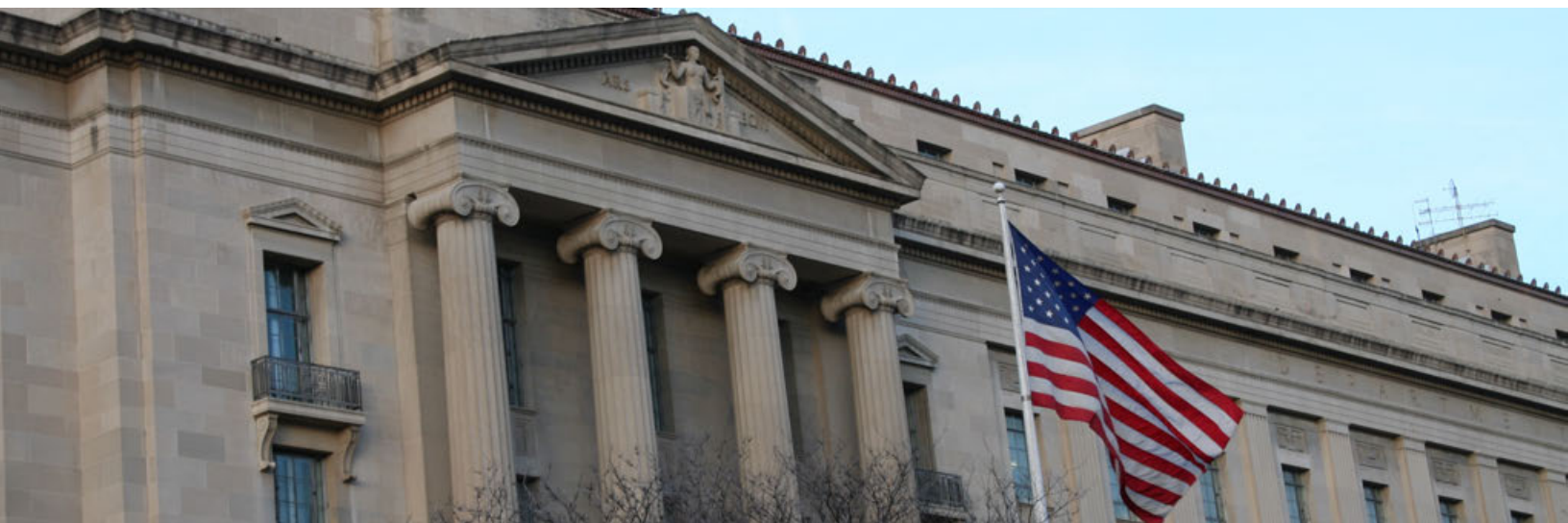




Office of the Inspector General
U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



**Audit of the Office of Justice Programs'
Victim Assistance Grants Subgranted
by the Nevada Department of
Health and Human Services to
Washoe Legal Services, Reno, Nevada**

REDACTED FOR PUBLIC RELEASE

Redactions were made to the full version of this report for privacy reasons. The redactions are contained only in Appendix 3 and Appendix 4, and are of an individual's name.

Audit Division GR-90-19-003

March 2019



Executive Summary

Audit of the Office of Justice Programs' Victim Assistance Grants Subgranted by the Nevada Department of Health and Human Services to Washoe Legal Services, Reno, Nevada

Objectives

The Nevada Department of Health and Human Services (NDHHS) subgranted \$600,000 to Washoe Legal Services (Washoe) from the Crime Victims Fund, established by the Victims of Crime Act (VOCA) and awarded by the Office of Justice Programs (OJP). The objectives of this audit were to determine whether costs claimed under the subgrants to Washoe were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the awards; and to determine whether Washoe demonstrated adequate progress towards achieving program goals.

Results in Brief

Our audit found that Washoe assisted victims of crime by providing legal counsel and representation as described in its grant applications. We also determined that Washoe was making adequate progress towards its program goals. However, we noted some inaccuracies in its reported performance data, and we found that Washoe could improve in other areas of grant management. We identified a deficiency with Washoe's accounting system that did not separately identify all VOCA-related expenses. Washoe relied on a manual process to calculate its VOCA-portion of expenses, which resulted in several errors and miscalculations totaling \$8,449. In addition, Washoe did not record its required match contributions in its accounting system. Moreover, Washoe could not illustrate that it used \$128,988 in match contributions and \$4,890 in program income to further its VOCA-related activities. Therefore, we questioned a total of \$142,327.

Recommendations

Our report contains seven recommendations to OJP and the NDHHS to assist Washoe in improving its award management and administration. We requested a response to our draft audit report from Washoe, NDHHS, and OJP officials, which can be found in Appendices 3, 4, and 5, respectively. Our analysis of those responses is included in Appendix 6.

Audit Results

The purpose of NDHHS's three subgrants to Washoe was to increase safety and stability through legal services for individuals, including children and immigrants, who were victims of crime and domestic violence and provide a voice in court for children in abuse and neglect proceedings. As of October 2018, Washoe cumulatively had requested for reimbursement from the NDHHS all of the \$600,000 for the subgrants we reviewed.

Program Performance and Accomplishments – We found that Washoe provided legal assistance to victims of domestic violence, immigrant victims of crime, and children victims of abuse and neglect, as described in its grant applications. However, we noted inaccuracies reported for two quarterly reports that it submitted to the NDHHS. Specifically, Washoe double counted individuals and incorrectly categorized the nature of legal case types in its reported data.

Grant Financial Management – We identified a significant deficiency in Washoe's accounting system in that Washoe failed to separately record all VOCA-related expenses in its accounting system, as required by OJP. Instead, Washoe relied on a manual system for calculating the VOCA-portion of expenses that included errors we identified through our expenditure testing. As a result, we questioned \$8,449 in unsupported subgrant expenditures.

We also determined that Washoe did not record its required match contributions in its accounting system, and it could not demonstrate that it had expended its matching contributions on additional VOCA-related activities, as required. Therefore, we questioned \$128,988 in match contributions.

Washoe also generated \$4,890 in grant-related program income that should have been applied to the VOCA-funded programs, but Washoe erroneously applied these funds as part of its match contribution. In addition, Washoe could not demonstrate that it had expended the program income to grant-related activities in accordance with federal grant rules.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS’
VICTIM ASSISTANCE GRANTS SUBGRANTED BY THE
NEVADA DEPARTMENT OF HEALTH AND HUMAN SERVICES
TO WASHOE LEGAL SERVICES, RENO, NEVADA**

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS'
VICTIM ASSISTANCE GRANTS SUBGRANTED BY THE
NEVADA DEPARTMENT OF HEALTH AND HUMAN SERVICES
TO WASHOE LEGAL SERVICES, RENO, NEVADA**

INTRODUCTION

The Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three subgrants to Washoe Legal Services (Washoe). These funds originated from the Crime Victims Fund (CVF) and were derived from primary grants awarded by the Office of Justice Programs (OJP) Office for Victims of Crime (OVC) to the Nevada Department of Health and Human Services (NDHHS) for the purpose of enhancing crime victim services. The NDHHS in turn subgranted the CVF funds to numerous direct service providers around the state, including Washoe, which is located in Reno, Nevada. From OJP's 2015 and 2016 victim assistance grants to the NDHHS, Washoe received three subgrants totaling \$600,000, as shown in Table 1.

**Table 1
CVF Subgrants to Washoe from the NDHHS
2015 through 2017**

Subgrant Number	Subgrant Date	Project Period Start Date	Project Period End Date	Subgrant Amount
15-VOCA-16-038 ^a	05/14/15	07/01/15	06/30/16	\$150,000
16-VOCA-17-038	06/28/16	07/01/16	09/30/17 ^c	\$225,000
16575-16-043 ^b	06/01/17	07/01/17	09/30/18 ^c	\$225,000
Total				\$600,000

a \$51,918 came from OJP Grant 2014-VA-GX-0057.

b In 2017, the NDHHS changed the format for numbering its subgrants.

c Date includes grant extension.

Source: OJP's Grant Management System and the NDHHS

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.¹ The OVC distributes VOCA assistance grants to states and territories, which in turn fund subgrants to public and private nonprofit organizations that directly provide services to victims. VOCA victim assistance grant funds support subrecipients' provision of direct services – such as crisis intervention, assistance filing restraining orders, counseling in crises arising from the occurrence of crime, and emergency shelter – to victims of crime. 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

¹ The VOCA Victim Assistance Formula Grant Program is funded under 34 U.S.C. § 20101.

understand and participate in the criminal justice system, and (4) provide victims of crime with a measure of safety and security.

The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments. 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). OVC allocates the annual victim assistance program awards based on the amount available for victim assistance each year and the state's population. The NDHHS received \$37,472,705 in VOCA grants from OJP from fiscal years (FY) 2015 to 2016.

This audit was conducted as part of the OIG's initiative to provide oversight of the CVF. In March 2018, the OIG completed an audit of the NDHHS victim assistance program.² While that audit included some analysis of subgrantees on a sample basis, it was primarily focused on the administration of the program at the state level. That audit of the NDHHS included four VOCA victim assistance grants awarded to the NDHHS, and Washoe received its funding from NDHHS-awarded grants.

