



Audit of the Office of Justice Programs Internet  
Crimes Against Children Task Force Cooperative  
Agreement Awarded to the Montana Division of  
Criminal Investigation,  
Helena, Montana



21-089

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**JUNE 2021**

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# EXECUTIVE SUMMARY

## **Audit of the Office of Justice Programs Internet Crimes Against Children Task Force Cooperative Agreement Awarded to the Montana Division of Criminal Investigation, Helena, Montana**

### **Objectives**

The Office of Justice Programs (OJP), Office of Juvenile Justice and Delinquency Prevention (OJJDP) awarded the Montana Division of Criminal Investigation (MTDCI) a cooperative agreement totaling \$897,540 for the Internet Crimes Against Children (ICAC) task force program. The objectives of this audit were to determine whether costs claimed under the award were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the awardee demonstrated adequate progress towards achieving program goals and objectives.

### **Results in Brief**

As a result of our audit, we concluded there were no indications that the MTDCI was not adequately achieving the stated goals and objectives for the award. We also did not identify significant concerns regarding the MTDCI's budget management, drawdowns, expenditures, and federal financial reports. However, we found that the MTDCI under-reported the performance measures in the progress reports. Additionally, we had concerns with the lack of formal guidance issued by OJJDP to MTDCI regarding the external ICAC task force members (i.e., affiliates) not being categorized as subrecipients and the monitoring requirements.

### **Recommendations**

Our report contains two recommendations to OJP. We requested a response to our draft audit report from OJP and the MTDCI, which can be found in Appendices 2 and 3, respectively. Our analysis of those responses is included in Appendix 4.

### **Audit Results**

The purposes of the OJP award we reviewed were to: (1) recruit affiliates for the Montana ICAC task force program, (2) provide training and equipment to its members, (3) conduct proactive online undercover investigations, and (4) partner with School Resource Officers to provide school internet safety presentations. The project period for the award was from October 2018 to September 2021. The MTDCI drew down a cumulative amount of \$383,071 for the award we reviewed.

### **Program Performance and Accomplishments**

Based on our review, there were no indications that the MTDCI was not adequately achieving the stated goals and objectives of the award. However, we found that of the 18 quantifiable accomplishments tested, 8 were under-reported.

### **Award Expenditures**

Based on our review, the expenditures were authorized, accurately recorded, and properly supported and charged to the award. However, we found a concern with the lack of formal guidance from OJJDP to MTDCI regarding affiliates not being categorized as subrecipients and the monitoring requirements.

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## Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of a cooperative agreement awarded by the Office of Justice Programs (OJP), Office of Juvenile Justice and Delinquency Prevention (OJJDP) under the Internet Crimes Against Children (ICAC) task force program to the Montana Division of Criminal Investigation (MTDCI) in Helena, Montana. The MTDCI was awarded a cooperative agreement totaling \$897,540, as shown in Table 1.

Table 1

### Cooperative Agreement Awarded to the Montana Division of Criminal Investigation

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2018-MC-FX-K006					
Supplement 00	OJJDP	09/26/2018	10/01/2018	09/30/2019	\$240,000
Supplement 01	OJJDP	09/25/2019	10/01/2018	09/30/2020	\$352,608
Supplement 02	OJJDP	10/31/2020	10/01/2018	09/30/2021	\$304,932
Total:					\$897,540

Source: Office of Justice Programs, Grant Management System (GMS) and Justice Grants System (JustGrants)

Funding through the ICAC task force program helps state and local law enforcement agencies develop an effective response to technology-facilitated child sexual exploitation and internet crimes against children. The ICAC task force provides forensic and investigative technical assistance to law enforcement and prosecutorial officials, and provide community education information to parents, educators, prosecutors, law enforcement, and others concerned with child victimization. The program was developed in 1998 to assist state and local law enforcement agencies with acquiring the necessary knowledge, equipment, and personnel needed to prevent, interdict, and investigate offenses that constitute technology-facilitated crimes against children.

The ICAC program is a national network of 61 coordinated task forces representing over 4,500 federal, state, and local law enforcement, and prosecutorial agencies. Every state has at least one task force, with the more populated states having multiple task forces. Each lead agency receives an annual award from OJJDP, and then serves as the primary entity responsible for improving the effectiveness and sustainability of their state or regional task force.

