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

Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Formula Grants Awarded to the Pennsylvania Commission on Crime and Delinquency Harrisburg, Pennsylvania

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AUDIT OF THE OFFICE OF JUSTICE PROGRAMS OFFICE FOR VICTIMS OF CRIME VICTIM ASSISTANCE FORMULA GRANTS AWARDED TO THE PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY HARRISBURG, PENNSYLVANIA

EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four Victim Assistance Formula grants awarded by the Office of Justice Programs (OJP) Office for Victims of Crime (OVC) to the Pennsylvania Commission on Crime and Delinquency (PCCD) in Harrisburg, Pennsylvania. The OVC awarded these grants, totaling $125,843,420 from Fiscal Years (FY) 2012 to 2015, from the Crime Victims Fund (CVF) to enhance crime victim services throughout Pennsylvania.

The objective of the audit was to evaluate how PCCD designed and implemented its crime victim assistance program. To accomplish this objective, we assessed grant management performance in the following areas: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients.

Overall, we found evidence that PCCD intended to use its CVF victim assistance grant funding to enhance services for crime victims. However, we found that PCCD could make improvements in its management of these grants to enhance financial administration and overall performance. The principal area that warrants improvement is subrecipient monitoring over the subawards made state-wide for victim services to ensure the costs charged for personnel and other expenditures to the program are allowable and fully supported. Adequate subrecipient monitoring is essential to ensure compliance with grant conditions and effective delivery of crime victim services in Pennsylvania. During our audit, we selected a sample of six subrecipients who received a total of $5,333,461 from PCCD in subawards, and we conducted site visits to those subrecipients. In our sample selection and accompanying site visits, we found unsupported and unallowable subrecipient personnel and fringe benefit expenditures, and other unsupported non-personnel expenditures that we believe were attributable to ineffective subrecipient monitoring. As a result of these deficiencies, we identified $34,747 in questioned costs.

Our report contains five recommendations to OJP, which are detailed later in this report. Our audit objective, 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 PCCD and OJP officials and included their comments in the report, as applicable. In addition, we requested a response to our draft report from PCCD and OJP, and their responses are appended to this report as Appendices 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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The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four Victim Assistance Formula grants awarded by the Office of Justice Programs (OJP) Office for Victims of Crime (OVC) to the Pennsylvania Commission on Crime and Delinquency (PCCD). The OVC awards victim assistance grants to state administering agencies under the *Victims of Crime Act* (VOCA).[1] As shown in Table 1, PCCD received a total of $125,843,420 for the four awards we reviewed.

Table 1
Audited Grants
Fiscal Years 2012 – 2015

Victim Assistance Grant Award	Amount
2012-VA-GX-0056	$14,730,846
2013-VA-GX-0018	$16,479,712
2014-VA-GX-0061	$17,604,722
2015-VA-GX-0037	$77,028,140
Total:	**$125,843,420**

Source: OJP's Grants Management System (GMS)
Note: Each of these awards has a 4-year period of performance.

Established by VOCA, the Crime Victims Fund (CVF) supplies funds to grant programs that support both assistance services and compensation for victims and survivors of crime. The CVF holds the fines, penalties, and bond forfeitures of convicted federal offenders. The OVC annually distributes to states and territories proceeds from the CVF. The total amount of funds that the OVC may distribute each year depends largely upon the amount of CVF deposits made during the preceding years and limits set by Congress.

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. The OVC allocates victim assistance formula grant funds through a population-based formula applied to the CVF funding cap for the given year. As such, the annual VOCA victim assistance grant funds available to PCCD increased from $17.6 million in FY 2014, to $77 million in FY 2015.

VOCA victim assistance grant funds support the provision of direct services – such as crisis intervention, assistance filing restraining orders, counseling in crises arising from the occurrence of crime, and emergency shelter – to victims of crime. The OVC distributes these assistance grants to states and territories, which in turn fund subawards to organizations that directly provide the services to victims. Eligible services are efforts that: (1) respond to the emotional and physical needs of crime victims, (2) assist primary and secondary victims of crime to stabilize their

[1] The VOCA Victim Assistance Formula program is funded under 42 U.S.C. 10603 (a).

lives after a victimization, (3) assist victims to understand and participate in the criminal justice system, and (4) provide victims of crime with a measure of safety and security.

As the Pennsylvania state administering agency, PCCD is responsible for administering the VOCA victim assistance program. In its role, PCCD is the organization that provides leadership in a system-wide coordination and in building collaboration among public servants and private citizens representing all aspects of the criminal and juvenile justice systems and victim services throughout the state of Pennsylvania. As a part of its mission, PCCD initiates, validates, and financially supports justice-related programs put forth by practitioners and experts in the justice system. Furthermore, PCCD focuses on research, policy, planning, training, evidence-based programming, technology, outreach, and support services for crime victims.

OIG Audit Approach

The objective of the audit was to evaluate how PCCD designed and implemented its crime victim assistance program. To accomplish this objective, we assessed grant management performance in the following areas: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients.

We tested compliance with what we consider the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA assistance program guidelines (VOCA guidelines), and the OJP and DOJ Grants Financial Guides as our primary criteria.[2] We also reviewed relevant PCCD policy and procedures and interviewed PCCD personnel to determine how they distributed and administered the VOCA funds. We further obtained and reviewed PCCD and subrecipient records reflecting grant activity and conducted site visits of select subrecipients.[3]

Grant Program Planning and Execution

The main purpose of the VOCA victim assistance grants is to enhance crime victim services. PCCD, which is the primary recipient of victim assistance grants at the state level in Pennsylvania, was required to distribute the majority of the funding to organizations that provide direct services to victims, such as rape treatment centers, domestic violence shelters, centers for missing children, and other community-based victim coalitions and support organizations. As the state administering agency, PCCD has the discretion to select subrecipients from among eligible organizations. Based on the VOCA Guidelines, state administering agencies must give priority to victims of sexual assault, domestic abuse, and child abuse. In addition, state administering agencies are also required to make funding available for a separate category of previously underserved populations of violent crime

[2] The OJP Financial Guide governs the FY 2012, 2013, and 2014 grants in our scope, while the revised 2015 DOJ Grants Financial Guide applies to the FY 2015 award. The revised DOJ guide reflects updates to comply with the Uniform Grant Guidance, 2 C.F.R. part 200.

[3] Appendix 1 contains additional information on the audit's objective, scope, and methodology, as well as further detail on the criteria we applied for our audit. Appendix 2 presents a schedule of our dollar-related findings.

victims. State administering agencies must allocate at least 10 percent of available funding to victim populations in each of these four victim categories, and state administering agencies have the sole discretion to determine the amount of funds each subrecipient receives.