Washoe Legal Services

Washoe is a 501(c)(3) nonprofit legal aid organization located in Reno, Nevada, with a staff of 31 attorneys, legal assistants, and administrative personnel. Founded in 1965, Washoe's mission is to provide Northern Nevada's vulnerable population access to justice, regardless of their ability to pay, in order to protect their rights, safety, and family stability. Washoe offers free and low-cost legal services in civil cases to individuals and families. Washoe also provides assistance in matters involving adult guardianship and seniors, child advocacy, domestic violence, housing and consumer protection, immigration, inmate assistance, and medical legal partnerships.

OIG Audit Approach

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

We tested compliance with what we consider to be the most important conditions of the grants. The 2017 DOJ Grants Financial Guides, VOCA Guidelines

² DOJ OIG, *Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Grants Awarded to the Nevada Department of Health and Human Services, Carson City, Nevada*, Audit Report GR-90-18-002 (March 2018), www.oig.justice.gov/reports/2018/g9018002.pdf.

and Final Rule, NDHHS policy and guidance, and NDHHS award documents contained the primary criteria that we applied during the audit.

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

AUDIT RESULTS

Program Performance and Accomplishments

Washoe received its Victims of Crime Act (VOCA) funding from the NDHHS for the purpose of providing legal services to increase the safety and stability for victims of domestic violence and immigrant victims of crime and provide a voice in court for children under the custody of the Nevada Division of Child and Family Services (DCFS) in abuse and neglect proceedings. We reviewed the subgrant solicitations, project proposal and subgrant applications, and agreements against available evidence of accomplishments to determine whether Washoe demonstrated adequate progress towards achieving program goals and objectives. We also reviewed the content of and basis for Washoe's performance reports to determine if it accurately conveyed its performance to the NDHHS and OVC. Finally, we reviewed Washoe's compliance with the special conditions governing its subgrants. Overall, we found that Washoe was meeting the project objectives and complied with subgrant special conditions. However, we found instances where Washoe inaccurately reported its performance to the NDHHS.

Program Goals

The NDHHS awarded three subgrants to Washoe in support of providing legal services to victims of domestic violence, immigrant victims of crime, and for child advocacy. Based on the applications and approved subgrant packages for the 2015 through 2017 subgrants, the goals of Washoe's funded projects were to increase the safety and stability for victims of domestic violence and their children and for immigrant victims of crime and domestic violence, and to provide a voice in court to children in the custody of the NDHHS DCFS under Nevada Revised Statutes (NRS) 432B court proceedings.³

To achieve the subgrant goals related to victims of domestic violence and crime, Washoe's stated objectives were to educate victims about their rights and to provide legal aid services. Washoe met that by providing legal counseling, representation, and referrals for adjunct services. One method of educating clients was for Washoe to hold free clinics. For example, Washoe held a clinic on temporary protective orders and another clinic on domestic violence and family law. During the clinics, which were held multiple times a month, Washoe personnel explained to victims legal processes, provided legal counseling, assisted clients in filling out forms, and obtained client information. Washoe reviewed client information to determine whether it could represent the client in legal matters. Washoe also had a network of community partners to refer its clients to for other assistance, such as shelter, health care, and nutrition. A few of Washoe's partners

³ NRS 432B refers to Nevada state law governing protection of children from abuse and neglect. It requires that "[t]he court shall appoint an attorney to represent the child . . . at all stages of any proceedings . . ." regarding permanent placement, psychiatric care of the child, and protection for the child. Washoe had contracts with Washoe, Lyon, and Elko Counties, along with some other counties, to provide such representation services.

to whom we sent questionnaires responded that they valued Washoe's services and experience in helping victims.

Another objective of Washoe was to provide children with legal representation. Whereas the victims of domestic violence as well as immigrant victims of crime and domestic violence seek Washoe for its services, Nevada courts could appoint Washoe to represent children under DCFS's custody. Washoe's supervising attorney for child advocacy matters determines whether Washoe can accept a case and if so, then assigns an attorney to the case. The attorney not only represents the child(ren) in court, but the attorney also becomes involved with the client's whole well-being from making sure the client is receiving health care and therapy to meeting with prospective parents and visiting group homes.

Washoe also aimed to assist underserved populations, such as those with limited English language proficiency and residents of rural areas. In fact, many of Washoe's clients were non-English speaking residents or lived in rural areas. To serve their needs, Washoe provided documents, including information regarding its website, in both English and Spanish and access to translation services, including bilingual personnel. Additionally, Washoe employed personnel in rural counties to represent children within those communities.

Based on our review of the subgrant applications and other documentation, VOCA-related client files including victim intake records, progress report data and supporting documentation, along with interviews of Washoe officials and attorneys, we determined that Washoe had met the objectives of the subgrants by providing services including legal representation to victims of crimes. Washoe also conducted free legal clinics to provide clients with information about the legal system and processes. Further, Washoe provided child advocacy services to abused and neglected children.

Required Progress Reports

Each state administering agency must annually report to OVC on activity funded by all VOCA subgrants through the web-based Performance Measurement Tool (PMT).⁴ OVC also requires quarterly performance data. These reports collect information on the number of subgrant entities, subgrant projects, victims served, and services funded by these subgrants.

We found that in Nevada, the NDHHS required subgrantees to submit quarterly progress reports through NDHHS's web-based reporting tool until June 2018, and then directly to the NDHHS.⁵ In the quarterly progress report submitted to the NDHHS, Washoe reported the number of individuals who received services; the number of new individuals who received services for the first time; client

⁴ OVC began requiring states to submit performance data via PMT beginning in FY 2016.

⁵ ODES was a reporting tool for the collection of VOCA program data from service providers, subgrantees, and state agencies. In June 2018, the NDHHS discontinued use of ODES for the collection of subgrantees performance data, and moved to a manual process in which subgrantees submitted performance data directly to the NDHHS.

demographics; the type of victimizations; special classifications of individuals, such as homelessness, disabilities, and limited English language proficiency; and the types of service provided. The NDHHS in turn used the information provided by Washoe and other subgrantees in its reporting of VOCA performance data to OVC.

According to the DOJ Grants Financial Guide, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. Additionally, according to a special condition of the victim assistance grants, the state must collect, maintain, and provide to OVC data that measures the performance and effectiveness of activities funded by the award. In our previous audit of the NDHHS, we found that subgrantees did not always submit their quarterly Performance Reports and that subgrantees were not required to submit documentation supporting the data contained in their quarterly reports.

We reviewed the last two progress reports that Washoe submitted to the NDHHS for grant 16575-16-043 as of April 2018. In order to verify the information in the reports, we selected seven required performance measures from the performance reports. This resulted in the review of 333 data points across 194 unique case files. We chose performance measures related to the total number of clients served; new clients served; English language proficiency; nature of the case (child physical abuse or neglect, domestic or family violence); classification as an immigrant, refugee, or asylum seeker; and protection or restraining order legal assistance. For each of these measurements, we traced the items to Washoe's case management system and other supporting documentation maintained by Washoe. We identified several discrepancies between the progress report data and supporting documentation, as described below.

We found that Washoe did not accurately report performance data on the two performance reports for the periods of October through December 2017 and January through March 2018. Specifically, of the seven measures we tested for each report, Washoe inaccurately reported 13 of the 14 measures across the two reports reviewed. We believe that the inaccuracies we found were the result of incomplete documentation and limitations with Washoe's case management system. Our review found that although Washoe retained some documentation, it did not include enough detail for us to confirm the reported performance metrics in our sample.

When we conducted our review of Washoe's performance reports, we noted that Washoe's case management system did not maintain historical information that could support prior performance periods. For example, when we reviewed the detailed information, we found data changes after the reporting period altered the record permanently and did not match the performance data Washoe reported to the NDHHS. Therefore, we believe Washoe should retain sufficient detailed documentation to adequately support its reported performance data.

Moreover, we found that Washoe counted some individuals as "new" individuals twice when an additional legal service need was identified for the same individual within the same reporting period. During our review, we noted 15

instances where an individual was counted twice. For example, an individual with a temporary protective order, which requires the individual to have a domestic relationship with the other party and an act of domestic abuse, may seek assistance from Washoe in obtaining both an extended protective order and assistance with divorce proceedings. Because these two activities are separate legal services, handled by two different court systems, Washoe opened a case file for each service – one for the extended protective order, and one for the divorce proceeding. Therefore, the individual would require two legal services from the same incident of violence. Reporting instructions required Washoe to report unduplicated numbers of individuals that received services or victimization type presented.

Further, we noted eight cases where Washoe had incorrectly categorized the nature of legal case types in its reported data. Specifically, we found instances of child advocacy cases that were incorrectly categorized as domestic violence cases or immigration cases. Washoe officials could not explain why these cases were categorized incorrectly on its performance reports, but they admitted that six of the eight cases were categorized correctly in its system. Although each of these categories (domestic violence, child advocacy, and immigration) qualified for VOCA funding, incorrectly categorized cases results in inaccurate programmatic data.

