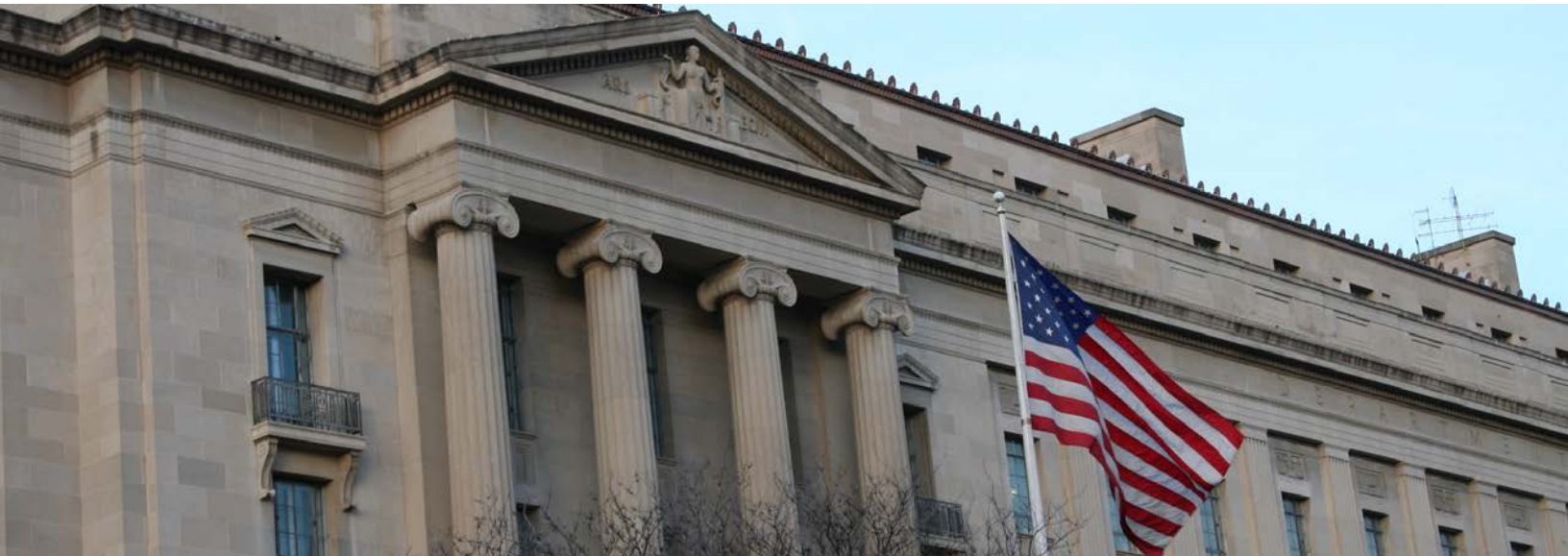




Office of the Inspector General
U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



**Audit of the Office of Justice Programs
Cooperative Agreement Awarded to
the Vera Institute of Justice,
New York, New York**



Executive Summary

Audit of the Office of Justice Programs Cooperative Agreement Awarded to the Vera Institute of Justice, New York, New York

Objectives

The Office of Justice Programs (OJP) Office for Victims of Crime (OVC) awarded a cooperative agreement for the Vision 21 National Resource Center for Reaching Victims, totaling \$9,997,946, to the Vera Institute of Justice (Vera). The objectives of this audit were to determine whether costs claimed under the award were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether Vera demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

As a result of our audit, we concluded that Vera demonstrated adequate progress toward achieving the goals and objectives of the award. This audit did not identify significant concerns regarding Vera's progress reports, indirect costs, and process for developing drawdown requests. However, we identified issues related to expenditures made with award funds, including: (1) personnel and fringe benefits, (2) travel, (3) supplies and other costs, (4) consultants and contracts, and (5) subawards. Additionally, we found issues with Vera's compliance with award special conditions, subrecipient monitoring, and required financial reporting. We also identified \$387,908 in questioned costs related to unallowable and unsupported award expenditures.

Recommendations

Our report contains 20 recommendations to OJP to assist Vera in improving its award management and administration, and to remedy questioned costs. We requested a response to our draft audit report from Vera and OJP, which can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

The purpose of the OVC Vision 21 National Resource Center for Reaching Victims award was to establish a resource center to provide training and technical assistance to underserved communities. The project period for the award was from October 2016 through September 2019. Vera drew down \$2,734,847 of the award we reviewed as of August 2018.

Program Goals and Accomplishments – We determined that Vera demonstrated adequate progress towards meeting the award goals and objectives and that information reported in the required progress reports was accurate.

Special Conditions – During our audit, we tested Vera's compliance with a sample of award special conditions. We found that Vera did not comply with the Federal Funding Accountability and Transparency Act of 2006 (FFATA), which required Vera to report first-tier subawards of \$25,000 or more. Specifically, we found that Vera did not report all subawards issued over \$25,000 and reported inaccurate subaward amounts.

Award Expenditures – We identified several areas in which award expenditures were unsupported including: \$3,233 in personnel and fringe benefit costs; \$9,943 in travel costs; \$1,657 in supplies and other costs; \$193,622 in consultant and contract costs; and \$50,770 in subaward costs. We also identified \$13,434 in unallowable travel costs and \$53,773 in unnecessary occupancy costs. Additionally, we determined that Vera only obtained consultant and contract services through noncompetitive (sole source) procurement and maintained inadequate documentation in its procurement files. Finally, we found that Vera did not have written subrecipient monitoring policies and procedures, and did not perform adequate review of invoices submitted for payment. In addition to Vera's inadequate monitoring of subrecipients, we found that Vera did not disclose a conflict of interest to OJP.

Federal Financial Reports – We found that Vera did not maintain adequate supporting documentation to support the amounts reported on required Federal Financial Reports.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
COOPERATIVE AGREEMENT AWARDED TO THE
VERA INSTITUTE OF JUSTICE, NEW YORK, NEW YORK**

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AUDIT OF THE OFFICE OF JUSTICE PROGRAMS COOPERATIVE AGREEMENT AWARDED TO THE VERA INSTITUTE OF JUSTICE, NEW YORK, NEW YORK

INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of a cooperative agreement awarded by the Office of Justice Programs (OJP) Office for Victims of Crime (OVC), under the Vision 21 National Resource Center for Reaching Victims, to the Vera Institute of Justice (Vera), in New York, New York. Vera was awarded \$9,997,946, as shown in Table 1.

Table 1

Vera Institute of Justice Award

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2016-XV-GX-K015	OVC	9/30/2016	10/1/2016	9/30/2019	\$9,997,946

Source: OJP Grants Management System (GMS)

The OVC Vision 21 National Resource Center for Reaching Victims awarded funding to establish a resource center that provides training and technical assistance to Victim of Crimes Act agencies in underserved communities. OVC identified the following eight underserved communities for the resource center to focus on providing resources to enhance victim services: children; persons with disabilities; older adults; historically marginalized communities; men of color; limited English proficient individuals; formerly incarcerated individuals; and lesbian, gay, bisexual, transgender, or queer individuals. The resource center was to provide expert guidance and advice, regional trainings, a national conference, online learning opportunities, and public awareness and outreach materials.

The Grantee

Vera is a not-for-profit corporation whose mission is to drive change and build and improve justice systems that ensure fairness, promote safety, and strengthen communities. Its primary source of funding is government grants and contributions.

Vera's Center on Victimization and Safety is responsible for accomplishing the goals of the OVC Vision 21 National Resource Center for Reaching Victims award and specializes in enhancing efforts to prevent and address interpersonal violence and related crimes, as well as promoting policies and practices that hold abusers accountable, prioritize safety, and help survivors heal.

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the award were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine

whether Vera demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of award management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

We tested compliance with what we consider to be the most important conditions of the award. The DOJ Grants Financial Guide and the award documents contain the primary criteria we applied during the audit.

The results of our analysis are discussed in detail later in 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.

AUDIT RESULTS

Program Performance and Accomplishments

We reviewed required performance reports, the award solicitation and award documentation, and interviewed Vera officials to determine whether Vera demonstrated adequate progress towards achieving program goals and objectives. We also reviewed progress reports and supporting documentation to determine if the required reports were accurate. Finally, we reviewed Vera's compliance with the special conditions included in the award documentation.

Program Goals and Objectives

The overall objective for Award Number 2016-XV-GX-K015 was for Vera to establish a resource center that provided training and technical assistance to Victim of Crimes Act agencies in underserved communities, with the intent of expanding the field's capacity to provide culturally and linguistically specific, trauma-informed, and accessible victim services that successfully identify, reach, and meet the needs of underserved communities.

