize, address, investigate, and prosecute elder abuse, and (3) provide and enhance services for victims of elder abuse.

We found each of our tested accomplishments reported in the Progress Reports were consistent with the objectives noted above. We also tested select accomplishments to source documentation and determined there was adequate supporting evidence.

Progress Reports

Progress reports provide information relevant to the performance of a grant-funded program and the accomplishment of objectives as set forth in the approved grant application. According to both OVW and OJP guidance, these reports must be submitted twice yearly, within 30 days after the end of the semi-annual reporting period, for the life of the grant.

For each of the grants we reviewed and tested a sample of progress reports for accuracy and timeliness. We determined from the available documentation that the accomplishments outlined in the reports supported the objectives of the grants. We also found the progress reports were submitted in a timely manner.

Grant Expenditures

According to the OJP Financial Guide grant recipients are responsible for establishing and maintaining adequate financial and accounting systems and accompanying accounting records that accurately account for funds awarded. Additionally, these systems should use a valid and verifiable methodology that can provide accounting records to completely and accurately track and report the data for a specific grant to ensure that the objectives of the grant are met.

NHDOJ received budget approval for costs related to personnel expenditures and fringe benefit charges, contractual and consulting, travel, supplies, other expenditures, and indirect costs. We judgmentally selected 60 transactions from all of the grants that totaled \$345,611, or 16 percent of the total amount of the grant awards to determine whether costs charged to the grants were allowable, supported, and properly allocated in compliance with grant requirements. We reviewed various supporting documents, accounting records, and performed verification testing of grant expenditures. We did not identify any testing exceptions with contractual and consulting, travel, supplies or other expenditures. Earlier in this report we discussed deficiencies associated with NHDOJ's indirect cost distribution methodology and as a result we did not test indirect cost transactions as part of grant expenditures. From our testing of personnel expenditures and fringe benefit charges we identified some exceptions that we discuss in the following section of this report.

Personnel Expenditures and Fringe Benefit Charges

The OVW Financial Grants Management Guide incorporating various OMB Circular references say that personnel charges to the grants must be supported by personnel activity reports. We found that NHDOJ did not charge the grants based on the actual time grant-funded employees worked on a project. Rather, NHDOJ charged the grants based off of a monthly personnel and fringe benefit pool that

included non-grant funded employees that had similar salaries. As a result of this noncompliant process, NHDOJ did not accurately charge personnel expenditures and fringe benefits to the grants. We found that for the six payroll transactions we sampled overall for the three awards NHDOJ overcharged the grants by \$709 for personnel expenditures and accompanying fringe benefit charges. We brought this matter to the attention of NHDOJ officials. In discussing this concern we were told NHDOJ took corrective action to ensure that grants are now charged personnel and fringe benefit expenditures based off of actual grant funded employee time worked on the project. Additionally, from our further review we found that hours worked on NHDOJ grant funded employee timesheets matched the hours worked recorded in NHDOJ's financial records for personnel expenditures and associated fringe benefit charges. Because NHDOJ took adequate corrective action to address our concerns we now consider personnel expenditures and fringe benefit charges compliant with grant requirements and did not identify any further testing exceptions.

Budget Management and Control

The OVW and OJP grants guidance as well as criteria established in 28 C.F.R §66.30 address budget controls surrounding awardee financial management systems. According to the requirements, grant recipients 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 grant or a change in the project scope must be approved in advance by the awarding agency. In addition, the criteria requires that all grantees establish and maintain program accounts which will enable separate identification and accounting for funds applied to each budget category included in the approved grant.

From our testing we found no instances of budget deviations above the 10 percent threshold or any changes in the scope of grant funded projects. However, we did determine that NHDOJ's accounting system did not classify expenditures to DOJ approved budget categories and therefore approved budget expenditures could not be compared with budgeted amounts as required by the CFR. We found no evidence that reconciliations of grant expenditures to approved budget categories were conducted during the project periods of the grants by NHDOJ staff. We found NHDOJ's financial policies and procedures did not include DOJ approved budget monitoring requirements. Moreover, a NHDOJ official told us its financial system was designed to administer grant programs that did not have budget management requirements. In our judgment, when grant recipients do not accurately capture, monitor, and adhere to the approved budget cost categories, effective grant management is potentially undermined and the ability to adequately safeguard grant funds is compromised. We recommend NHDOJ develops policies and procedures that ensure grant expenditures are classified to approved budget categories and the approved budget is monitored.

