



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



**Audit of the
Office of Justice Programs
Office for Victims of Crime Assistance
Grants Awarded to the Rhode Island
Department of Public Safety Grant
Administration Office
Providence, Rhode Island**

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
OFFICE FOR VICTIMS OF CRIME ASSISTANCE GRANTS
AWARDED TO THE RHODE ISLAND DEPARTMENT OF PUBLIC
SAFETY GRANT ADMINISTRATION OFFICE
PROVIDENCE, RHODE ISLAND**

EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four Office of Justice Programs (OJP) Office for Victims of Crime (OVC) Victim Assistance Formula grants awarded to the Rhode Island Department of Public Safety Grant Administration Office (PSGAO), located in Providence, Rhode Island. The PSGAO was awarded \$12,211,967 under Grant Number(s) 2012-VA-GX-0005, 2013-VA-GX-0046, 2014-VA-GX-0014, and 2015-VA-GX-0005 to enhance crime victim services in Rhode Island. As of October 2016, PSGAO had drawn down \$4,907,591 of the total grant funds awarded.

The objective of the audit was to evaluate how PSGAO designed and implemented its crime victim assistance program. To accomplish this objective, we assessed performance in the following areas of grant management: program performance including subrecipient monitoring, grant financial management, grant expenditures, drawdowns, and federal financial reports.

Overall, we found evidence that PSGAO intended to use its VOCA victim assistance grant funding to enhance services for crime victims. However, we did identify internal control shortcomings and several instances of noncompliance with VOCA award requirements that need to be addressed to improve overall grants management. We found that PSGAO did not comply with essential award requirements related to subrecipient monitoring and ensuring that grant expenditures are allowable and properly supported. While PSGAO had written subrecipient policies and procedures, it failed to follow those procedures to adequately monitor its subrecipients and ensure that subrecipients provided complete and accurate performance data reporting that is subject to periodic verification. As a result of these deficiencies, we identified \$42,824 in total questioned costs.

Our report contains six recommendations to OJP which are detailed later in this report. Our audit objectives, scope, and methodology are discussed in Appendix 1 and our Schedule of Dollar-Related Findings appears in Appendix 2. We discussed the results of our audit with PSGAO officials and have included their comments in the report, as applicable. In addition, we requested a response to our draft audit report from PSGAO and OJP, and their responses are appended to this report as Appendix 3 and 4, respectively. Our analysis of both responses, as well as a summary of actions necessary to close the recommendations, can be found in Appendix 5 of this report.

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TABLE OF CONTENTS

Background.....	1
OIG Audit Approach.....	2
VOCA Subaward Allocation Plan	3
Program Performance and Accomplishments.....	3
Program Goals and Objectives	3
Monitoring of Subrecipients	4
Compliance with Special Conditions	7
Grant Financial Management	7
Grant Expenditures	8
Administrative Costs	8
Subrecipient Expenditures.....	9
Drawdowns	10
Federal Financial Reports	11
Conclusion	11
Recommendations.....	12
APPENDIX 1: OBJECTIVES, SCOPE, AND METHODOLOGY	13
APPENDIX 2: SCHEDULE OF DOLLAR-RELATED FINDINGS.....	14
APPENDIX 3: RHODE ISLAND DEPARTMENT OF PUBLIC SAFETY PUBLIC SAFETY GRANT ADMINISTRATION OFFICE RESPONSE TO THE DRAFT AUDIT REPORT.....	15
APPENDIX 4: OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT AUDIT REPORT.....	17
APPENDIX 5: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT.....	21

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The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) has completed an audit of four Office of Justice Programs (OJP) Office for Victims of Crime (OVC) Victim Assistance Formula grants awarded to the Rhode Island Department of Public Safety Grant Administration Office (PSGAO), located in Providence, Rhode Island. We audited the Victims of Crime Act (VOCA) Victim Assistance Formula Grant Program (Victim Assistance grant) under grant numbers 2012-VA-GX-0005, 2013-VA-GX-0046, 2014-VA-GX-0014, and 2015-VA-GX-0005.¹ As shown in Table 1, PSGAO received a total of \$12,211,967 for the four awards under review.

**Table 1
Victim Assistance Grants Awarded to the
Rhode Island Department of Public Safety
Grant Administration Office**

Award Number	Award Date	Project Start Date	Project End Date	Award Amount
2012-VA-GX-0005	06/19/2012	10/01/11	09/30/15	\$1,674,060
2013-VA-GX-0046	08/27/2013	10/01/12	09/30/16	\$1,814,946
2014-VA-GX-0014	07/08/2014	10/01/13	09/30/17	\$1,908,023
2015-VA-GX-0005	08/25/2015	10/01/14	09/30/18	\$6,814,938 ^a
Total:				\$12,211,967

^a At the time of our fieldwork, PSGAO had not yet awarded the \$6,814,938 grant 2015-VA-GX-0005 to its subgrantees but did expend grant funding for PSGAO incurred administrative costs.

Source: OJP

Background

The Crime Victims Fund (CVF), established by VOCA in 1984, provides funding that supports state compensation and assistance services for victims and survivors of domestic violence, sexual assault, child abuse, drunk driving, homicide, and other crimes. Each year, states and territories receive Victim Assistance grant funds to support community-based organizations that serve

¹ VOCA formula grants for crime victim assistance, awarded through subgrants to state agencies and local service providers, support direct services to crime victims in every state, the District of Columbia, and certain territories. OVC awards these grants in accordance with VOCA, the *Victim Assistance Guidelines*, and the *OJP and DOJ Financial Guides*. The OJP Financial Guide governs the FY 2012, 2013, and 2014 grants in our scope, while the revised 2015 DOJ Financial Guide applies to the FY 2015 award.

crime victims. Victim Assistance grants are made to domestic violence shelters, rape crisis centers, child abuse programs, and victim service units in law enforcement agencies, prosecutors' offices, hospitals, and social service agencies. These programs provide services that include: crisis intervention, counseling, emergency shelter, criminal justice advocacy, and emergency transportation.