### The Awardee

The MTDCI at the Montana Department of Justice (MDOJ) is involved in many aspects of Montana law enforcement and is integral to the MDOJ's mission of promoting public safety. The division consist of six bureaus, which conduct a variety of investigations including Medicaid fraud, fires, and drugs; manage the state's criminal information databases; offer assistance programs to victims; and provide law enforcement and public safety officer training.

Since July 2017, the Montana ICAC task force program has been managed through the MDOJ, Office of Attorney General, Division of Criminal Investigations.<sup>1</sup> The Montana ICAC task force members include five MTDCI full time employees and 15 affiliate city and county law enforcement agencies that provide resources necessary to investigate crimes, provide educational awareness to communities and schools as well as properly investigate referrals from other states and cybertips from the National Center for Missing and Exploited Children.<sup>2</sup> The Montana ICAC task force is responsible for investigations within the State of Montana and serve over 1 million residents within the state.

## OIG Audit Approach

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

We tested compliance with what we consider to be the most important conditions of the award. The 2017 DOJ Grants Financial Guide and the award documentation contained the primary criteria we applied during the audit.

The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology.

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<sup>1</sup> The financial management for the award made to the MTDCI is administered primarily by the Central Services Division, which is under the MDOJ.

<sup>2</sup> The ICAC Task Force Commander, an employee of the MTDCI, oversees the investigations and monitors the performance and outcomes of the award. For purposes of this report, MTDCI officials include the ICAC Task Force Commander and the Central Services Division.

# Audit Results

## Program Performance and Accomplishments

We reviewed required progress reports, award documentation, interviewed MTDCI officials, and surveyed affiliate agencies to determine whether the MTDCI demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed two program reports submitted by the MTDCI, to determine if the required reports were accurate. Finally, we reviewed the MTDCI's compliance with the special conditions identified in the award documentation.

## Program Goals and Objectives

According to the award documentation for Award Number 2018-MC-FX-K006, the four goals of the program are to:

1. Recruit affiliates for the Montana ICAC task force.

2. Provide training and equipment to members of the Montana ICAC task force.

3. Conduct proactive online undercover investigations.

4. Partner with School Resource Officers to provide school internet safety presentations.

Based on our review of the recipient documents, discussions with MTDCI officials, and responses in the affiliate survey, we found the MTDCI recruited 15 affiliate agencies for the Montana ICAC task force, provided its members training and equipment to assist with ICAC investigations, performed undercover operations and investigated cybertips, and partnered with School Resource Officers to provide presentations to the schools and communities. According to a MTDCI official, all program goals were implemented, but the ICAC Task Force's ability to meet goals and objectives were impacted by the pandemic.

The MTDCI official said Internet safety presentations continued, however, requests slowed due to the pandemic. In addition, each member involved with undercover operations must receive ICAC training prior to initiating proactive investigations. The MTDCI official added with the new ICAC task force members and the training essentially being shut down, undercover operations were not consistent. Affiliate agencies also

noted that the pandemic created challenges to the ICAC investigations, training, and providing presentations to communities. However, overall, the affiliates still believed that the ICAC task force was effectively meeting the goals and objectives of the award.

In addition to the pandemic, MTDCI officials stated that the OJP's conversion from the Grant Management System (GMS) to Justice Grants System (JustGrants), had an impact on the MTDCI's ability to conduct ICAC investigations.<sup>3</sup> According to MTDCI officials, from October 1, 2020 to February 16, 2021, the MTDCI was not able to reimburse affiliate agencies and as a result the affiliates could no longer work on cases. This happened because the MTDCI was not able to accept the third supplement of the award in JustGrants until December 21, 2020 or gain access to the associated funds until March 16, 2021. The award amount of the third supplement was \$304,932 or about 34 percent of the total award amount. However, according to a MTDCI official, as of February 16, 2021 the MTDCI was able to reimburse affiliates for ICAC related work and to get the task force back on track to meet award goals and objectives. The MTDCI had to use the State's general fund to maintain enough cash for the task force and allow them to make payments to the affiliates while the MTDCI continued to resolve the JustGrants and Automated Standard Application for Payments (ASAP) technical issues accessing funds.<sup>4</sup>

Despite the challenges of the pandemic and OJP's conversion to JustGrants, there were no indications that the MTDCI is not on track to adequately achieve the stated goals and objectives of the award.

