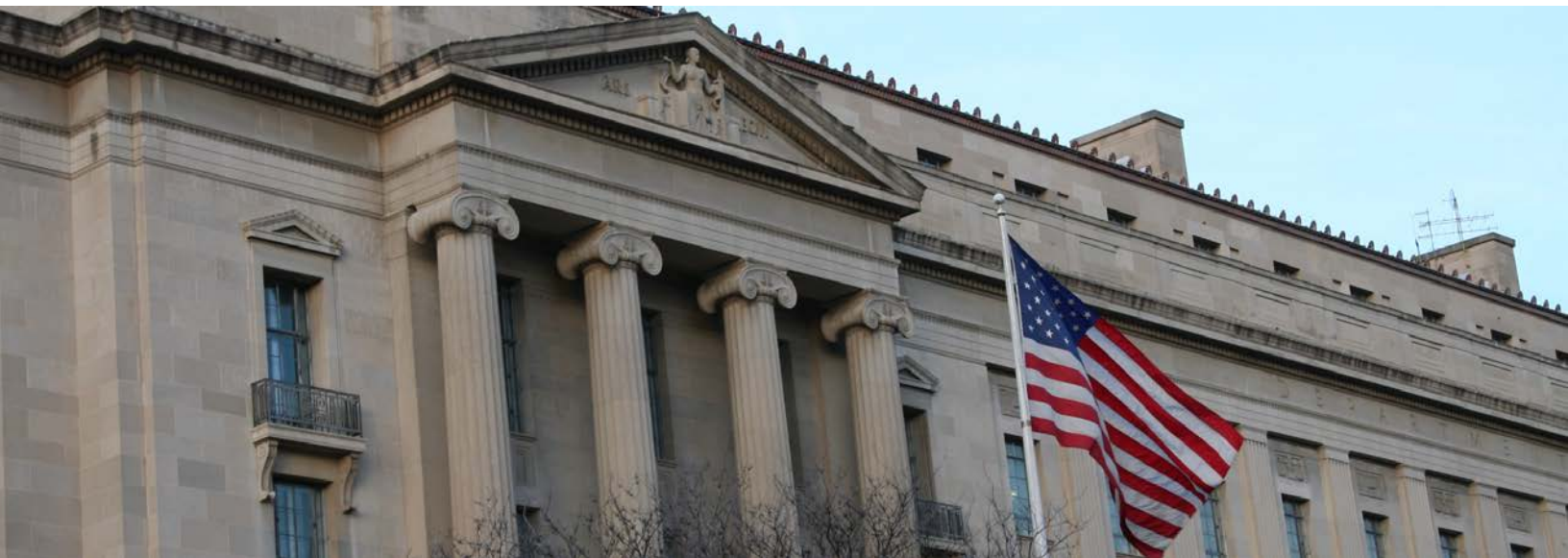




**Office of the Inspector General**  
U.S. Department of Justice

**OVERSIGHT ★ INTEGRITY ★ GUIDANCE**



**Audit of the Office of Justice  
Programs Victim Assistance Grants  
Awarded to the Maine Department  
of Health and Human Services,  
Augusta, Maine**



# Executive Summary

*Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the Maine Department of Health and Human Services, Augusta, Maine*

## Objective

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

## Results in Brief

Our audit found that DHHS did not meet all of the grant requirements, particularly regarding: (1) adequately planning the use of increased funding, (2) adhering to contracting requirements for consultants, (3) administering and monitoring subrecipient awards, (4) monitoring compliance with priority area requirements, and (5) ensuring performance reports and matching costs were accurate. We also identified \$9,644 in questioned costs.

We determined DHHS lacked a funding allocation and planning strategy in accordance with the Victims of Crime Act (VOCA) guidance, lacked written procedures to monitor compliance with priority area funding and performance reporting requirements, and inaccurately reported performance statistics. DHHS also did not require subrecipients to request reimbursement for costs by funding source or maintain supporting documentation, and was not compliant with cash management requirements. DHHS also did not adequately monitor its subrecipients and did not properly begin to assess and document subrecipient risk until September 2018. DHHS also awarded a noncompetitive consultant contract without written justification and advance approval.

## Recommendations

Our report contains 15 recommendations to the Office of Justice Programs (OJP) to assist DHHS in improving its grant management and administration, and to remedy questioned costs. Based on the responses of OJP and DHHS, we closed two of the recommendations regarding questioned costs, while the remaining 13 recommendations are resolved with further actions necessary for closure.

## Audit Results

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four VOCA victim assistance formula grants awarded by OJP, Office for Victims of Crime (OVC) to DHHS in Augusta, Maine. The OVC awarded these formula grants, totaling \$28,107,507 from fiscal years (FY) 2014 to 2017, from the Crime Victims Fund (CVF) to enhance crime victim services in Maine. As of January 2019, DHHS drew down a cumulative amount of \$25,193,921 for all of the grants we audited.

**Grant Program Planning and Execution** – We found DHHS did not conduct strategic planning for the FY 2015 funding increase and relied on making larger awards to existing subrecipients as its allocation methodology.

**Priority Funding Requirements** – DHHS did not adequately monitor compliance with VOCA priority area funding requirements.

**Annual Performance Reports** – We determined DHHS submitted a progress report that did not reconcile to supporting documentation, did not require subrecipients to prorate victim statistics by funding source, and did not conduct adequate monitoring to validate performance reporting.

**Grant Financial Management** – We found DHHS provided its subrecipients with set funding amounts not based on actual VOCA-eligible spending, and did not require subrecipients to track expenditures funded by VOCA. In making payments to subrecipients, DHHS had no assurance its drawdown requests were compliant with minimum cash on-hand requirements. DHHS also did not always submit complete and accurate financial reports. We also determined DHHS used \$398,055 in VOCA funding for a sole source contract without prior OJP approval. We found DHHS did not accurately report its matching costs, and we identified \$9,644 in unsupported matching costs.

**Subrecipient Monitoring** – We found that DHHS did not adequately manage or monitor its subrecipients to ensure that award funds were used for authorized purposes. We also found that no formalized risk assessment was in effect at the time of our audit.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
VICTIM ASSISTANCE GRANTS AWARDED TO THE  
MAINE DEPARTMENT OF HEALTH AND HUMAN SERVICES,  
AUGUSTA, MAINE**

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
VICTIM ASSISTANCE GRANTS AWARDED TO THE  
MAINE DEPARTMENT OF HEALTH AND HUMAN SERVICES,  
AUGUSTA, MAINE**

**INTRODUCTION**

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four victim assistance formula grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the Maine Department of Health and Human Services (DHHS) in Augusta, Maine. The OVC awards victim assistance grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, from fiscal years (FY) 2014 to 2017, these OVC grants awarded to DHHS totaled \$28,107,507.

**Table 1  
Audited Grants  
Fiscal Years 2014 – 2017**

<b>Award Number</b>	<b>Award Date</b>	<b>Award Period Start Date</b>	<b>Award Period End Date</b>	<b>Award Amount</b>
2014-VA-GX-0020	9/16/2014	10/1/2013	9/30/2017	\$ 2,278,659
2015-VA-GX-0025	8/28/2015	10/1/2014	9/30/2018	\$ 8,460,239
2016-VA-GX-0062	9/19/2016	10/1/2015	9/30/2019	\$ 9,458,354
2017-VA-GX-0082	09/28/2017	10/1/2016	9/30/2020	\$ 7,910,255
<b>Total:</b>				<b>\$ 28,107,507</b>

Note: Grant funds are available for the fiscal year of the award plus 3 additional fiscal years.

Source: OJP Grants Management System

Established by the Victims of Crime Act (VOCA) of 1984, the CVF is used to support crime victims through DOJ programs and state and local victim services.<sup>1</sup> The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments. The OVC annually distributes proceeds from the CVF to states and territories. The total amount of funds that the OVC may distribute each year depends upon the amount of CVF deposits made during the preceding years and limits set by Congress (the cap).

In FY 2015, Congress significantly raised the previous year’s cap on CVF disbursements, which more than quadrupled the available funding for victim assistance grants from \$455.8 million to \$1.96 billion. In FY 2016, Congress raised the cap again, increasing the available funding for victim assistance to \$2.22 billion. For FY 2017, \$1.8 billion was available for victim assistance. The OVC allocates the annual victim assistance program awards based on the amount available for victim

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<sup>1</sup> The VOCA victim assistance formula program is funded under 34 U.S.C. § 20103.

assistance each year and a state's population. As such, the annual VOCA victim assistance grant funds available to DHHS increased from nearly \$2.3 million in FY 2014 to \$8.46 million in FY 2015, \$9.46 million in FY 2016, and over \$7.9 million in FY 2017.

VOCA victim assistance grant funds are to support the provision of direct services – such as crisis intervention, assistance in filing restraining orders, counseling in crises arising from the occurrence of crime, and emergency shelter – to victims of crime. The OVC distributes these assistance grants to states and territories, which in turn fund subawards to public and private nonprofit organizations that directly provide the services to victims. Eligible services are efforts that: (1) respond to the emotional and physical needs of crime victims, (2) assist primary and secondary victims of crime to stabilize their lives after a victimization, (3) assist victims to understand and participate in the criminal justice system, and (4) provide victims of crime with a measure of safety and security.

### **The Grantee**

As the state administering agency (SAA) for Maine, DHHS is responsible for administering the VOCA victim assistance program. According to its website, the mission of DHHS is to provide integrated health and human services to the people of Maine, to assist individuals in meeting their needs, while respecting the rights and preferences of the individual and family, within available resources. Within DHHS, the Office of Child and Family Services (OCFS) oversees the management of the programmatic services through direct contract management and federal grant reporting. A significant portion of the current VOCA funds is used for domestic violence and sexual assault services. DHHS generally executes annual agreements with a sexual assault coalition and a domestic violence coalition to provide monitoring and oversight of each respective members' centers that provide services throughout Maine.

### **OIG Audit Approach**

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

We tested compliance with what we consider the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation; the VOCA victim assistance program guidelines (VOCA Guidelines) and Final Rule; the OJP Financial Guide and DOJ Grants Financial Guide (Financial Guide); and 2 C.F.R. 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) as our primary

criteria.<sup>2</sup> We also reviewed relevant DHHS policy and procedures and interviewed DHHS personnel to determine how they distributed and administered VOCA funds. We conducted site visits of select subrecipients, interviewed subrecipient personnel, and obtained and reviewed DHHS and subrecipient records reflecting grant activity.<sup>3</sup>

As part of our audit, we also reviewed the results of an OVC Enhanced Programmatic Desk Review that was provided to DHHS in a report dated June 2018. The Desk Review was conducted in April 2018 and covered the FY 2015, 2016, and 2017 VOCA grants that were included in our audit, as well as one other award provided to DHHS. The resulting OVC report contained 16 recommendations, 13 of which were specific to the grants we audited. In its report, OVC determined that DHHS was not in compliance with VOCA legislation, the VOCA Final Rule, and the Financial Guide. In performing our audit, we considered the results of this review and identified weak or absent internal controls in some of the same areas reported in the OVC report, including documented policies and procedures, noncompetitive contracting, subrecipient monitoring, Financial Guide compliance, subrecipient file documentation, and subrecipient reimbursement. As of May 2019, all 13 recommendations specific to our grants had been closed.

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<sup>2</sup> The OJP Financial Guide governs the 2014 grant in our scope, while the revised DOJ Grants Financial Guide applies to the FY 2015 to 2017 awards. In this report we will refer to the applicable requirements for each award under the singular term Financial Guide.