The OVC annually distributes to states and territories proceeds from the CVF, which holds the fines, penalties, and bond forfeitures of convicted federal offenders. States and territories are required to give priority to programs serving victims of domestic violence, sexual assault, and child abuse. Additional funds must be set aside for "previously underserved" priority areas, such as survivors of homicide victims and victims of drunk drivers.

The Rhode Island Department of Public Safety Grant Administration Office (PSGAO) is the agency within the Central Management of the Rhode Island Department of Public Safety charged with planning, coordination, data collection, statistical analysis and grant administration and distribution for the adult criminal and juvenile justice systems. PSGAO also develops comprehensive programming for the purpose of improving the state's overall response to crime issues. PSGAO grant administration responsibilities include developing the request for proposals and the subgrant application, creating and maintaining subgrant files, monitoring and evaluating grant programs and projects through desk audits and on-site visits, preparing program progress reports, and providing administrative support and technical assistance to subrecipients. PSGAO is the agency responsible for administering VOCA formula grants for crime victim assistance throughout Rhode Island.

In FY 2015, Congress significantly raised the previous year's cap on CVF disbursements, which more than tripled the available funding from \$745 million to \$2.36 billion. As a result, the OVC increased its annual VOCA assistance formula grant to PSGAO from \$1.91 million in FY 2014, to \$6.81 million in FY 2015.

OIG Audit Approach

The objective of the audit was to evaluate how PSGAO designed and implemented its crime victim assistance program. To accomplish this objective, we assessed performance in the following areas of grant management: program performance including subrecipient monitoring, grant financial management, grant expenditures, drawdowns, and federal financial reports.

We tested compliance with what we consider to be the most important conditions of the grants. The OJP and DOJ Financial Guides and the VOCA Victim Assistance Grant Program Final Program Guidelines (Program Guidelines) and the award documents contain the primary criteria we applied during the audit.

The results of our analysis are discussed in detail in the following sections of this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

VOCA Subaward Allocation Plan

In response to the significant increase in CVF available funding, the OVC's FY 2015 VOCA Victim Assistance Formula Solicitation required that state and territory applicants submit a subrecipient funding plan that detailed their efforts to identify additional victim service needs. In an attachment with its application for VOCA assistance program grant 2015-VA-GX-0005, PSGAO said it would base its subaward plan on its current planning and review methods. PSGAO officials also said its current planning and review methods will be analyzed on an ongoing basis by the Rhode Island Policy Board to determine if the existing methods still meet the needs of Rhode Island victims. In addition, during our audit field work and discussions, we were told by PSGAO officials that it was planning on implementing more robust policies and procedures and adding existing staff to more effectively monitor subrecipients in light of the expanded VOCA requirements and increased funding. While PSGAO had not yet made any 2015 subawards during our audit field work, we were able to verify the VOCA staff reassignments by reviewing PSGAO's accounting and payroll records. Further, we did confirm that all subaward recipients will be required to certify to PSGAO that they understand VOCA program details and requirements and that they agreed to comply with the VOCA Program Guidelines as a condition for receiving a subaward.

Program Performance and Accomplishments

We reviewed required performance reports, the grant solicitations and grant documentation, and interviewed Grantee officials to determine whether PSGAO demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed Annual Performance Reports to determine if the required reports were accurate and timely. Finally, we reviewed PSGAO's compliance with a sample of select special conditions identified in the award documentation.

Program Goals and Objectives

The primary VOCA victim assistance program objective is to enhance crime victim services in the state. To help accomplish this, grantees are required to use 95 percent of the award funds to support eligible crime victim assistance programs that provide direct services to crime victims. The remaining 5 percent is available to cover grantee administrative costs. In addition, the Program Guidelines establish that a percentage of award funds must be allocated to priority and previously underserved victims. As the primary recipient of the award, the PSGAO (state grantee) is also responsible for monitoring the subrecipients and determining that all fiscal and programmatic requirements have been met.

Priority and Previously Underserved Victims

Program Guidelines required state grantees to give priority to victims of sexual assault, domestic abuse, and child abuse by allocating 10 percent of each fiscal year grant to each of these specific categories of crime victims, or 30 percent

in total. An additional 10 percent of each grant should be allocated to victims of violent crime who were "previously underserved." The Program Guidelines give each state grantee the latitude for determining the method for identifying "previously underserved" crime victims.²

PSGAO officials told us it met this requirement by requiring applicants for funding to identify the categories of victims to be served in the proposals and also relied on an OVC Program Manager to review the Subrecipient Award Reports (SAR).³ The PSGAO's VOCA Advisory Committee takes the mandated crime victim categories into consideration when making recommendations on which applicants to fund and the amount.⁴ In place of a needs assessment, PSGAO relies on the victim service providers to identify the previously underserved victims. At the time of our audit, PSGAO's victim service providers identified homeless families, elderly, and human trafficking victims as those "previously underserved."