As part of our audit, we assessed PCCD's overall plan to allocate and award the victim assistance funding. We reviewed how PCCD planned to distribute its available victim assistance grant funding, made subaward selection decisions, and informed its subrecipients of necessary VOCA requirements. As discussed below, in our overall assessment of grant program planning and execution, we determined that PCCD appropriately identified and planned to meet additional victim service needs with its increased FY 2015 funding and did have an effective award allocation plan. We did not identify any issues with its process to select subrecipients, and found that PCCD made an adequate effort to communicate to its subrecipients applicable VOCA requirements.

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, as well as subaward strategies to spend the substantial increase in available VOCA funding. Included with its 2015 VOCA assistance program grant, PCCD said it would base its subaward plan on its Statewide Victims' Services Advisory Committee (VSAC) decisions. The VSAC is a legislatively established PCCD advisory committee, which is composed of 15 members. Five members are public officials representing the State departments of Human Services, Aging, Corrections, as well as the State's Office of the Victim Advocate, and the Pennsylvania State Police. The remaining 10 members are appointed by the Governor, and include a district attorney, a crime victim, and representatives of statewide domestic violence and sexual assault coalitions, victim service organizations, local government, the courts, and agencies working directly with children. VSAC's role is to serve in an advisory capacity to PCCD and to assure that the voices, needs, and perspectives of all crime victims/survivors will be considered in the development of services, services standards, policies, funding priorities, legislation and outcomes.

VSAC decisions allowed existing subrecipients the opportunity to include up to a 35 percent increase for their 2015 and 2016 VOCA-funded programs, to assist PCCD by conducting an overall strategic planning process to help guide its funding and policy priorities, and to make additional funds available to new subrecipients statewide to assist in the provision of services to victims. In addition, PCCD anticipated using the additional VOCA administrative funds to increase hiring for additional programmatic and fiscal subrecipient oversight, enhance its web-based grants management system known as Electronic Grants Management System (Egrants), support its automated victim notification service, support its crisis intervention team, improve its data collection system to report VOCA performance measures data, and conduct ongoing research on needs of victims in Pennsylvania.

Subaward Selection Process

To assess how PCCD implemented its victim assistance program, we identified the steps that PCCD took to inform, evaluate, and select subrecipients for VOCA funding. PCCD has historically conducted a non-competitive solicitation process for VOCA awards. However, with the significant VOCA funding increase in 2015, PCCD conducted a two-part solicitation process. The first part was non-competitive with a focus on strengthening the infrastructure of its existing VOCA-funded subrecipients. The second process was competitive and was intended to allow and encourage new subrecipients to apply for VOCA funds.

Under the non-competitive solicitation, every victim service agency that was receiving VOCA funding, and in good standing with PCCD, received its 2015 VOCA allocation consistent with prior years and was able to request an additional amount to use for organizational infrastructure improvements. The competitive solicitation was open to both current and new subrecipients. VSAC conducted statewide outreach to identify and encourage new victim service agencies to apply for the additional funding starting in FY 2015. VSAC also identified several priority areas for applicants to address through VOCA funding as a way to encourage the development of services to meet the needs of underserved populations and address emerging forms of victimization. Applications received under the competitive VOCA solicitation were reviewed and scored by independent review teams consisting of PCCD staff and experts from the field.

Once internal reviews were completed, applications went before the VSAC for a recommendation to PCCD. When PCCD approved the applications, they became official agreements between the subrecipient and PCCD. As of May 2016, we found that PCCD had made subawards to 132 organizations with 2012, 2013, 2014, and 2015 award funds.[4]

Subaward Requirements

VOCA guidance establishes that state administering agencies must adequately communicate VOCA requirements to their subrecipients. We reviewed PCCD's Subaward Agreement Template, which conveyed the VOCA-specific award limitations, applicant eligibility requirements, eligible program areas, restrictions on use of funds, and reporting requirements to potential applicants. PCCD's Subaward Agreement Template also required that applicants certify they understood VOCA program details, organization eligibility requirements, definition of employee time and effort reporting, definition of allowable costs for direct services, and descriptions of other allowable and non-allowable costs and services. Also, a responsible official from each subrecipient organization must certify in writing that the victim service agency agreed to comply with the VOCA guidelines as a condition for receiving a subaward.

Overall, we determined that PCCD identified and planned to meet additional victim service needs with its increased FY 2015 funding. We did not identify significant concerns with its process to select subrecipients, and found that PCCD

[4] Certain subrecipients received multiple VOCA subawards. In addition, some subrecipients were repeat recipients and thus received successive annual VOCA subawards.

made adequate effort to communicate to its subrecipients applicable VOCA requirements.

Program Requirements and Performance Reporting

To determine whether PCCD distributed VOCA funds to subrecipients to serve crime victims or enhance crime victim services, we reviewed PCCD's distribution of grant funding, questioned PCCD officials, and reviewed PCCD's performance measures and performance documents that PCCD used to track goals and objectives. We also reviewed PCCD's compliance with a sample of select special conditions identified in the award documentation.

Priority Areas Funding Requirement

VOCA guidelines require that PCCD award a minimum of 10 percent of the total grant funds to programs that serve victims in each of the following four categories: (1) child abuse, (2) domestic abuse, (3) sexual assault, and (4) previously underserved. The VOCA Guidelines give each state administering agency the latitude for determining the method for identifying "previously underserved" crime victims.[5] Because VOCA assistance program grants cover a 4-year period, state administering agencies may take more than 1 year to distribute funds to subrecipients.

We examined how PCCD allocated VOCA subgrants to gauge whether it was on track to meet the program's distribution requirements. For the FY 2012 and 2013 awards, we found that PCCD complied with the 10 percent requirement. We did not complete our analysis on the FY 2014 and FY 2015 awards because they were not scheduled to end until September 2017 and September 2018, respectively, and PCCD still had significant funding available to distribute to subrecipients as of the date of our testing. However, we determined that PCCD tracked compliance with this requirement and had not made any subawards that would prevent it from meeting the allocation requirements. Taking into consideration the remaining time available to make subawards and the funding balances available for making additional subawards, we believe that PCCD is positioned to comply with VOCA distribution requirements for both the 2014 and 2015 grants.

Annual Performance Reports

Each state administering agency must annually report to the OVC on activity funded by any VOCA awards active during the fiscal year.[6] These reports include the number of: (1) agencies funded, (2) VOCA subawards, (3) victims served, and (4) victim services funded by VOCA assistance program grants.