In addition to establishing the resource center, the goals and objectives were to: (1) deliver a comprehensive array of training and technical assistance to expand the capacity of victim services programs to identify and reach underserved victim populations in their jurisdictions to create accessible services for all victims, (2) work with OVC to ensure all efforts are coordinated with other relevant resources funded by other OVC programs and other stakeholders to avoid duplication of efforts and maintain awareness of complimentary work, and (3) contribute to OVC's clearinghouse of up-to-date information on best practices, policies, research, and victim resources to identify and reach underserved victims. According to the award documentation, the training and technical assistance resources Vera planned to provide to Victims of Crime Act agencies included expert guidance and advice through phone and in-person visits, a national conference, regional trainings, online learning opportunities, resources on evidence-based practices, public awareness and outreach materials, and incentives for victim services to spur innovative approaches to reaching underserved victims and adopt existing approaches that work.

Based on our review, we determined Vera demonstrated adequate progress towards achieving the stated goals and objectives of the award.

Required Performance Reports

According to the DOJ Grants Financial Guide, funding recipients should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in a program solicitation. In order to verify the information in Vera's Semiannual Performance Reports, we selected a sample of performance measures from the three reports submitted for the award. We then traced the reported information to supporting documentation maintained by Vera.

Based on our progress report testing, there were no indications the accomplishments described in the required reports did not match the supporting documentation.

Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the award. We evaluated the special conditions for the award and selected a judgmental sample of the requirements that are significant to performance under the award and are not addressed in another section of this report. We evaluated three special conditions that we determined to be significant to performance of the award.

We identified one instance where Vera was not in compliance with the special conditions we tested. We found Vera was not in compliance with the Federal Funding Accountability and Transparency Act of 2006 (FFATA), which required Vera to report first-tier subawards of \$25,000 or more into the FFATA Subaward Reporting System. In June 2018, OVC conducted a full monitoring site visit and determined that Vera did not comply with this requirement as none of its subawards were reported in the FFATA Subaward Reporting System. In August 2018, OVC issued a letter to Vera closing this issue. During our review, we tested the accuracy of the subaward information reported by Vera and found that Vera awarded nine subawards that exceeded \$25,000 but did not report two of the subawards, as required. Additionally, we determined that Vera did not accurately report the subaward amount for six of the seven reported subawards.

We recommend OJP require Vera establish and implement written policies and procedures to comply with FFATA reporting requirements.

Award Financial Management

According to the DOJ Grants Financial Guide, all award 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 Vera's financial management of the award, we conducted interviews with financial staff, examined policies and procedures, and inspected award documents to determine whether Vera adequately safeguarded the award funds we audited. We also reviewed Vera's Single Audit Report for Fiscal Year 2017 to identify internal control weaknesses and significant non-compliance issues related to federal awards.¹ Finally, we performed testing in the areas that were relevant for the management of this award, as discussed throughout this report.

Based on our review, we did not identify significant concerns related to award financial management.

¹ Vera's fiscal year begins July 1st and ends on June 30th.

Single Audit

Non-federal entities that receive federal financial assistance are required to comply with the *Single Audit Act of 1984*, as amended. The Single Audit Act provides for recipients of federal funding above a certain threshold to receive an annual audit of their financial statements and federal expenditures. Under 2 C.F.R. 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), such entities that expend \$750,000 or more in federal funds within the entity's fiscal year must have a "single audit" performed annually covering all federal funds expended that year.²

We reviewed Vera's most recent Single Audit Report and found that the amount reported for the award was accurate and the report did not contain any audit findings. We also found that the Single Audit Report was submitted timely.

Award Expenditures

For Award Number 2016-XV-GX-K015, Vera's approved budget included the following categories: personnel, fringe benefits, travel, supplies, contractual, other costs, and indirect charges. Between October 1, 2016 and July 31, 2018, Vera spent \$3,093,768, as shown in Table 2.

Table 2
Award Expenditures

Budget Category	Expenditure Amount
Personnel	\$818,815
Fringe Benefits	189,328
Travel	57,331
Supplies	8,881
Contractual	1,537,225
Other	191,127
Indirect	291,061
Total:	\$3,093,768

Source: Vera accounting system records

To determine whether costs charged to the award were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions. We reviewed documentation, accounting records, and performed verification testing related to award expenditures. Based on this testing, we recommend that OJP remedy \$325,907 in questioned costs as described in the following sections.

² On December 26, 2014, the Uniform Guidance superseded OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization. Under OMB Circular A-133, which affected all audits of fiscal years beginning before December 26, 2014, the audit threshold was \$500,000.

Personnel and Fringe Benefits Costs

To complete our review of personnel and fringe benefit costs, we tested \$53,058 in payroll transactions that included salaries and fringe benefit costs, paid in two judgmentally selected, non-consecutive pay periods, to Vera employees. While we determined that the costs were allowable, they were not always properly authorized, and we were unable to determine whether the costs were properly allocated, computed correctly, or accurately recorded.

During our review of Vera employee timesheets, we found some employees did not charge time off consistent with how their direct time was charged to their assigned projects. We also found that Vera's policies and procedures did not include guidelines for employees to follow when determining how to charge their time off when they worked on multiple projects. Vera officials told us that they are in the process of revising time off policies and procedures.

Additionally, during our review of Vera employee timesheets, we found that some employees used project codes in which a portion of their time was allocated based on an estimated percentage of time. We requested documentation to support the allocated hours for the Vera employees who charged these project codes in the pay periods we tested. Based on the documentation provided, we were unable to verify the hours charged to the award for three employees. Therefore, we question a total of \$1,513 in personnel and associated fringe benefit costs as unsupported.

We found that Vera employee timesheets were not always approved by the employee's supervisor or project management with direct knowledge of what the employee worked on during the pay period, as required by the DOJ Grants Financial Guide. During our review of payroll costs, we determined that 10 out of 27 timesheets were approved by the Accounting Manager. Vera officials told us that managers or center heads are responsible for approval of employee timesheets and, if unavailable, the Accounting Manager, Director of Finance, or Director of People and Culture may approve timesheets. Although the Accounting Manager was an authorized timesheet approver, we found that, within the pay periods tested, project managers approved other project employee timesheets for the staff timesheets we reviewed, and we believe the award-funded project manager would have been a more appropriate approver. According to Vera officials, when an official approves the timesheet, the approval date defaults to the last day of the pay period, regardless of the date it was approved. Further, Vera officials stated that the project supervisors may not have been available. We requested additional information, including documentation that the project supervisors were not available, but Vera did not provide any documentation, such as an audit trail, to support that the Accounting Manager was the most appropriate approver in all of these instances.

Finally, we compared payroll and fringe benefit amounts recorded in Vera's accounting system to payroll registers provided by Vera. Based on our review, we were unable to reconcile payroll and fringe benefit amounts for some of the

transactions reviewed. As a result of our testing, we question \$1,720 of payroll and fringe benefit costs as unsupported.

We recommend OJP work with Vera to update its policies and procedures to provide guidance to employees for charging time off when they work on multiple projects, and maintain documentation of proper authorization of timekeeping records for award-funded staff. Additionally, we recommend OJP work with Vera to ensure it maintains adequate documentation for payroll and fringe benefit costs charged to the award, and remedy the \$3,233 of unsupported payroll and fringe benefit costs.³

Travel Costs

As part of the OVC Vision 21 National Resource Center for Reaching Victims project, Vera participated as a sponsor for the Symposium on Reaching Underserved Victims of Crime event held in Portland, Oregon, in December 2017. This event was part of the 2017 National Training Institute National Conference and was funded through various DOJ streams, including this award. Vera officials told us \$192,424 was charged to the award for various expenses related to the symposium. During our testing, we found that a majority of the sampled transactions were for travel-related costs incurred by Vera employees, consultants, and subrecipients to attend or present at the event.

Travel expenses are allowable when incurred for award-related business and are in accordance with the recipient’s established policy or the Federal Travel Regulations when no travel policy exists. Vera provided us with its written travel policies and procedures, and we determined they were adequate to ensure compliance with regulations, guidelines, and terms and conditions of the award. However, we identified issues with Vera’s overall adherence to and monitoring of compliance with its internal travel policies and procedures. Specifically, we determined that Vera billed unallowable and unsupported travel costs to the award for employee travel, as well as for consultant and subrecipient travel, which resulted in total questioned costs of \$23,377, as shown below in Table 3. As a result, we recommend OJP remedy the \$9,943 of unsupported and \$13,434 of unallowable travel costs.

Table 3
Questioned Travel Costs

	Unsupported	Unallowable	Total
Employee Travel	\$ -	\$680	\$680
Consultant Travel	3,094	6,805	9,899
Subrecipient Travel	6,849	5,949	12,798
Total:	\$9,943	\$13,434	\$23,377

Source: OIG Audit Analysis

³ This amount includes \$332 of duplicate questioned costs.

We believe the issues identified indicate deficiencies regarding Vera's adherence to its internal policies and procedures, its review process of incurred travel costs, and consultant and subrecipient compliance with terms and conditions of the award related to travel. We recommend OJP ensure Vera adhere to and monitor compliance with established travel policies and procedures, and enhance its review process of travel costs incurred by employees, consultants, and subrecipients.