We reviewed the SARs for each award and analyzed the subawards to ensure that PSGAO has adequately awarded funds to crime victims according to the mandated service priority areas. Although PSGAO's service providers identified homeless families and human trafficking victims as previously underserved, the SARs did not specifically identify funding for these victim categories. The SARs did identify funding for elderly abuse victims. However, for PSGAO's closed grants 2012-VA-GX-0005 and 2013-VA-GX-0046, elderly abuse victim funding accounted for only 8 percent of the grant funding instead of the 10 percent required by the VOCA Program Guidelines. Additionally, for PSGAO's open grant 2014-VA-GX-0014 our review disclosed that PSGAO is on track for funding elderly abuse victims at only 8 percent consistent with its closed 2012 and 2013 awards. At the time of our audit field work PSGAO had not yet expended any subaward funding for its 2015 grant. We recommend that OJP ensure that PSGAO adhere to the 10 percent "previously underserved" funding requirement.

Monitoring of Subrecipients

The OJP Financial Guide states that the purpose of subrecipient monitoring is to ensure that grant funds are spent in accordance with the federal program and grant requirements, laws, and regulations, and ensure the subaward performance goals are achieved. Further, PSGAO as the primary grant recipient should develop systems, policies, and procedures to ensure that all fiscal and programmatic subrecipient activities are conducted in accordance with these requirements.

² Methods for identifying "previously underserved" may include public hearings, needs assessments, task forces, and meetings with statewide victim services agencies.

³ A Subgrant Award Report is required for each organization that receives VOCA funds and uses the funds for such allowable expenses including employee salaries, fringe benefits, supplies, and rent. State grantees are required to submit to OVC, within 90 days of making a subaward, a Subgrant Award Report for each subrecipient of VOCA victim assistance grant funds.

⁴ PSGAO's VOCA Advisory Committee consists of five members who are independent of the program. The members are VOCA retirees, victims, and academia. The Advisory Committee rates the applicant proposals and makes recommendations.

Additionally, the primary recipient should ensure that subrecipients are appropriately monitored. The Financial Guide also provides mechanisms that grantees may use to monitor subrecipients. These mechanisms include:

- Reviewing monthly financial and performance reports submitted by the subrecipient.
- Perform subrecipient site visits to examine financial and programmatic records and observe operations.
- Review detailed financial and program data and information submitted by the subrecipient when no site visit is conducted. Documents to review might include timesheets, invoices, contracts, and ledgers that tie back to financial reports.
- Regular communication with subrecipients and appropriate inquiries concerning program activities.

PSGAO developed detailed written subrecipient monitoring policies and procedures. These policies and procedures included conducting risk assessments, desk audits, telephone monitoring, and site visits. According to the procedures, site visits are to be performed annually with a goal of visiting all funded programs in each three-year period. The PSGAO provided evidence that it completed risk assessments, conducted annual subrecipient workshops, and provided technical assistance to subrecipients.

According to the PSGAO subrecipient monitoring procedures, during a desk audit PSGAO should request various supporting documents from the subrecipient, such as invoices and receipts, contracts, timesheets and ledgers. The subrecipient provided documentation is reviewed to ensure that the subrecipient has implemented the grant program according to relevant state and federal statutes, regulations, policies, procedures and VOCA Program Guidelines. The PSGAO VOCA Administrator told us that it did not request or review any supporting documentation while conducting its risk assessment but rather relied on the Administrator's knowledge of the subrecipients based on past experience. Without PSGAO's review of any supporting documentation, we considered its desk audits as deficient and find its statement that the PSGAO subaward risk assessment is also the equivalent of a desk audit without any merit. In our judgment risk assessments at the outset of the subaward process supplemented by ongoing desk audits represent a more effective subrecipient monitoring approach. Because the PSGAO did not review any supporting documentation as required for a desk audit, the PSGAO in our view cannot reasonably assert that the process it followed in performing its risk assessment was the equivalent of a desk audit. Moreover, the absence of obtaining any supporting and verifiable documentation in conjunction with its desk review undermines the PSGAO's ability to make any reasonable and accurate ongoing subrecipient risk assessment.

As part of its monitoring practice, the PSGAO required its subrecipients to submit quarterly financial and performance reports but did not require the subrecipients to provide documentation supporting the financial or programmatic information included on those reports. Rather, PSGAO accepted the reports without performing any independent verification to ensure the information was in fact complete and accurate. According to the VOCA Administrator, the reports are reviewed for reasonableness to identify anything out of the ordinary. For example, an additional expense category that was not initially approved in the subrecipient's budget would be out of the ordinary. In our view this approach represents a significant internal control shortcoming, and this practice must be augmented with periodic site visits or desk audits where supporting documentation is requested and reviewed. In our view, through the periodic review of supporting and verifiable documentation PSGAO is better positioned to ensure that the subrecipients have administered the funding in compliance with the laws, regulations, and the provisions of the award and that the required performance goals are being achieved.

PSGAO has written subrecipient policies and procedures, but needs to ensure those tools are not only in place but working as intended and fully implemented to adequately monitor its subrecipients. According to PSGAO officials, it had limited resources to adequately monitor the subrecipients. The PSGAO intends to use the funding increase in the administrative portion of the 2015 grant to add more personnel to help in conducting subrecipient monitoring. During our review of PSGAO's 2015 grant, we examined PSGAO's accounting and payroll records to verify that it added personnel by reassigning existing staff to help conduct effective monitoring. We recommend that OJP ensure that PSGAO enforce its policies and procedures to adequately monitor its subrecipients including any second-tier subrecipients and assess subrecipient compliance with VOCA Program Guidelines.