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

# AUDIT RESULTS

## Grant Program Planning and Execution

VOCA victim assistance awards are intended to enhance crime victim services, principally through subawards to local community-based organizations. The OVC distributes VOCA victim assistance grants to the SAAs, which have the discretion to select subrecipients from among eligible organizations that provide direct services to crime victims and, additionally, must distribute the majority of the funding to those organizations. Based on the VOCA Guidelines, DHHS, as the SAA, must give priority to victims of sexual assault, domestic abuse, and child abuse. Under this program, DHHS must also make funding available for previously underserved populations of violent crime victims. We found that DHHS distributed the majority of funding to community-based victim coalitions and organizations that provide direct services to victims, such as rape treatment centers, domestic violence shelters, centers for missing children, and other community-based support organizations.

As part of our audit, we assessed DHHS's overall plan to allocate and award victim assistance funding. We reviewed how DHHS planned to distribute its available victim assistance grant funding, made subaward selection decisions, and informed its subrecipients of necessary VOCA requirements. Overall, we determined that DHHS did not adequately identify and plan to meet additional victim service needs with its increased FY 2015 – 2017 funding, as discussed below. Beyond that planning issue, we did not identify issues with DHHS's process to select subrecipients, and we found that DHHS adequately communicated applicable award requirements to the selected subrecipients.

### *Subaward Allocation Plan*

In response to the significant increase in CVF-available funding, OVC required FY 2015 VOCA Victim Assistance Formula applicants to submit subrecipient funding plans detailing what efforts would be taken to identify additional victim service needs, as well as subaward strategies to spend the substantial increase in available funding. The VOCA Guidelines recommend that SAAs conduct strategic planning to maximize the delivery of services to victims and identify unmet victim needs as a component of the funding strategy.<sup>4</sup> In response, DHHS stated in its FY 2015 grant application its intention to allocate the increased funds to: (1) new programs for civil legal services for crime victims, (2) Child Advocacy Centers, and (3) organizations that combat human trafficking. Additionally, in its applications for FYs 2015, 2016, and 2017, DHHS stated it would conduct a statewide assessment

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<sup>4</sup> According to the VOCA Guidelines, SAAs are encouraged to develop a funding strategy that should consider the following: the range of direct services throughout the State and within communities; the sustainability of such services; the unmet needs of crime victims; the demographic profile of crime victims; the coordinated, cooperative response of community organizations in organizing direct services; the availability of direct services throughout the criminal justice process, as well as to victims who are not participating in criminal justice proceedings; and the extent to which other sources of funding are available for direct services.



to identify the needs of victim service organizations and identify gaps in services. During our audit, DHHS was unable to provide evidence that (1) a statewide needs assessment was conducted, and (2) adequate statewide strategic planning was performed. Despite DHHS's inability to provide evidence that a statewide needs assessment was conducted and adequate strategic planning was performed, we found that DHHS increased funding to Child Advocacy Centers and organizations that combat human trafficking, as well as funded a new program for civil legal services for crime victims.

In response to our request for evidence of strategic planning, to include the statewide assessment mentioned in its application, DHHS provided a report issued in June 2017 and two subrecipient specific assessments. While all three of these documents provided valuable information about specific types of victims, we determined that none of the documents met the definition of a statewide assessment that would identify gaps in service. Specifically, the focus of the June 2017 report was (1) limited to domestic violence and sexual assault organizations, (2) did not survey the unmet needs of all types of victims in Maine, and (3) included programs that were not eligible within the VOCA program. Likewise, the two subrecipient assessments were specific to the unmet needs of human trafficking and sexual assault victims throughout Maine. When we asked about efforts to allocate the FY 2015 funding increase based on information in DHHS's FY 2015 application, DHHS staff told us no statewide strategic planning or needs assessment was performed to determine the allocation of funding for the FY 2015 funding increase. Instead, DHHS officials told us that the basis for allocating funds was to increase funding to existing subrecipients absent statewide strategic planning or needs assessment. As a result, we concluded DHHS did not adequately plan how to allocate the increase in CVF funding in accordance with VOCA guidance.

Failure to conduct adequate strategic planning impairs an SAA's ability to maximize the delivery of victim assistance services because it is unable to allocate funds based on the changing needs of victims and victim service organizations as obtained through a strategic planning process. Moreover, by failing to conduct a statewide needs assessment, DHHS risked not providing assistance to unidentified classes of victims, impaired its ability to identify underserved victims, and did not ensure that the distribution of funds to victim service organizations was commensurate with the changing needs of victims receiving services from those organizations. As a result, we recommend that OJP ensure DHHS develops and implements a funding allocation strategy in accordance with VOCA guidance.

#### *Subaward Selection Process*

The VOCA Guidelines encourage SAAs to rely on open competition to award funds to subrecipients when feasible. The VOCA Guidelines require that SAAs maintain a documented methodology for selecting all competitive and non-competitive subrecipients. To assess how DHHS selected subrecipients and awarded CVF funds, we interviewed DHHS officials and reviewed the state funding plan, subrecipient selection procedures, requests for proposal (RFPs), public advertisements of RFPs, and proposal scoring sheets. We determined that DHHS relied on the State of Maine Policy on Contract/Grant Renewals and Amendments as

its documented methodology for selecting subrecipients non-competitively for each of the years included in our audit scope. This state policy permits agencies to award funds to subrecipients – initially selected by an RFP process – non-competitively for up to 5 years prior to rebidding the award through a new RFP process. We found that DHHS relied on a competitive bidding process to select subrecipients in FY 2013 for awards that were made over a 5-year period, through 2018. We also found that DHHS primarily provided the subrecipients identified in the 2013-bid process with larger awards rather than opening new competition for the FY 2015 funding increase. However, we found the process DHHS utilized did not limit DHHS from awarding funds only to subrecipients who applied for funding during the FY 2013 competitive bid process, because we found DHHS made an award to a new subrecipient for civil legal services.

Based on our discussions with DHHS officials and the review of RFP documentation, we found DHHS's implemented award process appeared to be adequately segregated because separate departments drafted, advertised, received, and scored the proposals. The DHHS program office drafts the RFP, which is then reviewed by three offices – the Director of the Division of Contract Management (DCM), the Office of Legal Counsel, and the DHHS Department of Audit and Financial Services (DFAS). When an RFP is more than \$1,000,000, it is also reviewed and approved by the State Assistant Attorney General. After appropriate review, DFAS then publishes the RFP in print media, and the DCM RFP coordinator holds a bidder's conference, and is the only DHHS staff member that is allowed to be in contact with bidders. Next, the proposals are received by DFAS and the RFP coordinator schedules a distribution meeting where between three and six members of the evaluation team score proposals. We concluded DHHS's RFP process was adequate.

We reviewed DHHS's funding plan and found the plan allocated funds to not-for-profit and governmental victim assistance programs throughout Maine to assist a range of victims, including victims of domestic violence, sexual assault, elder abuse, and human trafficking. We also reviewed DHHS's spending plan and payment history, and found DHHS spent all of its award funds for FY 2014 and FY 2015, and was on-track to spend all of its funds for the FY 2016 and FY 2017 grants.

We also found that between FYs 2014 and 2016, DHHS decreased the number of its direct subrecipients from 31 to 15, while expanding the number of projects and the scope of those projects. DHHS told us it reduced the number of subrecipients to satisfy a state initiative to reduce the number of contractual agreements awarded. DHHS reduced the number of subrecipients by consolidating the subawards made directly to domestic violence and sexual assault service providers that were members of state domestic violence or sexual assault coalitions. In doing this, DHHS made direct awards to the two state coalitions, which distributed the funding to their member organizations that provided direct victim services. While the coalitions were responsible for determining the distribution of money among member organizations, DHHS reviewed the coalitions' separate budgets for each of its member organizations before providing the coalitions a subaward.

As discussed in the Subaward Allocation Plan section above, because DHHS did not undertake an adequate, statewide needs assessment, there was a lack of evidence to support that DHHS distributed award funds in a manner that aligned with the needs of the state and adequately served its victim populations. However, we did find that DHHS's selection process for subrecipients was adequate, and internal controls were implemented in the awarding of funds to subaward recipients.

### *Subaward Requirements*

SAAAs are required to communicate VOCA requirements to their subrecipients. We reviewed documents provided to subaward recipients by DHHS and found that the documents conveyed VOCA-specific award limitations, restrictions on the use of VOCA funds, and described the reporting requirements to applicants. In reviewing these documents, we found that DHHS made its subrecipients aware of the requirement to follow the Uniform Guidance and VOCA victim assistance grant special conditions DHHS received in its award documentation from OJP. We found that DHHS satisfied the requirement to communicate VOCA requirements to its subrecipients.

### **Program Requirements and Performance Reporting**

We reviewed DHHS's distribution of VOCA funding through subawards to determine whether funds were provided to local community-based organizations that serve crime victims or enhance crime victim services. We also reviewed DHHS's performance documents and measures that were used to track goals and objectives, as well as OVC solicitations and award documents that established the special conditions governing DHHS award activity.

Based on our analysis, we believe that DHHS: (1) did not adequately monitor compliance with the priority areas funding requirement, but fulfilled the distribution requirements to priority victim groups; (2) did not implement adequate procedures to compile annual performance reports; and (3) generally complied with the remaining special conditions we tested.

### *Priority Areas Funding Requirement*

VOCA Guidelines require that DHHS award a minimum of 10 percent of total grant funds to programs that serve victims in four categories: (1) child abuse, (2) domestic abuse, (3) sexual assault, and (4) the previously underserved. The VOCA Guidelines give each SAA latitude for determining the method for identifying "previously underserved" crime victims.<sup>5</sup> DHHS officials told us the underserved victims they identified were rural residents, LGBTQ victims, elderly victims, and high-risk victims of domestic violence.<sup>6</sup> However, we found DHHS did not conduct strategic planning activities to determine these classes of underserved victims, such

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<sup>5</sup> Methods for identifying "previously underserved" victims may include public hearings, needs assessments, task forces, and meetings with statewide victim services agencies.

<sup>6</sup> The term LGBTQ is an initialism for lesbian, gay, bisexual, transgender, and queer.

as conducting a statewide needs assessment, holding public hearings, convening a statewide task force, or conducting documented meetings with statewide victim service agencies to identify underserved victims. Because DHHS did not conduct strategic planning to determine the previously underserved victims, we do not have assurance that the previously underserved victim category DHHS reported to OVC accurately reflected underserved victims in Maine. We believe DHHS can address this as part of our previous recommendation for DHHS to develop and implement a funding allocation strategy in accordance with VOCA guidance.

To assess whether DHHS was on track to meet VOCA's distribution requirements, we examined how DHHS allocated subawards and found that DHHS's financial system tracked priority area funding requirements using unique accounting codes. These codes, when queried, generated a summary spreadsheet identifying grant funds specific to the priority funding areas. In our judgment, this system, if periodically utilized, would facilitate compliance with the award requirements. Despite this capability, we found that DHHS was not monitoring compliance with the priority funding area requirement. In August 2018, we requested financial records that demonstrated DHHS was allocating funds to satisfy this requirement and we were provided with the records for the FY 2014 grant. Despite multiple requests for these records, it took DHHS over 3 months to provide complete records for the FY 2015, 2016, and 2017 grants. We were told that the DHHS staff member monitoring compliance was on leave, and DHHS's ability to produce the records was impaired by staff turnover and the complexity of generating the report within DHHS's financial system. Additionally, we were told that DHHS lacked policies and procedures that specified the staff responsible for monitoring compliance, the frequency of review, and how to produce the report from the financial system. Despite these internal control weaknesses, the records DHHS provided did demonstrate that DHHS met the priority funding allocations for FYs 2014 and 2015, and was on track to satisfy the requirement for FYs 2016 and 2017.