Drawdowns

According to the OVW Financial Grants Management Guide, funds should be requested based upon immediate disbursement or reimbursement need. Drawdown requests should be timed to ensure that federal cash on hand is the minimum needed for disbursements or reimbursements to be made immediately or within 10 days. As of March 2015, NHDOJ had drawn down \$2,023,853 of the total grant funds awarded, or more than 95 percent of the three awards in total. We interviewed NHDOJ's financial staff and reviewed its written drawdown procedures. We were told NHDOJ conducts drawdowns on a cash reimbursement basis. We were told NHDOJ relies on a subsidiary ledger which reports grant funded transactions to conduct drawdowns for specific time periods. We compared the cumulative drawdowns to the cumulative expenditures recorded in NHDOJ's accounting records to determine if NHDOJ's drawdowns were supported by accounting records. We also traced the drawdowns we sampled into accounts maintained by New Hampshire at selected financial institutions and titled in the name of the state. We did not identify any deficiencies related to the recipient's drawdowns and determined that the drawdowns complied with OVW requirements.

Federal Financial Reports

The financial aspects of the grants are monitored through Federal Financial Reports (FFRs). FFRs are designed to report on the status of grant expenditures and remaining funds and must be submitted within 30 days of the end of the most recent quarterly reporting period. According to the OVW Financial Grants Management Guide, if FFR's are delinquent, an automatic hold on further drawdowns will be placed on the remaining funds associated with a grant.

A NHDOJ official told us they completed their quarterly FFRs using reports generated from the financial management system. We compared the last four FFRs for each grant to the expenditures reported in the accounting records and did not identify any discrepancies. We also found cumulative expenditures in each grant's last FFR matched the totals in the accounting records. Additionally, the 2010-CW-AX-K001 grant's final FFR included program income and we found the NHDOJ's FFRs and accounting records supported the identification and disposition of the program income.

Program Income

Program income is gross income received by the grantee or subrecipient directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. The OVW Financial Grants Management Guide requires that program income be reported on the Federal Financial Report (FFR). Moreover, according to the OVW Guide grantees must maintain records which adequately identify the source and application of program income. We found that only the 2010-CW-AX-K001 grant reported program income of \$99,634. From our review of the FFR we found that NHDOJ accounting records supported the identification and disposition of the program income, and as a result we determined that NHDOJ complied with the OVW program income accounting guidance.

Subrecipient Monitoring

The OVW Financial Grants Management Guide places responsibility on the grantee for monitoring subrecipients and determining that all fiscal and programmatic responsibilities are fulfilled. OVW guidance does not mandate the type of monitoring or the frequency of the subrecipient monitoring that the grantee must perform. NHDOJ's internal procedures required that either desk reviews of subrecipient expenditures be performed annually for each subrecipient provided the subrecipient was not already subjected to a site visit. We found that desk reviews of subrecipient expenditures were not performed on an annual basis for each subrecipient as required by NHDOJ's own procedures. Further, when desk reviews were conducted the results of the review were not always shared with the subrecipient. A 2014 OVW review cited NHDOJ for a lack of subrecipient monitoring. As a result of the OVW review, the NHDOJ updated its subrecipient monitoring procedures and took the necessary corrective action. From our audit we determined that NHDOJ subrecipient monitoring procedures were adequate and that subrecipient monitoring was being performed.

Compliance with Grant Special Conditions

Grant requirements are included in the terms and conditions of a grant, and special conditions may be added to address special provisions unique to a grant. We reviewed a select number of special conditions found in each grant that we determined to be within the scope of our audit and that we did not specifically test elsewhere in our audit. We found that NHDOJ complied with the grant special conditions we tested.

Conclusion

We reviewed the New Hampshire Department of Justice's compliance with key grant conditions and determined that NHDOJ generally met the terms and conditions of the grants with some exceptions. However, we found that NHDOJ did not classify transactions to approved budget categories and therefore did not adequately monitor its approved budget as well as did not follow its approved indirect cost rate agreement in charging each eligible grant. We make two recommendations to improve NHDOJ's grants management in compliance with OVW requirements.

Recommendations

We recommend that Office on Violence Against Women:

1. Ensure that NHDOJ implements policies and procedures that ensure grant expenditures are classified to grant approved budget categories and the approved budget is adequately monitored.
2. Ensure that NHDOJ implements policies and procedures that ensure indirect charges to grants are based off of the approved indirect cost rate.

APPENDIX 1

OBJECTIVE, 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. We also assessed NHDOJ's program performance in meeting the grants' objectives and overall goals. The objective of our audit was to review activities in the following areas: (1) award financial management, (2) program performance and accomplishments, (3) grant expenditures, (4) budget management and control, (5) drawdowns, (6) Federal Financial Reporting, (7) program income, (8) subrecipient monitoring, and (9) compliance with grant special conditions. We determined that accountable property and matching costs were not applicable to these grants.

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.

In conducting our audit, we used sample testing while testing grant expenditures. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed, such as high dollar amounts or expenditure category based on the approved grant budget. This non-statistical sample design does not allow for the projection of the test results to the universes from which the samples were selected.