Based on our review of Washoe's performance reporting, we recommend that OJP and the NDHHS ensure that Washoe accurately reports its programmatic data, and that it maintains documentation supporting the performance data it reported.

Compliance with Special Conditions

Special conditions are terms and conditions that are included with the awards. The NDHHS required its subgrant recipients to comply with special conditions specified in its subgrant documentation. We evaluated the special conditions for each of the subgrants and judgmentally selected a sample of six requirements for testing (two for each award) that are not addressed in another section of this report. These special conditions related to: (1) confidentiality of information, (2) proration of costs among projects, (3) record retention, (4) exclusion of interest and penalties as expenditures, (5) insurance coverage, and (6) retention of documentation regarding key personnel. Based on the results of our judgmental sample testing, we did not identify any instances in which Washoe was in violation of the special conditions we reviewed.

Grant Financial Management

According to the DOJ Grants Financial Guide, all grant recipients and subgrantees are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. Maintaining an adequate accounting system is important for generating accurate, current, and complete financial reports in accordance with subgrant requirements and federal regulations. To assess Washoe's financial management of its subgrants, we interviewed Washoe officials, examined its policies and procedures, and reviewed subgrant award documents to determine whether Washoe adequately safeguarded the grant funds we audited. Finally, we performed testing in the areas

that were relevant for the management of this grant, as discussed throughout this report.

At the time of our audit, Washoe used a commercially-available software program for funds management as its financial management system. Washoe had also established a chart of accounts for its various funding sources and program areas. Further, Washoe developed fiscal policies and guidance for its staff to follow; however, not all of its fiscal policies were documented. Specifically, Washoe's written policies and procedures did not address how to calculate subgrantee expenditures, match contributions, and program income, all areas in which we found errors and miscalculations. Further, the lack of written policies and procedures makes it difficult for any organization to ensure continuity when there are changes in key personnel positions.

We also found a deficiency in how Washoe's accounting system was set up. Specifically, Washoe's accounting system did not separately identify and record all VOCA-related activities. For example, although Washoe adequately identified and recorded the VOCA-related reimbursements it received from the NDHHS in its system using an established VOCA code from its chart of accounts, VOCA-related expenses were not identified and recorded in the accounting system as such. As a result, we were unable to determine from Washoe's official accounting system which expenses were VOCA-related and which were not VOCA-related. We also found that Washoe did not record its required match contributions in its accounting system.

Instead of relying on its accounting system to produce a listing of all VOCA-related activities including expenses, Washoe instead relied upon a manual system (a VOCA-related spreadsheet) to identify grant-related expenditures. For some expenditures that were not completely VOCA-related such as salary, fringe, and indirect costs, Washoe calculated the VOCA portion of the expenditures and entered that portion on its VOCA spreadsheet. Washoe also used the manually calculated total expenditure amount to determine its required match contribution. Washoe then requested reimbursement from the NDHHS for the total expenditures identified during this process. In the Subgrant Expenditures section of this report we discuss in more detail the errors and miscalculations that Washoe made when it maintained its VOCA-related spreadsheets.

Given that Washoe did not separately record or identify all VOCA-related transactions in its official accounting system but rather manually maintained a separate spreadsheet that contained errors and many miscalculations, we recommend that OJP and the NDHHS ensure that Washoe establishes and maintains an adequate accounting process that separately and accurately tracks all grant-related activities, including all expenses and required matching contributions. Further, we recommend that OJP and the NDHHS ensure that Washoe documents its processes and procedures to ensure compliance with federal guidelines, accurate calculation of subgrant expenditures, and continuity of operations in the event of staff turnover or absences.

Budget Management and Control

As part of the subgrant process, the NDHHS required potential subgrantees to submit an application that included a grant budget for approval. Upon the NDHHS' approval of the subgrant, subgrantees agreed to adhere to the award requirements. Specifically, Washoe was required to obtain prior written approval for all budget category changes greater than 10 percent and to request and receive approval for any extensions in writing.

For its three subgrants, Washoe submitted its budgets to the NDHHS with its applications and received the NDHHS' approvals, including two extensions. As previously mentioned, Washoe did not record all VOCA-related activities, including expenses, individually in its official accounting system. Therefore, we could not compare its budgeted expenses to its actual expenses within its official accounting system. However, we reviewed Washoe's Monthly Financial Status and Request for Funds Reports (MFSRFR), which was mainly a product of its manually maintained spreadsheet for VOCA-related expenditures and compared these MFSRFRs to its approved grant budgets.⁶ We determined that Washoe's grant expenditures did not exceed the approved budget category totals, nor did it exceed the 10-percent threshold. Nonetheless, as stated above, we believe that Washoe should establish and maintain an adequate accounting system that separately records all grant-related activities, including expenses, reimbursements, and match contributions. This would enable Washoe to better monitor its grant funds usage and ensure that it did not exceed approved budget category totals without proper approval.

Reimbursement Requests to the NDHHS

In order to receive reimbursement for subgrant-related expenses and as a condition of the subgrants, the NDHHS required its subgrantees to submit a MFSRFR outlining expenditures, match contribution, and other relevant financial activities within 15 calendar days of the end of the month. Washoe submitted its requests for subgrant funds on a monthly basis through its MFSRFRs. The NDHHS made payments of subgrant funds to Washoe on a reimbursement basis. We reviewed the NDHHS's and Washoe's payment records and determined that, as of October 2018, Washoe received a total of \$600,000 in federal funds from the three subgrants.

To assess whether Washoe managed grant receipts in accordance with federal requirements, we attempted to compare the total amount reimbursed to the total expenditures in the accounting records. However, as previously mentioned in this report, VOCA-related expenses were not individually recorded in its official accounting system. Therefore, we could not be certain that all VOCA-related activities, such as expenses, unliquidated obligations, and match contribution, were accurately recorded on the MFSRFRs.

⁶ In Washoe's August 2017 request to extend subgrant 16-VOCA-17-038, Washoe also requested and the remaining budget funds be moved to the personnel category. The NDHHS approved Washoe's request for an extension and re-allocation of budget funds.

We further compared the four most recent MFSRFRs for each of the grants to supporting documentation including invoices, contracts, and when applicable, Washoe-created spreadsheets documenting its methodology for determining the VOCA-related portion of the expense. With the exception of not recording the VOCA-related activities individually in its official accounting system, we found that the 11 of the 12 reports were adequately supported. For one report, Washoe could not provide its supplemental monthly spreadsheet, and we were unable to determine if Washoe accurately allocated VOCA expenditures for expenses totaling \$785 for that month (May 2017). We determined that these expenditures were immaterial; therefore, we do not question these costs. However, we recommend that OJP and the NDHHS ensure that Washoe retains all supporting documentation including any spreadsheets used as the basis for its reimbursement requests.

As a primary recipient of federal grants, the NDHHS was required to submit to OJP quarterly federal financial reports on the use of grant funds to include spending activity among all its subgrantees, including Washoe. Therefore, the issues identified above may have also affected the accuracy of the NDHHS' financial reporting to OJP.

Subgrant Expenditures

As described above, Washoe requested payments from the NDHHS via the MFSRFR on a monthly basis. For the subgrants we audited, Washoe's approved budgets included personnel, operating, travel, contractual, and indirect costs. As of October 2018, we found that the NDHHS paid a total of \$600,000 to Washoe with the VOCA victim assistance program funds for costs incurred in these areas. We judgmentally selected expenditures totaling \$59,664. The expenditures we reviewed included salary and fringe benefit costs as well as other direct costs including contractor, operating, and travel costs. As described below, we questioned a total of \$8,449 of inadequately supported subgrant expenditures. In addition to the sample expenditure testing, we also reviewed indirect costs totaling \$15,337 for which Washoe received reimbursement.

Personnel Costs

The largest cost area for which Washoe received reimbursement was personnel costs (salary and fringe benefit expenses). We determined that salary and fringe benefits costs including health insurance premiums and FICA, totaled \$490,060 of the \$500,903 (98 percent) that the NDHHS reimbursed Washoe for the subgrants in our scope as of February 2018. We judgmentally sampled two non-consecutive pay periods from each of the three subgrants, which included

78 individual bi-weekly employee payments, totaling \$56,427 (salary \$42,221 and \$14,207 in fringe benefits).⁷

In testing personnel costs, we reviewed official timesheets, compared personnel costs to the NDHHS-approved budgets, and reviewed other supporting documentation. We determined that a majority of the personnel transactions we tested were inaccurate for a variety of reasons, such as inadequately supported VOCA hours, unapproved salary rates, and a miscalculation of health insurance premiums. In some cases, a transaction was inaccurate for multiple reasons.

According to a Washoe official, Washoe employees working on VOCA-related cases separately track and identify VOCA hours on their time cards. However, for 11 of the personnel transactions we tested, we could not verify the number of VOCA hours claimed for 5 employees because the work hours were not identified as VOCA hours on the timesheets. Therefore, we questioned \$8,449 that represents the total reimbursement for these hours that Washoe received from the NDHHS.