When priority funding areas are not periodically monitored, SAAs risk failing to comply with the priority areas funding requirement. We recommend OJP ensure DHHS develop and implement policies and procedures to monitor compliance with the priority area funding requirement.

### *Annual Performance Reports*

Each SAA must annually report to OVC the activities funded by any VOCA awards active during the fiscal year. These reports are to include the number of (1) agencies funded, (2) VOCA subawards, (3) victims served, and (4) victim services funded by VOCA victim assistance grants. OJP's guidance states that the SAAs and subrecipients should prorate performance data if they cannot track grant-funded activity separately.<sup>7</sup> In FY 2016, the OVC also began requiring SAAs to submit quarterly performance data through its web-based Performance

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<sup>7</sup> Grant management personnel from OVC's State Compensation and Assistance Division (SCAD) confirmed it is OVC's expectation that performance reports capture only VOCA-funded activity. This is articulated in OJP's Performance Measurement Tool (PMT) reference materials, and OJP officials stated that they have discussed prorating performance data through discussions with subrecipients, webinar trainings, and calls to the PMT Helpdesk.

Measurement Tool (PMT). With this system, SAAs may provide subrecipients direct access to report quarterly data for SAA review, although the OVC still requires that if the subrecipient completes the performance measure data entry directly, the SAA must approve the data.

At the time of our fieldwork, DHHS had submitted annual performance reports to OVC for FYs 2015 through 2017. We discussed with DHHS officials how they compiled the performance report data from their subrecipients to complete the annual reports. A DHHS official told us that subrecipients report performance statistics directly into PMT without ever receiving any DHHS scrutiny, and subrecipients are to retain the source documents that support the performance report data submitted. A DHHS official told us that subrecipients are also to submit an alternate quarterly state-defined performance report to DHHS that has similar, although not identical, data fields to the fields captured in the PMT report. According to the DHHS official, the DHHS Grants Co-Coordinator compares the data that the subrecipients had already submitted in the PMT quarterly report to the state quarterly performance report to identify statistical discrepancies on a quarterly basis. Upon comparing the quarterly reports, the Grants Co-Coordinator enters the quarterly PMT victim statistics into a summary spreadsheet that is used to verify the data in the annual report to OVC. A DHHS official told us that while it has this process in place, written procedures for the review of the statistics, the staff responsible for preparation and submission of the annual report, or the supervisory review and approval necessary to submit the report were not documented. Additionally, DHHS did not conduct periodic reviews of subrecipient supporting documentation or perform periodic subrecipient site visits to scrutinize documents for completeness and accuracy. As a result, we believe DHHS did not obtain reasonable assurance as to the completeness and accuracy of its program performance reporting and lacked adequate internal controls to ensure performance reports were consistently prepared and reviewed. Therefore, we determined DHHS's annual reports may not be complete and accurate because no steps were taken to ensure the validity of the data used to prepare the reports.

To determine whether the annual performance reports submitted by DHHS to OJP accurately reflected the activity of the grants, we judgmentally tested performance statistics from the Annual Performance Reports by comparing the performance statistics to summary spreadsheets that DHHS provided. Our testing covered the following reporting periods: October 1, 2014, through September 30, 2015; October 1, 2015, through September 30, 2016; and October 1, 2016, through September 30, 2017. While we found the summary spreadsheets DHHS provided reconciled to its FY 2016 and 2017 Annual Performance Reports, the FY 2015 Annual Performance Report did not reconcile to the summary spreadsheet. Further, we determined that the data in the summary spreadsheets was not always accurate or supportable, as described below.

To obtain additional assurance about the completeness and accuracy of DHHS summary spreadsheets, we performed site visits at four subrecipients. As part of our fieldwork, we reconciled subrecipient performance statistics reported to OVC to source documents. We found the largest subrecipient receiving DHHS

funding included VOCA program funding with funds from multiple sources, and this subrecipient failed to prorate victim statistics based on the specific source of funding.<sup>8</sup> Additionally, another subrecipient we visited failed to retain supporting documentation to support a quarterly progress report we tested. As a result, we told DHHS officials that performance data provided by its subrecipients did not appear to support DHHS reports. DHHS officials were unaware of this condition and conceded that it did not attempt to prorate data based on the source of funding or to provide guidance to its subrecipients about this requirement. We also found DHHS did not validate subrecipient victim statistics, through site visits or other reviews, and that DHHS did not have written policies or procedures to ensure the accuracy of data submitted in performance reports. Failure to ensure complete and accurate performance reporting undermines OVC's ability to demonstrate the value and specific benefits of the program to government agencies, the victim services field, the general public, and other stakeholders. We recommend OJP ensure DHHS develops and implements policies and procedures that ensure annual performance reports are complete and accurate.

### *Compliance with Special Conditions*

The special conditions of a federal grant award establish specific grant recipient requirements. We reviewed the special conditions for each VOCA victim assistance grant we audited and identified three that we deemed significant to grant performance that were not tested under any of the other areas we reviewed for compliance. We tested compliance with the special conditions imposed on DHHS regarding: (1) attending the annual VOCA National Training Conference, (2) Federal Funding Accountability and Transparency Act of 2006 reporting of first-tier subawards of \$25,000 or more, and (3) OJP financial management and grant administration training for Point of Contact and Financial Points of Contact. We found DHHS complied with all three of the special conditions we tested.

### **Grant Financial Management**

Award recipients must establish an adequate accounting system and maintain financial records that accurately account for awarded funds. To assess the adequacy of DHHS's financial management of the VOCA grants, we reviewed the process DHHS used to administer these funds by examining expenditures charged to the grants, subsequent drawdown (funding) requests, and resulting financial reports. To further evaluate DHHS's financial management of the VOCA grants, we also reviewed Maine's Single Audit Reports for FYs 2016 and 2017 that specifically related to DHHS. We found the 2016 Single Audit cited DHHS for using grant funds for unallowable purposes, and the 2017 Single Audit determined that its subrecipient monitoring needed improvement.<sup>9</sup> We also interviewed DHHS

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<sup>8</sup> Our fieldwork at subrecipients is discussed in greater detail later in this report.

<sup>9</sup> The 2016 Single Audit identified \$13.4 million in unallowable spending associated with a Health and Human Services (HHS) grant and DHHS returned these funds to HHS. Additionally, the 2017 Single Audit determined that DHHS subrecipient performance monitoring specific to an HHS grant needed improvement. The DHHS concurred with the finding and said it would take steps to bolster its subrecipient monitoring.

personnel responsible for financial aspects of the grants, reviewed DHHS written policies and procedures, inspected award documents, and reviewed financial records.

In our overall assessment of grant financial management, we determined that DHHS has an adequate financial management system in place, but DHHS did not always use the system as it was intended to facilitate effective grant financial management. We determined DHHS should improve its process and accompanying procedures by reimbursing its subrecipients based on actual costs incurred and delineating those costs to specific sources of federal, state, and any other available funding. Moreover, DHHS should ensure that subrecipients maintain and make available upon request sufficient, adequate, and verifiable source documentation to support reimbursement requests. We also determined that DHHS should comply with award requirements regarding noncompetitive sole source contracting for consultants, consultant invoicing requirements, and consultant rate thresholds. Finally, we found that DHHS should develop and implement drawdown policies and procedures compliant with award and cash management requirements.

### *Grant Expenditures*

SAA victim assistance expenses fall into two overarching categories: (1) reimbursements to subrecipients – which constitute the vast majority of total expenses, and (2) administrative expenses – which are allowed to total up to 5 percent of each award. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions from each of these categories by reviewing accounting records and verifying support for selected transactions.

### Subaward Expenditures

To evaluate DHHS's financial controls over VOCA victim assistance grant expenditures, and subrecipients specifically, we judgmentally selected 4 subrecipients out of 15 total subrecipients, as of FY 2018, and performed site visits where we reviewed and assessed DHHS's implementation of subrecipient monitoring policies and procedures. As shown in Table 2, we selected a diverse group of subrecipients that included two subrecipients that operated as separate Domestic Violence and Sexual Assault Coalitions and together received a significant portion of VOCA funding since the 2014 award.<sup>10</sup> During our visits, we judgmentally selected transactions from each subrecipient to determine whether the payments were accurate, allowable, and in accordance with the VOCA Guidelines. We selected three separate quarterly award periods and tested a total of \$340,257 in expenditures from the following categories: (1) personnel, (2) fringe benefits, (3) travel, (4) contracts/consultants, and (5) supplies.

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<sup>10</sup> These coalitions were composed of 19 total direct service providers that had received FY 2018 VOCA funding from DHHS.

**Table 2**  
**OIG Sample of Four FY 2018 DHHS VOCA Subrecipients**

<b>Subrecipient</b>	<b>Organization Type</b>	<b>Victim Service Type</b>	<b>Total Payments as of August 2018</b>
A	Not-for-Profit	Domestic Violence Coalition	\$ 8,809,312
B	Not-for-Profit	Sexual Assault Coalition	\$ 6,659,844
C	Not-for-Profit	Legal Services to Elderly	\$ 550,841
D	Municipal PD	Victim Advocacy	\$ 343,732
<b>Total</b>			<b>\$16,363,729</b>

Source: OIG Analysis of DHHS Payments and Subrecipient Records

We found that DHHS generally entered into annual agreements with its subrecipients to fund victim services, and the subrecipients received fixed monthly installments. As part of these agreements, an annual budget was prepared listing budget categories, such as personnel, travel, consultants, etc., for the DHHS-provided funding. Subrecipients were to submit a financial report to DHHS on a quarterly basis, referred to as a Quarterly Report of Revenue and Expenses, which detailed actual spending by budget category. These reports were to include a budget versus actual comparison, and result in a quarterly reconciliation where either an underpayment (amount due to subrecipient) or an overpayment (amount due to DHHS) was identified based on whether the monthly installments were under or over the amount of actual expenditures. DHHS referred to this process as a cost-settled methodology.

The Financial Guide establishes that “an adequate accounting system for a recipient must be able to accommodate a fund and account structure to separately track receipts, expenditures, assets, and liabilities for awards, programs, and subrecipients.” However, this did not appear to be the case for DHHS’s subrecipient payments. We found that some of the subrecipient agreements we reviewed included multiple DHHS funding sources in addition to VOCA funding. DHHS distinguished the amounts from the different funding sources in the subrecipient agreements and paid the subrecipients fixed monthly amounts from each funding source until the first quarterly reconciliation. DHHS made the installment payments regardless of actual grant-related expenses, and did not perform adequate testing or review of the quarterly reconciliation reports to ensure the accuracy of the actual costs reported by subrecipients. As of August 2018, we found that DHHS paid these four subrecipients a total of \$22,903,794 as shown in Table 2. This included \$16,363,729 in VOCA victim assistance program funds and \$6,540,065 from other funding sources.

We identified two concerns with the process DHHS used to provide funding to its subrecipients. First, because some payments included both VOCA and non-VOCA funds, this methodology did not allow DHHS to track expenditures specifically funded by VOCA funds because DHHS did not require its subrecipients to track individual expenses by funding source.<sup>11</sup> Second, this process effectively advanced funding on a fixed payment basis without adequate assurance that subrecipients

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<sup>11</sup> This same concern was identified in the OVC Desk Review report cited earlier in this report.



were providing victim services or incurring VOCA-eligible expenses. Further, this advance funding process did not provide adequate assurance that subrecipients were being reimbursed for actual spending and making disbursements according to Financial Guide cash management requirements.<sup>12</sup>

Despite the flaws in the process, we found that Subrecipients B, C, and D were able to adequately demonstrate to us the ability to separately track their spending to the specific funding sources that DHHS cited in their annual agreements. As a result, the quarterly reconciliations provided to DHHS appeared to accurately capture the VOCA funds expended by these three subrecipients, though we noted that DHHS did not test these reconciliations to ensure accuracy of the amounts reported.