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[5] The VOCA guidelines state that "underserved" victims may be best defined according to their status as senior citizens, non-English speaking residents, persons with disabilities, members of racial or ethnic minorities, or by virtue of the fact that they are residents of rural or remote areas, or inner cities. Methods for identifying "previously underserved" victims may include public hearings, needs assessments, task forces, and meetings with statewide victim services agencies.

[6] As of FY 2016, the OVC began requiring state administering agencies to submit performance data through a web-based Performance Measurement Tool (PMT). With this new system, states may provide subrecipients direct access to report quarterly data for state review.

We found that PCCD submitted annual performance reports to the OVC for FYs 2012 through 2015. We discussed with PCCD officials how they compiled performance report data from its subrecipients. PCCD officials said that subrecipients are required to provide quarterly and annual subaward performance data through PCCD's existing state standardized data collection and reporting software PCCD's Office of Victim Services' Program staff compares this annual data to the quarterly information each subrecipient previously reported. PCCD staff told us they compare the statistical information reported by each subrecipient in the previous year to the statistical information reported during the current year. If subrecipients have significant differences in their year-to-year reporting submissions for service provisions or services provided, PCCD staff will require the subrecipient to provide an explanation prior to the report being approved by PCCD. In addition, each quarter, PCCD identifies subrecipients, based on a risk assessment and requires them to submit back-up documentation to support data reported on their last performance report. Once the staff determines the annual subrecipient performance data is reliable, PCCD uses the reports to compile its consolidated annual performance report for the OVC.

To determine whether the annual performance reports submitted by PCCD accurately reflected the activity of the grants, we reviewed the most recent available Annual Performance Report, covering the period of October 1, 2015, through September 30, 2016. Table 2 presents summary data from PCCD's most recent annual performance report submission. Our accuracy review at PCCD consisted of reconciling consolidated subrecipient submissions against the most recently submitted Annual Performance Report.

Table 2
Summary from PCCD's Annual Performance Report
FY 2016

Performance Categories	Data Reported
Number of Victims Served	220,153
Number of Services Provided	376,933

Source: PCCD Performance Report to the OVC

Additionally, to validate the accuracy of PCCD's reported performance data, we reconciled PCCD-reported data to data reported by its subrecipients during our site visits at six subrecipients. We found that the subrecipients we visited were able to support 2013, 2014, and 2015 award performance data. However, we found that four out of six subrecipients could not support their 2012 award performance data, but they were able to support their reported data for subsequent years. We discuss this issue later in the Performance Monitoring section of this report.

Compliance with Special Conditions

The special conditions of a federal grant award establish specific grant recipient requirements. We reviewed the special conditions for each VOCA assistance program grant and identified three that we deemed significant to grant

performance that were VOCA-specific grant requirements. The first special condition required that PCCD ensure that all non-profit subrecipients of VOCA assistance funding make their financial statements publicly available. We found that PCCD subrecipients we tested complied with this requirement. The second special condition required that each VOCA recipient submit a Subgrant Award Report (SAR) for each award that details how it intends to distribute funds among subrecipients. We found that PCCD submitted a SAR for each of the grant years in the scope of our audit. In accepting the awards, PCCD also agreed to a third special condition that required it to have at least one key grantee official attend the annual VOCA National Training Conference. This special condition also stated that if a grantee is unable to attend, it must get prior written approval from OJP. Between 2012 and 2016, PCCD attended the required annual training conference.

Overall, from our review we believe that PCCD: (1) is on track to fulfill the distribution requirements to priority victim groups, (2) implemented adequate procedures to compile annual performance reports, and (3) complied with tested special conditions of VOCA assistance program grants.

Grant Financial Management

The OJP and DOJ Grants Financial Guides require that award recipients establish and maintain an adequate accounting system and financial records that accurately account for awarded funds. To assess PCCD's financial management of the VOCA grants, we reviewed Pennsylvania's most recent Single Audit Report for FY 2015 and identified no significant deficiencies or material weaknesses specifically related to PCCD as a state agency. We also interviewed PCCD personnel who were responsible for financial aspects of the grants, reviewed PCCD's written policies and procedures, inspected award documents, and reviewed financial records.

Drawdowns

According to the OJP and DOJ Grants Financial Guides, 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 a PCCD official, the Commonwealth of Pennsylvania's Office of the Budget, Office of Comptroller Operations is responsible for all drawdown requests for federal funds. Once an invoice is processed against a federal grant, it goes into a "delay of draw," which is a pre-determined amount of time before the funds are actually requested for the invoice. Once the invoice is released from the delay, the funds are requested from the Federal Government to reimburse the Commonwealth of Pennsylvania.

For the VOCA victim assistance awards, PCCD calculated drawdowns to cover subrecipient reimbursements paid and the 5 percent of VOCA grant funds allowed by the VOCA Guidelines for administering the grant programs. Table 3 shows the total amount drawn down 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	Amount Remaining
2012-VA-GX-0056	$ 14,730,846	$ 14,730,846	$ 0
2013-VA-GX-0018	16,479,712	16,364,753	114,959
2014-VA-GX-0061	17,604,722	16,239,218	1,365,504
2015-VA-GX-0037	77,028,140	22,513,356	54,514,784
Totals	**$125,843,420**	**$69,848,173**	**$55,995,247**

Source: DOJ OJP Payment History Reports

To assess whether PCCD managed its drawdown requests in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures reported in PCCD's accounting system. We found that PCCD's accounting records supported the amount of its reimbursement requests.

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 January 2017, according to PCCD's accounting records, PCCD expended a total of $76,838,114 from the 2012, 2013, 2014, and 2015 awards. See Table 4 for the total amounts drawn down for each grant as of January 2017.

Table 4

Amount Expended For Each Grant
As of January 2017

Award Number	Amount
2012-VA-GX-0056	$ 14,730,846
2013-VA-GX-0018	16,479,712
2014-VA-GX-0061	16,774,921
2015-VA-GX-0037	28,852,635
Totals	**$76,838,114**

Source: PCCD accounting records

VOCA guidelines allow state recipients to retain 5 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 PCCD 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 awards we audited, PCCD used the 5 percent administrative allowance to fund employee payroll including fringe benefits, contractors, supplies, travel, and other administrative expenditures.

To test personnel costs charged to the awards, we judgmentally sampled two pay periods for five employees who worked on the VOCA victim assistance awards covering the 2012, 2013, and 2014 awards. For the 2015 grant, we judgmentally sampled one pay period for five employees because PCCD only recently started charging personnel to the 2015 grant. We reviewed timesheets, payroll registers, and PCCD spreadsheets to determine whether the amount charged to the awards were properly authorized, supported, allocated, and allowable. We found no significant concerns with PCCD's personnel expenditures related to VOCA employees.