Performance Reports

According to the Program Guidelines, each state grantee is required to annually submit specific grant performance data on the OVC provided performance report. The OJP Financial Guide says that funding recipients should ensure that complete, accurate, and verifiable source documentation is available to support all data collected for each performance measure specified in the VOCA program solicitation. PSGAO required its subrecipients to submit quarterly performance reports but did not require the subrecipients to submit source documentation to support the data on the quarterly reports. PSGAO told the subrecipients to make the source documentation available upon request. However, contrary to prudent internal control practices, PSGAO never requested nor reviewed subrecipient source documentation. As a result, PSGAO had no assurance that the information provided by the subrecipients on the periodic performance reports was complete and accurate, nor could PSGAO provide the OJP with any reasonable assurance. PSGAO officials told us that because it had limited resources including available staff it was not able to conduct any independent review or verification of any of the information submitted by the subrecipient. Without any assessment as to the reliability of the information submitted to OJP, the success of the awards cannot be

accurately determined and relied upon to ascertain the effectiveness of the program. We recommend that OJP ensure that PSGAO adequately monitor its subrecipients to ensure that performance report data is complete and accurate.

Compliance with Special Conditions

The OJP Financial Guide says special conditions may include additional requirements covering areas such as programmatic and financial reporting, prohibited uses of Federal funds, consultant rates, changes in key personnel, and proper disposition of program income. Failure to comply with special conditions may result in withholding of funds, suspension, or termination, as appropriate.

We reviewed the special conditions for each grant and selected a judgmental sample of requirements that are related to performance under the grants and not tested elsewhere. Based on our review we determined that PSGAO was not in compliance with the annual training requirement. In accepting its awards PSGAO agreed to the special condition that required it to have at least one key grantee official attend the annual VOCA National Training Conference. The special condition also states that if a grantee is unable to attend, it must get prior written approval from OJP. Between 2012 and 2016, PSGAO attended the required annual training conference or received a waiver each year except for 2016. According to PSGAO officials, the VOCA Administrator was unable to attend the 2016 annual conference because the conference date conflicted with PSGAO's annual subrecipient award selection process. We contacted OVC to determine whether PSGAO received written waiver approval to exempt them from attending the 2016 annual conference. OVC staff told us they did not receive a waiver request from PSGAO for the 2016 VOCA National Training Conference. However, after our contact with OVC, PSGAO provided a written waiver request for non-attendance at the 2016 VOCA National Training Conference. OVC officials accepted this request and waived PSGAO's attendance for 2016 VOCA National Training Conference. Although we do not consider this a reportable condition because PSGAO is now in compliance with the annual training requirement, the OVC approved waiver that was granted after the fact in 2016 undermines the importance of ensuring that VOCA funding recipients receive appropriate and adequate training particularly in light of significant increases in VOCA funding and the risks associated with that increased responsibility by all recipients.

Grant Financial Management

According to 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 funds awarded to them. To assess the PSGAO's financial management of the grants covered by this audit, we reviewed PSGAO's most current Single Audit Report for fiscal year 2014 to identify internal control weaknesses and significant non-compliance issues related to federal awards. We also conducted interviews with financial staff, examined policy and procedures, and reviewed grant documentation to determine whether PSGAO adequately

safeguards the grant funds we audited. Finally, we performed testing in the areas that were relevant for the administration and management of these grants.

While our audit did not assess PSGAO's overall system of internal controls, we did review the internal controls of PSGAO's financial management system specific to the management of funds for each grant award during the grant periods under review. Based on our review, we found that PSGAO generally had adequate internal controls to ensure that it complied with the grant requirements except for subrecipient monitoring. In this area we identified internal control deficiencies and unsupported and unallowable expenditures that we discuss separately in the Monitoring of Subrecipients and Grant Expenditure sections of this report.

Grant Expenditures

We reviewed grant expenditures to determine if the charges were supported, allowable, and in accordance with the terms and conditions of the awards. As of October 2016, PSGAO had expended \$1,674,060 of award 2012-VA-GX-0005, \$1,672,945 of award 2013-VA-GX-0046, \$1,269,556 of award 2014-VA-GX-0014, and \$291,030 of award 2015-VA-GX-0005, for a total of \$4,907,591. For the 2015 award PSGAO expended funding solely for its own incurred administrative costs, not yet having awarded any subrecipient funding. VOCA guidelines allow state recipients to retain five percent of award funds for grant administration and allocate the remainder to direct services for victims of crime and training for service providers. We reviewed award expenditures for all awards and found that PSGAO used no more than 5 percent of the funds for grant administration in accordance with VOCA guidelines. The remaining award funds were distributed to subrecipients with the purpose of providing direct services for victims of crime. We reviewed documentation, accounting records, and performed verification testing related to grant expenditures. The following sections describe the results of that testing.

Administrative Costs

For the FY 2012, 2013, and 2014 awards, the PSGAO used the five percent administrative allowance to fund one employee and pay audit fees related to the Single Audit Report. For the FY 2015 award and the increased VOCA funding, PSGAO used the administrative allowance to include two additional employees and the completion of a needs assessment.

For the 2012, 2013, and 2014 awards we judgmentally sampled about 25 percent of the PSGAO personnel expenditures for the sole employee who we were told worked exclusively on the VOCA victim assistance awards. We reviewed timesheets, payroll registers, and PSGAO adjustment spreadsheets to determine whether the amount charged to the awards were properly authorized, supported, allocated, and allowable. From our review we identified an internal control weakness associated with PSGAO's review and approval of employee timesheets.