For eight of the personnel transactions we tested, Washoe paid the employee performing VOCA-related activities at a salary rate that was higher than what was specified in the approved budgets as illustrated in the table below. In one case, Washoe exceeded the approved salary by over 37 percent for one transaction.

⁷ Washoe maintained supporting documentation for VOCA-related salary expenses by month, and not individually by pay period. For five of the pay periods selected for testing, we were able to separately account and review the formulas used in the salary calculation for each bi-weekly pay period included in the month. However, for grant 15-VOCA-16-038, we were unable to do so for one pay period. Therefore, we reviewed the entire month which included two pay periods. As a result, we reviewed a total of seven pay periods.

Difference is due to rounding.

Table 2
Variance between Approved Salary and Paid Salary
for Sampled Transactions

VOCA-Funded Position	Approved Salary	Actual Salary	Variance (%)
<i>Subgrant 15-VOCA-16-038</i>			
Domestic Violence Legal Assistance/Intake Coordinator	\$36,400	\$40,004	9.90
Intake Coordinator	\$31,850	\$43,680	37.14
Child Advocacy Attorney	\$57,200	\$67,000	17.13
<i>Subgrant 16-VOCA-17-038</i>			
Immigration Attorney	\$65,000	\$67,600	4.00
<i>Subgrant 16575-16-043</i>			
Child Advocacy Attorney	\$55,000	\$60,000	9.09
Intake Coordinator Supervisor	\$43,680	\$46,800	7.14

Source: OIG Auditors

In 28 of the transactions we reviewed, Washoe incorrectly calculated the VOCA portion of the health insurance premiums for employees who charged time to VOCA during the pay periods we reviewed. In its approved budgets, Washoe was approved by the NDHHS to request reimbursement for a portion (percentage) of the health insurance premiums for personnel working on VOCA-related matters.⁸ However, we found during our testing that Washoe did not always use the approved percentage rate or the same method to determine the VOCA-portion of the premiums. In 22 transactions, Washoe used a percentage rate that was lower than the approved rate, but in 6 transactions Washoe used a higher rate. Specifically, in the six transactions Washoe incorrectly used two pay periods rather than the three pay periods in the month to calculate the full-time equivalency rate (FTE) used in determining the VOCA portion. Although these differences were not material and may have been made in error, we believe the large number of errors we identified indicates that Washoe must improve its practices for tracking and allocating the VOCA-related portion of personnel expenses to ensure that approved and accurate rates are used in these calculations. In addition, as mentioned above, if Washoe had written procedures for calculating VOCA-related costs, we believe it could have helped in avoiding these errors.

Based on the results of our salary and fringe benefit testing, we questioned the total amount of \$8,449. Therefore, we recommend that OJP and the NDHHS

⁸ Washoe was approved for reimbursement of a portion of health care premiums at different rates in each subgrant. For 15-VOCA-16-038 and 16-VOCA-17-038, Washoe was approved to use the percentage of VOCA hours (full-time equivalency rate (FTE)). For 16575-16-043, Washoe was approved to use 17.35 percent.

remedy \$8,449 in unsupported questioned salary and fringe benefits costs, and ensure that Washoe develop written policies and procedures for calculating VOCA-related salary and fringe benefits in accordance with approved budgets.

Other Direct Costs

As reported in the Grants Financial Management section, Washoe did not record VOCA-related expenditures in its official accounting system. Therefore, to test other direct costs, we reviewed Washoe's MFSRFRs and judgmentally selected two non-consecutive individual months for each subgrant and reviewed all other direct expenses. In total, we reviewed 45 other direct costs expenditures totaling \$3,236 reported by Washoe (40 expenditures for 16-VOCA-17-038 - \$2,900 and 5 expenditures for 16575-16-043 - \$336). Grant 15-VOCA-16-038 did not have any other direct costs charged to the subgrant. Sampled expenditures included contractor costs; operating expenses such as building maintenance, utilities, communications, and office supplies; and travel expenses (mileage reimbursements). We found that 7 expenditures were adequately supported and allowable; while 38 expenditures were not adequately supported.

Our sample included two contractor expenditures for grant 16-VOCA-17-038 totaling \$399 (\$179 for March 2017 and \$220 for June 2017). In the case of these two expenditures, we found that Washoe had requested reimbursement for the contractor costs (payroll processing services) based on estimated costs rather than actual invoiced expenses. The estimated amount of the expense was also based on miscalculated FTEs as explained below. Although the differences between the estimated amount and the invoiced amounts were immaterial, we recommend that OJP and the NDHHS ensure that Washoe seeks reimbursement for actual expenses based on invoices rather than estimated expenses.

Additionally, our sample expenditures included 43 operating and travel expenditures totaling \$2,837 for grants 16-VOCA-17-038 (March 2017 and June 2017) and 16575-16-043 (August 2017 and October 2017). Based on our review of supporting documentation, we determined that 7 expenditures were allowable and adequately supported and 36 expenditures were not accurately supported. Each month, Washoe manually calculated the VOCA portion of select operating expenses based on the VOCA FTE for the same period. However, Washoe miscalculated the FTE rate used to determine the VOCA portions of expenses for March 2017 (19 expenditures) and June 2017 (17 expenditures). In its calculation of the FTE rate, Washoe included 24 FTEs when it should have included 21 FTEs for March 2017 and 21.5 FTEs for June 2017. Washoe further miscalculated the June 2017 expenditures by including only two pay periods while the month contained three pay periods. While the total difference between the miscalculations and the correct calculations resulted in an immaterial overpayment to Washoe, we believe it illustrates systemic errors when reporting expenditures and requesting reimbursements from the NDHHS. Therefore, we recommend that OJP and the NDHHS ensure that Washoe implements controls to ensure that the VOCA portion of all expenses are accurately calculated and are in accordance with approved budgets.

Indirect Costs

Indirect costs are costs of an organization that are not readily assignable to a particular project, but are necessary to the operation of the organization and the performance of the project. We found that the NDHHS approved indirect costs of \$20,455 to be calculated at a rate of 10 percent for grant 16575-16-043.⁹ As of the April 2018 MFSRFR, Washoe had charged the subgrant \$15,337 in indirect costs. We reviewed Washoe's claimed indirect cost charges and determined that Washoe had accurately calculated its indirect cost using the approved rate specified in the award documentation. However, although Washoe accurately requested reimbursement for its indirect costs, it failed to allocate the VOCA-related indirect cost within its official accounting system.

Matching Requirement

VOCA Guidelines generally require that subgrantees match 20 percent of each subgrant. The purpose of this requirement is to increase the amount of resources available to VOCA projects, prompting subgrantees 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.¹⁰ VOCA Guidelines state that any deviation from this policy requires OVC approval. The state administering agency has primary responsibility for ensuring subgrantee compliance with the match requirements.

According to its approved subgrant budgets, Washoe was required to provide a minimum local match requirement of 20 percent to the total VOCA project costs, or \$150,000.¹¹ We found that Washoe reported match contributions from July 2015 to February 2018 totaling \$128,988. To review its source and use of matching funds, we reviewed the MFSRFRs, accounting records, and other supporting documentation. Washoe calculated its required match contribution based on expenses for the month (as reported on its MFSRFRs to the NDHHS) and then recorded that amount as its match contribution on the MFSRFR. However, we could not determine if Washoe expended these contributions on additional VOCA-related services because Washoe could not show evidence that it had supported its VOCA-related activities with these funds. Further, Washoe attributed the source of the matching contribution to one of its other sources of funds for the most recent grant, but we could not find such a funding stream reflected in Washoe's official accounting system. When we asked Washoe officials why matching funds were accounted for in this manner, Washoe officials could not explain except to say that they had continued to calculate and record matching costs in the same manner as

⁹ For grant numbers 15-VOCA-16-038 and 16-VOCA-17-038, indirect costs were not approved or charged to the awards. Washoe personnel stated that the application for grant 16575-16-043 was the first to allow for the inclusion of indirect costs as a grant expense.

¹⁰ 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.

¹¹ The \$150,000 includes matching contributions in the amounts of \$37,500 for 15-VOCA-16-038, \$56,250 for 16-VOCA-17-038, and \$56,250 for 16575-16-043.

was previously done. Therefore, we questioned the \$128,988, and recommend that OJP and the NDHHS remedy \$128,988 in unsupported questioned costs reported as matching contributions. Additionally, as previously discussed in this report, Washoe should maintain an adequate accounting system that separately and accurately records all VOCA-related activities, including reimbursements and expenditures fulfilling matching requirements.

Spending Within Subgrant Period

VOCA Guidelines require VOCA victim assistance grants to be available within the year of award plus 3 years. We determined that the funds awarded to Washoe through the three subgrants were exhausted, or were scheduled to be spent, within the required timeframe as illustrated in the table below.