Employee Travel

As of July 31, 2018, Vera charged \$57,331 in employee award-related travel expenses for transportation, lodging, and meals. We tested a sample of nine transactions, totaling \$10,560 to determine if the travel costs were allowable, supported, calculated accurately, and properly allocated to the award, and we identified issues with four of the nine transactions. Specifically, we found that Vera employees incurred lodging costs in excess of per diem rates and were paid full, unadjusted per diem amounts when meals were provided at the symposium event. As a result, we identified \$680 in unallowable costs billed for employee award-related travel.

Consultant Travel

According to its accounting records, Vera charged the award \$170,759 in travel costs incurred by consultants. We judgmentally selected 24 transactions for review in order to determine if the costs billed were allowable, supported, calculated accurately and properly allocated.

We identified issues with 7 of the 24 consultant travel transactions reviewed. Based on our review, we determined that \$3,094 of the consultant travel costs were unsupported because the documentation provided did not include the purpose of travel and Vera did not provide supporting documentation for some of the sampled transactions. Without proper documentation, we are unable to determine whether costs were incurred for award-related activities. Additionally, we identified \$6,805 in unallowable consultant travel costs. Specifically, we found \$5,841 charged for hotel expenses for the symposium event in which consultants did not check-in timely for room reservations and were charged no-show penalties. The DOJ Grants Financial Guide prohibits recipients from paying penalties and fines with award funds; therefore, these costs are unallowable. The remaining \$964, in unallowable questioned costs were incurred for airfare upgrades and lodging charges over per diem rates, which are prohibited according to Vera's travel policy. In total, we question \$9,899 of consultant travel costs as unsupported and unallowable.

Subrecipient Travel

As part of our review of subawards, discussed later in this report, we identified travel costs billed for subrecipient award-related travel. We reviewed subrecipient travel costs totaling \$49,350 from seven subrecipient invoices

submitted to Vera for payment.⁴ We determined that for \$6,849 of subrecipient travel costs, Vera did not maintain supporting documentation or the documentation provided was not adequate to determine if the costs were allowable, reasonable, or properly allocated to the award. As a result, we consider these costs unsupported. Additionally, we determined that \$5,949 of the subrecipient travel costs were unallowable because the costs were incurred for lodging over per diem and airfare upgrades (which are prohibited according to Vera's travel policy), and full per diem was paid despite that meals were provided to attendees at the symposium event. Also, we found that one subrecipient billed Vera for hotel attrition costs, which is prohibited as discussed in the Consultant Travel section. In total, we question \$12,798 of subrecipient travel costs as unsupported and unallowable.

Supplies and Other Costs

As of July 31, 2018, Vera charged \$8,881 for award-related supplies and allocated general supplies, as well as, \$191,127 for costs categorized as other direct costs, which included on-line subscriptions, telephone and internet, and allocated occupancy and network expenses. We tested a sample of costs from each budget category to determine if the costs were allowable, supported, calculated accurately, and properly allocated to the award.

While we determined that supplies and other direct costs charged to the award were allowable, we were unable to verify whether allocated costs for general supplies, occupancy, and network expenses were calculated accurately, reasonable, and properly charged to the award. Included in Vera's award budget were amounts for supplies, occupancy, and network expenses, associated with its New York City office (Central charges) charged for its employees who maintain office space at this location. It also included amounts for occupancy and network expenses associated with its DC office, charged for its employees who maintain office space at this location and remote users (those that work from home full-time). Vera officials told us the annual allocation amounts were based on budget information from FY 2015 for the Central charges and FY 2017 for the DC charges, and the allocation base was the number of seats available at each location. According to Vera's approved budget narrative, "these costs were allocated monthly in the same proportionate relationship as each employee's time charges."

We reviewed Vera's allocation methodology and determined that Vera did not have a well-designed process or documented policies and procedures for developing and allocating the costs to awards. Additionally, we were unable to determine if the allocation base used by Vera was the most reasonable method available for these costs. Further, we found that occupancy costs, which included costs for office rent, salaries and expenses of office management, and security costs were charged to the award for employees that worked from home on a full-time basis. Based on our review, we determined that the occupancy costs were unnecessary because the employees who worked from home full-time were not using these resources to perform award-related activities. Therefore, we question \$53,773, which

⁴ A portion of this amount was subrecipient consultant travel billed to Vera by the subrecipient.

represents the total occupancy costs charged to the award for Vera employees who worked from home on a full-time basis. We recommend OJP require Vera establish and implement policies and procedures documenting its cost allocation methodology and cost allocation plan, including its general approach to costs, how costs are allocated, methodologies used and under what circumstances, and selection of allocation base. We also recommend OJP remedy \$53,773 in unnecessary occupancy costs.

In addition to reviewing Vera's allocation methodology, we reviewed supporting documentation for the monthly allocation amounts charged for supplies, occupancy, and network expenses to determine whether the amounts were accurate and properly charged to the award. According to Vera officials, the amounts charged were based on a percentage of time allocated to award activities and we were provided documentation to show the monthly percentages of time charged for two months, as well as corresponding timesheets for 28 records. We analyzed the monthly calculations and for 26 of the 28, we were unable to reconcile the percentages of time used to allocate the costs. Therefore, we question as unsupported, \$1,657 of supplies, occupancy, and network costs we were unable to reconcile to Vera's supporting documentation and recommend OJP remedy these questioned costs.⁵

Consultant and Contractual Costs

To achieve the goals and objectives of the award, Vera relied on services obtained through consultants and contracts, including language services and marketing. Vera also engaged consultants to serve as expert working group members for the project. As of July 31, 2018, Vera spent \$152,332 for 54 consultants and \$151,988 through 3 contracts. We selected a sample of five consultants and one contract to assess Vera's procurement process and administration, and compliance with applicable laws, regulations, guidelines, and award terms and conditions, as well as, Vera's written policies and procedures. We determined Vera was not in compliance with its own written procurement policies and procedures, as well as procurement requirements in the DOJ Grants Financial Guide, related to sole source procurement and price reasonableness. Additionally, we identified issues with supporting documentation provided by Vera for consultant and contract expenditures. We discuss our findings in detail below.

Consultant and Contract Procurement

The DOJ Grants Financial Guide states that a non-Federal entity using Federal award funds for procurement transactions must use its own documented procedures and conduct the procurement using full and open competition. Recipients are permitted to use noncompetitive procurement procedures, sole source procurement, when the service is only available from a single source or competition is determined to be inadequate. Additionally, recipients are required to maintain records that detail the history of all procurements, including rationale for the method of procurement, selection of contract type, contractor selection and/or

⁵ This amount includes \$193 of duplicate questioned costs for unnecessary occupancy costs.

rejection process, and basis for the contract price.

According to Vera's written policies and procedures, sole source procurement should be used as a last resort. However, Vera officials told us that all consultants and contracts paid using award funds were obtained through sole source procurement because each consultant and contractor had unique expertise in their respective focus area or service provided. We selected and reviewed Vera's supporting procurement documentation for a sample of five consultants and one contract and found that the documentation did not include adequate justification for the method of procurement.⁶

During our review of the consultant procurement documentation, we determined that Vera did not comply with the requirements to demonstrate the prices paid were reasonable, or document the use of market analysis. According to Vera officials, consultant rates were set at \$450 per day and if a consultant requested a higher rate, they were required to submit a verification form that included an attestation of previous work paid at the higher rate. We were told that this information was not verified and no action was taken to determine if the higher rate was reasonable. Consistent with OJP's requirement for recipients to maintain procurement files that include documented market analysis and justification of the agreed upon rate, Vera's written procurement policies and procedures require documentation verifying the price is fair and reasonable. Based on our review, we found that Vera did not maintain adequate documentation regarding the reasonableness of the price paid. Because Vera did not include the reasonableness determination or market analysis in its procurement files as required, we question \$43,764, the total billed to the award for the five sampled consultants, as unsupported.

Vera's procurement policies and procedures required buyers to complete a Vendor Selection Form for all purchases made over \$3,000. During our review of the contract procurement documentation, we found that the form was not approved by all required officials. Additionally, we found that Vera did not maintain adequate justification for the price paid for the contract reviewed.

We recommend OJP ensure Vera adhere to and monitor compliance with procurement requirements in applicable laws, regulations, guidelines, award terms and conditions, and internal policies and procedures. We also recommend OJP ensure Vera document the analysis completed to determine the reasonableness of its consultant and contract fees. We further recommend OJP remedy the \$43,764 in unsupported questioned costs.

Consultant Expenditures

We reviewed a sample of one invoice for each of the five consultants, totaling \$18,484. We verified the hourly rate billed to the consultant agreement and

⁶ We do not question costs for the sample reviewed because the costs are questioned later in this section.

determined that the hourly rates billed were accurate and the services provided were allowable, supported, and properly allocated to the award.