For the PSGAO employee who worked 100 percent on VOCA grant activities, the timesheets showed the distribution of hours the employee worked for each

grant. However, while the grants listed on the timesheets were for victim assistance awards, our review disclosed that the specific grants on which the employee worked did not always accurately represent the correct award to which the personnel expenditures were charged based on the hours reported on the timesheet. The PSGAO Administrative Manager told us that because the employee worked exclusively on VOCA grants the timesheets were not always scrutinized to ensure the accuracy of the hours charged to any specific VOCA grant. According to PSGAO policy, the Administrative Manager is responsible for reviewing and approving the timesheets for each employee and ensuring those timesheets are complete and accurate. In our judgment, the absence of accurate employee timesheets with accompanying supervisory review to support the personnel expenditures potentially undermines reliability and accuracy of charges to the awards. Accurate timekeeping procedures became especially important for the 2015 VOCA award, since PSGAO added staff that are not 100 percent dedicated to VOCA grant activities. We recommend that OJP directs PSGAO to ensure that its payroll supporting documentation accurately reflects the correct victim assistance grant to which the expenditures are charged.

Subrecipient Expenditures

We selected 6 of 38 subrecipients who received VOCA subawards from PSGAO for further review based on subrecipients with higher risk assessments. The risk assessments we used were based in part on PSGAO’s self-determination of risk and partly based on our own independent risk assessment. There were 125 transactions totaling \$914,730 associated with the six subrecipients. We reviewed 59 of the 125 transactions totaling \$426,262 or 47 percent to determine if costs charged to the awards were allowable, properly authorized, adequately supported, and in compliance with award terms and conditions. The subrecipient expenditures we reviewed included personnel and fringe benefits expenditures, supplies, and food. See Table 2 below for a detailed breakdown of transactions reviewed for each subrecipient.

**Table 2
Sample Subrecipients Transactions**

Subrecipients	Total Sample Transactions Reviewed	Dollar Amount of Transactions Reviewed
1	3	\$ 29,565
2	25	\$165,951
3	4	\$ 20,282
4	25	\$167,922
5	1	\$ 10,272
6	1	\$ 32,270
Total	59	\$426,262

Source: PSGAO

According to the OJP Financial Guide, charges made to federal awards for salaries, wages, and fringe benefit expenditures should be based on payroll records approved by responsible officials and the charges must be in accordance with the generally accepted practices of the organization. In particular, when an award recipient's employees work on multiple programs or cost activities, the award recipient must reasonably allocate costs to each activity and base that allocation on time and effort reports, such as timesheets.

We judgmentally selected a sample of subrecipient personnel expenditures to determine if these expenditures were properly authorized, accurately recorded, properly allocated, and adequately supported. We found that two subrecipients did not have adequate time and effort reports to support personnel expenditures. In the two instances, the subrecipients' timesheets did not allocate actual hours worked on the specific VOCA grant. According to the subrecipients, they were unaware of the OJP Financial Guide requirement.

During our audit PSGAO visited one of the subrecipients we found noncompliance issues with and provided templates showing them how to adequately allocate hours to meet the OJP Financial Guide requirement. The PSGAO VOCA Administrator contacted the other subrecipient and provided guidance after we informed them about the subrecipient's inadequate timesheets. In general as we discussed earlier in this report, PSGAO did not adequately monitor its subrecipients as required under the VOCA guidelines. By not adequately monitoring the subrecipients, PSGAO failed to ensure that the subrecipients adhered to the grant requirements. By not effectively monitoring its VOCA subrecipients, PSGAO placed VOCA funding at risk for improper payments. We questioned \$39,837 in total personnel expenditures reimbursed to the two subrecipients. We recommend that OJP work with PSGAO to remedy the \$39,837 in unsupported personnel and fringe benefit expenditures.

Our subrecipient review also found that one subrecipient reimbursed a second-tier subrecipient for recognition gifts of nominal value and food for volunteers. Under the Program Guidelines, food expense is only allowable to victims of crime in an emergency. In addition, according to the OJP Financial Guide small dollar gifts for recognition purposes are not generally allowable with grant funds. As a result, we questioned \$2,987 in unallowable expenditures specific to nominal value gifts and food costs. We recommend that OJP work with PSGAO to remedy the \$2,987 in unallowable costs.

Drawdowns

According to the OJP Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. Award recipients should request funds based upon immediate disbursement or reimbursement requirements. Drawdown requests should be timed to ensure that federal cash on hand is the minimum needed for disbursements to be made immediately or within 10 days. According to PSGAO's written policies and procedures, the Administrative Manager is responsible for requesting grant funds.

For the VOCA awards funds are requested primarily to cover subrecipient reimbursement requests. Table 3 shows the total amount requested for each grant as of October 2016.

Table 3
Amount Drawn Down For Each Grant
As of October 2016

Award Number	Total Award	Amount Drawn Down
2012-VA-GX-0005	\$1,674,060	\$1,674,060
2013-VA-GX-0046	\$1,814,946	\$1,672,945
2014-VA-GX-0014	\$1,908,023	\$1,269,556
2015-VA-GX-0005	\$6,814,938	\$291,030

Source: OJP

To assess whether PSGAO managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures reported in the accounting system and accompanying financial records. From our review we did not identify significant deficiencies related to the recipient's process for developing drawdown requests. However, we identified deficiencies and questioned costs related to compliance of individual expenditures with grant rules. We address those deficiencies in the Grant Expenditures section in this report.