### **Required Performance Reports**

According to the 2017 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. To verify the information in the semi-annual progress reports, we judgmentally selected a sample of the quantifiable performance measures from the 2 most recent reports submitted for the award for a total sample size of 18. We then traced the items to supporting documentation maintained by the MTDCI.

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<sup>3</sup> On October 15, 2020, the Office of Community Oriented Policing Services (COPS Office), the OJP, and the Office on Violence Against Women (OVW) launched a new grants management system, JustGrants, which replaced GMS previously used by OJP and OVW, as well as the NexGen system used by the COPS Office.

<sup>4</sup> ASAP is a shared service provided by the Department of the Treasury for award payments. ASAP allows organizations receiving federal funding to draw funds securely through pre-authorized accounts established by the agency issuing the payment.

Table 2

## Verification of Quantifiable Program Accomplishments

	Quantifiable Accomplishments	Number per the Semi-Annual Progress Report	Number per the Supporting Documentation	Difference
July 1, 2019 to December 31, 2019	Participated in ICAC Investigations	353	369	(16)
	New Cybertips received	223	223	0
	Presentations conducted	169	178	(9)
	Presented to school students & community members	5,200	5,980	(780)
	Public events held	11	11	0
	Individuals passing during the public event	1,381	1381	0
	Exams conducted with forensic analysis	259	262	(3)
	Number of GB of data processed	22,451	22,706	(255)
	ICAC members sent to training	20	20	0
January 1, 2020 to June 30, 2020	Participated in ICAC Investigations	456	456	0
	New Cybertips received	412	412	0
	Presentations conducted	83	83	0
	Presented to school students & community members	2,681	2681	0
	Public events held	0	3	(3)
	Individuals passing during the public event	0	153	(153)
	Exams conducted with forensic analysis	249	249	0
	Number of GB of data processed	34,287	34,287	0
	ICAC members sent to training	0	1	(1)

Source: Office of Justice Programs, GMS and MTDCI records

As shown in Table 2, based on our progress report testing, we found that 8 of the 18 quantifiable performance measures were under-reported. According to an MTDCI official, three affiliate agency task force members were late in entering their respective performance measures before the MTDCI had submitted the progress reports to the OJJDP. Additionally, the MTDCI official did not include three of the quantifiable performance measures since they believed the numbers were low and not of significance. If the MTDCI had written policies and procedures for progress reports, it would allow for a more consistent process on reporting performance measures. In our opinion, accurate statistics are a vital tool for awardees and awarding agencies to better manage its programs and it would be a best practice to have written policies and procedures for the MTDCI to ensure they are accurately reporting data from the affiliate agencies. As a result, we recommend that OJP ensure the MTDCI establish written policies and procedures for compiling complete and accurate quantifiable performance measures for the progress reports.



## Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the award. We evaluated the special conditions for the award and selected a judgmental sample of the requirements that are significant to performance under the award and are not addressed in another section of this report. We evaluated the MTDCI compliance with three special conditions and determined the MTDCI complied with two special conditions, and one was not applicable. The two special conditions the MTDCI complied with related to the completion of required training by award point of contacts, and compliance with OJJDP approved ICAC Task Force Operational and Investigative Standards.<sup>5</sup> Specific to the special condition that was not applicable, special condition number 46 from Supplement 00 of Award Number 2018-MC-FX-K006 says the recipient agrees to designate one of the regional task forces as its representative to the ICAC Task Force Advisory Board. According to the OJJDP Program Manager, the Task Force Advisory Board had been dissolved more than a decade ago and the special condition was added in error. However, the Montana ICAC Commander actively participates in the Emerging Technology Working Group.<sup>6</sup>