Contract Expenditures

We selected three invoices from the one sampled contract and determined that Vera made quarterly advance payments. Vera officials told us that they did not charge the award until the quarter ended and Vera drew down the entire quarter's expenses. However, we found that Vera personnel did not reconcile the actual expenses incurred to the advance payment amount. Additionally, Vera officials told us that as part of the contract terms, there was no requirement to provide documentation for the actual expenses incurred under the contract and that delivery of services supported the payment. We reviewed the contract documentation and found that the contract price was based on a budget of anticipated hours and the expected costs of meeting the deliverables of the contract. Because Vera made advance payments that were based on anticipated costs and did not require any supporting documentation for actual expenses, we question \$149,858 as unsupported, which represents the total amount billed to the award for the contract during the audit scope.

We recommend OJP ensure Vera obtain, review, and maintain supporting documentation for actual contract expenses when advance payments are made to ensure compliance with regulations and award terms and conditions, and remedy \$149,858 in unsupported contract costs.

Subawards

Vera awarded nine subawards to other organizations to perform a portion of work supported by award funding. According to the DOJ Grants Financial Guide, the award recipient is responsible for monitoring subrecipients and ensuring all programmatic and financial responsibilities are fulfilled. Also, the award recipient is required to have established, written policies related to subrecipient monitoring, and the DOJ Grants Financial Guide includes monitoring activities that must be completed. These activities include: (1) reviewing financial and performance reports submitted by the subrecipient, (2) ensuring subrecipients who expend \$750,000 or more in Federal awards provide the recipient with the required audit, (3) ensuring the subrecipient takes action to address audit findings, and (4) issuing a management decision for audit findings related to the award. Additionally, recipients are required to evaluate the subrecipient's risk of non-compliance with laws, regulations, and terms and conditions of the subaward to determine the appropriate level of monitoring.

We found that Vera did not have established, written subrecipient monitoring policies to ensure compliance with the above requirements. Also, we found that Vera did not complete most of the subrecipient management and monitoring activities, listed above, as required by the DOJ Grants Financial Guide. Specifically, Vera did not ensure that subrecipients obtained required audits, and if audit findings were identified that they were resolved. Also, Vera did not evaluate its subrecipients' risk of non-compliance with Federal regulations and conditions of the

subaward to determine the appropriate level of monitoring. OVC completed a site visit in April 2018 and informed Vera of the requirement to complete a risk assessment of subrecipients. At the time of our audit, Vera officials told us they were in the process of establishing and implementing a risk assessment tool. Although Vera did not have established, written subrecipient monitoring policies, we found it required monthly performance reports from its subrecipients that detailed key activities completed. We reviewed a sample of key activity reports submitted by subrecipients and found that Vera adequately monitored subrecipient performance. We recommend OJP require Vera establish and implement policies and procedures for subrecipient management and monitoring as required by the DOJ Grants Financial Guide.

Vera officials told us that for fiscal monitoring of subrecipients, the invoices were reviewed prior to payment for compliance with laws, regulations, and award terms and conditions. We sampled nine invoices submitted to Vera from subrecipients, totaling \$363,715, to determine if the costs were allowable, reasonable, supported, accurate, and properly allocated to the award, and to determine if Vera's subrecipient fiscal monitoring procedures were adequate.

While Vera had written policies related to subrecipient fiscal responsibilities, we found that it did not have a well-designed process for reviewing subrecipient invoices. Specifically, we requested supporting payroll and fringe benefit documentation for two of the nine sampled subrecipient invoices, and Vera did not provide adequate supporting documentation, such as time and effort records. We found that subrecipients submitted a summary of quarterly payroll expenses for its employees with its invoices, but did not include supporting documentation for the hours billed. Vera officials told us that it has revised its guidelines to require subrecipients to provide supporting documentation for all payroll expenses. Because the transactions we tested were not supported, we question \$50,770 of subrecipient payroll and associated fringe benefit costs.

We recommend OJP require Vera establish and implement policies and procedures to ensure subrecipient invoices are reviewed to ensure costs billed are allowable, reasonable, necessary, supported, and properly allocated to the award. We also recommend OJP remedy \$50,770 of unsupported subrecipient costs.

As a recipient of Federal funds, decisions related to the funds must be free of undisclosed conflicts of interest and be used in the best interest of the award program. The DOJ Grants Financial Guide requires non-Federal entities to disclose in writing any potential conflict of interest to the grant-making component or prime recipient. We found that Vera had written, established policies and procedures related to disclosing conflict of interest and included language in its subrecipient agreements regarding conflict of interest but did not adhere to these requirements. Specifically, we found that Vera's President was on the Board of Directors of an award subrecipient and Vera did not disclose this information to OVC. As a result, we recommend OJP ensure Vera establish and implement procedures to ensure compliance with conflict of interest requirements in the DOJ Grants Financial Guide. Also, we recommend OJP work with Vera to address and mitigate the existing

conflict of interest associated with Vera's President, who also sits on the Board of Directors for one of Vera's subrecipients.

Indirect Costs

Indirect costs are costs of an organization that are not readily assignable to a particular project, but are necessary to the operation of the organization and the performance of the project. According to the DOJ Grants Financial Guide, non-Federal entities can use an indirect cost rate approved by a Federal awarding agency for all Federal awards provided the rate is current and based on an acceptable allocation method. Vera had an approved indirect cost rate applicable to Award Number 2016-XV-GX-K015 and, as of July 31, 2018, Vera charged \$291,061 in indirect costs to the award. We determined that Vera used the proper approved rate, used a correct indirect cost base, and calculated the indirect cost allocation accurately.

Budget Management and Control

According to the DOJ Grants Financial Guide, award recipients are responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for the award. Additionally, the award recipient must initiate a Grant Adjustment Notice (GAN) for a budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total award amount.

We compared award expenditures to the approved budgets to determine whether Vera transferred funds among budget categories in excess of 10 percent. We determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent.

Drawdowns

According to the DOJ Grants Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. According to Vera officials, drawdown requests were made quarterly on a reimbursement basis. To assess whether Vera managed award receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records.

We did not identify significant deficiencies related to the recipient's process for developing drawdown requests. Vera expenditures were greater than the amount requested through drawdowns, as of August 2018, which was \$2,734,847. Also, we determined that Vera complied with cash management requirements and its own internal policy by requesting drawdowns on a reimbursement basis.

Federal Financial Reports

According to the DOJ Grants 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 Vera submitted accurate FFRs, we compared the four most recent reports to Vera's accounting records for the award.

Based on our review, we found that Vera employees did not maintain adequate documentation to support the amounts reported on the FFRs. As a result, we were unable to easily reconcile the expenditures reported on the quarterly FFRs. According to Vera officials, the employee previously responsible for preparing the FFRs did not comply with internal policies and procedures when preparing required documentation. While we determined that the FFRs and supporting documentation were reviewed and approved by management, prior to final submission to OJP, we found that Vera did not maintain adequate supporting documentation to verify amounts reported on the FFRs. We recommend OJP ensure Vera adhere to and monitor compliance with its written policies and procedures for maintaining adequate documentation for amounts reported on FFRs.

CONCLUSION AND RECOMMENDATIONS

As a result of our audit testing, we conclude that Vera demonstrated adequate progress towards achieving the awards stated goals and objectives except for several discrepancies or instances of noncompliance. We did not identify significant issues regarding Vera's progress reports, indirect costs, and process for developing drawdown requests. However, we found that Vera did not comply with essential award conditions related to award expenditures including: (1) personnel and fringe benefits, (2) travel, (3) supplies and other costs, (4) consultants and contracts, and (5) subawards. Additionally, we found issues related to Vera's compliance with award special conditions, procurement practices, subrecipient monitoring, and financial reporting. We provide 20 recommendations to Vera to address these deficiencies.

We recommend that OJP:

1. Require Vera establish and implement written policies and procedures to comply with FFATA reporting requirements.
2. Work with Vera to update its policies and procedures to provide guidance to employees for charging time off when they work on multiple projects and to maintain documentation of proper authorization of timekeeping records for award-funded staff.
3. Work with Vera to ensure it maintains adequate documentation for payroll and fringe benefit costs charged to the award.
4. Remedy \$3,233 in unsupported payroll and fringe benefit costs.
5. Remedy \$23,377 in unsupported and unallowable travel costs.
6. Ensure Vera adhere to and monitor compliance with established travel policies and procedures and enhance its review process of travel costs incurred by employees, consultants, and subrecipients.
7. Require Vera establish and implement policies and procedures documenting its cost allocation methodology and cost allocation plan, including its general approach to costs, how costs are allocated, methodologies used and under what circumstances, and selection of allocation base.
8. Remedy \$53,773 of unnecessary occupancy costs.
9. Remedy \$1,657 of unsupported supplies, occupancy, and network costs.
10. Ensure Vera adhere to and monitor compliance with procurement requirements in applicable laws, regulations, guidelines, award terms and conditions, and internal policies and procedures.
11. Require Vera document the analysis completed to determine the

reasonableness of its consultant and contract fees.