**Table 3
Washoe’s Subgrant Spending Periods
2015 through 2018**

Award to NDHHS	Award Date	Subgrant to Washoe	Subgrant Start Date	Subgrant End Date
2015-VA-GX-0024	08/25/15	15-VOCA-16-038 ^a	07/01/15	06/30/16
2015-VA-GX-0024	08/25/15	16-VOCA-17-038	07/01/16	09/30/17 ^c
2016-VA-GX-0076	09/08/16	16575-16-043 ^b	07/01/17	09/30/18 ^c

a A portion of this award came from OJP Grant 2014-VA-GX-0057.

b In 2017, the NDHHS changed the format for numbering its subgrants.

c Date includes grant extension.

Source: OJP’s Grant Management System and the NDHHS

Program Income

We determined that in April 2017 Washoe received \$4,890 in program income for grant 16-VOCA-17-038 as reimbursement of legal fees ordered by the court. According to a Washoe official, when it received the funds, Washoe sought guidance from the NDHHS regarding how to report and use the reimbursed legal fees. Washoe was ultimately told to apply the program income as its matching contribution for the month and did as it was instructed by the NDHHS.

We take exception to the application of program income as a match contribution. The DOJ Grants Financial Guide states that “program income may only be used for allowable program costs and must be spent prior to draw downs.” Therefore, Washoe should have used the program income to provide additional VOCA-related services (through payment of VOCA-related expenditures) or to reduce its reimbursement request for the month. Instead, Washoe erroneously used the program income to reduce its required matching contribution rather than increasing the amount of available VOCA-related services. Therefore, we question \$4,890 as enhanced revenue and recommend that OJP and the NDHHS remedy \$4,890 in program income that Washoe received and inaccurately applied as a matching contribution.

CONCLUSION AND RECOMMENDATIONS

As a result of our audit, we concluded that Washoe assisted victims of crime by providing legal counsel and representation to victims of domestic violence and crime and children victims of abuse and neglect as described in its grant applications. However, we found that Washoe did not adhere to all of the grant requirements we tested.

We determined that Washoe made progress towards its approved grant goals. However, we identified inaccuracies in its reported performance data. Specifically, we found Washoe over-reported to the NDHHS the number of new individuals to whom it provided assistance for each of the two periods we reviewed. This occurred because Washoe reported the number of "cases opened," which was based on the types of services provided, rather than the individuals serviced. For example, one individual could require assistance on more than one legal area, such as an extended protection order and a divorce case.

We identified a deficiency with Washoe's accounting system in that VOCA-related activities including expenses were not separately recorded and identified as such in its system. Instead, Washoe manually maintained a spreadsheet to identify VOCA-related expenses. Based on our review of the VOCA-related expenses, we found errors and miscalculations with the VOCA-related expenses as they were recorded on the spreadsheet.

During our personnel expenditure testing, we noted discrepancies between supporting documentation such as timesheets, approved budgets, and the expense amount for a majority of the personnel transactions. Washoe made many of these errors while calculating the VOCA portion of an expense for various reasons. In some cases, Washoe applied a salary rate different from the approved rate. While most of the discrepancies did not result in an overpayment or in questioned costs, the errors indicate that Washoe must improve its procedures for calculating the VOCA portion of salary and fringe benefits it attributed to the grant. Nevertheless, we question \$8,449 in unsupported personnel costs.

We also found that Washoe did not record its required match contributions in its accounting system, nor could it provide evidence that additional VOCA-related services were provided as a result of its match contribution. Washoe also received \$4,890 in program income and erroneously applied it to the grant as a match contribution. Therefore, we question \$128,988 in match contributions and \$4,890 in received program income. As a result, we provide seven recommendations to OJP and the NDHHS to address these deficiencies.

We recommend that OJP and the NDHHS:

1. Ensure that Washoe accurately reports its programmatic data, and that it maintains documentation supporting the performance data it reported.

2. Ensure that Washoe establishes and maintains an adequate accounting process that separately and accurately tracks all grant-related activities, including all expenses and required matching contributions, and documents its processes and procedures to ensure compliance with federal guidelines, accurate calculation of subgrant expenditures, and continuity of operations in the event of staff turnover or absences.
3. Ensure that Washoe retains all supporting documentation including any spreadsheets used as the basis for its reimbursement requests.
4. Remedy \$8,449 in unsupported questioned salary and fringe benefits costs.
5. Ensure that Washoe seeks reimbursement for actual expenses based on invoices rather than estimated expenses, and implements controls to ensure that the VOCA portion of all expenses are accurately calculated and are in accordance with approved budgets.
6. Remedy \$128,988 in unsupported questioned costs reported as matching contributions.
7. Remedy \$4,890 in program income that Washoe received and inaccurately applied as a matching contribution.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

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

Scope and Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

This was an audit of OJP OVC VOCA grants (Grants 2014-VA-GX-0057, 2015-VA-GX-0024, and 2016-VA-GX-0076) subgranted by the NDHHS to Washoe. Washoe received from the NDHHS three subgrants totaling \$600,000, to include 15-VOCA-16-038 for \$150,000, 16-VOCA-17-038 for \$225,000, and 16575-16-043 for \$225,000. As of October 15, 2018, Washoe had drawn down \$600,000 of the total subgrant funds awarded. Our audit period encompassed, but was not limited to, May 14, 2015, the award date for Grant Number 2015-VA-GX-0024, through January 2019, the end of our audit fieldwork.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of Washoe's activities related to the audited awards. We performed sample-based audit testing for subgrant expenditures including salary and fringe benefit charges, financial reports, and progress 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 2017 DOJ Grants Financial Guide, VOCA Guidelines and Final Rule, NDHHS policy and guidance, and NDHHS award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from the NDHHS's ODES and Washoe's case management system, as well as Washoe's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole; therefore, any findings identified involving information from those systems were verified with documentation from other sources.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs: ¹²		
Unsupported Personnel Costs	\$8,449	12
Unsupported Matching Contributions	128,988	15
Unsupported Costs	\$137,437	
Total Questioned Costs	\$137,437	
Enhanced Revenue: ¹³ Program Income	\$4,890	15
TOTAL DOLLAR-RELATED FINDINGS	<u>\$142,327</u>	

¹² **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.

¹³ **Enhanced Revenue** are additional revenues in excess of federal government funds that can be credited back to the government or applied to DOJ programs as a result of management action on audit recommendations.

**WASHOE LEGAL SERVICES
RESPONSE TO THE DRAFT AUDIT REPORT**



A 501(c)(3) non-profit organization.

March 1, 2019

David J. Gaschke
Regional Audit Manager
U.S. Department of Justice, Office of the Inspector General
San Francisco Regional Audit Office
90 7th Street, Suite 3-100
San Francisco, California 94103

VIA e-mail: David.J.Gaschke@usdoj.gov

Re: Draft Audit Report

Dear Mr. Gaschke:

Please accept the following in response to the Draft Audit Report transmitted to Washoe Legal Services (WLS) on February 22, 2019. I would like to thank you and your staff for a thorough and professional review of WLS's programming and fiscal management. WLS appreciates the feedback and is eager to implement improvements in response to the issues addressed in the draft report. Before responding to the report's seven recommendations, however, I would first like to state the following as a preliminary statement.

As outlined in the draft report, the grant period under review covered a period of time from July 1, 2015 and terminated on September 30, 2018. It is important to note that WLS underwent significant changes during this period of time. Specifically, the previous executive director, chief financial officer, and fundraising coordinator all resigned over a three-month period between November of 2015 and January of 2016. These three individuals essentially comprised the entirety of WLS's administration, and both the previous executive director and the previous CFO resigned before their successors were hired or trained. These two individuals did not necessarily part on good terms, so they were not available as a resource for any questions.

Therefore, there was little to no actual transition between WLS's prior administration and its current administration. I was hired as the new executive director effective January 1, 2016. I eliminated the CFO position and hired [REDACTED] as a director

of development. ██████ took over all grant management functions for the organization, and I chose to outsource the organization's bookkeeping to an outside accounting firm. The original accounting firm did not have sufficient expertise in federal grant management, so I changed accounting firms in 2017.

Suffice to say, this was a tumultuous period for WLS. I am a licensed attorney, but I have not previously held a position in non-profit management. Although ██████ has previous experience in grant management, she was not familiar with WLS's programs, staff, funding sources, operating procedures, case management processes, etc. when she was hired. Together, ██████ and I familiarized ourselves, as best we could, with the manner in which the prior administration managed this grant and managed the organization as a whole.

As with any change in management, ██████ and I first needed to adequately evaluate the manner in which the organization operated before making any significant changes. We did eventually institute many changes over to past three years in order to improve grant management procedures and to improve the management of the organization as a whole. We completely revamped our HR policies and procedures, changed bookkeeping systems, changed payroll companies, implemented more-stringent timekeeping policies, and generally improved, streamlined and expanded services to the community.

Although we had a steep learning curve and faced many obstacles from the outset, I am proud to say that the actual services to the community never suffered during this time. In fact, they expanded and improved. Our services particularly improved in the area of representing abused and neglected children who are in the foster care system. Over this time period we provided legal representation and other legal services to thousands of abused and neglected children. The VOCA grant funded a very small percentage of this work, as the majority of the work was funded by local, non-federal sources.