Federal Financial Reports

According to the OJP Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether PSGAO submitted accurate FFRs, we compared the four most recent reports to PSGAO's accounting records for each grant. We determined that quarterly and cumulative expenditures for the reports reviewed matched the accounting records.

Conclusion

Overall, we found evidence that PSGAO intended to use its VOCA victim assistance grant funding to enhance services for crime victims. However, we did identify internal control shortcomings and several instances of noncompliance with VOCA award requirements that need to be addressed to improve overall grants management. We found that PSGAO did not comply with essential award conditions related to subrecipient monitoring and ensuring that grant expenditures are allowable and properly supported. While PSGAO had written subrecipient policies and procedures, it failed to follow those procedures to adequately monitor its subrecipients and ensure that subrecipients provided complete and accurate performance data. As a result, we identified \$42,824 in total questioned costs. We provide six recommendations to OJP to address these deficiencies.

Recommendations

We recommend that OJP:

1. Ensure that PSGAO adhere to the 10 percent "previously underserved" funding requirement.
2. Ensure that PSGAO enforce its policies and procedures to adequately monitor its subrecipients including any second-tier subrecipients and assess subrecipient compliance with VOCA Program Guidelines.
3. Ensure that PSGAO adequately monitor its subrecipients to ensure that performance report data is complete and accurate.
4. Direct PSGAO to ensure that its payroll supporting documentation accurately reflects the correct victim assistance grant to which the expenditures are charged.
5. Remedy \$39,837 in unsupported subrecipient personnel and fringe benefit expenditures.
6. Remedy \$2,987 in unallowable subrecipient charges.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of the audit was to evaluate how the Rhode Island Public Safety Grant Administration Office (PSGAO) designed and implemented its crime victim assistance program. To accomplish the objective, we assessed performance in the following areas of grant management: program performance including subrecipient monitoring, grant financial management, grant expenditures, drawdowns, and federal financial reports.

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 Office of Justice Programs (OJP) grants awarded to PSGAO under the Victims of Crime Act (VOCA) Victim Assistance Formula Grant Program:

- 2012-VA-GX-0005, awarded for \$1,674,060
- 2013-VA-GX-0046, awarded for \$1,814,946
- 2014-VA-GX-0014, awarded for \$1,908,023
- 2015-VA-GX-0005, awarded for \$6,814,938

As of October 31, 2016, PSGAO had drawn down \$4,907,591. Our audit concentrated on, but was not limited to October 2011 through October 2016.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of PSGAO's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including personnel expenditures and fringe benefit charges and subrecipient expenditures. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The OJP and Department of Justice Financial Guides, Victims of Crime Act Final Program Guidelines, State of Rhode Island General Grant Program Administration Policies and Procedures and the award documents contain the primary criteria we applied during the audit. We also reviewed Rhode Island's most recent Single Audit Report for 2014.

During our audit, we obtained information from OJP's Grant Management System (GMS) as well as PSGAO's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems was verified with documentation from other sources.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Questioned Costs</u> ⁵	<u>Amount</u>	<u>Page</u>
Unsupported Subrecipient Personnel and Fringe Benefit Expenditures	\$39,837	10
Unallowable Subrecipient Charges	\$2,987	10
TOTAL DOLLAR-RELATED FINDINGS	<u>\$42,824</u>	

⁵ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

**RHODE ISLAND DEPARTMENT OF PUBLIC SAFETY PUBLIC
SAFETY GRANT ADMINISTRATION OFFICE RESPONSE TO THE
DRAFT AUDIT REPORT**



RHODE ISLAND DEPARTMENT OF PUBLIC SAFETY
Public Safety Grant Administration Office
One Capitol Hill, Providence, RI 02908
Telephone: (401) 764-5991 — Fax (401) 764-5834

Colonel Steven G. O'Donnell
Commissioner, Department of Public Safety
Superintendent, Rhode Island State Police

Thomas H. Mongeau
Administrative Manager
Public Safety Grant Administration Office

February 24, 2017

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, PA 19106

Dear Mr. Puerzer,

The Rhode Island Department of Public Safety, Public Safety Grants Administration Office (PSGAO) has received the draft report of the audit conducted by the U.S. Department of Justice (DOJ), Office of the Inspector General (OIG) on February 14, 2017. The draft report contains six recommendations and \$42,824 in questioned costs. This letter is the PSGAO response to those recommendations as requested by the OIG.

Recommendation 1: Ensure that PSGAO adhere to the 10 percent "previously underserved" funding requirement.

Response 1: The PSGAO concurs with this recommendation. In order to better identify the underserved population of the state, the PSGAO commissioned a Needs Assessment and Gap Analysis study of the Rhode Island Victims' Services Program. A draft report of this study was completed in February of 2017. The final report will be used to determine program funding allocations in the future and the PSGAO shall ensure that the 10 percent requirement is met using this updated information. Further, PSGAO shall ensure that any VOCA funds that have not yet been allocated to sub-recipients will be prioritized for previously underserved populations.

Recommendation 2: Ensure that PSGAO enforce its policies and procedures to adequately monitor its sub recipients including any second-tier sub recipients and assess sub recipient compliance with VOCA Program Guidelines.

Response 2: The PSGAO concurs with this recommendation. The Office is currently developing a standard Sub-recipient Monitoring Form to be used by grant program administrators for the purpose of conducting thorough compliance activities across all grant programs. The form includes questions regarding grant award program progress, programmatic compliance, financial controls, and details about record keeping are included. This form shall be used for desk audits or site visits.