12. Remedy \$43,764 in unsupported consultant and contract fees billed to the award.
13. Ensure Vera obtain, review, and maintain supporting documentation for actual contract expenses when advance payment is made to ensure compliance with regulations and award terms and conditions.
14. Remedy \$149,858 in unsupported contract costs.
15. Require Vera establish and implement policies and procedures for subrecipient management and monitoring as required by the DOJ Grants Financial Guide.
16. Require that Vera establish and implement policies and procedures to ensure subrecipient invoices are reviewed to ensure costs billed are allowable, reasonable, necessary, supported, and properly allocated to the award.
17. Remedy \$50,770 of unsupported subrecipient personnel and fringe benefit costs.
18. Ensure Vera establish and implement procedures to ensure compliance with conflict of interest requirements in the DOJ Grants Financial Guide.
19. Work with Vera to address and mitigate the existing conflict of interest associated with Vera's President, who also sits on the Board of Directors for one of Vera's subrecipients.
20. Ensure Vera adhere to and monitor compliance with its written policies and procedures for maintaining adequate documentation for amounts reported on FFRs.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objectives of this audit were to determine whether costs claimed under the award were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of award management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

Scope and Methodology

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 an Office of Justice Programs (OJP) cooperative agreement awarded to Vera Institute of Justice (Vera) under the Office for Victims of Crime (OVC) Vision 21 National Resource Center for Reaching Victims Program. Vera was awarded \$9,997,946 under Award Number 2016-XV-GX-K015, and as of July 2018, had drawn down \$2,734,847 of the total award funds awarded. Our audit concentrated on, but was not limited to October 2016, the award date through March 2019, the last day of our audit work.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of Vera's activities related to the audited award. We performed sample-based audit testing for award expenditures including payroll and fringe benefits, travel, supplies, contractual, and other costs, as well as, drawdowns, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the award reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The DOJ Grants Financial Guide and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System as well as Vera'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 documentation from other sources.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs⁷:		
Unsupported Personnel and Fringe Benefit Costs	\$3,233	7
Unsupported Travel Costs	9,943	7
Unsupported Supplies and Other Costs	1,657	10
Unsupported Consultant Costs	43,764	11
Unsupported Contract Costs	149,858	12
Unsupported Subaward Costs	<u>50,770</u>	13
Unsupported Costs	\$259,225	
Unallowable Travel Costs	\$13,434	7
Unnecessary Occupancy Costs	\$53,773	10
<i>Gross Questioned Costs</i>	\$326,432	
Less Duplicate Questioned Costs ⁸	<u>(525)</u>	
Net Questioned Costs	\$325,907	
TOTAL DOLLAR-RELATED FINDINGS	<u>\$325,907</u>	

⁷ 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 provision of supporting documentation, where appropriate.

⁸ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which includes \$332 in personnel and fringe benefit costs that were questioned as unsupported in two areas and \$193 in other costs that were both unnecessary and unsupported.

THE VERA INSTITUTE OF JUSTICE RESPONSE TO THE DRAFT
AUDIT REPORT



May 14, 2019

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

Dear Mr. Puerzer:

I am writing in response to the Draft Audit Report recommendations issued by the Office of the Inspector General ("OIG") regarding the audit of Cooperative Agreement Number 2016-XV-GX-K015 awarded to the Vera Institute of Justice ("Vera"). Please see below the written response from the Vera Institute of Justice on the 20 recommendations included in its draft report.

1. Require Vera establish and implement written policies and procedures to comply with FFATA reporting requirements.

Agree.

Vera already complies with FFATA reporting requirements through a regular process of reporting subawards into the FFATA system and duly includes the requirement in all subrecipient agreements. We will codify this process in written policies and procedures.

2. Work with Vera to update its policies and procedures to provide guidance to employees for charging time off when they work on multiple projects and to maintain documentation of proper authorization of timekeeping records for award-funded staff.

Agree in part and disagree in part.

Agree: Vera is currently in the process of changing the way paid time off is recorded into its timekeeping system which will mitigate the instances of employees choosing inconsistent billing codes for paid time off; this will address OIG's concern about guidance to employees charging time off.

Disagree: Vera already does maintain documentation of proper authorization of timekeeping records for award-funded staff. OIG's concern was with regard to the Accounting Manager approving certain timecards, however, there are in fact instances in which this will be necessary when the program supervisors are traveling or otherwise away from the office. The practice is

not prohibited by the Uniform Guidance or the OJP Financial Guide, which are the two standards Vera is bound to meet by the terms of our cooperative agreement with OJP.

3. Work with Vera to ensure it maintains adequate documentation for payroll and fringe benefit costs charged to the award.
[and]
4. Remedy \$3,233 in unsupported payroll and fringe benefit costs.

Agree.

Vera does, and did, maintain time and effort reporting and payroll registers both organization-wide and split by labor distribution, as well as invoices for all of its fringe benefits.

All time and effort on federal awards are now direct billed by all program staff. This variance was related to a former practice Vera used for some program staff in using budget allocated codes. However, this process was discontinued within the past year, which will mitigate these types of variances occurring in the future.

5. Remedy \$23,377 in unsupported and unallowable travel costs.

Vera has provided a response below to each category that makes up this recommendation.

- \$680 in unadjusted per diems for meals provided at conference: Agree. Vera will enhance its review process to ensure that meal per diems are removed when food is provided at any in-person event. For clarity, Vera notes that the per diems were only provided to persons whose obligations to perform award-related work precluded their consuming any of the meals provided (as Vera documented for OIG), such that they had no alternative but to purchase food.
- \$3,094 in consultant travel costs unsupported due to documentation not including travel purpose: Agree. Vera will update its consultant payment and reimbursement processes and forms to ensure more detailed information on the purpose of any trips taken is recorded.
- \$5,841 in hotel no-show penalties: Disagree. First, the OVC program manager specifically advised that no-show penalties are permitted when an event is cancelled. Second, there was no viable alternative without compromising an award objective.

To explain: This event—a convening of critical importance to the fulfillment of the award’s objectives—was hosted by a subrecipient. DOJ approval of the event was not provided until late in the day on the Thursday preceding a Tuesday event commencement, despite the proposal having been submitted well in advance. This forced Vera to arrange hotel rooms and flights in untenable circumstances. The OVC program manager specifically advised Vera’s subrecipient in writing that no-show penalties are permitted to be charged to the grant in instances when an event is canceled. Acting in accordance with OVC’s guidance, Vera provided a rooming list to the

hotel with the anticipated check-in and check-out dates for consultants in advance of the event. However, in keeping with the OJP Financial Guide, Vera was not able to book the flights until after approval was granted. Many flights were by then cost prohibitive or unavailable, which led to consultants arriving outside of the initially provided check-in and check-out dates. Vera requested changes to the check-in dates/times; however, some were disallowed due to hotel policies.

- \$964 in flight upgrades: Disagree. The flight upgrades were made for a disability accommodation, which—being a legal obligation as well as an award condition—supersedes Vera’s Travel Policy. We will be adding a specific field in subaward report templates where such accommodations can be documented.
- \$6,849 of subrecipient travel costs with incomplete documentation: Agree. Vera will provide the documentation for these specific costs and revise its subrecipient forms to include more information, such as purpose of the trip and disability accommodations, to ensure that documentation is complete.
- \$5,949 unallowable travel costs due to lodging over per diem, airfare upgrades, and hotel attrition costs: Disagree.

For this event, the government rate was secured at the main hotel. However, as above, DOJ was very late in approving the event, with the result that all rooms at the main hotel were sold out when Vera’s subrecipient (the event host) attempted to make reservations for confirmed attendees. The event host searched for overflow hotels at the most affordable rate and, unfortunately, not all hotel rooms for all days could be secured at the government rate. This is in part because staff at not-for-profits – whether Vera or its subrecipients – are not government employees and many hotels will therefore not extend the government rate to them, even for government-funded work. A subrecipient’s best tool for securing this rate is time, and DOJ’s late approval ensured that tool was not available.

The airfare upgrades were, as above, a disability accommodation required by law and the award. With regard to the alleged hotel attrition costs, we reviewed all invoices related to this symposium and have found no attrition costs.

6. Ensure Vera adhere to and monitor compliance with established travel policies and procedures and enhance its review process of travel costs incurred by employees, consultants, and subrecipients.

Agree.

Vera has an established written Travel Policy which it follows. However, we will enhance our review process for compliance purposes to ensure they are consistently followed.

7. Require Vera establish and implement policies and procedures documenting its cost allocation methodology and cost allocation plan, including its general approach to costs, how costs are allocated, methodologies used and under what circumstances, and selection of allocation base.

Agree.

Vera does follow a consistent process for allocating costs, but we agree that the process should be codified within Vera's finance and accounting policies and procedures. Since the start of this Cooperative Agreement, Vera has revised its method of allocating various central costs and the documentation of the methods is attached.

8. Remedy \$53,773 of unnecessary occupancy costs.

Disagree.

The DC occupancy costs were allocated to remote employees in full good faith and with a distinct project-related purpose, for remote employees on this project to use the DC office as a touchdown office due to its body of work being largely DC-based as well as for meetings for grant-related work.

9. Remedy \$1,657 of unsupported supplies, occupancy, and network costs.

Agree.