However, our review of Subrecipient A, a domestic violence coalition, revealed internal control deficiencies similar to those found with DHHS, which we discuss in detail later in this report under Monitoring of Subrecipients. We determined that Subrecipient A awarded funding to its direct service providers using the same cost-settled methodology and approach that DHHS used with its subrecipients, providing a fixed amount of funding on a monthly basis rather than reimbursing actual expenditures. Additionally, Subrecipient A did not require its direct service providers receiving funds to submit any documentation to support monthly payments, and did not perform adequate oversight of the payments made to the service providers. Further, Subrecipient A did not segregate its receipts of funding by separate funding type, and its direct service providers did not provide Subrecipient A with a means to track spending specific to VOCA funding. As a result, Subrecipient A could not provide adequate documentation for how VOCA funding was used. We selected a sample of \$14,395 in expenditures that we were told were in support of the VOCA program, and found supporting documentation, including time and attendance records and personnel payments, evidencing that the \$14,395 was incurred. Though we could not identify within Subrecipient A's records that the VOCA funds were being charged specifically for that amount, the available documentation demonstrated that all of the charges were for allowable victim services. Therefore, we are not questioning the \$14,395, but instead make a management improvement recommendation below, regarding the tracking of VOCA funds.

We found that DHHS did not adequately monitor subrecipient expenditures reported in order to ensure VOCA-funded expenditures were appropriately identified and reported, and found that one subrecipient was unable to identify VOCA specific funds it expended. As a result, we recommend that OJP ensure DHHS develops and implements policies and procedures that require reimbursement requests to show subrecipients' actual costs by funding source to ensure proper tracking and use of VOCA funds by its subrecipients. It is also critical that DHHS ensure that its

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<sup>12</sup> According to the Financial Guide, award recipients "should draw down requests to ensure that Federal cash on hand is the minimum needed for disbursements/reimbursements to be made immediately or within 10 days. If the funds are not spent or disbursed within 10 days, you must return them to the awarding agency."

Coalitions, who serve as pass-through entities, adopt similar policies and procedures with direct service providers.

### Administrative Expenditures

SAs may retain up to 5 percent of each grant to pay for administering its crime victim assistance program and for training. For the victim assistance grant program, we tested DHHS’s compliance with the 5 percent limit on the administrative category of expenses. We compared DHHS's administrative costs recorded in DHHS's financial records to the award amounts to determine if DHHS exceeded the 5 percent limit. We found that DHHS complied with the 5 percent administrative cost allocation for the closed grants and had charged a proportionate amount to the open grants, as shown in Table 3.

**Table 3**  
**Administrative Expenditures**

<b>Award Number</b>	<b>Total Award</b>	<b>Award Period End Date</b>	<b>State Administrative Expenditures</b>	<b>Administrative Percentage</b>
2014-VA-GX-0020	\$ 2,278,659	9/30/2017	\$ 41,045	1.8%
2015-VA-GX-0025	\$ 8,460,239	9/30/2018	\$ 420,810	5.0%
2016-VA-GX-0062	\$ 9,458,354	9/30/2019	\$ 342,085	3.6%
2017-VA-GX-0082	\$ 7,910,255	9/30/2020	\$ 144,193	1.8%

Source: DHHS Financial Records

In addition to testing the DHHS’s compliance with the 5 percent administrative allowance, we also examined these expenses to determine if the expenditures were allowable, reasonable, and adequately supported. During our testing, we identified a large-dollar sole source consulting contract charged as an administrative expenditure and reviewed it to determine whether the expenditures were in excess of the Simplified Acquisition Threshold, which is set at \$150,000.<sup>13</sup> We also reviewed award documents to determine if proper sole source justification and advance written approval by OJP was documented in a Grant Adjustment Notice (GAN). We determined the contract exceeded the threshold, and that DHHS did not receive a GAN to authorize the sole source award. DHHS officials stated that they were unaware of the need to obtain prior written approval of the contract. We recommend OJP ensure that DHHS develops and implements policies and procedures so that future contracts are awarded in compliance with applicable guidance. This same issue was identified in the OVC Desk Review report, previously discussed, where \$278,037 was identified as unallowable costs charged to the FY 2015 and 2016 awards. OVC also noted a denial of the GAN to

<sup>13</sup> Simplified acquisition threshold means the dollar amount below which a non-federal entity may purchase property or services using small purchase methods. Non-federal entities adopt small purchase procedures in order to expedite the purchase of items costing less than the simplified acquisition threshold.

retroactively approve the sole source procurement because DHHS failed to conform to the requirements set out in the OJP Grants Financial Guide. In our draft report, issued to OJP and DHHS for review and comment, we recommended that OJP remedy \$398,055 in unallowable consultant fees paid through September 2018 due to noncompetitive practices without prior written approval. In its response to our draft report, DHHS and OJP provided documentation demonstrating DHHS had returned the \$398,055 to OJP, and as a result, we consider this recommendation closed in this final report.

We also tested a judgmental sample of 20 administrative expenditures charged to the VOCA awards, totaling \$193,120 from a universe of \$948,133, (or 20 percent). Prior to June 2017, DHHS only charged travel and a minimal amount of personnel expenditures as administrative costs to the grants. After that time, no personnel expenditures were charged to the awards, and the majority of administrative costs included indirect expenditures and consultant services. We found that two consultant transactions exceeded the maximum allowable consultant rate. According to the Financial Guide, consultant rates above certain thresholds require prior written justification and approval. At the time of our audit, the OJP threshold for consultant transactions was limited to \$650 per day or \$81.25 per hour. Based on our initial sample testing, we requested all consultant invoices charged as administrative expenditures. We found that the consultant expenditures for contract deliverables we tested were paid both by staff hours and flat fee, and we determined that \$129,954 in unallowable consultant fees paid were over the allowable hourly threshold.<sup>14</sup> We recommend OJP ensure that DHHS develops and implements policies and procedures to stay within the parameters of the OJP imposed consultant fee thresholds or obtain the necessary prior written approvals from OJP. In our draft audit report, we also recommended that OJP remedy the \$129,954 in unallowable consultant fees paid above the allowable hourly rate thresholds without advance OJP approval. As the \$129,954 in unallowable consultant fees was paid to the same consultant identified in the prior finding regarding noncompetitive practices, and DHHS returned those funds to OJP, this recommendation is considered closed in our final report.

In addition, we requested the supporting documentation for all of the consultant fees we tested to assess the accurateness of the amounts billed and charged to the grants, as well as to determine whether the fees were supported with time and effort reports as required by the Financial Guide. DHHS did not obtain and verify time and effort reports for the consultants for any of the invoices we reviewed. We recommend that OJP ensure DHHS develops and implements policies and procedures to obtain and verify the time and effort reports that accompany consultant invoice payment requests. In our draft report, we also recommended that OJP remedy the \$398,055 in unsupported consultant expenditures.<sup>15</sup> In its response to our draft report, DHHS and OJP provided documentation demonstrating that DHHS had returned the questioned amounts for

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<sup>14</sup> The \$129,954 in unallowable consultant fees is a subset of the previously identified \$398,055 in unallowable contract fees.

<sup>15</sup> The \$398,055 in unsupported consultant expenditures is included in the previously identified \$398,055 in unallowable agreement fees.

this consultant to OJP. As a result, this recommendation is closed in this final report.

### *Drawdowns*

Award recipients should request funds based upon immediate disbursement or reimbursement needs, and the grantee should time drawdown requests to ensure that the federal cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days. VOCA grant funds are available for the fiscal year of the award plus 3 additional fiscal years. To assess whether DHHS managed its grant drawdowns in accordance with these federal requirements, we compared the total amount reimbursed to the total expenditures in DHHS's accounting system and accompanying financial records. While we found that DHHS maintained adequate source documentation to support the amounts of the drawdown requests we sampled, we identified deficiencies related to the process DHHS used to calculate payments to subrecipients, as described in the Subaward Expenditures section above, which would affect the accuracy and supportability of some accounting records used for drawdown requests.

For the VOCA victim assistance awards, we found that DHHS used the cost settled methodology, and drawdowns were based on monthly instalments rather than actual costs incurred by the subrecipient, as described earlier in this report. At the end of each quarter, we were told subrecipients reconciled actual costs incurred, as reported to DHHS in their Quarterly Reports of Revenue and Expenses, to the advance funding payments received for that quarter. This process repeated as payments were made until the end of the annual subrecipient agreement. At no time during the annual agreement period did DHHS make an effort to review the validity of the information reported by its subrecipients as actual costs incurred, or ensure that its subrecipients employed effective and compliant cash management practices to minimize the time between receipt of DHHS funds and actual disbursements. Table 4 shows the total amount drawn down for each grant as of January 2019.

**Table 4**  
**Amount Drawn Down for Each Grant**  
**As of January 2019**

<b>Award Number</b>	<b>Total Award</b>	<b>Award Period End Date</b>	<b>Amount Drawn Down</b>	<b>Amount Remaining</b>
2014-VA-GX-0020	\$ 2,278,659	9/30/2017	\$ 2,277,558	\$ 0
2015-VA-GX-0025	\$ 8,460,239	9/30/2018	\$ 8,460,239	\$ 0
2016-VA-GX-0062	\$ 9,458,354	9/30/2019	\$ 9,454,503	\$ 3,851
2017-VA-GX-0082	\$ 7,910,255	9/30/2020	\$ 5,001,621	\$ 2,908,635
<b>Total:</b>	<b>\$ 28,107,507</b>		<b>\$ 25,193,921</b>	<b>\$ 2,913,586</b>

For the 2014 award, DHHS returned to OJP unspent funds totaling \$1,101.

Source: OIG Analysis of OJP Payment History Reports and DHHS Expenditures.

As noted previously, there is a risk that, by advancing funds to subrecipients, excess federal funds could be held by subrecipients for months until the reconciliations to the Quarterly Report of Revenues and Expenses occur. As a result, we believe that this process does not comply with the Financial Guide regarding Federal cash on hand because it does not allow for the return of funds in appropriate time frames, and subrecipients can potentially hold excess cash for up to 3 months.

We believe DHHS can address this as part of our previous recommendation to develop and implement policies and procedures that require reimbursement requests to show subrecipients' actual costs by funding source to ensure proper tracking and use of the VOCA funds. Moreover, we recommend OJP ensure DHHS develops and implements policies and procedures to timely reconcile its grant awards to ensure federal cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days, in accordance with the Financial Guide.

#### *Matching Requirement*

VOCA Guidelines require that subrecipients match 20 percent of the project cost.<sup>16</sup> The purpose of this requirement is to increase the amount of resources available to VOCA projects, while prompting subrecipients to obtain independent funding sources to help ensure future sustainability. Match contributions must come from non-federal sources and can be either cash or an in-kind match.<sup>17</sup> VOCA

<sup>16</sup> The match requirement for subawards to Native American tribes and organizations located on reservations was 5 percent for the FY 2013 and FY 2014 VOCA victim assistance grants, but this requirement was waived as of June 2014.

<sup>17</sup> In-kind matches may include donations of expendable equipment, office supplies, workshop or classroom materials, workspace, or the value of time contributed by those providing integral services to the funded project.

Guidelines state that any deviation from this policy requires OVC approval. The SAA has primary responsibility for ensuring subrecipient compliance with the match requirements.

We found that DHHS relied on a combination of subrecipient in-kind contributions and state victim assistance grants provided to subrecipients to meet its matching requirement. We found that DHHS met the 20-percent match requirement for the FY 2014 and FY 2015 grants, and was on track to meet the requirement for the FY 2016 and 2017 grants, whose project periods had yet to conclude. However, we also found that DHHS inaccurately reported the amount of matching costs on 10 of 14 quarterly Federal Financial Reports (FFRs) we tested. DHHS attributed this issue to staff turnover and a failure to reconcile the reporting to source financial records.