The majority of the administrative costs incurred by PCCD were personnel expenditures, but to test non-personnel administrative costs, we selected a sample of 30 transactions. We tested contractor, equipment, training, and travel costs, among others. We found no concerns with PCCD's administrative costs.

Subaward Expenditures

In order to test subaward expenditures, we judgmentally selected 6 out of the 132 subrecipients who received VOCA subawards for further review. We used PCCD's risk assessments to inform our review process and selection of which subrecipients to review. As part of PCCD's Egrants system, subrecipients were assigned a risk category based on various factors to include discrepancies between reimbursement requests and supporting documentation, timeliness in submission of required reports and documentation, and previous monitoring issues. We selected subrecipients for site visits from each of the PCCD's assigned risk categories, which included low, medium and high risk designations.

We reviewed expenditures from two to four reimbursement payments received by the subrecipient 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, supplies, food, and other miscellaneous charges. See Table 5 for the total amounts received by the subrecipients reviewed as of January 2017.[7]

[7] Throughout this report we discuss details related to subrecipients who received PCCD funding. We determined that those subrecipients did not individually have a significant effect on our audit approach, recommendations, and conclusions, and those recipients therefore are not named. Instead, the subrecipients are identified as Subrecipients A-F.

Table 5
Sample Subrecipients

Subrecipient	Total Amount Paid from PCCD's 2012-2015 VOCA Grants as of January 2017
A	$1,031,919
B	868,367
C	952,935
D	260,976
E	1,354,156
F	865,108
Total	**$5,333,461**

Source: PCCD Documentation

According to the OJP and DOJ Grants Financial Guides, 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 and performed site visits to those subrecipients to determine if these expenditures were properly authorized, accurately recorded, properly allocated, and adequately supported. From the documentation we reviewed during our site visits, we determined that all but one of the sampled subrecipients charged PCCD subgrants based on a percentage of personnel costs, not actual time worked on the VOCA funded project that was supported by timesheets or other available documentation. In PCCD bringing this to the attention of the subrecipients, all except one subrecipient discussed below changed their practices to ensure personnel costs were supported by actual time spent on grant-related activities.

We found that Subrecipient F did not have adequate time and effort reports as support for the sampled personnel expenditures. We selected a reimbursement payment from the 2015 grant for $29,195 in personnel and fringe benefit expenditures and found the subrecipient's timesheets did not allocate actual hours worked on the specific VOCA grant, but rather used a predetermined percentage to charge the VOCA grant. An official at Subrecipient F stated it used this method throughout the 2012-2015 VOCA grants and that it did not require certification for employees who were fully funded by the VOCA subaward. The Subrecipient F official also said the subrecipient was unaware of the DOJ Grants Financial Guide requirement for payroll records to reflect either after the fact distribution of actual activities or certifications of employee's actual work performed. We discussed the issue with PCCD who told us it identified this time and effort deficiency in 2013. The subrecipient represented to the PCCD that it corrected the deficiencies. PCCD monitored the subrecipient's personnel expenditures in 2014 and it appeared to be following the required time and effort reporting guidelines. However, PCCD performed an on-site monitoring visit at the subrecipient in June 2017, after we

completed our site visit and found the subrecipient was not using appropriate time and effort reports to document personnel expenditures. Due to the inadequate support for the sampled personnel expenditures, we recommend that OJP work with PCCD to remedy the $29,195 in unsupported personnel and fringe benefit expenditures we identified from our site visit.

In addition, in a separate site visit we found Subrecipient B used an allocation method we determined might have resulted in more personnel and fringe benefit expenditures being charged to the subaward than actual time spent on grant-related activities. This subrecipient maintained timesheets for employees that tracked the number of hours spent on grant-related activities. However, when calculating the percentage to charge the subaward, it did not use all hours recorded on the timesheets (over 35 hours per week), but used a fixed 35 hours per week in making determinations on how time would be charged. By using this methodology for calculating payroll, we believe the subaward was overcharged. We reviewed 1 calendar quarter for 5 of the 12 employees charged to the 2014 grant, and found the subaward was overcharged by $2,880 for personnel and $832 for fringe benefit expenditures totaling $3,712. We recommend that OJP work with PCCD to remedy the $3,712 in unallowable personnel and fringe benefit expenditures.

We also found other unallowable costs charged to the subaward at Subrecipient F. Based on a very limited sample of transactions, we found $540 in food provided for a forum and a group meeting, and $1,300 in gift cards used for participation incentives. According to the VOCA Victim Assistance Grant Program Guidelines, emergency food is an allowable expenditure. However, according to the documentation provided, this instance was not emergency food, rather it was provided during gatherings. According to the OJP and DOJ Grants Financial Guides, food is generally not allowable unless certain guidelines are met including a detailed agenda. We requested agendas from the subrecipient but no agendas were provided. Also, the Guide states small gifts of nominal value described as trinkets must not be purchased with DOJ funds as giveaways for conferences. Because the subrecipient purchased food and gift cards to be given to participants as inducements to attend informational meetings, we believe these costs to be unallowable. Because of the limited nature of our testing, we could not determine how prevalent and widespread this deficiency was at Subrecipient F, but we do note that the majority of the deficiencies we identified at Subrecipient F were specific to personnel and fringe benefit expenditures. We recommend that OJP work with PCCD to remedy the $1,840 in unallowable food and gift cards expenditures.

Matching Requirement

VOCA guidelines require that subrecipients match 20 percent of each subaward to increase the amount of resources to VOCA projects, which will prompt VOCA subrecipients to obtain independent funding sources to help ensure future sustainability. Although subrecipients must derive required matching contributions from non-federal, non-VOCA sources, subrecipients can provide either cash or an

in-kind match to meet matching requirements.[8] OJP officials stated that any deviation from this policy requires OVC approval.

PCCD contributed the 20 percent in matching funds for its subrecipients and OVC approved this method as long as no other federal fund contributed to the 20 percent matching portion. We traced the matching source to 100 percent of the state funds appropriated by the Pennsylvania General Assembly, and we did not see any other federal funds contributing to the matching portion. Based on our review, PCCD's use of state funds to cover the subrecipient matching requirement was reasonable.