Many of the issues addressed by the draft report had already been discovered by me and/or ██████. As to the issues that we had discovered, we had either already implemented policies to address the issues, or we were in the process of doing so. Other issues discovered by the audit were, unfortunately, simply attributable to mistakes and oversights on our behalf, but they were mistakes made in good-faith.

WLS prides itself on being transparent to its funders and to the community at large, so we welcome the opportunity to work with the Office of Justice Programs (OJP) and the Nevada Department of Health and Human Services (DHHS) to implement the

improvements and eliminate similar mistakes moving forward. As to the seven specific recommendations set forth in the draft report, WLS responds as follows:

1. Ensure that Washoe accurately reports its programmatic data, and that it maintains documentation supporting the performance data it reported. WLS

WLS Response: WLS agrees with this recommendation. By way of further explanation, some of the data that was previously reported by WLS was reported by its previous CFO. The back-up documentation for those reports unfortunately could not be located after her departure, and the reports could not be recreated by existing staff. WLS believes that appropriate back-up documentation is currently being maintained for all reports that are submitted for the VOCA grant. Some program data was reported incorrectly due to staff error and/or the limitations of the reports generated by WLS's case management system. WLS is in the process of changing its case management system and the new system should be operational by April of this year. As we work with the vendor that is building our new case management system, we will ensure that the new system is able to produce reports that contain accurate programming data.

2. Ensure that Washoe establishes and maintains an adequate accounting process that separately and accurately tracks all grant-related activities, including all expenses and required matching contributions, and documents its processes and procedures to ensure compliance with federal guidelines, accurate calculation of subgrant expenditures, and continuity of operations in the event of staff turnover or absences.

WLS Response: WLS agrees with this recommendation. As stated earlier, WLS has changed bookkeeping systems and changed accounting firms in order to ensure future compliance with federal guidelines.

3. Ensure that Washoe retains all supporting documentation including any spreadsheets used as the basis for its reimbursement requests.

WLS Response: WLS agrees with this recommendation. Moreover, WLS submits that it is currently in full compliance with this recommendation. Some previous employee timesheets were apparently misplaced or lost and WLS could not recreate them, as they were submitted on a form generated by Microsoft Excel rather than on information entered into our case management system. However, WLS has since changes its policies to require all employees to enter their time in the WLS case management system so that

a back-up timesheet can be recreated in the event that one is misplaced in the future.

4. Remedy \$8,449 in unsupported questioned salary and fringe benefits costs.

WLS Response: WLS has not received the back-up documentation to substantiate this precise amount. Therefore, WLS cannot issue a response as to whether or not the amount is accurate. The questioned cost appears to be directly related to the missing time sheet issue discussed above. As stated, WLS believes that it has already instituted policies to ensure timesheets can be recreated in instances where the original is inadvertently misplaced or lost in the future. WLS will work with OJP and Nevada DHHS to remedy the questioned costs.

5. Ensure that Washoe seek reimbursement for actual expenses based on invoices rather than estimated expenses, and implement controls to ensure that the VOCA portion of all expenses are accurately calculated and are in accordance with approved budgets.

WLS Response: WLS agrees with this recommendation. Moreover, WLS submits that it is currently in full compliance with this recommendation, as all direct program costs submitted for reimbursement are based upon actual costs, not budgeted costs. WLS had previously submitted some reimbursement requests that were based upon budgeted rather than actual amounts, but WLS corrected that practice after the error was first brought to our attention more than a year ago during the OIG audit of Nevada DHHS.

6. Remedy \$128,988 in unsupported questioned costs reported as matching contributions.

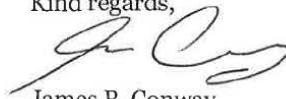
WLS Response: WLS agrees with this recommendation. The match obligation was not correctly tracked until this issue was discovered and brought to WLS's attention approximately one year ago. WLS is confident that it can substantiate that it met its match obligation by expending at least \$128,988 in non-federal funds on VOCA-related services over the three-year period in question. Specifically, and as noted above, WLS served thousands of crime victims over the period in question, and the majority of those services were funded by non-federal, local sources. WLS will work with OJP and Nevada DHHS to remedy the questioned cost.

7. Remedy \$4,890 in program income that Washoe received and inaccurately applied as a matching contribution.

WLS Response: WLS agrees with this recommendation and will work with with OJP and Nevada DHHS to remedy the questioned cost. By way of further explanation, WLS notes that it reported this program income to the primary grantee when the income was received. WLS requested guidance on how to account and apply the program income. Via e-mails and phone calls WLS and the primary grantee discussed applying the program income as match or applying it to program costs. WLS submitted the RFF applying the program income as match and asking the primary grantee to advise if they wanted WLS to account for it differently. Ultimately the primary grantee approved the program income as match. Unfortunately, the decision turned out to be erroneous. Nonetheless, WLS will remedy the questioned cost to the satisfaction of OJP and Nevada DHHS.

Thank you for the opportunity to respond to the draft report, and we look forward to implementing all improvements summarized above and further look forward to partnering with OJP and Nevada DHHS to continue to provide legal services to victims of crime.

Kind regards,



James P. Conway
Executive Director

Attachment

Cc: [REDACTED]
Director of Development & Communications
Washoe Legal Services

Richard Whitley
Director, Department of Health & Human Services
State of Nevada

Ross Armstrong
Administrator

Division of Child and Family Services
Department of Health & Human Services
State of Nevada

Mandi Davis
Deputy Administer
Division of Child and Family Services
Department of Health & Human Services
State of Nevada

Kelsey McCann-Navarro
Social Services Chief III
Division of Child and Family Services
Department of Health & Human Services
State of Nevada

NEVADA DEPARTMENT OF HEALTH AND HUMAN SERVICES
RESPONSE TO THE DRAFT AUDIT REPORT

STEVE SISOLAK
Governor



RICHARD WHITLEY, MS
Director

ROSS E. ARMSTRONG
Administrator

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF CHILD AND FAMILY SERVICES
4126 TECHNOLOGY WAY, SUITE 300
CARSON CITY, NV 89706
Telephone (775) 684-4400 • Fax (775) 684-4455
dcfs.nv.gov

March 1, 2019

David J. Gaschke, Regional Audit Manager
San Francisco Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
90 7th Street, Suite 3-100
San Francisco, California 94103
(Via Electronic Mail: David.J.Gaschke@usdoj.gov)

Re: Washoe Legal Services

Dear Mr. Gaschke,

The U.S. Department of Justice (DOJ), Office of the Inspector General (OIG), San Francisco Regional Audit Office, issued a draft audit report, dated February 22, 2019 for Washoe Legal Services.

The Nevada Department of Health and Human Services understands the objective of this audit was to determine whether costs claimed under the subgrants to Washoe Legal Services were allowable, supported and in accordance with applicable laws, regulations, guidelines and the terms and conditions of the grant; and to determine whether Washoe Legal Services (WLS) demonstrated adequate progress towards achieving the program goals and objective.

Following, please find responses to the U.S. Department of Justice, Office of the Inspector General's 7 recommendations:

1. Ensure that Washoe accurately reports its programmatic data, and that it maintains documentation supporting the performance data it reported.

WLS Response: WLS agrees with this recommendation. By way of further explanation, some of the data that was previously reported by WLS was reported by its previous CFO. The back-up documentation for those reports unfortunately could not be located after her departure, and the reports could not be recreated by existing staff. WLS believes that appropriate back-up documentation is currently being maintained for all reports that are submitted for the VOCA grant. Some program data was reported incorrectly due to staff

*Nevada Department of Health and Human Services
Helping People -- It's Who We Are And What We Do*

error and/or the limitations of the reports generated by WLS's case management system. WLS is in the process of changing its case management system and the new system should be operational by April of this year. As we work with the vendor that is building our new case management system, we will ensure that the new system is able to produce reports that contain accurate programming data.

DHHS Response: DHHS concurs with this recommendation and will work with WLS in remedying this recommendation.

2. Ensure that Washoe establishes and maintains an adequate accounting process that separately and accurately tracks all grant-related activities, including all expenses and required matching contributions, and documents its processes and procedures to ensure compliance with federal guidelines, accurate calculation of subgrant expenditures, and continuity of operations in the event of staff turnover or absences.

WLS Response: WLS agrees with this recommendation. As stated earlier, WLS has changed bookkeeping systems and changed accounting firms in order to ensure future compliance with federal guidelines.

DHHS Response: DHHS concurs with this recommendation and will work with WLS in remedying this recommendation.

3. Ensure that Washoe retains all supporting documentation including any spreadsheets used as the basis for its reimbursement requests.

WLS Response: WLS agrees with this recommendation. Moreover, WLS submits that it is currently in full compliance with this recommendation. Some previous employee timesheets were apparently misplaced or lost and WLS could not recreate them, as they were submitted on a form generated by Microsoft Excel rather than on information entered into our case management system. However, WLS has since changes its policies to require all employees to enter their time in the WLS case management system so that a back-up timesheet can be recreated in the event that one is misplaced in the future.