We audited the Office on Violence Against Women Grant Numbers 2006-CW-AX-0022, 2009-EW-AX-K003, and 2010-CW-AX-K001. NH DOJ requested \$2,023,853 of \$2,112,598 total grant funding through March 2015. We tested \$345,612 of the \$2,112,598 awarded to NHDOJ. After the end of fieldwork we continued to have contact with NHDOJ and received additional documents and accounting records relevant to the grants.

We tested compliance with what we considered to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audited against are contained in the C.F.R.: 28 C.F.R. § 66, Uniform Administrative Requirements for Grants, incorporated in the OJP Financial Guide, the OVW Financial Grants Management Guide, OMB Circular A-87 the Cost Principles for State, Local, and Indian Tribal Governments, and the award documents. We also reviewed New Hampshire's Single Audit Reports for FY 2012 and 2013.

In addition, we reviewed the accuracy of Federal Financial Reports and progress reports, assessed NHDOJ's program income accounting, assessed NH DOJ's compliance with grant special conditions, evaluated actual program performance and accomplishments to award goals and objectives, and considered

internal control issues. However, we did not test the reliability of the financial management system as a whole, therefore any findings identified involving information from those systems was verified with documentation from other sources.

NEW HAMPSHIRE DEPARTMENT OF JUSTICE RESPONSE TO THE
DRAFT AUDIT REPORT

ATTORNEY GENERAL
DEPARTMENT OF JUSTICE

33 CAPITOL STREET
CONCORD, NEW HAMPSHIRE 03301-6397

JOSEPH A. FOSTER
ATTORNEY GENERAL



ANN M. RICE
DEPUTY ATTORNEY GENERAL

January 22, 2016

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

Dear Regional Audit Manager Puerzer:

Thank you for your time and effort during the recent financial and programmatic audit of the New Hampshire Department of Justice grants management unit regarding the following federal grant programs:

Award	Award Date	Award Start Date	Award End Date	Award Amount
2006-CW-AX-0022	9/13/2006	10/1/2006	9/30/2011	\$1,130,589
2009-EW-AX-K003	9/28/2009	10/1/2009	6/30/2013	\$342,402
2010-CW-AX-K001	9/23/2010	10/1/2010	9/30/2014	\$639,337
Total				\$2,112,598

Your input, assistance and guidance is most appreciated. In regards to the recommendations listed in the draft audit report you provided, I have included an action plan for each recommended item.

NHDOJ's response to OIG

1. Ensure that NHDOJ implements policies and procedures that ensure grant expenditures are classified to grant approved budget categories and the approved budget is adequately monitored.

To close this recommendation:

NHDOJ will develop and implement policies and procedures that ensure our operating guidelines reflect this change.

NHDOJ Action plan -

- This recommendation is now in place. Our grant accounting system now reflects timely and accurate classified transactions by approved budget category/activity areas.
- Each grant budget will reflect program transactions each time funding is expended or reallocated.
- This accounting improvement will allow NHDOJ to track the movement of funds between line items to ensure the allowed 10% reallocation of funds over the life of the award is not exceeded.
- NHDOJ's spreadsheets will update automatically as federally approved budgets categories are expended.
- See example below for the OVW 2014 Justice for Families OVW grant program. This is an excel summary sheet that is linked to a detailed workbook by subrecipient for the ease of tracking and verifying transactions:

Current Budget			
Federal Budget to Expenses	Budgeted	Expended	Difference
Personnel	\$266,402.65	\$126,881.09	\$139,521.56
Benefits	\$84,853.30	\$33,322.20	\$51,531.10
Travel	\$15,058.00	\$4,843.82	\$10,214.18
Equipment	\$7,000.00	\$4,330.00	\$2,670.00
Supplies	\$5,134.51	\$2,055.05	\$3,079.46
OVW Travel	\$14,816.64	\$2,146.70	\$12,669.94
Consultants/Contracts	\$1,050.00	\$0.00	\$1,050.00
Other	\$31,787.81	\$6,470.38	\$25,317.43
Total Direct	\$9,543.00	\$0.00	\$9,543.00
Indirect	\$0.00	\$0.00	\$0.00
Administration	\$12,292.00	\$12,292.00	\$0.00
Audit/Indirect	\$1,505.00	\$904.87	\$600.13
Total Project Cost	\$449,442.91	\$193,246.11	\$256,196.80

2. Ensure that NHDOJ implements policies and procedures that ensure indirect charges to grants are based off of the approved indirect cost rate.

To close this recommendation:

NHDOJ will implement policies and procedures in our operating guidelines that ensure indirect costs charges to its grants are based on our federally negotiated and approved indirect cost rate.

NHDOJ Action Plan -

- **Priority 1** - NHDOJ will meet with our state Administrative Services who serve as the state financial agency to develop a more timely exchange of the necessary data. This action will allow us to generate and submit our request for indirect cost rate by the required deadline.