Financial Reporting

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. During our review, we could not determine whether PCCD submitted accurate Federal Financial Reports (FFRs) because PCCD did not reconcile its FFRs to its official accounting records for each grant. A PCCD official stated that the only time its FFRs would match its official accounting records was when a grant is closed. We were told that PCCD used its grants monitoring system outside of its official accounting records to report FFR data, and the PCCD official said the reason why PCCD did not use their accounting record was because the OVC had instructed it to report FFR data at the subrecipient level, and that level of reporting was not reconcilable with what its accounting records showed on an ongoing basis while a grant was active.

In 2012, OJP's Office of the Chief Financial Officer (OCFO) had found a similar issue where PCCD's FFRs data did not reconcile to its American Recovery and Reinvestment Act (ARRA) grant. We spoke to OCFO officials who told us they were able to close this issue because PCCD's FFRs reconciled to its accounting records when the ARRA grant closed. To ensure closed grants did reconcile, we tested the 2012 award and we were able to reconcile when the grant closed. While PCCD's FFRs are reconciled when the grant is closed, we believe that there is still a transparency issue with its FFRs for open grants and the need to demonstrate the ability to support the reported amounts based on verifiable accounting data. We believe PCCD should be able to readily retrieve records to reconcile FFRs to its accounting records on a periodic basis while the grant is active to ensure FFR reporting is complete and accurate. We recommend that OJP ensure that PCCD reconcile their quarterly FFRs to its official accounting records while a grant remains active.

Monitoring of Subrecipients

According to the OJP and DOJ Grants Financial Guides, the purpose of subrecipient monitoring is to ensure that subrecipients: (1) use grant funds for authorized purposes, (2) comply with the federal program and grant requirements, laws, and regulations, and (3) achieve subaward performance goals. As the

[8] For the VOCA assistance program, in-kind matches may include donations of expendable equipment, office supplies, workshop or classroom materials, workspace, or the value of time contributed by those providing integral services to the funded project.

primary grant recipient, PCCD must develop policies and procedures to monitor its subrecipients. To assess how well PCCD monitored its VOCA subrecipients, we interviewed PCCD and subrecipient personnel, identified PCCD monitoring procedures, and observed records of interactions between PCCD and its subrecipients.

PCCD's Office of Victim Services' Program (OVS) staff are responsible for monitoring subrecipients to ensure compliance with federal and local laws, program regulations, and administrative requirements, as well as specific subaward terms and conditions. PCCD policies and procedures also require that it hold training for subrecipients on VOCA-specific grant requirements and provide periodic updates.

Additionally, PCCD developed detailed written subrecipient monitoring policies and procedures. These policies and procedures included conducting risk assessments, program desk monitoring, and on-site visits. PCCD used Egrants as its grants management solution. During our audit, PCCD provided us access to Egrants to understand and review its monitoring system. We found that Egrants provided PCCD the ability to keep track and assign risk designations for its subrecipients. PCCD provided evidence that it completed risk assessments, conducted annual subrecipient workshops, and provided technical assistance to subrecipients.

Financial Monitoring

As required by VOCA award special conditions, PCCD is responsible for ensuring that all prospective subrecipients submit financial information, such as financial statements, as part of their applications for subawards. PCCD was also required, as part of its subrecipient application process, to ensure that potential applicants submit proposed budgets.

We found that PCCD required its subrecipients to complete and submit expenditures by line item budget with their financial reports in Egrants at least quarterly. PCCD's Grants Management staff review these financial reports and analyze the reported expenditures. We found that PCCD staff would return the financial report to a subrecipient if a question or issue arose with the report, and PCCD required the subrecipient to provide sufficient responses to all questions and resolve issues prior to report approval. We found that open matters and subrecipient responses were documented in Egrants and, once the financial report had been reviewed and approved, Grants Management staff initiated a payment to reimburse the subrecipient. We found that PCCD had comprehensive records on its subrecipient expenditures and activities.

To test PCCD's monitoring process, we judgmentally selected six subrecipients for site visits. Of the six subrecipients, two were rated high risk, two were rated medium risk, and two were rated low risk. We found extensive evidence of robust PCCD monitoring of its high risk subrecipients. During our site visit to the two high risk subrecipients, we were informed about the additional financial documents PCCD required the subrecipients to submit quarterly. We also found no issues at the low risk subrecipients we visited.

When performing fieldwork at the other selected subrecipients, we found discrepancies at the two rated medium-risk subrecipients. As discussed earlier in the report, we found unsupported and unallowable personnel and fringe benefit expenditures. While PCCD appears to have effectively monitored its high risk subrecipients, it needs to monitor all its subrecipients sufficiently and reassess risk factors on an ongoing basis. According to the requirements imposed by the DOJ Grants Financial Guide, PCCD should be familiar with, and periodically monitor, its subrecipients' financial operations, records, systems, and policies and procedures. We recommend that OJP ensure that PCCD strengthens its policies and procedures to adequately monitor its subrecipients for compliance with VOCA Program requirements and continuously evaluates and assigns an appropriate level of subrecipient risk classification.

Performance Monitoring

PCCD officials told us that its OVS staff monitors subrecipient performance and outcomes to validate reported accomplishments. The OVS staff uses on-site monitoring and requires that subaward applicants detail goals and objectives for their proposed programs. If selected to receive an award, subrecipients must submit quarterly summaries of their activity in support of each goal and objective. Subrecipients elaborate on the details of this activity in quarterly narratives, which include descriptions of factors that facilitated or impeded successful implementation of projected goals, as well as future planned activity. PCCD also collects performance data from its subrecipients on a quarterly basis. The OVS staff compares this data to each subrecipient's projected performance figures in order to verify that the subrecipient is reasonably on track to meet its stated goals and objectives.

While reviewing how PCCD compiled performance data from its subrecipients to prepare Annual Performance Reports, we assessed subrecipient performance reports as we stated earlier in this report. We also sought support for select subrecipient-reported figures and visited the six selected PCCD subrecipients to confirm the number of victims reported as served by VOCA funding. From our site visits, we identified the following:

- Four subrecipients could not support how many victims they served under their 2012 award. However, they were able to support how many victims they served under their 2013, 2014, and 2015 awards. We found that during the 2013 award period, all four subrecipients changed their software to conform with PCCD's standardized data collection and reporting technology system.

- Two subrecipients were able to adequately support how many victims they served under their 2012, 2013, 2014, and 2015 awards.

Although four subrecipients could not verify and support their 2012 award data, they were able to adequately support their reported data for subsequent years. Consequently, we believe that PCCD has implemented subrecipient monitoring efforts that provide reasonable assurance that its subrecipients comply with VOCA requirements to report performance data.