Recommendation 3: Ensure that PSGAO adequately monitor its sub-recipients to ensure that performance report data is complete and accurate.

Response 3: The PSGAO concurs with this recommendation. In order to increase sub recipient monitoring, the PSGAO has assigned additional staff to support VOCA programmatic compliance. As noted in the response to Recommendation 2, these staff will be equipped with a Sub-recipient Monitoring Form that is already populated with programmatic and financial monitoring questions to simplify and standardize grant award monitoring. Moving forward, the PSGAO is working with sub-recipients to determine how best to provide better source documentation regarding victims served by the program without compromising the victims' privacy.

Recommendation 4: Direct PSGAO to ensure that its payroll supporting documentation accurately reflects the current victim assistance grant to which the expenditures are charged.

Response 4: While the PSGAO concurs with this recommendation, it is believed that a clerical error on the grant documentation contributed to the finding. It appears that the wrong grant year was written on the timesheets provided by the program administrator during the audit. Previous to the PSGAO adding personnel to the VOCA program for increased sub-recipient monitoring, these grants were managed by only one member of the staff. All administrative personnel costs had been incurred by that individual only. It appears that the person did not update the timesheet that they were using to reflect the correct program year.

Recommendation 5: Remedy \$39,837 in unsupported sub-recipient personnel and fringe benefit expenditures.

Response 5: The PSGAO concurs with this recommendation. When these concerns were first identified, the PSGAO began to take corrective action. Technical assistance was provided to those sub-recipients identified by the audit. This site visit included training, and the program administrator provided a time sheet template that can be used to better track personnel time and effort towards grant project awards.

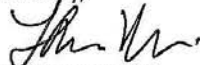
Recommendation 6: Remedy \$2,987 in unallowable sub-recipient charges.

Response 6: The PSGAO concurs with this recommendation. As noted in the response to Recommendation 5, the PSGAO immediately took corrective action to prevent further unallowable charges. Technical assistance was provided to the sub-recipients that included clarification of eligible costs under the VOCA program. The PSGAO is reviewing policies and procedures regarding grant reimbursement supporting documentation to see if there is room for continued improvement towards sub-recipient expenditures. All sub-recipients have been reminded of programmatic eligibility of these types of costs – which are only allowed expressly and directly for the victims of crime.

In conclusion, the PSGAO concurs with the audit recommendations. PSGAO believes that the responses provided demonstrate that corrective action has been undertaken to reduce further risk of additional audit findings in the future.

If you have any further questions, I can be reached at (401)764-5794.

Sincerely,



Thomas Mongeau
Administrative Manager
Public Safety Grants Administration Office

OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT
AUDIT REPORT



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

MAR - 8 2017

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

FROM: Ralph E. Martin
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Office for Victims of Crime Grants Awarded to the Rhode Island Department of Public Safety – Grant Administration Office, Providence, Rhode Island*

This memorandum is in reference to your correspondence, dated February 7, 2017, transmitting the above-referenced draft audit report for the Rhode Island Department of Public Safety Grant Administration Office (PSGAO). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **six** recommendations and **\$42,824** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. **We recommend that OJP ensure that PSGAO adhere to the 10 percent "previously underserved" funding requirement.**

OJP agrees with the recommendation. We will coordinate with PSGAO to obtain written policies and procedures, developed and implemented, to ensure that it adheres to the 10 percent "previously underserved" priority area, as outlined in the Victims of Crime Act (VOCA), Victim Assistance Grant Program Final Program Guidelines.

2. **We recommend that OJP ensure that PSGAO enforce its policies and procedures to adequately monitor its subrecipients including any second-tier subrecipients and assess subrecipient compliance with VOCA Program Guidelines.**

OJP agrees with the recommendation. We will coordinate with PSGAO to obtain documentation that indicates the enforcement of its policies and procedures, to adequately monitor its subrecipients and second-tier subrecipients, and assess their compliance.

- 3. We recommend that OJP ensure that PSGAO adequately monitor its subrecipients to ensure that performance report data is complete and accurate.**

OJP agrees with the recommendation. We will coordinate with PSGAO to ensure adequate monitoring of its subrecipients, to ensure performance report data is complete and accurate.

- 4. We recommend that OJP direct PSGAO to ensure that its payroll supporting documentation accurately reflects the correct victim assistance grant to which the expenditures are charged.**

OJP agrees with the recommendation. We will coordinate with PSGAO to ensure that its payroll supporting documentation accurately reflects the correct Victim Assistance grants to which the expenditures were charged, for its fiscal year (FY) 2012, 2013, 2014, and 2015 awards.

- 5. We recommend that OJP remedy \$39,837 in unsupported subrecipient personnel and fringe benefit expenditures.**

OJP agrees with the recommendation. We will coordinate with PSGAO to remedy the \$39,837 in questioned costs, related to unsupported subrecipient personnel and fringe benefit expenditures.