DHHS Response: DHHS concurs with this recommendation and will work with WLS in remedying this recommendation.

4. Remedy \$8,449 in unsupported questioned salary and fringe benefits costs.

WLS Response: WLS has not received the back-up documentation to substantiate this precise amount. Therefore, WLS cannot issue a response as to whether or not the amount is accurate. The questioned cost appears to be directly related to the missing time sheet issue discussed above. As stated, WLS believes that it has already instituted policies to ensure timesheets can be recreated in instances where the original is inadvertently misplaced or lost in the future. WLS will work with OJP and Nevada DHHS to remedy the questioned costs.

DHHS Response: DHHS concurs with this recommendation and will work with WLS in remedying the identified questioned costs.

5. Ensure that Washoe seek reimbursement for actual expenses based on invoices rather than estimated expenses and implement controls to ensure that the VOCA portion of all expenses are accurately calculated and are in accordance with approved budgets.

WLS Response: WLS agrees with this recommendation. Moreover, WLS submits that it is currently in full compliance with this recommendation, as all direct program costs submitted for reimbursement are based upon actual costs, not budgeted costs. WLS had previously submitted some reimbursement requests that were based upon budgeted rather than actual amounts, but WLS corrected that practice after the error was first brought to our attention more than a year ago during the OIG audit of Nevada DHHS.

DHHS Response: DHHS concurs with this recommendation. DHHS has corrected this recommendation with Washoe Legal Services. All monthly reimbursements are based on actual expenses incurred. DHHS is requesting backup documentation and proof of payment for all expenses.

6. Remedy \$128,988 in unsupported questioned costs reported as matching contributions.

WLS Response: WLS agrees with this recommendation. The match obligation was not correctly tracked until this issue was discovered and brought to WLS's attention approximately one year ago. WLS is confident that it can substantiate that it met its match obligation by expending at least \$128,988 in non-federal funds on VOCA-related services over the three-year period in question. Specifically, and as noted above, WLS served thousands of crime victims over the period in question, and the majority of those services were funded by non-federal, local sources. WLS will work with OJP and Nevada DHHS to remedy the questioned cost.

DHHS Response: DHHS concurs with this recommendation and will work with WLS in remedying the identified questioned costs.

7. Remedy \$4,890 in program income that Washoe received and inaccurately applied as a matching contribution.

WLS Response: WLS agrees with this recommendation and will work with OJP and Nevada DHHS to remedy the questioned cost. By way of further explanation, WLS notes that it reported this program income to the primary grantee when the income was received. WLS requested guidance on how to account and apply the program income. Via e-mails and phone calls WLS and the primary grantee discussed applying the program income as match or applying it to program costs. WLS submitted the RFF applying the program income as match and asking the primary grantee to advise if they wanted WLS to account for it differently. Ultimately the primary grantee approved the program income as match. Unfortunately, the decision turned out to be erroneous. Nonetheless, WLS will remedy the questioned cost to the satisfaction of OJP and Nevada DHHS.

DHHS Response: DHHS concurs with this recommendation and will work with WLS in remedying the identified program income. DHHS acknowledges that incorrect guidance was provided to WLS regarding program income. DHHS will work OJP to ensure proper guidance is given to subrecipients regarding program income.

Page 4

Thank you for the opportunity to respond to the draft report. If there are any additional questions or concerns, please don't hesitate to contact me at 775-684-7942 or mandi.davis@dcs.nv.gov.

Sincerely,



Mandi Davis
Deputy Administrator
Division of Child and Family Services
Department of Health and Human Services
State of Nevada

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

Darlene L. Hutchinson
Director
Office for Victims of Crime

Tracey Trautman
Principal Deputy Director
Office for Victims of Crime

Allison Turkel
Deputy Director
Office for Victims of Crime

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

James Simonson
Associate Director of Operations
Office for Victims of Crime

Joel Hall
Victim Justice Program Specialist
Office for Victims of Crime

Leigh A. Benda
Chief Financial Officer

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

Page 5

cc: 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

Richard P. Theis
Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division


David J. Gaschke
Regional Audit Manager
San Francisco Regional Audit Office
Office of the Inspector General

Richard Whitley
Director
Department of Health and Human Services
State of Nevada

Ross E. Armstrong
Administrator, Division of Child and Family Services
Department of Health and Human Services
State of Nevada

Kelsey McCann-Navarro
Social Services Chief III, Division of Child and Family Services
Department of Health and Human Services
State of Nevada

James Conway
Executive Director
Washoe Legal Services


Director of Development and Communications
Washoe Legal Services

OFFICE OF JUSTICE PROGRAMS'
RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice



Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

MAR 15 2019

MEMORANDUM TO: David Gaschke
Regional Audit Manager
San Francisco 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 Victim Assistance Grants Subgranted by the Nevada Department of Health and Human Services to Washoe Legal Services, Reno, Nevada*

This memorandum is in reference to your correspondence, dated February 22, 2019, transmitting the above-referenced draft audit report for Washoe Legal Services (Washoe). Washoe received sub-award funds from the Nevada Department of Health and Human Services (NDHHS), under the Office of Justice Programs' (OJP) Office for Victims of Crime, Victims of Crime Act (VOCA), Victim Assistance Formula Grant Program, Grant Numbers 2014-VA-GX-0057, 2015-VA-GX-0024, and 2016-VA-GX-0076. We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **seven** recommendations, **\$137,437¹** in questioned costs, and **\$4,890** in enhanced revenue. The following is OJP's 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 and the NDHHS ensure that Washoe accurately reports its programmatic data, and that it maintains documentation supporting the performance data it reported.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of Washoe's written policies and procedures, developed and implemented, to ensure that programmatic data is accurate, and that documentation to support the performance data is maintained for future auditing purposes.

¹ The questioned costs in Recommendation Numbers 4 (\$8,449) and 6 (\$128,988) total \$137,437.

2. **We recommend that OJP and the NDHHS ensure that Washoe establishes and maintains an adequate accounting process that separately and accurately tracks all grant-related activities, including all expenses and required matching contributions, and documents its processes and procedures to ensure compliance with Federal guidelines, accurate calculation of subgrant expenditures, and continuity of operations in the event of staff turnover or absences.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of Washoe's written policies and procedures, developed and implemented, to ensure that it maintains an adequate accounting process that separately and accurately tracks all grant-related activities, including all expenses and required matching contributions; and documents its processes and procedures to ensure compliance with Federal guidelines, accurate calculation of subgrant expenditures, and continuity of operations in the event of staff turnover or absences.

3. **We recommend that OJP and the NDHHS ensure that Washoe retains all supporting documentation including any spreadsheets used as the basis for its reimbursement requests.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of Washoe's written policies and procedures, developed and implemented, to ensure that all supporting documentation, including spreadsheets used as a basis for reimbursement requests, is retained for future auditing purposes.

4. **We recommend that OJP and the NDHHS remedy \$8,449 in unsupported questioned salary and fringe benefits costs.**

OJP agrees with this recommendation. We will review the \$8,449 in questioned costs, related to unsupported salary and fringe benefits costs that were subawarded to Washoe, under OJP Grant Numbers 2014-VA-GX-0057, 2015-VA-GX-0024, and 2016-VA-GX-0076, and will work with NDHHS to remedy, as appropriate.

5. **We recommend that OJP and the NDHHS ensure that Washoe seek reimbursement for actual expenses based on invoices rather than estimated expenses, and implement controls to ensure that the VOCA portion of all expenses are accurately calculated and are in accordance with approved budgets.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of Washoe's written policies and procedures, developed and implemented, to ensure that reimbursement requests are based on actual expenses, and that VOCA expenses are accurately calculated, and in accordance with approved budgets.

6. We recommend that OJP and the NDHHS remedy \$128,988 in unsupported questioned costs reported as matching contributions.

OJP agrees with this recommendation. We will review the \$128,988 in questioned costs, related to unsupported matching contributions by Washoe, under OJP Grant Numbers 2014-VA-GX-0057, 2015-VA-GX-0024, and 2016-VA-GX-0076 , and will work with NDHHS to remedy, as appropriate.

7. We recommend that OJP and the NDHHS remedy \$4,890 in program income that Washoe received and inaccurately applied as a matching contribution.

OJP agrees with this recommendation. We will review the \$4,890 in questioned costs, related to program income that Washoe received and inaccurately applied as a matching contribution, under Grant Numbers 2014-VA-GX-0057, 2015-VA-GX-0024, and 2016-VA-GX-0076, and will work with NDHHS, to remedy, as appropriate.