We found that DHHS communicated the 20-percent match requirement to its subrecipients in the subaward documents provided to each subrecipient. DHHS subrecipients report their matching contributions quarterly in conjunction with their quarterly Report of Revenue and Expenses. From our discussions and site visits, we learned that DHHS did not provide additional guidance or communication about record retention standards to its subrecipients, and that DHHS also did not conduct site visits or desk reviews where subrecipient supporting documentation was validated. To determine if subrecipient matching costs were accurate, supportable, and reasonable, we selected a judgmental sample of 20 transactions totaling \$58,975 from the 4 subrecipients we visited. Our sample included subrecipient transactions for personnel expenditures and fringe benefits, in-kind administrative costs, and in-kind volunteer time.

We found that Subrecipient A relied on a calendar identifying days worked by staff to document its in-kind match. However, we found that the calendar lacked the signatures of both the supervisory official and volunteers supporting the matching cost transaction. As a result, we found the documentation to be inadequate because in-kind contributions must be substantiated by the same methods the subrecipient uses for its paid employees, and a calendar is not a substitute for documented and supervisory approved timesheets. As a result, we questioned \$6,644 of the Subrecipient A's matching costs that we tested as unsupported.

During our site visit, Subrecipient B was unable to provide adequate documentation to support a \$3,000 matching cost transaction for its allocated administrative expenses. Subrecipient B provided an email to substantiate its match claim rather than source documents that would have allowed us to determine the specifics and timing of the contribution. As a result, we questioned the \$3,000 of matching costs as unsupported.

During our site visits with Subrecipients C and D, we determined both complied with the matching cost requirement.

When grantees fail to adequately monitor their subrecipients to ensure costs claimed are adequately charged, the risk of non-compliance is increased. We

recommend that OJP remedies \$9,644 in unsupported matching costs submitted by subrecipients and ensure DHHS develops and implements policies and procedures to ensure that subrecipient matching costs are monitored and accurately reported to OJP.

### *Financial Reporting*

According to the Financial Guide, recipients are to report the actual expenditures and unliquidated obligations incurred for the reporting period on its FFR, as well as cumulative expenditures. To determine whether DHHS submitted accurate FFRs, we compared the 16 most recent reports in our audit scope to DHHS's accounting records. We determined that 9 of the 16 quarterly FFRs we tested were inaccurate because the amount of expenditures reported on the FFR did not reconcile to DHHS's accounting records. We also found the cumulative expenditures reported on the FFRs for the FY 2015 and 2016 grants did not reconcile to the cumulative expenditures reported in DHHS's accounting records. We asked DHHS officials why the FFRs did not reconcile to the accounting records and were told by multiple officials that DHHS suffered from high staff turnover resulting in time lapses for new staff to develop the competence necessary to perform their duties. Further, we found that DHHS's payments to subrecipients being based on estimates rather than actual expenditures was an additional factor that contributed to the inaccurate FFRs. While DHHS had detailed procedures for FFR preparation, the procedures alone were insufficient to ensure that the FFRs were accurate because of staff turnover and DHHS's payment process to subrecipients. Additionally, DHHS lacked an overall policy to ensure FFRs were accurate and reconcilable to accounting source records. When grantees are unable to accurately report the results of the grant, OJP's ability to effectively monitor the financial aspects of the awards is impaired. We recommend that OJP ensure DHHS develops and implements policies and procedures that will result in the submission of complete and accurate financial reports.

### **Monitoring of Subrecipients**

According to the Financial Guides, the purpose of subrecipient monitoring is to ensure that subrecipients: (1) use grant funds for authorized purposes; (2) comply with federal program and grant requirements, laws, and regulations; and (3) achieve subaward performance goals. As the primary grant recipient, DHHS was required to develop policies and procedures to monitor its subrecipients. To assess the adequacy of DHHS's monitoring of its VOCA subrecipients, we interviewed DHHS personnel, reviewed DHHS monitoring procedures, and obtained records of interactions between DHHS and its subrecipients. As discussed previously, we also conducted site visits at four subrecipients that collectively received a substantial portion of VOCA funds, \$16,363,729 of the \$25,193,921 or about 65 percent. These subrecipients included 2 statewide coalitions with 19 member organizations in total that used VOCA funding as direct victim service providers. Our site visits included interviewing personnel, touring facilities, and reviewing accounting and performance records. We spoke with subrecipient officials during each visit to determine the level of support they received from DHHS. Each subrecipient told us that requests were made to DHHS for guidance about the grant

application, as well as financial or programmatic requirements, and that DHHS was responsive to these requests. These same officials also confirmed the DHHS budget process described earlier in this report.

From our site visits and discussions with subrecipient officials, we also confirmed that DHHS had not performed any site visits in the past, prior to their recent scheduling in 2018 discussed below. Furthermore, each subrecipient told us that DHHS did not require quarterly payment requests to be delineated by funding source, or require any supporting documentation for actual costs incurred by the subrecipient. The OVC Desk Review report also faulted DHHS for this same internal control weakness.

We found that in May 2018, DHHS began initial site visits for its subrecipients as required under the VOCA guidelines. According to DHHS's policies and procedures, DHHS required subrecipients to comply with the Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP), which specifically identifies audit requirements from OJP's Office for Victims of Crime. In addition, the DHHS Division of Audit completes a desk review on all single audits utilizing a standard checklist. However, existing DHHS monitoring efforts were completely reliant on an in-house methodology that did not require on-site visits to its subrecipients in compliance with award requirements. After starting its initial site visits, during our fieldwork in September 2018, DHHS developed its subrecipient risk assessment tool to include some of the suggested factors in the Financial Guide.<sup>18</sup>

During our audit, we determined that DHHS did conduct MAAP reviews or Single Audit desk reviews according to its established policies and procedures. As of August 2018, DHHS had also completed 14 on-site subrecipient monitoring reports and made 3 risk assessments on their subrecipients.<sup>19</sup> However, we found no official policies and procedures existed regarding the methodology and scope of site visits or the process for completing risk assessments. In particular, we found that the specific testing or oversight to be performed during a site visit had not been established. As a result, our overall assessment of DHHS's subrecipient monitoring found that DHHS was not compliant with the Final Rule as it did not conduct site visits until May 2018, that the site visits did not include adequate and documented testing to ensure appropriate oversight, and did not properly begin to assess and document subrecipient risk until September 2018. We noted that up until our fieldwork, DHHS relied solely on both MAAP reviews and Single Audit desk reviews, rather than performing its own risk assessments. The Final Rule requires SAAs to develop and implement a monitoring plan based on regular desk monitoring and biennial on-site monitoring of all awards to subrecipients unless a

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<sup>18</sup> The Financial Guide states, "The methods of monitoring may vary; some of the factors you may want to consider in determining the nature, timing, and extent of monitoring are as follows: 1) Subrecipient' prior experience with the same or similar subawards; 2) Results of previous audits; 3) Whether the subrecipient has new personnel or a new or substantially changed system; and 4) The extent and results of Federal awarding agency monitoring."

<sup>19</sup> Three of the four subrecipients we visited had onsite reviews in June 2018 by DHHS. The fourth was being rescheduled by the time we ended fieldwork and had not been visited yet by DHHS.



different frequency, based on a documented risk assessment, is set out in the monitoring plan. We found that DHHS did not adequately manage or monitor its subrecipients to ensure that award funds were being used for authorized purposes in conformity with all federal program and grant requirements, and that while on-site monitoring had begun in May 2018, no formalized plan for such visits was in effect at the time our audit fieldwork concluded. As a result, we recommend OJP ensure that DHHS develops and implements formal policies and procedures for subrecipient monitoring, including establishing a formal on-site visit schedule. We also recommend OJP ensure that DHHS develop and implement necessary policies and procedures for a subrecipient risk assessment plan that includes subrecipient specific factors.

### *Financial Monitoring*

As discussed earlier in this report, we found that DHHS generally advanced monthly funding to subrecipients based on annual budgeted amounts that were divided equally over the 12-month period. We also found that on a quarterly basis, subrecipients would submit a reimbursement request to reconcile the budgeted amount already paid by DHHS that resulted in either a request for additional funds or a reimbursement for funds not expended by the subrecipient. According to the Financial Guide, the purpose of subrecipient monitoring is to ensure that the subaward is being used for the authorized purpose, in compliance with the federal program and grant requirements, laws, and regulations, and the subaward performance goals are achieved. We believe DHHS can address this as part of our previous recommendation to develop and implement policies and procedures that require reimbursement requests to show subrecipients' actual costs by funding source to ensure proper tracking and use of the VOCA funds, rather than rely on the current method of advancing funds to subrecipients based on budgeted amounts. Moreover, as part of the DHHS process of subrecipient oversight and monitoring, we recommend OJP ensure that during site visits and desk reviews, transaction testing of source documentation be performed to ensure the validity of VOCA-eligible expenditures. We also suggest these actions be incorporated into the process whereby DHHS develops and implements formal subrecipient monitoring policies and procedures.

### *Performance Monitoring*

During our audit, we found that DHHS had internal control processes to measure subrecipient progress toward meeting VOCA-funded goals and objectives, but lacked adequate controls for validating subrecipient performance accomplishments. DHHS officials told us that they monitor subrecipient performance by reviewing subrecipient reporting in PMT, through reviewing an additional DHHS defined semiannual performance report, and through ongoing communication with subrecipients. We found that DHHS requires its subrecipients to directly submit quarterly performance reports into the PMT system. We also found that DHHS requires subrecipients to submit an alternate Semi-Annual Performance Measure Report where subrecipients report progress toward achieving goals and objectives specified in the agreement executed between DHHS and the subrecipient. The DHHS grants program coordinator then reviews the quarterly

reports to ensure the annual report performance report DHHS submits is accurate. A DHHS official told us the review consists of a comparison of a subrecipient's quarterly data to historical performance statistics, and a comparison of the DHHS Semi-Annual Performance Measure Report to the PMT report to identify discrepancies. However, we found that DHHS did not periodically request source documentation to validate the performance statistics during its review of subrecipient performance reports in PMT or the Semi-Annual Measure Report. Additionally, subrecipient officials told us DHHS did not reconcile their performance reporting to source documentation during site visits, or at any other time.

We assessed the completeness and accuracy of the performance data subrecipients reported in PMT during our site visits, and sought support for subrecipient-reported amounts in various categories to confirm the accuracy of the DHHS Semi-Annual Measure Reports. Although subrecipients provided evidence that victim services were provided, we found that Subrecipient A did not prorate its victim statistics based on VOCA and non-VOCA sources of funding, and Subrecipient D was unable to provide records supporting the number of victims reported in PMT for one of the quarters we sampled. We found no exceptions with Subrecipient B and C's performance reporting.

The OJP guidance expects that subrecipients prorate the number of victims served based on the source of funding in order to correctly report the number of VOCA-funded victims the grants supported. We found the source documentation Subrecipient A provided reconciled to a sample of statistics we selected for detailed testing. However, Subrecipient A funded the activities it reported to OJP with multiple sources of funding, and Subrecipient A's reporting did not prorate the victims it served based on the source of funding. As a result of our testing, we found Subrecipient A over-reported VOCA-funded activity in PMT. A subrecipient official told us they were unaware of the requirement to prorate victim statistics based on funding source, and that DHHS did not provide guidance about this reporting requirement. Subrecipient A's failure to prorate its performance statistics potentially compromises the accuracy of the data DHHS reports that is used by Congress, OJP, and the public to assess the progress of VOCA-funded activities in Maine. This issue was only found with Subrecipient A and not with any of the other subrecipients.