- 6. We recommend that OJP remedy \$2,987 in unallowable subrecipient charges.**

OJP agrees with the recommendation. We will coordinate with PSGAO to remedy the \$2,987 in questioned costs, related to unallowable subrecipient charges for nominal value gifts and food costs.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Jeffery A. Haley, Deputy Director, Audit and Review Division, on (202) 616-2936.

cc: Maureen A. Henneberg
Deputy Assistant Attorney General
for Operations and Management

Lara Allen
Senior Advisor
Office of the Assistant Attorney General

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

cc: Marilyn Roberts
Deputy Director
Office for Victims of Crime

Allison Turkel
Deputy Director
Office for Victims of Crime

Kathrina Peterson
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Justice Management Division

OJP Executive Secretariat
Control Number IT20170210120536

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

The OIG provided a draft of this audit report to the Rhode Island Public Safety Grant Administration Office (PSGAO) and Office of Justice Programs (OJP) for review and comment. PSGAO's response is included as Appendix 3 and OJP's response is included as Appendix 4 in this final report. In response to our draft audit report, OJP concurred with our recommendations and the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendation:

- 1. Ensure that PSGAO adhere to the 10 percent "previously underserved" funding requirement.**

Resolved. OJP concurred with our recommendation. In its response, OJP stated that it will coordinate with PSGAO to obtain written policies and procedures, developed and implemented, to ensure that it adheres to the 10 percent "previously underserved" priority area, as outlined in the Victims of Crime Act (VOCA), Victim Assistance Grant Final Program Guidelines.

PSGAO concurred with our recommendation and stated that it has commissioned a Needs Assessment and Gap Analysis study of Rhode Island Victims' Service Program. PSGAO said this report will be used to determine program funding allocations in the future and it will ensure that the 10 percent requirement is met using this updated information. Further, PSGAO commented it will ensure that any VOCA funds that have not yet been allocated to subrecipients will be prioritized for "previously underserved" populations.

This recommendation can be closed when we receive documentation demonstrating that PSGAO has adhered to the 10 percent "previously underserved" funding requirement.

- 2. Ensure that PSGAO enforce its policies and procedures to adequately monitor its subrecipients including any second-tier subrecipients and assess subrecipient compliance with VOCA Program Guidelines.**

Resolved. OJP concurred with our recommendation. In its response, OJP stated that it will coordinate with PSGAO to obtain documentation that indicates the enforcement of its policies and procedures, to adequately monitor its subrecipients and second-tier subrecipients, and assess their compliance.

PSGAO concurred with our recommendation and stated it is currently developing a standard subrecipient monitoring form to be used by grant program administrators for the purpose of conducting thorough compliance activities across all grant programs.

This recommendation can be closed when we receive documentation demonstrating that PSGAO has enforced its policies and procedures to adequately monitor its subrecipients including any second-tier subrecipients, and assess subrecipient compliance with VOCA Program Guidelines.

3. Ensure that PSGAO adequately monitor its subrecipients to ensure that performance report data is complete and accurate.

Resolved. OJP concurred with our recommendation. In its response, OJP stated that it will coordinate with PSGAO to ensure adequate monitoring of its subrecipients and to ensure performance report data is complete and accurate.

PSGAO concurred with our recommendation and stated it has assigned additional staff to support VOCA programmatic compliance. Further, PSGAO said it is working with subrecipients to determine how best to provide better source of documentation regarding victims served by the program without compromising the victims' privacy.

This recommendation can be closed when we receive documentation demonstrating that PSGAO will adequately monitor its subrecipients to ensure that performance report data is complete and accurate.

4. Direct PSGAO to ensure that its payroll supporting documentation accurately reflects the correct victim assistance grant to which the expenditures are charged.

Resolved. OJP concurred with our recommendation. In its response, OJP stated it will coordinate with PSGAO to ensure that its payroll supporting documentation accurately reflects the correct victim assistance grants to which the expenditures were charged, for fiscal year (FY) 2012, 2013, 2014, and 2015 awards.

PSGAO concurred with our recommendation and stated that it believed that a clerical error on the grant documentation contributed to the finding.

This recommendation can be closed when we receive documentation demonstrating that PSGAO has ensured that its payroll supporting documentation accurately reflects the correct victim assistance grant to which the expenditures are charged.

5. **Remedy \$39,837 in unsupported subrecipient personnel and fringe benefit expenditures.**

Resolved. OJP concurred with our recommendation. In its response, OJP stated it will coordinate with PSGAO to remedy the \$39,837 in questioned costs related to unsupported subrecipient personnel and fringe benefit expenditures.

PSGAO concurred with our recommendation and stated that it has begun to take corrective action. PSGAO said that technical assistance was provided to those subrecipients identified by this audit. Further, as part of its corrective action PSGAO commented that site visits to those subrecipients included training and the program administrator provided a time sheet template that can be used by those subrecipients to better track personnel time and effort towards grant project awards.

This recommendation can be closed when OJP remedies the \$39,837 in unsupported personnel and fringe benefit expenditures.

6. **Remedy \$2,987 in unallowable subrecipient charges.**

Resolved. OJP concurred with our recommendation. In its response, OJP stated it will coordinate with PSGAO to remedy the \$2,987 in questioned costs, related to unallowable subrecipient charges for nominal value gifts and food costs.

PSGAO concurred with our recommendation and stated that it immediately took corrective action to prevent further unallowable charges. PSGAO said technical assistance was provided to the subrecipients that included clarification of eligible costs under the VOCA program. Further, PSGAO stated it is reviewing policies and procedures regarding grant reimbursement supporting documentation to see if there is room for continued improvement towards subrecipient expenditures, and it has reminded all subrecipients of programmatic eligibility of these types of costs.

This recommendation can be closed when OJP remedies the \$2,987 in unallowable subrecipient charges.

The Department of Justice Office of the Inspector General (DOJ OIG) is a statutorily created independent entity whose mission is to detect and deter waste, fraud, abuse, and misconduct in the Department of Justice, and to promote economy and efficiency in the Department's operations. Information may be reported to the DOJ OIG's hotline at www.justice.gov/oig/hotline or (800) 869-4499.



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