Vera will work with OJP to provide support and reconciliation of the above costs.

10. Ensure Vera adhere to and monitor compliance with procurement requirements in applicable laws, regulations, guidelines, award terms and conditions, and internal policies and procedures.

Agree.

Vera has established Procurement Policies and Procedures which are Uniform Guidance compliant and which are followed. However, we have enhanced our internal processes to ensure the following:

- Sole source justifications are sufficiently robust, and
- All vendor selection forms are signed.

A primary activity of this project was to assemble a pool of consultants with subject matter expertise in specific areas related to identifying, reaching, and serving crime victims from specific communities. This pool of consultants was necessary to provide guidance to the project staff as they designed the project and to respond to specific field-generated training and technical assistance requests. To ensure the project had the expertise that met the potential demands, many of these consultants were named in the initial application. Moreover, post-award, consultants were reviewed by this project's OVC program manager and approved. While

sole source procurement is typically the procurement of last resort, in this instance, it was the most appropriate procurement option to meet the needs of the project.

11. Require Vera document the analysis completed to determine the reasonableness of its consultant and contract fees.

Agree.

For the consultant activities associated with this project, Vera established a daily rate of \$450. We established this rate based on a long-standing practice at Vera and the broader crime victims field to compensate similar activities at \$450 per 8-hour day. OJP having set, in the Financial Guide, its maximum daily rate for an 8-hour day at \$650 further supported Vera's conclusion that a rate of \$450 per 8-hour day is reasonable. In the event that consultants requested a rate that exceeded the \$450/day, Vera had those consultants complete the Consultant Rate Justification form, which uses past pay rates for similar work to justify the rate request. Vera has since revised its internal processes so all consultant rates are determined based on previous compensation rates for similar work and Vera now requires consultants on this project to complete a form providing that market rate information for our analysis.

12. Remedy \$43,764 in unsupported consultant and contract fees billed to the award.

Agree.

As stated above, Vera has since revised its internal processes to ensure that a market rate analysis is completed on consultants and contracts.

13. Ensure Vera obtain, review, and maintain supporting documentation for actual contract expenses when advance payment is made to ensure compliance with regulations and award terms and conditions.

Disagree.

OIG here lists priorities for the management of advance payments to subrecipients, organizations who are subawarded funds to carry forward the purpose of the award. These do not apply here. This was for a vendor, not a subrecipient, which is not required by Uniform Guidance or OJP's Financial Guide to submit a reconciliation of actual costs upon invoicing. Moreover, in this instance, the vendor provided a reconciliation of actual costs at the conclusion of the process even though this was not required by Uniform Guidance. We will provide OJP with the cost reconciliation.

14. Remedy \$149,858 in unsupported contract costs.

Disagree.

See above – this was for a vendor, not a subrecipient.

15. Require Vera establish and implement policies and procedures for subrecipient management and monitoring as required by the DOJ Grants Financial Guide.

Agree.

Vera does, in fact, have monitoring policies, and has developed a Risk Assessment Tool (see attached). We will work internally to combine the fiscal policies and procedures surrounding subrecipients with the program-related policies and procedures (including the Risk Assessment Tool) so that they are uniform and represent a single, integrated set of subrecipient monitoring policies and procedures.

16. Require that Vera establish and implement policies and procedures to ensure subrecipient invoices are reviewed to ensure costs billed are allowable, reasonable, necessary, supported, and properly allocated to the award.

Agree.

Vera does, in fact, follow a process to review subrecipient invoices to ensure costs billed are allowable, reasonable, necessary, supported, and properly allocated to the award. However, we will codify the process into our subrecipient policies and procedures.

17. Remedy \$50,770 of unsupported subrecipient personnel and fringe benefit costs.

Agree.

We have obtained the missing time and effort reporting for these costs and can work with OJP to remedy this recommendation.

18. Ensure Vera establish and implement procedures to ensure compliance with conflict of interest requirements in the DOJ Grants Financial Guide.

Agree.

Vera has procedures, including annual questionnaires and affirmations by its directors and key employees, to surface and address conflicts of interest.

Vera disclosed to OVC, in the subrecipient approval process, that a project which was part of Vera at the commencement of the award was spun-off into an independent organization on

October 1, 2017. However, we did not clarify that as part of Vera's long-established spin-off process, a Vera officer would serve as a member of the new organization's governing board for a period of time. (This period is drawing to a close and so even the appearance of a conflict will shortly be resolved.) We will update and submit a GAN to clarify and disclose.

19. Work with Vera to address and mitigate the existing conflict of interest associated with Vera's President, who also sits on the Board of Directors for one of Vera's subrecipients.

Agree.

This is duplicative of #18 above.

20. Ensure Vera adhere to and monitor compliance with its written policies and procedures for maintaining adequate documentation for amounts reported on FFRs.

Agree.

Vera does, in fact, review all FFR's for compliance and accuracy. However, we have since enhanced the review process to include review of individual line items as opposed to subtotals.

Vera is wholeheartedly committed to administering this award and all awards with integrity, and we look forward to working with OJP and OIG to resolve any outstanding issues. We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Greg Klemm, Director of Finance, at (212) 376-3174.

Sincerely,



Nicholas R. Turner
President and Director

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

MAY 23 2019

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, Cooperative Agreement to Vera Institute of Justice, New York, New York*

This memorandum is in reference to your correspondence, dated April 23, 2019, transmitting the above-referenced draft audit report for the Vera Institute of Justice (Vera). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains 20 recommendations and \$325,907¹ in net questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

- 1. We recommend that OJP require that Vera establish and implement written policies and procedures to comply with the Federal Funding Accountability and Transparency Act reporting requirements.**

OJP agrees with the recommendation. We will coordinate with Vera to obtain a copy of written policies and procedures, developed and implemented, to ensure that it adheres to the Federal Funding Accountability and Transparency Act reporting requirements.

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

- 2. We recommend that OJP work with Vera to update its policies and procedures to provide guidance to employees for charging time off when they work on multiple projects and to maintain documentation of proper authorization of timekeeping records for award-funded staff.**

OJP agrees with the recommendation. We will coordinate with Vera to obtain a copy of written policies and procedures, developed and implemented, to ensure that guidance is provided to employees for charging time off when they work on multiple projects, and to maintain documentation of proper authorization of timekeeping records for award-funded staff.

- 3. We recommend that OJP work with Vera to ensure it maintains adequate documentation for payroll and fringe benefit costs charged to the award.**

OJP agrees with the recommendation. We will coordinate with Vera to obtain a copy of written policies and procedures, developed and implemented, to ensure that adequate documentation is maintained to support payroll and fringe benefits costs charged to Federal awards.

- 4. We recommend that OJP remedy \$3,233 in unsupported payroll and fringe benefits costs.**

OJP agrees with the recommendation. We will review the \$3,233 in questioned costs, related to unsupported payroll and fringe benefits expenditures that were charged to Award Number 2016-XV-GX-K015, and will work with Vera to remedy, as appropriate.

- 5. We recommend that OJP remedy \$23,377 in unsupported and unallowable travel costs.**

OJP agrees with the recommendation. We will review the \$23,377 in questioned costs, related to unsupported and unallowable travel costs that were charged to Award Number 2016-XV-GX-K015, and will work with Vera to remedy, as appropriate.

- 6. We recommend that OJP ensure Vera adheres to and monitors compliance with established travel policies and procedures, and enhances its review process of travel costs incurred by employees, consultants, and subrecipients.**

OJP agrees with the recommendation. We will coordinate with Vera to obtain a copy of written policies and procedures, developed and implemented, to ensure that it adheres to and monitors compliance with established travel policies and procedures; and enhances its review process of travel costs incurred by employees, consultants, and subrecipients.

7. **We recommend that OJP require Vera to establish and implement policies and procedures documenting its cost allocation methodology and cost allocation plan, including its general approach to costs, how costs are allocated, methodologies used and under what circumstances, and selection of allocation base.**

OJP agrees with the recommendation. We will coordinate with Vera to obtain a copy of written policies and procedures, developed and implemented, to ensure that its cost allocation methodology and cost allocation plan are properly documented.

8. **We recommend that OJP remedy \$53,773 of unnecessary occupancy costs.**

OJP agrees with the recommendation. We will review the \$53,773 in questioned costs, related to unnecessary occupancy costs that were charged to Award Number 2016-XV-GX-K015, and will work with Vera to remedy, as appropriate.

9. **We recommend that OJP remedy \$1,657 of unsupported supplies, occupancy, and network costs.**

OJP agrees with the recommendation. We will review the \$1,657 in questioned costs, related to unsupported supplies, occupancy, and network costs that were charged to Award Number 2016-XV-GX-K015, and will work with Vera to remedy, as appropriate.

10. **We recommend that OJP ensure Vera adhere to and monitor compliance with procurement requirements in applicable laws, regulations, guidelines, award terms and conditions, and internal policies and procedures.**

OJP agrees with the recommendation. We will coordinate with Vera to obtain a copy of written policies and procedures, developed and implemented, to ensure that it adheres to and monitors compliance with applicable procurement requirements.