The Financial Guide requires recipients and subrecipients to retain documentation that supports programmatic accomplishments up to three years after a project period ends. During our testing, we found Subrecipient D was unable to provide any supporting documentation for one quarter we selected for detailed testing. A subrecipient official told us the supporting documentation was lost when the official moved offices, and the subrecipient was unsure of what the record retention requirements were for the VOCA program. A subrecipient official also told us that DHHS provided no guidance pertaining to record retention requirements.

In sum, we found DHHS's performance monitoring to be inadequate because DHHS did not attempt to validate the completeness and accuracy of subrecipient reporting. The OVC Desk Review also determined that DHHS does not have a

verification process in place to ensure the accuracy of data reported on PMT performance reports. Our site visits showed that Subrecipient A did not prorate its victim statistics by funding source, and Subrecipient D was unable to provide supporting documentation to support the number of victims it served for a period. The above-mentioned examples of non-compliance underscore the importance of robust subrecipient monitoring. In its absence, the risk of subrecipient non-compliance is greatly increased. This issue was addressed in previous recommendations.

## CONCLUSION AND RECOMMENDATIONS

Overall, while we found that DHHS used its grant funds to enhance services for crime victims, our audit also identified deficiencies in several key areas that represent opportunities for improvement. Specifically, we determined DHHS lacked a funding allocation and planning strategy in accordance with VOCA guidance, lacked written procedures to monitor compliance with the priority area funding requirement, inaccurately reported its performance statistics, and lacked written procedures for performance reporting.

We also identified internal control shortcomings in the cost-settled methodology used by DHHS to make payments to its subrecipients, and found DHHS lacked the ability to track subrecipient expenditures specifically funded by VOCA. Additionally, DHHS used VOCA funds to award a noncompetitive consultant agreement without advance approval. Regarding the management of its subrecipients, we found that DHHS executed drawdowns without any assurance its subrecipients complied with cash management requirements, failed to adequately monitor matching costs, submitted inaccurate FFRs, and did not appropriately monitor its subrecipients. We provide 15 recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Ensure DHHS develops and implements a funding allocation strategy in accordance with the VOCA guidance.
2. Ensure DHHS develops and implements policies and procedures to monitor compliance with the priority area funding requirement.
3. Ensure DHHS develops and implements policies and procedures that ensure annual performance reports are complete and accurate.
4. Ensure DHHS develops and implements policies and procedures that require reimbursement requests to show subrecipients' actual costs by funding source to ensure proper tracking and use of VOCA funds. It is also critical that DHHS ensure that its Coalitions, who serve as pass-through entities, adopt similar policies and procedures with direct service providers.
5. Remedy \$398,055 in unallowable consultant fees associated with the following issues:
  - a) Remedy the total amount of \$398,055 in unallowable consultant fees paid through September 2018 due to noncompetitive practices without prior written approval.

- b) Remedy \$129,954 in unallowable consultant fees paid above the allowable hourly rate thresholds without advance OJP approval.<sup>20</sup>
6. Ensure DHHS develops and implements policies and procedures so that contracts are awarded in compliance with applicable guidance.
  7. Ensure DHHS develops and implements policies and procedures to stay within the parameters of OJP imposed consultant fee thresholds or obtain the necessary prior written approvals from OJP.
  8. Remedy \$398,055 in unsupported consultant fees for failure to obtain and verify time and effort reports required to accompany consultant invoice payments.<sup>21</sup>
  9. Ensure DHHS develops and implements policies and procedures to obtain and verify the time and effort reports that accompany consultant invoice payment requests.
  10. Ensure DHHS develops and implements policies and procedures to timely reconcile its grant awards to ensure federal cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days, in accordance with the Financial Guide.
  11. Remedy \$9,644 in unsupported matching costs submitted by subrecipients.
  12. Ensure DHHS develops and implements policies and procedures to ensure that subrecipient matching costs are monitored and accurately reported to OJP.
  13. Ensure DHHS develops and implements policies and procedures that will result in the submission of complete and accurate financial reports.
  14. Ensures DHHS develops and implements formal policies and procedures regarding subrecipient monitoring, including establishing a formal on-site visit schedule. Additionally, during site visits and desk reviews, ensure DHHS performs transaction testing of source documentation to ensure the validity VOCA-eligible expenditures.
  15. Ensure DHHS develops and implements necessary policies and procedures for a subrecipient risk assessment plan that includes subrecipient specific factors.

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<sup>20</sup> As discussed previously, DHHS and OJP provided documentation demonstrating that the unallowable costs that we identified in our audit were returned to OJP. Based on these actions, in its response to a draft of this report (see appendix 4), OJP requested closure of Recommendations 5 and 8. These actions are sufficient to remedy the questioned costs, as explained more fully in Appendix 5.

### OBJECTIVE, SCOPE, AND METHODOLOGY

#### Objective

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

#### 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

This was an audit of Victims of Crime Act (VOCA) victim assistance formula grants 2014-VA-GX-0020, 2015-VA-GX-0025, 2016-VA-GX-0062, and 2017-VA-GX-0082 from the Crime Victims Fund (CVF) awarded to DHHS. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$28,107,507 to DHHS, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 1, 2013, the project start date for VOCA assistance grant number 2014-VA-GX-0020, through January 2019. As of January 2019, DHHS had drawn down a total of \$25,193,921 from the four audited grants.

To accomplish our objective, we tested compliance with what we consider the most important conditions of DHHS's activities related to the audited grants. We performed sample-based audit testing for administrative and subrecipient expenditures, financial reports, and performance reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The authorizing VOCA legislation, the VOCA victim assistance program guidelines, the OJP and DOJ Financial Guides, 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 and Performance Measurement Tool, as well as DHHS's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole; therefore, any findings identified involving information from those systems was verified with documents from other sources and site visits of four subrecipients.

While our audit did not assess DHHS's overall system of internal controls, we did review the internal controls of DHHS's financial management system specific to the management of funds for each VOCA grant within our review. To determine whether DHHS adequately managed the VOCA funds we audited, we conducted interviews with state of Maine financial staff, examined policies and procedures, and reviewed grant documentation and financial records. We also developed an understanding of DHHS's financial management system and its policies and procedures to assess its risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants.

## APPENDIX 2

### SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
<b>Questioned Costs:</b>		
Unallowable Expenditures – Contract	\$398,055	14
Unallowable Consultant Expenditures	<u>129,954</u>	15
Unallowable Costs	\$528,009	
Unsupported Consultant Expenditures	\$398,055	15
Unsupported Matching Costs	<u>9,644</u>	18
Unsupported Costs	\$407,699	
<i>Gross Questioned Costs</i> <sup>21</sup>	\$935,708	
Less Duplicative Questioned Costs <sup>22</sup>	(\$528,009)	
Less Remedied Costs <sup>23</sup>	(\$398,055)	
<b>Net Questioned Costs</b>	<b><u>\$9,644</u></b>	

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<sup>21</sup> **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

<sup>22</sup> Some costs were questioned for more than one reason and net questioned costs exclude the duplicate amount. The duplicative questioned costs include unallowable and unsupported consultant expenditures.

<sup>23</sup> Prior to the issuance of this final report, OJP and DHHS provided documentation demonstrating that the \$398,055 in unallowable costs that we identified during our audit had been returned to OJP.



## APPENDIX 3

# MAINE DEPARTMENT OF HEALTH AND HUMAN SERVICES' RESPONSE TO THE DRAFT AUDIT REPORT

Janet T. Mills  
Governor

Jeanne M. Lambrew, Ph.D.  
Commissioner



Maine Department of Health and Human Services  
Commissioner's Office  
11 State House Station  
109 Capitol Street  
Augusta, Maine 04333-0011  
Tel.: (207) 287-3707; Fax: (207) 287-3005  
TTY: Dial 711 (Maine Relay)

August 23, 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. Thomas O. Puerzer:

The Maine Department of Health and Human Services has reviewed the draft audit report and provided responses to all fifteen (15) recommendations.

**Recommendation 1:** Ensure DHHS develops and implements a funding allocation strategy in accordance with the VOCA guidance.

**Response from DHHS:** DHHS concurs with this recommendation. DHHS expects to complete statewide and comprehensive victim needs assessment to inform the Violence Prevention Programs funding allocation strategy over the next five (5) years no later than December 31, 2020.

**Recommendation 2:** Ensure DHHS develops and implements policies and procedures to monitor compliance with the priority area funding requirement.

**Response from DHHS:** DHHS concurs with this recommendation. As of October 2018, DHHS created a tracking document to record all subrecipient funding as it pertains to compliance with all four (4) priority areas. This information will be included in the VOCA procedure manual which is expected to be completed no later than December 31, 2019.

**Recommendation 3:** Ensure DHHS develops and implements policies and procedures that ensure annual performance reports are complete and accurate.

**Response from DHHS:** DHHS concurs with this recommendation. As of October 2018, DHHS implemented its on-site monitoring and desk-level review processes to include transaction testing. This information will be included in the VOCA procedure manual which is expected to be completed no later than December 31, 2019.

**Recommendation 4:** Ensure DHHS develops and implements policies and procedures that require reimbursement requests to show subrecipients' actual costs by funding source to ensure proper tracking and use of VOCA funds. It is also critical that DHHS ensure that its Coalitions, who serve as pass-through entities, adopt similar policies and procedures with direct service providers.

**Response from DHHS:** DHHS concurs with this recommendation. Beginning October 2019, all VOCA funded subrecipients will be required to submit a monthly financial report and via their contract deliverables, require their subrecipients to submit a monthly financial report, to ensure reimbursement aligns with actual expenditures by funding source. This information will be included in the VOCA procedure manual which is expected to be completed no later than December 31, 2019.

**Recommendation 5:** Remedy \$398,055 in unallowable consultant fees associated with the following issues:

- a. Remedy the total amount of \$398,055 in unallowable consultant fees paid through September 2018 due to noncompetitive practices without prior written approval.
- b. Remedy \$129,954 in unallowable consultant fees paid above the allowable hourly or daily rate thresholds without advance OJP approval.

**Response from DHHS:** On February 14, 2019 DHHS repaid the entire \$398,055 to the Department of Justice. Supporting documentation has been provided to the Office of Inspector General. We ask that this recommendation be closed.

**Recommendation 6:** Ensure DHHS develops and implements policies and procedures so that contracts are awarded in compliance with applicable guidance.

**Response from DHHS:** DHHS concurs with this recommendation. DHHS will ensure all VOCA funded procurement contracts are obtained through competitive solicitation unless prior approval from OJP has been received. This information will be included in the VOCA procedure manual which is expected to be completed no later than December 31, 2019.

**Recommendation 7:** Ensure DHHS develops and implements policies and procedures to stay within the parameters of OJP imposed consultant fee thresholds or obtain the necessary prior written approvals from OJP.

**Response from DHHS:** DHHS concurs with this recommendation. DHHS will ensure all VOCA funded procurement contracts are within the parameters of OJP imposed consultant fee thresholds unless prior approval from OJP has been received. This information will be included in the VOCA procedure manual which is expected to be completed no later than December 31, 2019.

**Recommendation 8:** Remedy \$398,055 in unsupported consultant fees for failure to obtain and verify time and effort reports required to accompany consultant invoice payments.

**Response from DHHS:** DHHS would like to make clear that this is the same \$398,055 as recommendation #5. As noted in recommendation #5, DHHS repaid the \$398,055 to the Department of Justice on February 14, 2019. We ask that this recommendation be closed.

**Recommendation 9:** Ensure DHHS develops and implements policies and procedures to obtain and verify the time and effort reports that accompany consultant invoice payment requests.