Conclusion

Overall, we found evidence that PCCD used its grant funds to enhance services for crime victims. However, we also identified improvements that PCCD needs to make in its management of these grants to enhance financial administration and overall performance. The principal area that warrants improvement is subrecipient monitoring over the subawards made state-wide for victim services. Adequate subrecipient monitoring is essential to ensure compliance with grant conditions and the continued efficient and effective delivery of crime victim services in Pennsylvania. From our audit, we identified $34,747 in total questioned costs and believe that PCCD needs to improve its subrecipient monitoring to ensure subrecipients comply with VOCA award requirements. We made five recommendations to improve PCCD's management of VOCA awards and remedy questioned costs.

Recommendations

We recommend that OJP:

1. Work with PCCD to remedy the $29,195 in unsupported subrecipient personnel and fringe benefit expenditures

2. Work with PCCD to remedy the $3,712 in unallowable subrecipient personnel and fringe benefit expenditures.

3. Work with PCCD to remedy the $1,840 in unallowable subrecipient food and gift card expenditures.

4. Ensure that PCCD reconciles its quarterly FFRs to its official accounting records while grants remain active.

5. Ensure that PCCD strengthens its policies and procedures to adequately monitor its subrecipients for compliance with VOCA Program requirements and continuously evaluates and assigns an appropriate level of subrecipient risk classification.

APPENDIX 1

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of the audit was to evaluate how PCCD designed and implemented its crime victim assistance program. To accomplish this objective, we assessed grant management performance in the following areas: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring of subrecipients.

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 objective.

This was an audit of *Victims of Crime Act* (VOCA) Victim Assistance Formula grants 2012-VA-GX-0056, 2013-VA-GX-0018, 2014-VA-GX-0061, and 2015-VA-GX-0037 to the Pennsylvania Commission on Crime and Delinquency (PCCD). The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling $125,843,420 to PCCD, which serves as the state administering agency. Each of the awards in our scope has a four-year period of performance, and our audit concentrated on, but was not limited to, the period of October 1, 2011, the project start date for VOCA assistance grant number 2012-VA-GX-0056, through May 2017.

The authorizing VOCA legislation, the VOCA Assistance Final Program Guidelines, and the OJP and DOJ Grants Financial Guides contain the primary criteria we applied during the audit.[9] To accomplish our objective, we tested compliance with what we consider to be the most important conditions of PCCD's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including administrative and subrecipient expenditures, financial reports, and performance reports. In this effort, we employed a judgmental sampling designed 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. We also reviewed Pennsylvania's most recent Single Audit Report for FY 2015.

During our audit, we obtained information from OJP's Grants Management System as well as PCCD'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 were verified with documents from other sources and site visits of six subrecipients.

[9] The OJP Financial Guide governs the FY 2013 and 2014 grants in our scope, while the revised 2015 DOJ Grants Financial Guide applies to the FY 2015 award. The revised DOJ guide reflects updates to comply with the Uniform Grant Guidance, 2 C.F.R. part 200.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

Questioned Costs[10]	Amount	Page
Unsupported Expenditures		
Personnel and Fringe Benefits	$29,195	11
Total Unsupported Expenditures	**$29,195**	
Unallowable Expenditures		
Personnel and Fringe Benefits	$3,712	11
Food and Gift Cards	1,840	11
Total Unallowable Expenditures	**$5,552**	
TOTAL QUESTIONED COSTS	**$34,747**	

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

APPENDIX 3

PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY RESPONSE TO THE DRAFT AUDIT REPORT

pennsylvania
COMMISSION ON CRIME
AND DELINQUENCY

September 8, 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 2300
Philadelphia, PA 19106

RE: Draft Audit Report – Audit of the Office of Justice Programs Office For Victims of Crime Victim Assistance Formula Grants Awarded to the Pennsylvania Commission on Crime and Delinquency

Dear Mr. Puerzer:

The Pennsylvania Commission on Crime and Delinquency (PCCD) has reviewed the draft audit report provided by your office. Thank you for the opportunity to provide a response and thank you for the professional review and evaluation conducted by your staff. We have provided a response to each of your office's restated recommendations below.

Recommendation 1: [We recommend that OJP] Work with PCCD to remedy the $29,195 in unsupported subrecipient personnel and fringe benefit expenditures.

Response: PCCD concurs with this recommendation. PCCD was engaged in monitoring the subrecipient in question prior to OIG's notification of unsupported personnel and fringe benefit expenditures by the subrecipient. PCCD is engaged in monitoring all VOCA expenditures reported by this subrecipient and we fully expect to remedy the unsupported expenditures for this subrecipient promptly.

Recommendation 2: [We recommend that OJP] Work with PCCD to remedy the $3,712 in unallowable subrecipient personnel and fringe benefit expenditures.

Response: PCCD concurs with this recommendation. PCCD will engage this subrecipient and monitor the subrecipient's personnel and fringe benefit expenditures during the subaward period. PCCD expects to remedy the unsupported expenditures for this subrecipient promptly.

Recommendation 3: [We recommend that OJP] Work with PCCD to remedy the $1,840 in unallowable food and gift card expenditures.

Response: PCCD concurs with this recommendation. PCCD was engaged in monitoring the subrecipient in question prior OIG's notification of unallowable expenditures by the subrecipient.

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PCCD is engaged in monitoring all VOCA expenditures reported by this subrecipient and we fully expect to remedy the unsupported expenditures for this subrecipient promptly.

Recommendation 4: Ensure that PCCD reconciles its quarterly FFRs to its official accounting records while grants remain active.

Response: PCCD does not concur with this recommendation. Based on the most recent written and verbal guidance from OJP, FFRs should be prepared so that expenditures are reported at the lowest level (subrecipient level). We have listed below some of the current OJP guidance and guidance from a monitoring visit as the basis for our opinion. We have also provided an overview of PCCD's current FFR reporting process which explains why basing FFR expenditures only on PCCD expenditures (administrative expenditures and PCCD grant payments to subrecipients) would not provide OJP with an accurate picture of the amount of federal grant funds expended in the reporting period. PCCD believes that we are currently reporting expenditures as required and expected by OJP.

a. From the OJP Financial Guide: "The SF-425 Federal Financial Report (FFR) should show the actual funds you have spent (expenditures) and any bills you are going to pay (unliquidated obligations incurred) at the recipient/subrecipient level, both for the reporting period and cumulatively, for each award."

b. From the FFR instructions in GMS block 10e: "...For reports prepared on an accrual basis, expenditures are the sum of cash disbursements for direct charges of property and services; the amount of indirect expenses incurred; the value of in-kind contributions applied; and the net increase or decrease in the amounts owed by the recipient for (1) goods and other property received; (2) services performed by employees, contractors, subrecipients, and other payees; and (3) programs for which no current services or performance are required..."