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

cc: Matt M. Dummermuth
Principal Deputy Assistant Attorney General

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

Tracey Trautman
Principal Deputy Director
Office for Victims of Crime

Allison Turkel
Deputy Director
Office for Victims of Crime

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

Katherine Darke-Schmitt
Deputy Director
Office for Victims of Crime

James Simonson
Associate Director for Operations
Office for Victims of Crime

Joel Hall
Victim Justice Program Specialist
Office for Victims of Crime

Charles E. Moses
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

cc: Richard P. Theis
Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number IT20190225095459

**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 Washoe Legal Services (Washoe), the Nevada Department of Health and Human Services (NDHHS), and the Office of Justice Programs (OJP). Washoe's response is incorporated in Appendix 3, NDHHS's response is incorporated in Appendix 4, and OJP's response is incorporated in Appendix 5 of this final report. In response to our draft audit report, Washoe agreed with six recommendations and did not state whether it agreed or disagreed with one recommendation. The NDHHS and OJP agreed with all our recommendations, and, as a result the status of the audit report is resolved. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations for OJP and the NDHHS:

- 1. Ensure that Washoe accurately reports its programmatic data, and that it maintains documentation supporting the performance data it reported.**

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with the NDHHS to obtain a copy of the written policies and procedures developed and implemented by Washoe to ensure that programmatic data is accurate, and that documentation supporting performance data is maintained for future auditing purposes.

The NDHHS agreed with our recommendation and stated in its response that it will work with Washoe in remedying this recommendation.

Washoe agreed with our recommendation and stated in its response that some of the data previously reported by Washoe was reported by its previous Chief Financial Officer (CFO) and the backup documentation could not be located or recreated by staff after the CFO's departure. Washoe also stated that it believes that appropriate back-up documentation is currently being maintained for all VOCA grant reports. Washoe further explained that some program data was reported incorrectly due to staff error or the limitations of the reports generated by Washoe's case management system. Washoe noted that it was changing to a new case management system, expecting it to be operational by April 2019. Washoe stated that it will ensure that the new system is able to produce reports that contain accurate programming data.

This recommendation can be closed when we receive evidence that Washoe is accurately reporting programmatic data, and maintaining sufficient documentation supporting the performance data reported.

2. **Ensure that Washoe establishes and maintains an adequate accounting process that separately and accurately tracks all grant-related activities, including all expenses and required matching contributions, and documents its processes and procedures to ensure compliance with federal guidelines, accurate calculation of subgrant expenditures, and continuity of operations in the event of staff turnover or absences.**

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with the NDHHS to obtain copies of the written policies and procedures developed and implemented by Washoe to ensure that it maintains an adequate accounting process that separately and accurately tracks all grant-related activities; and that Washoe documents its processes and procedures to ensure compliance with federal guidelines, accurate calculation of subgrant expenditures, and continuity of operations in the event of staff turnover or absences.

The NDHHS agreed with our recommendation and stated in its response that it will work with Washoe in remedying this recommendation.

Washoe agreed with our recommendation and stated in its response that it has changed its bookkeeping system and accounting firm to ensure compliance with federal guidelines.

This recommendation can be closed when we receive evidence that Washoe has established and is maintaining an adequate accounting process that separately and accurately tracks all grant-related activities, including all expenses and required matching contributions, and has documented its processes and procedures to ensure compliance with federal guidelines, accurate calculation of subgrant expenditures, and continuity of operations in the event of staff turnover or absences.

3. **Ensure that Washoe retains all supporting documentation including any spreadsheets used as the basis for its reimbursement requests.**

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with the NDHHS to obtain a copy of the written policies and procedures developed and implemented by Washoe to ensure that all supporting documentation, including spreadsheets used as a basis for reimbursement requests, is retained.

The NDHHS agreed with our recommendation and stated in its response that it will work with Washoe in remedying this recommendation.

Washoe agreed with our recommendation and stated in its response that it is currently in full compliance with this recommendation. Washoe also explained that some previous employee timesheets were apparently misplaced or lost and it could not recreate them, as they were submitted on a form generated by Microsoft Excel rather than on information entered into

its case management system. Washoe further stated that it has since changed its policies to require all employees to enter their time in its case management system so that a back-up timesheet can be recreated in the event that one is misplaced in the future.

This recommendation can be closed when we receive evidence that Washoe is retaining documentation supporting all reimbursement request, including any spreadsheets used in calculating the VOCA portion of expenses.

4. Remedy \$8,449 in unsupported questioned salary and fringe benefits costs.

Resolved. OJP agreed with our recommendation and stated in its response that it will review the \$8,449 in questioned costs, related to unsupported salary and fringe benefits costs, and will work with the NDHHS to remedy as appropriate.

The NDHHS also agreed with our recommendation and stated in its response that it will work with Washoe to remedy the identified questioned costs.

In its response, Washoe stated it could not substantiate the precise amount questioned without additional documentation. Washoe further stated that it believed it had already instituted procedures that would enable it to recreate supporting timesheets if lost or misplaced. Additionally, Washoe stated that it will work with OJP and the NDHHS to remedy the questioned costs as appropriate. On March 4, 2019, we provided Washoe with a breakdown of the specific unsupported salary and fringe benefit costs.

We appreciate that Washoe will work with OJP and the NDHHS to remedy the questioned costs as appropriate, and the OIG will coordinate with the NDHHS and OJP to provide information useful to this effort. We want to emphasize that the related questioned salary and fringe benefits were not due to lost or misplaced timesheets, as Washoe contends in its response. During our audit, Washoe provided supporting timesheets that we used in our analysis. However, in some cases, VOCA hours that Washoe charged were not specifically identified on the timesheets, and therefore we were unable to verify the support for these salary expenses charged to VOCA.

This recommendation can be closed when OJP remedies the \$8,449 in unsupported questioned salary and fringe benefits costs charged to the VOCA grants.

5. Ensure that Washoe seek reimbursement for actual expenses based on invoices rather than estimated expenses, and implement controls to ensure that the VOCA portion of all expenses are accurately calculated and are in accordance with approved budgets.

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with the NDHHS to obtain a copy of the written policies

and procedures developed and implemented by Washoe to ensure that reimbursement requested are based on actual expenses, and that VOCA expenses are accurately calculated, and in accordance with approved budgets.

The NDHHS agreed with our recommendation and stated in its response that it had corrected this recommendation with Washoe. It further stated that all monthly reimbursements are based on actual expenses incurred and that it is requesting backup documentation and proof of payment for all expenses.

Washoe agreed with our recommendation and stated in its response that it is currently in full compliance with this recommendation, as all direct program costs submitted for reimbursement are based upon actual costs, not budgeted costs. Washoe further stated that it had previously submitted some reimbursement requests that were based upon budgeted rather than actual amounts, but it corrected that practice after the error was first brought to its attention during the OIG's March 2018 audit of NDHHS.

This recommendation can be closed when we receive documentation that Washoe is seeking reimbursement for expenses based on invoices rather than estimated or budgeted expenses when possible, and it has implemented controls to ensure that the VOCA portion of all expenses are accurately calculated and are in accordance with approved budgets.

6. Remedy \$128,988 in unsupported questioned costs reported as matching contributions.

Resolved. OJP agreed with our recommendation and stated that it will review the \$128,988 in questioned costs related to unsupported matching contributions, and will work with the NDHHS to remedy as appropriate.

The NDHHS agreed with our recommendation and stated in its response that it will work with Washoe in remedying the identified questioned costs.

Washoe agreed with our recommendation and stated in its response that the match obligation was not correctly tracked until this issue was discovered and brought to its attention approximately 1 year ago. Washoe also stated that it is confident it can substantiate that it met its match obligation by expending at least \$128,988 in non-federal funds on VOCA-related services over the 3-year period we audited. It further stated that it has served thousands of crime victims over the period in question, and the majority of those services were funded by non-federal, local sources. Lastly, it stated that it will work with OJP and the NDHHS to remedy the questioned cost.

This recommendation can be closed when OJP remedies the \$128,988 in unsupported questioned costs reported as matching contributions.

7. Remedy \$4,890 in program income that Washoe received and inaccurately applied as a matching contribution.

Resolved. OJP agreed with our recommendation and stated in its response that it will review the \$4,890 in questioned costs related to program income that Washoe received and applied as a matching contribution, and will work with the NDHHS to remedy as appropriate.

The NDHHS agreed with our recommendation and stated in its response that it will work with Washoe to remedy the identified program income. The NDHHS also acknowledged that incorrect guidance was provided to Washoe regarding program income, and further stated that it will work with OJP to ensure proper guidance is given to subrecipients regarding program income.

Washoe agreed with our recommendation and stated in its response that it will work with OJP and the NDHHS to remedy the questioned cost. Washoe noted that it reported the received program income to the primary grantee and requested guidance on how to account for and apply the program income. Additionally, Washoe stated that it was erroneously instructed by the NDHHS to apply the program income as match contribution. Nonetheless, Washoe stated it will remedy the cost to the satisfaction of OJP and the NDHHS.

This recommendation can be closed when OJP remedies the \$4,890 in program income that Washoe received and inaccurately applied as a matching contribution.



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U.S. DEPARTMENT OF JUSTICE OFFICE OF THE INSPECTOR GENERAL

950 Pennsylvania Avenue, Northwest
Suite 4760
Washington, DC 20530 0001

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