**Response from DHHS:** DHHS concurs with this recommendation. Beginning October 2019, time and effort reports must be submitted along with all consultant monthly financial reports (request for payment). This information will be included in the VOCA procedure manual which is expected to be completed no later than December 31, 2019.

**Recommendation 10:** Ensure DHHS develops and implements policies and procedures to timely reconcile its grant awards to ensure federal cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days, in accordance with the Financial Guide.

**Response from DHHS:** DHHS concurs with this recommendation. As of March 2019, DHHS implemented a standardized process for daily grant reconciliations, which includes the monitoring of cash on hand. This information will be included in the VOCA procedure manual which is expected to be completed no later than December 31, 2019.

**Recommendation 11:** Remedy \$9,644 in unsupported matching costs submitted by subrecipients.

**Response from DHHS:** DHHS concurs with this recommendation. DHHS is currently working with the provider to determine if alternate match supporting documentation is attainable and expect to have this resolved no later than December 2019.

**Recommendation 12:** Ensure DHHS develops and implements policies and procedures to ensure that subrecipient matching costs are monitored and accurately reported to OJP.

**Response from DHHS:** DHHS concurs with this recommendation. As of October 2018, DHHS amended its on-site monitoring and desk-level review processes to include review of match documentation. This information will be included in the VOCA procedure manual which is expected to be completed no later than December 31, 2019.

**Recommendation 13:** Ensure DHHS develops and implements policies and procedures that will result in the submission of complete and accurate financial reports.

**Response from DHHS:** DHHS concurs with this recommendation. As of October 2018, DHHS implemented a process to ensure accurate financial reporting, to include quarterly meetings between program and financial staff, and the development and maintenance of a tracking document to record all subrecipient expenditures by VOCA grant year. This information will be included in the VOCA procedure manual which is expected to be completed no later than December 31, 2019.

**Recommendation 14:** Ensure DHHS develops and implements formal policies and procedures regarding subrecipient monitoring, including establishing a formal on-site monitoring schedule. Additionally, during on-site monitoring and desk reviews, ensure DHHS performs transaction testing of source documentation to ensure the validity VOCA-eligible expenditures.

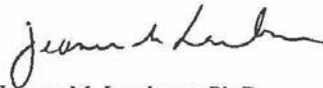
**Response from DHHS:** DHHS concurs with this recommendation. As of May 2018, DHHS implemented a process to ensure all subrecipients receive on-site monitoring as outlined in its on-site monitoring schedule, which is based upon the outcome of the subrecipients risk assessment. DHHS has also amended its on-site monitoring and desk-level review processes to include transaction testing. This information will be included in the VOCA procedure manual which is expected to be completed no later than December 31, 2019.

**Recommendation 15:** Ensure DHHS develops and implements necessary policies and procedures for a subrecipient risk assessment plan that includes subrecipient specific factors.

**Response from DHHS:** DHHS concurs with this recommendation. As of 10/01/2018, DHHS implemented a process to ensure a risk assessment plan that includes subrecipient specific factors, is completed on all its subrecipients.

If you have any questions or concerns, please contact Anthony Madden, Deputy Director, Division of Audit, at 207-287-2834 or [Anthony.Madden@Maine.gov](mailto:Anthony.Madden@Maine.gov).

Sincerely,



Jeanne M. Lambrew, Ph.D.  
Commissioner

JML/klv

cc: Todd Landry, Director, Office of Child and Family Services (OCFS)  
Bobbi Johnson, Associate Director, OCFS  
Heather Tyler, Violence Prevention Program Manager, OCFS

OFFICE OF JUSTICE PROGRAMS' RESPONSE TO THE DRAFT  
AUDIT REPORT<sup>24</sup>



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

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Washington, D.C. 20531

SEP - 5 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, Office for Victims of Crime, Victim Assistance Grants Awarded to the Maine Department of Health and Human Services, Augusta, Maine*

This memorandum is in reference to your correspondence, dated July 25, 2019, transmitting the above-referenced draft audit report for the Maine Department of Health and Human Services (DHHS). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **15** recommendations and **\$407,699<sup>1</sup>** 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 ensure that DHHS develops and implements a funding allocation strategy in accordance with the VOCA guidance.**

OJP agrees with this recommendation. We will coordinate with DHHS to obtain a copy of its statewide strategic plan, developed and implemented, to ensure that it details efforts to identify additional victim service needs, as well as subaward strategies to spend the substantial increase in available Victims of Crime Act (VOCA) funding.

- 2. We recommend that OJP ensure that DHHS develops and implements policies and procedures to monitor compliance with the priority area funding requirement.**

OJP agrees with this recommendation. We will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that it documents and tracks VOCA funding within the four priority areas.

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

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<sup>24</sup> Attachments to this response were not included in this final report.



3. **We recommend that OJP ensure that DHHS develops and implements policies and procedures that ensure annual performance reports are complete and accurate.**

OJP agrees with this recommendation. We will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that annual performance reports are complete and accurate, and the supporting documentation is maintained for future auditing purposes.

4. **We recommend that OJP ensure that DHHS develops and implements policies and procedures that require reimbursement requests to show subrecipients' actual costs by funding source to ensure proper tracking and use of VOCA funds. It is also critical that DHHS ensure that its Coalitions, who serve as pass-through entities, adopt similar policies and procedures with direct service providers.**

OJP agrees with this recommendation. We will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that reimbursement requests show the subrecipients' actual costs by funding source, to ensure proper tracking and use of VOCA funds. In addition, we will coordinate with DHHS to ensure that its Coalitions, who serve as pass-through entities, adopt similar policies and procedures with direct service providers.

5. **We recommend that OJP remedy \$398,055 in unallowable consultant fees associated with the following issues:**

- a) **Remedy the total amount of \$398,055 in unallowable consultant fees paid through September 2018 due to noncompetitive practices without prior written approval.**
- b) **We recommend that OJP remedy \$129,954 in unallowable consultant fees paid above the allowable hourly or daily rate thresholds without advance OJP approval.**

OJP agrees with each subpart of this recommendation. OJP had already identified these questioned costs during a programmatic desk review, conducted by OJP's Office for Victims of Crime (OVC) in April 2018, which found that DHHS had used grant funds for consultant services, under Grant Numbers 2015-VA-GX-0025 (\$219,655) and 2016-VA-GX-0062 (\$178,400), which had not been procured competitively, and had exceeded the allowable hourly or daily rate thresholds without prior written approval from OJP. As a result, in February 2019, DHHS returned the \$398,055 in funds to OJP (see Attachment). Accordingly, the Office of Justice Programs requests closure of this recommendation.

6. **We recommend that OJP ensure that DHHS develops and implements policies and procedures so that contracts are awarded in compliance with applicable guidance.**

OJP agrees with this recommendation. We will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that contracts are awarded in accordance with applicable procurement requirements.

7. **We recommend that OJP ensure that DHHS develops and implements policies and procedures to stay within the parameters of OJP imposed consultant fee thresholds or obtain the necessary prior written approvals from OJP.**

OJP agrees with this recommendation. We will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that services are procured in a manner consistent with the Department of Justice (DOJ) Grants Financial Guide.

8. **We recommend that OJP remedy \$398,055 in unsupported consultant fees for failure to obtain and verify time and effort reports required to accompany consultant invoice payments.**

OJP agrees with this recommendation. The costs identified in this recommendation are duplicative of the costs questioned in Recommendation Number 5. As previously stated in OJP's response to Recommendation Number 5, OVC identified these questioned costs during a programmatic desk review in April 2018, which had not been procured competitively and had exceeded the allowable hourly or daily rate thresholds without prior written approval from OJP. As a result, in February 2019, DHHS returned the \$398,055 in funds to OJP (see Attachment). Accordingly, the Office of Justice Programs requests closure of this recommendation.

9. **We recommend that OJP ensure that DHHS develops and implements policies and procedures to obtain and verify the time and effort reports that accompany consultant invoice payments.**

OJP agrees with this recommendation. We will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that detailed time and effort reports are maintained and submitted by consultants, to support the labor charges on their invoices.

- 10. We recommend that OJP ensure that DHHS develops and implements policies and procedures to timely reconcile its grant awards to ensure federal cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days, in accordance with the Financial Guide.**

OJP agrees with this recommendation. We will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that requests for Federal funds awards are based on immediate disbursement requirements, such as: 1) reimbursement for previously incurred expenditures; or 2) advances for expenditures to be incurred/liquidated within 10 days of drawdown, in accordance with the DOJ Grants Financial Guide.

- 11. We recommend that OJP remedy \$9,644 in unsupported matching costs submitted by subrecipients.**

OJP agrees with this recommendation. We will review the \$9,644 in questioned costs charged to Grant Number 2017-VA-GX-0082, related to unsupported matching costs reported by DHHS' subrecipients, and will work with DHHS to remedy, as appropriate.

- 12. We recommend that OJP ensure that DHHS develops and implements policies and procedures to ensure that subrecipient matching costs are monitored and accurately reported to OJP.**

OJP agrees with this recommendation. We will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that subrecipient matching costs are monitored and accurately reported to OJP.

- 13. We recommend that OJP ensure that DHHS develops and implements policies and procedures that will result in the submission of complete and accurate financial reports.**

OJP agrees with this recommendation. We will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that expenditures reported on its Federal Financial Reports are complete and accurate, and the supporting documentation is maintained for future auditing purposes.

- 14. We recommend that OJP ensure that DHHS develops and implements formal policies and procedures regarding subrecipient monitoring, including establishing a formal on-site visit schedule. Additionally, during site visits and desk reviews, ensure DHHS performs transaction testing of source documentation to ensure the validity of VOCA-eligible expenditures.**

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



15. **We recommend that OJP ensure that DHHS develops and implements necessary policies and procedures for a subrecipient risk assessment plan that includes subrecipient specific factors.**

OJP agrees with this recommendation. We will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, for ensuring that its subrecipient risk assessment plan includes subrecipient specific factors.

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.

Attachment

cc: Katherine T. Sullivan  
Principal Deputy Assistant Attorney General

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

LeToya A. Johnson  
Senior Advisor  
Office of the Assistant Attorney General

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

Darlene L. Hutchinson  
Director  
Office for Victims of Crime

Allison Turkel  
Deputy Director  
Office for Victims of Crime

Katherine Darke-Schmitt  
Deputy Director  
Office for Victims of Crime

Kathrina S. Peterson  
Acting Deputy Director  
Office for Victims of Crime

cc: James Simonson  
Associate Director for Operations  
Office for Victims of Crime

Jalila Sebbata  
Grants Management Specialist  
Office for Victims of Crime

Charlotte Grzebien  
Deputy General Counsel

Robert Davis  
Acting Director  
Office of Communications

Leigh Benda  
Chief Financial Officer

Christal McNeil-Wright  
Associate Chief Financial Officer  
Grants Financial Management Division  
Office of the Chief Financial Officer

Joanne M. Suttington  
Associate Chief Financial Officer  
Finance, Accounting, and Analysis Division  
Office of the Chief Financial Officer

Aida Brumme  
Manager, Evaluation and Oversight Branch  
Grants Financial Management Division  
Office of the Chief Financial Officer

Louise Duhamel  
Acting Assistant Director, Audit Liaison Group  
Internal Review and Evaluation Office  
Justice Management Division

OJP Executive Secretariat  
Control Number IT20190726090644

**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 Maine Department of Health and Human Services (DHHS). DHHS's response is incorporated in Appendix 3 and OJP's response in Appendix 4 of this final report. DHHS concurred with all of our recommendations. Further, OJP agreed with all of our recommendations and discussed the actions they plan to complete in order to address our recommendations. As a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and a summary of the actions necessary to close the report.