11. **We recommend that OJP require Vera to document the analysis completed to determine the reasonableness of its consultant and contract fees.**

OJP agrees with the recommendation. We will coordinate with Vera to obtain a copy of written policies and procedures, developed and implemented, to ensure that it documents its analysis for determining the reasonableness of its consultant and contract fees.

12. **We recommend that OJP remedy \$43,764 in unsupported consultant and contract fees billed to the award.**

OJP agrees with the recommendation. We will review the \$43,764 in questioned costs, related to unsupported consultant and contract fees billed to Award Number 2016-XV-GX-K015, and will work with Vera to remedy, as appropriate.

13. **We recommend that OJP ensure Vera obtains, reviews, and maintains supporting documentation for actual contract expenses when advance payment is made to ensure compliance with regulations and award terms and conditions.**

OJP agrees with the recommendation. We will coordinate with Vera to obtain a copy of written policies and procedures, developed and implemented, to ensure that documentation supporting actual contract expenses is reviewed to ensure compliance with regulations, and the award terms and conditions; and is maintained for future auditing purposes.

14. **We recommend that OJP remedy \$149,858 in unsupported contract costs.**

OJP agrees with the recommendation. We will review the \$149,858 in questioned costs, related to unsupported contract costs that were charged to Award Number 2016-XV-GX-K015, and will work with Vera to remedy, as appropriate.

15. **We recommend that OJP require Vera establish and implement policies and procedures for subrecipient management and monitoring as required by the DOJ Grants Financial Guide.**

OJP agrees with the recommendation. We will coordinate with Vera to obtain a copy of written policies and procedures, developed and implemented, for managing and monitoring subrecipients, in compliance with the DOJ Financial Guide.

16. **We recommend that OJP require that Vera establishes and implements policies and procedures to ensure subrecipient invoices are reviewed to ensure costs billed are allowable, reasonable, necessary, supported, and properly allocated to the award.**

OJP agrees with the recommendation. We will coordinate with Vera to obtain a copy of written policies and procedures, developed and implemented, to ensure that subrecipient invoices are reviewed to ensure that costs billed to Federal awards are allowable, reasonable, necessary, supported, and properly allocated to the award.

17. **We recommend that OJP remedy \$50,770 of unsupported subrecipient personnel and fringe benefit costs.**

OJP agrees with the recommendation. We will review the \$50,770 in questioned costs, related to unsupported subrecipient personnel and fringe benefits expenditures, that were charged to Award Number 2016-XV-GX-K015, and will work with Vera to remedy, as appropriate.

18. **We recommend that OJP ensure Vera establish and implement procedures to ensure compliance with conflict of interest requirements in the DOJ Grants Financial Guide.**

OJP agrees with the recommendation. We will coordinate with Vera to obtain a copy of written policies and procedures, developed and implemented, to ensure compliance with conflict of interest requirements, as indicated in the DOJ Grants Financial Guide.

19. **We recommend that OJP work with Vera to address and mitigate the existing conflict of interest associated with Vera's President, who also sits on the Board of Directors for one of Vera's subrecipients.**

OJP agrees with the recommendation. We will coordinate with Vera to address and mitigate the existing conflict of interest associated with Vera's President.

20. **We recommend that OJP ensure Vera adhere to and monitor compliance with its written policies and procedures for maintaining adequate documentation for amounts reported on FFRs.**

OJP agrees with the recommendation. We will coordinate with Vera to obtain documentation demonstrating compliance with its written policies and procedures for maintaining documentation for expenditures reported on its Federal Financial Reports.

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: Matt M. Dummermuth
Principal Deputy Assistant Attorney General

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Control Number: IT20190502075812

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 Office of Justice Programs (OJP) and the Vera Institute of Justice (Vera). Vera's response is incorporated in Appendix 3 and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. Vera agreed with 15 recommendations, partially agreed with 2, and disagreed with 3 of the recommendations. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP:

1. Require Vera establish and implement written policies and procedures to comply with FFATA reporting requirements.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Vera to obtain written policies and procedures developed and implemented for compliance with FFATA reporting requirements.

Vera agreed with our recommendation and stated in its response that it complies with FFATA reporting requirements, but will develop policies and procedures for its process in place currently.

This recommendation can be closed when we receive evidence that Vera has developed and implemented policies and procedures to ensure compliance with FFATA reporting requirements.

2. Work with Vera to update its policies and procedures to provide guidance to employees for charging time off when they work on multiple projects and to maintain documentation of proper authorization of timekeeping records for award-funded staff.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Vera to obtain policies and procedures developed and implemented for charging time off when working on multiple projects. OJP also stated it will coordinate with Vera regarding documentation of proper authorization of timekeeping records.

In its response, Vera agreed with the part of our recommendation to update its policies and procedures to provide guidance to employees for charging time off. Vera stated it is in the process of changing the method of recording time off in its timekeeping system.

Vera disagreed with the part of our recommendation to maintain documentation of proper authorization of timekeeping records. Vera stated in its response that it does maintain documentation of proper authorization and that the Accounting Manager approved timecards when supervisors were traveling or away from the office.

During our audit, we found that although the Accounting Manager is an authorized timekeeping approver, Vera was unable to provide documentation to demonstrate why an immediate supervisor or a project management official did not approve the timekeeping records. Also, the timekeeping records did not include the actual dates that they were approved, making it difficult to determine whether there was just cause for someone other than an employee's supervisor or a project management official to approve the timekeeping records.

As a result of OJP's agreement with this recommendation, this recommendation is resolved. This recommendation can be closed when we receive evidence that Vera has developed and implemented policies and procedures for charging time off when working on multiple projects, and when we receive evidence that Vera maintains documentation of proper authorization of timekeeping records for award-funded staff.

3. Work with Vera to ensure it maintains adequate documentation for payroll and fringe benefit costs charged to the award.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Vera to obtain policies and procedures developed and implemented to ensure adequate documentation is maintained to support payroll and fringe benefit costs.

Vera agreed with our recommendation and stated in its response that it does maintain documentation for these charges, but the differences identified were related to a former practice with budget allocated codes. Vera stated that this practice was discontinued within the past year.

This recommendation can be closed when we receive evidence that Vera no longer utilizes the budget allocated codes, and has developed and implemented policies and procedures to ensure adequate documentation is maintained to support payroll and fringe benefit costs.

4. Remedy \$3,233 in unsupported payroll and fringe benefit costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the questioned costs and work with Vera to remedy the unsupported payroll and fringe benefit costs.

Vera agreed with our recommendation and stated in its response that the payroll and fringe benefit costs variances were related to a practice discontinued within the past year.

This recommendation can be closed when we receive evidence that the questioned costs were remedied.

5. Remedy \$23,377 in unsupported and unallowable travel costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the questioned costs and work with Vera to remedy the unsupported and unallowable travel costs.

Vera agreed with \$10,623 in questioned costs, associated with unadjusted per diem when meals were provided at an event, as well as the unsupported consultant and subrecipient travel costs. In its response, Vera stated it will enhance its review process to ensure per diem is adjusted when meals are provided at events, and will update its payment and reimbursement forms to include more detailed information for the purpose of the trip.

Vera disagreed with \$12,754 in questioned costs. Vera stated that the questioned airfare upgrades were for a disability accommodation; therefore, the airfare costs are a legal obligation and allowable. Such costs are allowable, but documentation must be maintained for such exceptions. During our audit, we requested but Vera did not provide any documentation to support that the airfare upgrades were for an individual with a disability.

Vera also disagreed with the costs questioned related to hotel no-show penalties and attrition costs, as well as lodging incurred in excess of per diem rates.

In its response, Vera stated that the OVC program manager advised these penalties were permitted when an event is cancelled or there was no viable alternative. The DOJ approved the event on the Thursday preceding the Tuesday event, which created issues for booking airfare and altered arrival dates of some attendees. In addition, Vera stated that it was unable to book hotel rooms at the government rate with short notice of the event approval.

Although Vera stated in its response that penalties are permitted when an event is cancelled, there was evidence showing that the event was held. Additionally, during our audit we requested but Vera did not provide any documentation to support the rationale for incurring these additional costs or where it sought OJP approval for the penalties and lodging over per diem rates. Although Vera stated that travel could not be booked until DOJ approval was received on the Thursday preceding the Tuesday event, our review of invoices found airfare booked 6 months prior to the event. Additionally, based on our review of invoices, there was at least one consultant whose airfare was booked 6 months in advance of the event, and Vera incurred a hotel no show penalty despite the fact that the consultant was not scheduled to arrive for the event on the night of the charge.

As a result of OJP's agreement with this recommendation, this recommendation is resolved. This recommendation can be closed when we receive evidence that the questioned costs were remedied.