c. OJP OCFO Trainings: Numerous PCCD staff have attended basic and advanced OJP OCFO trainings in person. The guidance provided at those trainings reinforces the fact that expenditures should be reported on the FFRs at the lowest level (subrecipient level).

d. Current FFR reporting process: PCCD requires subrecipients to submit quarterly financial reports in our egrants system no later than 20 days after the end of each calendar quarter. PCCD then reviews and pays approved subrecipient expenditures on a reimbursement basis. The payments PCCD makes to subrecipients are recorded against a subgrant commitment for the subrecipient in the Commonwealth of Pennsylvania's accounting system (SAP). If PCCD were to base its FFRs on the SAP record of expenditures, the FFRs would not provide an accurate reflection of the federal award funds expended in the reporting period and essentially be a quarter behind in reporting expenditures. PCCD currently completes FFRs by adding the expenditures reported by subrecipients in our egrants system to PCCD's administrative expenditures for the reporting period. Our current method provides an accurate reflection of federal award funds expended by PCCD and our subrecipients in the reporting period.

e. OJP OCFO Monitoring Recommendation: Prior to 2011, PCCD reported expenditures on its FFRs based on expenditures recorded in our SAP system. In 2010 PCCD was monitored by a team of monitors from numerous OJP program offices and OJP OCFO. In a 12/22/2010 letter from OJP OCFO, one recommendation as a result of that monitoring visit was that PCCD should report expenditures at the subrecipient level like we currently do. In a follow-up letter from PCCD dated 1/20/2011, PCCD addressed that recommendation by implementing our current procedures which bases expenditures reported on our FFRs on subrecipients' reported expenditures and PCCD administrative expenditures for the period. In a letter dated 4/4/2011 from OCFO, the recommendation was officially closed and our procedures for reporting expenditures on the FFR were accepted. We have provided that documentation to OIG staff.

Recommendation 5: Ensure that PCCD strengthens its policies and procedures to adequately monitor its subrecipients for compliance with VOCA Program requirements and continuously evaluates and assigns an appropriate level of subrecipient risk classification.

Response: PCCD partially concurs with this recommendation. PCCD believes it is good practice to constantly look to improve all policies and procedures, and in this case specifically, our monitoring policies and procedures. We will continue to look for ways to strengthen our monitoring policies and procedures. However, we believe our current monitoring policies and procedures are adequate and in compliance with all federal guidance. PCCD's risk classification system is integrated into our egrants system and is updated constantly with real-time data every time a subrecipient submits a new application or report in our egrants system. The risk classification of every subrecipient is also manually reviewed periodically by PCCD staff. PCCD uses the risk classification of subrecipients to guide the selection of subrecipients required to submit supporting documentation and identify those subrecipients which may need additional assistance during the course of their subaward period. Additionally, over the last several years, monitors from numerous OJP program offices have reviewed our subrecipient monitoring policies and procedures with no weaknesses or deficiencies being reported.

As requested in your August 31, 2017 letter, we are submitting our response directly to you within 10 days. We look forward to working with OJP to resolve the recommendations. Please contact me with any questions at 717-265-8466 or by email at dermyers@pa.gov.

Sincerely,

Derin Myers
Acting Executive Director

cc: Linda Taylor, OJP OAAM

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

SEP 1 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 Pennsylvania Commission on Crime and Delinquency, Harrisburg, Pennsylvania*

This memorandum is in reference to your correspondence, dated August 31, 2017, transmitting the above-referenced draft audit report for the Pennsylvania Commission on Crime and Delinquency (PCCD). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains five recommendations and $34,747 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 OJP's response.

1. **We recommend that OJP work with PCCD to remedy the $29,195 in unsupported subrecipient personnel and fringe benefits expenditures.**

   OJP agrees with this recommendation. We will review the $29,195 in questioned costs, related to unsupported subrecipient personnel and fringe benefits costs that were charged to Grant Number 2015-VA-GX-0037, and work with PCCD to remedy, as appropriate.

2. **We recommend that OJP work with PCCD to remedy the $3,712 in unallowable subrecipient personnel and fringe benefits expenditures.**

   OJP agrees with this recommendation. We will review the $3,712 in questioned costs, related to unallowable subrecipient personnel and fringe benefits costs that were charged to Grant Number 2015-VA-GX-0037, and work with PCCD to remedy, as appropriate.

3. **We recommend that OJP work with PCCD to remedy the $1,840 in subrecipient unallowable food and gift card expenditures.**

   OJP agrees with the recommendation. We will review the $1,840 in questioned costs, related to unallowable subrecipient food and gift card costs that were charged to Grant Number 2015-VA-GX-0037, and work with PCCD to remedy, as appropriate.

4. **We recommend that OJP ensure that PCCD reconciles its quarterly Federal Financial Reports to its official accounting records while grants remain active.**

   OJP agrees with this recommendation, and concurs that grantees should reconcile the amounts reported in their quarterly Federal Financial Reports (FFRs) to its accounting system, before submitting the reports to OJP. While PCCD stated, in its response, that it received guidance from OJP on its current process for reporting expenditures on quarterly FFRs, we believe that PCCD should also reconcile expenditures reported by subrecipients in its Electronic Grants Management System to the Commonwealth of Pennsylvania's accounting system each quarter, as well. We will coordinate with PCCD to obtain a copy of written policies and procedures, developed and implemented, to ensure timely posting of subrecipient's expenditures in its accounting system, and to ensure that FFRs submitted to OJP are accurate and are reconciled to the grant accounting records.

5. **We recommend that OJP ensure that PCCD strengthens its policies and procedures to adequately monitor its subrecipients for compliance with VOCA Program requirements and continuously evaluates and assigns an appropriate level of subrecipient risk classification.**

   OJP agrees with this recommendation. We will coordinate with PCCD to obtain a copy of revised subrecipient monitoring policies and procedures, which strengthen its monitoring of subrecipients to ensure compliance with Victims of Crime Act Program requirements; and which requires continuously evaluating and assigning an appropriate level of subrecipient risk classification.