**Recommendations for OJP:**

**1. Ensure DHHS develops and implements a funding allocation strategy in accordance with the VOCA guidance.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DHHS to obtain a copy of its statewide strategic plan, developed and implemented, to ensure that it details efforts to identify additional victim service needs, as well as subaward strategies to spend the substantial increase in available Victims of Crime Act (VOCA) funding.

DHHS concurred with our recommendation and stated in its response that it expects to complete statewide and comprehensive victim needs assessment to inform the Violence Prevention Programs funding allocation strategy over the next 5 years no later than December 31, 2020.

This recommendation can be closed when we receive documentation demonstrating DHHS implemented a funding allocation strategy in accordance with the VOCA guidance.

**2. Ensure DHHS develops and implements policies and procedures to monitor compliance with the priority area funding requirement.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that DHHS documents and tracks VOCA funding within the four priority areas.

DHHS concurred with our recommendation and stated in its response that as of October 2018, it created a tracking document to record all subrecipient funding as it pertains to compliance with all four priority areas. Additionally, DHHS said this information will be included in the procedures manual that it expects to be completed no later than December 31, 2019.

This recommendation can be closed when we receive documentation demonstrating DHHS implemented policies and procedures to monitor compliance with the priority area funding requirement.

**3. Ensure DHHS develops and implements policies and procedures that ensure annual performance reports are complete and accurate.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that annual performance reports are complete and accurate, and the supporting documentation is maintained for future auditing purposes.

DHHS concurred with our recommendation and stated in its response that, as of October 2018, it implemented its on-site monitoring and desk level review processes to include transaction testing. Additionally, DHHS said this information will be included in the procedures manual that it expects to be completed no later than December 31, 2019.

This recommendation can be closed when we receive documentation demonstrating DHHS implemented policies and procedures to ensure annual performance reports are complete and accurate.

**4. Ensure DHHS develops and implements policies and procedures that require reimbursement requests to show subrecipients' actual costs by funding source to ensure proper tracking and use of VOCA funds. It is also critical that DHHS ensure that its Coalitions, who serve as pass-through entities, adopt similar policies and procedures with direct service providers.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that reimbursement requests show the subrecipients' actual costs by funding source, to ensure proper tracking and use of VOCA funds. OJP further stated that it will coordinate with DHHS to ensure its Coalitions, who serve as pass-through entities, adopt similar policies and procedures with direct service providers.

DHHS concurred with our recommendation and stated in its response that beginning October 2019, all VOCA funded subrecipients will be required to submit a monthly financial report and require their subrecipients submit a monthly financial report to ensure reimbursement aligns with actual expenditures by funding source. Additionally, DHHS said this information will be included in the procedures manual that it expects to be completed no later than December 31, 2019.

This recommendation can be closed when we receive documentation demonstrating DHHS implemented policies and procedures that require reimbursement requests to show subrecipients actual costs by funding

source. Further, this recommendation can be closed when we receive documentation that DHHS funded Coalitions adopt similar policies and procedures with its direct service providers.

**5. Remedy \$398,055 in unallowable consultant fees associated with the following issues:**

- a) Remedy the total amount of \$398,055 in unallowable consultant fees paid through September 2018 due to noncompetitive practices without prior written approval.**
- b) Remedy \$129,954 in unallowable consultant fees paid above the allowable hourly rate thresholds without advance OJP approval.**

Closed. OJP requested closure of our recommendation. OJP stated in its response that it agreed with each subpart of the recommendation, and noted that OJP had identified these questioned costs during a programmatic desk review. OJP also stated that DHHS had returned the funds and provided documentation demonstrating the funds were returned.

DHHS stated in its response that on February 14, 2019, DHHS repaid the entire \$398,055 to the Department of Justice. Subsequent to the issuance of our draft report, DHHS provided supporting documentation to the Office of Inspector General that these funds were repaid and requested closure of this recommendation.

As discussed in our report, we found that OVC identified in its programmatic desk review a portion of these questioned costs amounting to \$278,037. During our audit, we identified \$120,018 in additional questioned costs that totaled \$398,055, and did not find indication that DHHS had addressed the questioned costs identified in the programmatic desk review performed by OVC. This recommendation is closed based on documentation provided by DHHS and OJP demonstrating that DHHS had repaid the Department of Justice in full the amount of \$398,055 representing unallowable consultant fees.

**6. Ensure DHHS develops and implements policies and procedures so that contracts are awarded in compliance with applicable guidance.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that contracts are awarded in accordance with applicable procurement requirements.

DHHS concurred with our recommendation and stated in its response that it will ensure all VOCA funded procurement contracts are obtained through competitive solicitation unless prior approval from OJP has been received. Additionally, DHHS said this information will be included in the procedures manual that it expects to be completed no later than December 31, 2019.

This recommendation can be closed when we receive documentation demonstrating DHHS implemented policies and procedures that contracts are awarded in compliance with applicable guidance.

**7. Ensure DHHS develops and implements policies and procedures to stay within the parameters of OJP imposed consultant fee thresholds or obtain the necessary prior written approvals from OJP.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that services are procured in a manner consistent with the Department of Justice Grants Financial Guide.

DHHS concurred with our recommendation and stated in its response that it will ensure all VOCA funded procurement contracts are within the parameters of OJP imposed consultant fee thresholds unless prior approval from OJP has been received. Additionally, DHHS said this information will be included in the procedures manual that it expects to be completed no later than December 31, 2019.

This recommendation can be closed when we receive documentation demonstrating DHHS implemented policies and procedures to stay within the parameters of OJP imposed consultant fee thresholds or obtain the necessary prior written approvals from OJP.

**8. Remedy \$398,055 in unsupported consultant fees for failure to obtain and verify time and effort reports required to accompany consultant invoice payments.**

Closed. OJP requested closure of our recommendation. OJP stated that the costs identified in this recommendation are duplicative of Recommendation number 5. OJP stated in its response that OVC identified these questioned costs during a programmatic desk review, which identified these questioned costs where the consultant services had not been procured competitively, and the consultant rate had exceeded the allowable hourly or daily rate thresholds without prior written approval from OJP. As a result, DHHS returned the funds in February 2019.

DHHS stated in its response that, similar to Recommendation Number 5, on February 14, 2019, DHHS repaid the entire \$398,055 to the Department of Justice. Subsequent to the issuance of our draft report, DHHS provided supporting documentation to the Office of Inspector General that these funds were repaid and requested closure of this recommendation.

As discussed in our report, we found that OVC identified in its programmatic desk review a portion of these questioned costs amounting to \$278,037. Our audit identified \$120,018 in additional questioned costs that totaled \$398,055. While these funds cover the same consultant fees questioned for

recommendation 5, these funds were questioned because DHHS failed to ensure that the consultant's fees were appropriately supported with time and effort reports. This recommendation is closed based on documentation provided by DHHS and OJP demonstrating that DHHS had repaid the Department of Justice in full the amount of \$398,055 representing total unsupported consultant fees.

**9. Ensure DHHS develops and implements policies and procedures to obtain and verify the time and effort reports that accompany consultant invoice payment requests.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that detailed time and effort reports are maintained and submitted by consultants to support the labor charges on their invoices.

DHHS concurred with our recommendation and stated in its response that beginning October 2019, time and effort reports must be submitted along with all consultant monthly financial requests for payment. Additionally, DHHS said this information will be included in the procedures manual that it expects to be completed no later than December 31, 2019.

This recommendation can be closed when we receive documentation demonstrating DHHS implemented policies and procedures to obtain and verify time and effort reports that accompany consultant invoice payment requests.

**10. Ensure DHHS develops and implements policies and procedures to timely reconcile its grant awards to ensure federal cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days, in accordance with the Financial Guide.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that requests for Federal funds awards are based on immediate disbursement requirements, such as: 1) reimbursement for previously incurred expenditures; or 2) advances for expenditures to be incurred/liquidated within 10 days of drawdown, in accordance with the DOJ Grants Financial Guide.

DHHS concurred with our recommendation and stated in its response that it has that as of March 2019, implemented a standardized process for daily grant reconciliations, which includes the monitoring of cash on hand. DHHS said this information will be included in the procedures manual that it expects to be completed no later than December 31, 2019.

This recommendation can be closed when we receive documentation demonstrating DHHS implemented policies and procedures to timely reconcile its grant awards to ensure cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days, in accordance with the Financial Guide.

**11. Remedy \$9,644 in unsupported matching costs submitted by subrecipients.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$9,644 in questioned costs charged to Grant Number 2017-VA-GX-0082, related to unsupported matching costs reported by DHH' subrecipients, and will work with DHHS to remedy, as appropriate.

DHHS concurred with our recommendation and stated in its response that it is currently working with the provider to determine if alternative match supporting documentation is attainable and expect to have this resolved no later than December 2019.

This recommendation can be closed when we receive documentation demonstrating OJP remedied \$9,644 in unsupported matching costs submitted by subrecipients.

**12. Ensure DHHS develops and implements policies and procedures to ensure that subrecipient matching costs are monitored and accurately reported to OJP.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that subrecipient matching costs are monitored and accurately reported to OJP.

DHHS concurred with our recommendation and stated in its response that it has that as of October 2018, it amended its on-site monitoring and desk-review processes to include review of match documentation. Additionally, DHHS said this information will be included in the procedures manual that it expects to be completed no later than December 31, 2019.

This recommendation can be closed when we receive documentation demonstrating DHHS implemented policies and procedures to ensure that subrecipient matching costs are monitored and accurately reported to OJP.

**13. Ensure DHHS develops and implements policies and procedures that will result in the submission of complete and accurate financial reports.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that expenditures



reported on its Federal Financial Reports are complete and accurate, and the supporting documentation is maintained for future auditing purposes.

DHHS concurred with our recommendation and stated in its response that it has that as of October 2018, implemented a process to ensure accurate financial reporting, to include quarterly meetings between program and financial staff, and the development and maintenance of a tracking document to record all subrecipient expenditures by VOCA grant year. Additionally, DHHS said this information will be included in the procedures manual that it expects to be completed no later than December 31, 2019.

This recommendation can be closed when we receive documentation demonstrating DHHS implemented policies and procedures that will result in the submission of complete and accurate financial reports.

**14. Ensures DHHS develops and implements formal policies and procedures regarding subrecipient monitoring, including establishing a formal on-site visit schedule. Additionally, during site visits and desk reviews, ensure DHHS performs transaction testing of source documentation to ensure the validity VOCA-eligible expenditures.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, for managing and monitoring subrecipients in accordance with the DOJ Grants Financial Guide.

DHHS concurred with our recommendation and stated in its response that it has that as of May 2018, implemented a process to ensure all subrecipients receive on-site monitoring as outlined in its on-site monitoring schedule, which is based upon the outcome of the subrecipients risk assessment. Further, DHHS has also amended its on-site monitoring and desk level review processes to include transaction testing. Additionally, DHHS said this information will be included in the procedures manual that it expects to be completed no later than December 31, 2019.

This recommendation can be closed when we receive documentation demonstrating DHHS implemented policies and procedures regarding subrecipient monitoring in accordance with the DOJ Grants Financial Guide.

**15. Ensure DHHS develops and implements necessary policies and procedures for a subrecipient risk assessment plan that includes subrecipient specific factors.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with DHHS to obtain a copy of written policies and procedures, developed and implemented, for ensuring that its subrecipient risk assessment plan includes subrecipient specific factors.

DHHS concurred with our recommendation and stated in its response that it has that as of October 2018, implemented a process to ensure a risk

assessment plan that includes subrecipient specific factors is completed on all its subrecipients.

This recommendation can be closed when we receive documentation demonstrating DHHS implemented policies and procedures for a subrecipient risk assessment plan that includes subrecipient specific factors.



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