- **Priority 2** - *Once our indirect cost rate receives federal approval, that rate will be applied to the awards as allowable per approved program budget.*
- **Priority 3** – *Once our policies and procedures are implemented, NHDOJ will review the process every six months and revise if warranted.*

Should you need any additional information please feel free to contact me at 603-271-1234 or via email at Kathleen.Carr@doj.nh.gov.

Sincerely,



Kathleen B. Carr
Director of Administration
NH Department of Justice

cc:
Bea Hanson, Principal Deputy Director
Office on Violence Against Women
145 N Street, NE, Suite 10W.100
Washington, DC 20530

OFFICE ON VIOLENCE AGAINST WOMEN RESPONSE TO THE
DRAFT AUDIT REPORT



U.S. Department of Justice
Office on Violence Against Women

Washington, DC 20530

February 9, 2016

MEMORANDUM

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

FROM: Bea Hanson *BH*
Principal Deputy Director
Office on Violence Against Women

Rodney Samuels *RS*
Audit Liaison/Staff Accountant
Office on Violence Against Women

SUBJECT: Draft Audit Report - Audit of the Office on Violence Against
Women (OVW) Grants Awarded to the New Hampshire
Department of Justice (NHDOJ) Concord, New Hampshire

This memorandum is in response to your correspondence dated January 7, 2016 transmitting the above draft audit report for NHDOJ. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains two recommendations in which OVW is committed to working with NHDOJ to address and bring them to a close as quickly as possible. The following is our analysis of the audit recommendations.

- 1. Ensure that NHDOJ implements policies and procedures that ensure grant expenditures are classified to grant approved budget categories and the approved budget is adequately monitored.**

OVW does agree with the recommendation. We will coordinate with NHDOJ to ensure that they implement policies and procedures that ensure grant expenditures are classified to grant approved budget categories and the approved budget is adequately monitored.

2. Ensure that NHDOJ implements policies and procedures that ensure indirect charges to grants are based off of the approved indirect cost rate.

OVW does agree with the recommendation. We will coordinate with NHDOJ to ensure that they implement policies and procedures that ensure indirect charges to grants are based off of the approved indirect cost rate.

We appreciate the opportunity to review and comment on the draft report. If you have any questions or require additional information, please contact Rodney Samuels or my staff at (202) 514-9820.

cc Donna Simmons
Associate Director, Grants Financial Management Division
Office on Violence Against Women (OVW)

Louise M. Duhamel, Ph.D.
Acting Assistant Director
Audit Liaison Group
Justice Management Division

Carrie Mitchell
Program Manager
Office on Violence Against Women (OVW)

**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 the New Hampshire Department of Justice (NHDOJ) and the Office on Violence Against Women (OVW). NHDOJ's response is included as Appendix 2 of this final report and OVW's response is included as Appendix 3. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation:

- 1. Ensure that NHDOJ implements policies and procedures that ensure grant expenditures are classified to grant approved budget categories and the approved budget is adequately monitored.**

Resolved. OVW agreed with this recommendation. In its response, OVW said it will coordinate with the NHDOJ as it implements policies and procedures that ensure grant expenditures are classified to grant approved budget categories and the approved budget is adequately monitored.

In its response, the NHDOJ cited the corrective actions it has taken to address the recommendation. Specifically, the NHDOJ cited that it enhanced its grant accounting system to automatically classify grant expenditures to approved budget categories. The NHDOJ maintained that the abovementioned automated process is currently in use and provided an example of the process in use. However, the NHDOJ did not provide its operating guidelines that included written budget monitoring procedures to ensure that approved budgets are adequately monitored.

This recommendation can be closed when we receive documentation demonstrating that the NHDOJ has fully developed and implemented policies and procedures that ensure grant expenditures are classified to grant approved budget categories, and that steps have been taken to demonstrate that the approved budget is being adequately monitored.

- 2. Ensure that NHDOJ implements policies and procedures that ensure indirect charges to grants are based off of the approved indirect cost rate.**

Resolved. OVW agreed with this recommendation. In its response, OVW said it will coordinate with the NHDOJ as it implements policies and procedures that ensure indirect charges to grants are based off of the approved indirect cost rate.

In its response, the NHDOJ said it is working on implementing a corrective action plan to address the recommendation. The NHDOJ agreed to implement policies and procedures within its operating guidelines that ensure indirect cost charges to grants are based on the NHDOJ's federally negotiated and approved indirect cost rate. The NHDOJ said further that it intends to meet with an alternate state agency to develop a new indirect cost rate proposal for federal approval. Lastly, the NHDOJ stated that it will apply the new federal indirect cost rate to grant budgets and review the new procedures every 6 months for changes if warranted.

This recommendation can be closed when we receive documentation demonstrating that the NHDOJ has developed and implemented policies and procedures that ensure indirect charges to grants are based off of the approved indirect cost rate.

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