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 Policy Advisor
Office of the Assistant Attorney General

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 Pennsylvania Commission on Crime and Delinquency (PCCD) and the Office of Justice Programs (OJP) for review and official comment. PCCD's response is included as Appendix 3 and OJP's response is included as Appendix 4 of this final report. Because OJP agreed with all of our recommendations and discussed the actions it plans to complete in order to address our recommendations, we consider the report resolved. PCCD agreed with three of the five recommendations, partially agreed with one recommendation, and disagreed with the remaining recommendation. We address PCCD's position in our analysis of each recommendation. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation:

1. **Work with PCCD to remedy the $29,195 in unsupported subrecipient personnel and fringe benefit expenditures.**

   Resolved. OJP concurred with our recommendation. In its response, OJP said that it would work with PCCD to remedy the $29,195 in unsupported subrecipient personnel and fringe benefit expenditures.

   PCCD concurred with our recommendation and stated that it was engaged in monitoring the subrecipient in question prior to the OIG's notification of unsupported personnel and fringe benefit expenditures by the subrecipient. In addition, PCCD stated that it was engaged in monitoring all VOCA expenditures reported by the particular subrecipient and PCCD fully expects to remedy the unsupported expenditures for this subrecipient promptly.

   This recommendation can be closed when OJP remedies the $29,195 in unsupported subrecipient personnel and fringe benefit expenditures.

2. **Work with PCCD to remedy the $3,712 in unallowable subrecipient personnel and fringe benefit expenditures.**

   Resolved. OJP concurred with our recommendation. In its response, OJP said that it would work with PCCD to remedy the $3,712 in unallowable subrecipient personnel and fringe benefit expenditures.

   PCCD concurred with our recommendation and stated that it will engage with the subrecipient and monitor the subrecipient's personnel and fringe benefit expenditures during the subaward period. PCCD also stated that it expects to remedy the unsupported expenditures for this subrecipient promptly.

   This recommendation can be closed when OJP remedies the $3,712 in unallowable subrecipient personnel and fringe benefit expenditures.

3. **Work with PCCD to remedy the $1,840 in unallowable subrecipient food and gift card expenditures.**

   Resolved. OJP concurred with our recommendation. In its response, OJP said that it would work with PCCD to remedy the $1,840 in subrecipient unallowable food and gift card expenditures.

   PCCD concurred with our recommendation and stated that it was engaged in monitoring the subrecipient in question prior to OIG's notification of unallowable expenditures by subrecipient. PCCD is engaged in monitoring all VOCA expenditures reported by this subrecipient and it expects to remedy the unsupported expenditures for this subrecipient promptly.

   This recommendation can be closed when OJP remedies the $1,840 in unallowable subrecipient food and gift card expenditures.

4. **Ensure that PCCD reconciles its quarterly FFRs to its official accounting records while grants remain active.**

   Resolved. OJP concurred with our recommendation. In its response, OJP said that grantees should reconcile amounts reported in its quarterly FFRs to its accounting system before submitting the reports to OJP. OJP said it would coordinate with PCCD to obtain a copy of written policies and procedures developed and implemented to ensure timely posting of subrecipient expenditures in its accounting system, and to ensure that FFRs submitted to OJP are accurate and are reconciled to the grant accounting records.

   PCCD did not concur with our recommendation and stated that, based on written and verbal guidance from OJP's Office of the Chief Financial Officer (OCFO) as well as OCFO trainings and monitoring visits from OJP program offices and OCFO, FFRs should be prepared so that expenditures are reported at the lowest level (subrecipient level). PCCD also cited the OJP Financial Guide and FFR instructions to further support its position that expenditures should be reported at the subrecipient level. PCCD said that subrecipients report expenditures to PCCD on a reimbursement basis through PCCD's grant management system known as Egrants. Finally, PCCD stated that it believes that it is currently reporting expenditures as required and expected by OJP. OJP addressed PCCD's comments in its response, stating that while PCCD received guidance from OJP on its current process for reporting expenditures on quarterly FFRs, OJP believes that PCCD should also reconcile expenditures reported by subrecipients in Egrants to the Commonwealth of Pennsylvania's accounting system each quarter.

   We agree with PCCD that expenditures should be reported on the quarterly FFRs at the subrecipient level. However, we found that obligations to pay subrecipients and actual payment disbursements are not made from PCCD's Egrants system. Rather, all Pennsylvania state agencies, including PCCD, use a statewide Commonwealth of Pennsylvania accounting system as its official reporting system, and obligations and disbursements to subrecipients

originate from that accounting system. This is also the same system that generates the official reporting and is the subject of the Commonwealth of Pennsylvania's annual Single Audit. As we stated in our report, although PCCD's FFRs are reconciled when the grant is closed, we believe that FFR reports prepared by PCCD for open grants should be supported by and reconciled to verifiable official accounting system data while grants remain active.

This recommendation can be closed when we receive documentation demonstrating that PCCD can reconcile its quarterly FFRs to its official accounting records while grants remain active.

5. **Ensure that PCCD strengthens its policies and procedures to adequately monitor its subrecipients for compliance with VOCA Program requirements, continuously evaluates, and assigns an appropriate level of subrecipient risk classification.**

Resolved. OJP concurred with our recommendation. In its response, OJP stated it would coordinate with PCCD to obtain a copy of revised subrecipient monitoring policies and procedures which strengthen its monitoring of subrecipients to ensure compliance with Victims of Crime Act program requirements, and which requires continuously evaluating and assigning an appropriate level of subrecipient risk classification.

PCCD partially concurred with our recommendation and stated that it believes it is good practice to constantly look to improve all policies and procedures, and in this case specifically, its monitoring policies and procedures. However, PCCD stated that it believes its current monitoring policies and procedures are adequate and in compliance with all federal guidance. PCCD also said that over the last several years, monitors from numerous OJP program offices have reviewed its subrecipient monitoring policies and procedures with no weaknesses or deficiencies being reported.

As we state in our report, PCCD provided evidence that it completed risk assessments, conducted annual subrecipient workshops, provided technical assistance to subrecipients. Further, PCCD had comprehensive records on its subrecipient expenditures and activities, and had implemented subrecipient monitoring efforts that provide reasonable assurance that its subrecipients comply with VOCA requirements to report performance data. However, from our fieldwork at selected subrecipients, we found subrecipients rated as medium-risk with unsupported and unallowable personnel and fringe benefit expenditures as well as unallowable payments for gift cards and food. According to the requirements imposed by the DOJ Grants Financial Guide, PCCD should be familiar with, and periodically monitor its subrecipients' financial operations, records, systems, and policies and procedures. Based on the results of our limited testing at select subrecipients, we believe PCCD would have identified some of our findings had it been more familiar with the subrecipients' financial practices.

This recommendation can be closed when we receive documentation demonstrating PCCD has strengthened its policies and procedures to adequately monitor its subrecipients for compliance with VOCA Program requirements, and continuously evaluates and assigns an appropriate level of subrecipient risk classification.

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