6. Ensure Vera adhere to and monitor compliance with established travel policies and procedures and enhance its review process of travel costs incurred by employees, consultants, and subrecipients.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Vera to obtain policies and procedures, developed and implemented to ensure that Vera adheres to and complies with established travel policies and procedures. OJP also stated it will ensure that Vera enhances its review process of travel costs incurred by employees, consultants, and subrecipients.

Vera agreed with our recommendation and stated in its response that it will enhance its monitoring of compliance with its established travel policy.

This recommendation can be closed when we receive evidence that Vera has developed and implemented policies and procedures to ensure adherence and compliance with established travel policies. Also, this recommendation can be closed when we receive evidence that Vera has enhanced its review process of travel costs.

7. Require Vera establish and implement policies and procedures documenting its cost allocation methodology and cost allocation plan, including its general approach to costs, how costs are allocated, methodologies used and under what circumstances, and selection of allocation base.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will coordinate with Vera to obtain written policies and procedures developed and implemented documenting its cost allocation methodology.

Vera agreed with our recommendation and stated in its response that it should include its cost allocation process in Vera's finance and accounting policies and procedures.

This recommendation can be closed when we receive evidence that Vera has developed and implemented policies and procedures related to its cost allocation process and methodology.

8. Remedy \$53,773 of unnecessary occupancy costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the unnecessary occupancy costs, and work with Vera to remedy the questioned costs.

Vera disagreed with our recommendation and stated in its response that the occupancy costs were allocated to the award for remote employees for a

distinct project-related purpose. Vera stated that the Washington, D.C. office is used as a central point for award activity as activities are mostly based there, as well as meetings for award-related work.

During our audit, we requested but Vera did not provide documentation to show that the employees who worked from home full-time were using Vera's Washington, D.C. location to perform award-related activities.

As a result of OJP's agreement with this recommendation, this recommendation is resolved. This recommendation can be closed when we receive evidence that the questioned costs were remedied.

9. Remedy \$1,657 of unsupported supplies, occupancy, and network costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the unsupported supplies, occupancy, and network costs, and work with Vera to remedy the questioned costs.

Vera agreed with our recommendation and stated in its response that it will work with OJP to provide support and a reconciliation for the questioned costs.

This recommendation can be closed when we receive evidence that the questioned costs were remedied.

10. Ensure Vera adhere to and monitor compliance with procurement requirements in applicable laws, regulations, guidelines, award terms and conditions, and internal policies and procedures.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Vera to obtain policies and procedures developed and implemented to ensure adherence to and compliance with procurement requirements.

Vera agreed with our recommendation and stated in its response that it has enhanced its internal procurement processes to ensure sole source justifications are sufficiently robust and all vendor selection forms are signed.

This recommendation can be closed when we receive evidence that Vera adheres to and monitors compliance with procurement requirements.

11. Require Vera document the analysis completed to determine the reasonableness of its consultant and contract fees.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will work with Vera to obtain written policies and procedures, developed and implemented, to ensure Vera documents its analysis for determining the reasonableness of consultant and contract fees.

Vera agreed with our recommendation and stated in its response that it has established a daily rate of \$450 for this consultant's work on this project, based on a long-standing Vera practice and the broader field of work. Vera stated it has revised its processes to document previous compensation rates for consultants performing similar work.

This recommendation can be closed when we receive evidence that Vera has developed and implemented policies and procedures to ensure it documents its analysis for determining the reasonableness of consultant and contract fees.

12. Remedy \$43,764 in unsupported consultant and contract fees billed to the award.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will review the unsupported consultant and contract fees and work with Vera to remedy the questioned costs.

Vera agreed with our recommendation and stated in its response that it has revised its processes to ensure that a market rate analysis is completed for consultants and contracts.

This recommendation can be closed when we receive evidence that the questioned costs were remedied.

13. Ensure Vera obtain, review, and maintain supporting documentation for actual contract expenses when advance payment is made to ensure compliance with regulations and award terms and conditions.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Vera to obtain written policies and procedures, developed and implemented, to ensure documentation supporting actual expenses is reviewed for compliance with regulations and award terms and conditions.

Vera disagreed with our recommendation and stated in its response that the requirements discussed in our audit report apply to subrecipients and not vendors and are not required by the DOJ Financial Guide or Uniform Guidance to obtain supporting documentation for the actual costs. However, Vera stated that the vendor provided a reconciliation of actual costs at the conclusion of the process.

According to grant award requirements, all costs billed to an award are required to be properly supported to ensure the costs are allowable, necessary, and properly allocated to the award. We requested during our audit but Vera did not provide supporting documentation for the billed contract costs; therefore, the costs are unsupported. To ensure that future costs are supported, Vera should implement the recommendation.

As a result of OJP's agreement with this recommendation, this recommendation is resolved. This recommendation can be closed when we receive evidence that Vera developed and implemented policies and procedures to ensure documentation is reviewed for actual expenses to ensure compliance with regulations and award terms and conditions.

14. Remedy \$149,858 in unsupported contract costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will review the unsupported contract costs and work with Vera to remedy the questioned costs.

Vera disagreed with our recommendation, and as Vera discussed in its response to Recommendation 13, the costs were billed by a vendor not a subrecipient; Vera believes it was not required to obtain supporting documentation for actual costs. Vera stated in its response that the vendor provided a cost reconciliation of actual costs.

As discussed above in our analysis for Recommendation 13, all costs billed to an award are required to be properly supported to ensure the costs are allowable, necessary, and properly allocated to the award. During our audit we requested but Vera did not provide supporting documentation for the billed contract costs; therefore, the costs were unsupported.

This recommendation can be closed when we receive evidence that the questioned costs were remedied.

15. Require Vera establish and implement policies and procedures for subrecipient management and monitoring as required by the DOJ Grants Financial Guide.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Vera to obtain written policies and procedures, developed and implemented, for managing and monitoring subrecipients.

Vera agreed with our recommendation and stated in its response that it has monitoring policies and has developed a Risk Assessment Tool, but will combine the fiscal subrecipient policies and procedures with program-related policies and procedures to create a single policy for monitoring subrecipients.

This recommendation can be closed when we receive evidence that Vera has developed and implemented policies and procedures for subrecipient management and monitoring in compliance with the DOJ Grants Financial Guide.

16. Require that Vera establish and implement policies and procedures to ensure subrecipient invoices are reviewed to ensure costs billed are allowable, reasonable, necessary, supported, and properly allocated to the award.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Vera to obtain written policies and procedures, developed and implemented, to ensure subrecipient invoices are reviewed to ensure the costs are allowable, reasonable, necessary, supported, and properly allocated to the award.

Vera agreed with our recommendation and stated in its response that it does follow a process to review subrecipient invoices. Vera also stated that it will include the process in existing, established subrecipient policies and procedures.

This recommendation can be closed when we receive evidence that Vera has developed and implemented policies and procedures to ensure subrecipient invoices are reviewed to ensure the costs billed are allowable, reasonable, necessary, supported, and properly allocated to the award.

17. Remedy \$50,770 of unsupported subrecipient personnel and fringe benefit costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the unsupported subrecipient personnel and fringe benefit costs and work with Vera to remedy the questioned costs.

Vera agreed with our recommendation and stated in its response that it has obtained the missing documentation and will work OJP to remedy the questioned costs.

This recommendation can be closed when we receive evidence that the questioned costs were remedied.

18. Ensure Vera establish and implement procedures to ensure compliance with conflict of interest requirements in the DOJ Grants Financial Guide.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Vera to obtain written policies and procedures, developed and implemented, to ensure compliance with DOJ Grants Financial Guide conflict of interest requirements.

Vera agreed with our recommendation and stated in its response that it has policies and procedures in place for compliance with conflict of interest requirements. Vera also stated that the original project was initially part of Vera, but spun-off into an independent organization in October 2017. During the subrecipient approval process, Vera did not clarify that its President would be a member of the Board of Directors of that independent

organization for a period of time. Vera stated that it will submit a Grant Adjustment Notice to disclose the conflict of interest.

This recommendation can be closed when we receive evidence that Vera has developed and implemented policies and procedures to ensure compliance with the conflict of interest requirements in the DOJ Grants Financial Guide.

19. Work with Vera to address and mitigate the existing conflict of interest associated with Vera's President, who also sits on the Board of Directors for one of Vera's subrecipients.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Vera to address and mitigate the existing conflict of interest.

Vera agreed with our recommendation and stated in its response that, as discussed in Recommendation 18, it will submit a Grant Adjustment Notice to disclose the conflict of interest.

This recommendation can be closed when we receive evidence that the conflict of interest has been addressed.

20. Ensure Vera adhere to and monitor compliance with its written policies and procedures for maintaining adequate documentation for amounts reported on FFRs.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will obtain documentation from Vera demonstrating compliance with written policies and procedures for maintaining documentation for expenditures reported on its FFRs.

Vera agreed with our recommendation and stated in its response that it reviews all FFRs for compliance and accuracy and has enhanced its review process to include reviewing each line item rather than subtotals.

This recommendation can be closed when we receive evidence that Vera maintains adequate documentation for expenditures reported on its FFRs in compliance with its written policies and procedures.



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