## Award Financial Management

According to the 2017 DOJ Grants Financial Guide, all award recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess the MTDCI's financial management of the award covered by this audit, we conducted interviews with financial staff, examined policy and procedures, and inspected the award documentation to determine whether the MTDCI adequately safeguards the award funds we audited. Finally, we performed testing in the areas that were relevant for the management of this award, as discussed throughout this report. Based on our review, we did not identify significant concerns related to award financial management. However we did find MTDCI did not have written procedures to ensure that Federal assistance was not awarded to entities prohibited from receiving Federal funds, and it was not performing a System for Award Management (SAM) review of potential contractors or individuals paid with award funds, in accordance with 2017 DOJ Grants Financial Guide.<sup>7</sup> Once we brought this to MTDCI's attention, it created a policy and conducted a SAM review of several affiliates. As a result, we do not make a recommendation.

## Award Expenditures

For Award Number 2018-MC-FX-K006, the MTDCI's approved budget included Personnel, Fringe Benefits, Travel, Supplies, Subawards, Other, and Indirect Costs. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions. The general ledger contained a total of 1,254 transactions. We judgmentally

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<sup>5</sup> The ICAC Task Force Operational and Investigative Standards were established by OJJDP to guide the administration and operation of the ICAC Program and its Members when working on ICAC-related investigations and matters.

<sup>6</sup> The Emerging Technology Working Group is a working group that discusses technology trends, tools, and law enforcement issues to aid the ICAC members and its undercover investigations.

<sup>7</sup> The SAM is the Official U.S. Government system that consolidated the capabilities of the Central Contactor Registration, Federal Agency Registration, the Online Representations and Certifications Applications, and the Excluded Parties List System. The SAM is a federal repository into which an entity must provide information required for the conduct of business as a recipient.

selected 2 non-consecutive payroll periods for a total of 12 transactions totaling \$3,327 and judgmentally selected 25 expenditure transactions from each supplement made under the award for a total of 75 transactions, totaling \$250,783. We reviewed documentation, accounting records, and performed verification testing related to award expenditures. The following sections describe the results of that testing.

## Personnel Costs

As part of our payroll sample, we reviewed the MTDCI labor and fringe costs associated with two non-consecutive pay periods to ensure the personnel costs were computed correctly, properly authorized, accurately recorded, and properly allocated to the award. We also reconciled the MTDCI hours charged on the timesheets to the financial records. We found there were differences between the MTDCI financial records and the budget for the personnel costs. Specifically, we determined the actual labor rates and the fringe benefit rates did not reconcile with the budgeted rates. However, as discussed in the [Budget Management and Control](#) section, we found that the MTDCI award expenditures did not exceed the approved budget categories by more than 10 percent of the total award amount. As a result, we found the differences in the MTDCI labor rates and fringe benefit rates to be immaterial and we did not take exception to the differences.

## Direct Costs

We also reviewed the direct costs in our sample to determine if the costs were properly authorized and approved, accurately recorded, properly supported, and properly charged to the award. We reviewed supporting documentation such as accounting records, invoices, and receipts. We found that the expenditure transactions were authorized, accurately recorded, and properly supported and charged to the award.

## Affiliate Costs

MTDCI is the lead agency and primary entity for the State of Montana's ICAC task force program. Affiliate agencies are members of the Montana ICAC task force and work collaboratively with the MTDCI to maintain and improve the ICAC task force program to prevent, interdict in, investigate, and prosecute Internet crimes against children and technology-facilitated child exploitation.

The approved budget for all three supplements of Award Number 2018-MC-FX-K006 included affiliate costs under the Contractor/Subrecipient category of the budgets. The costs allocated under this budget category are to pay ICAC task force affiliates for overtime, supplies and equipment, and task force member travel to ICAC training and conferences. Affiliates costs were included in our direct cost testing, and we determined the costs were properly authorized and approved, accurately recorded, properly supported, and properly charged to the award. However, we found OJJDP did not issue formal guidance to MTDCI regarding how to categorize affiliate costs.

According to the 2 C.F.R. §200.330(b), a contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. We determined the affiliates costs included in the approved budgets did not meet the 2 C.F.R. §200.330(b) definition of a contractor as the affiliate costs were not for the purposes of obtaining goods and services for the non-Federal entity's own use.

In addition, not all the subrecipient characteristics identified in 2 C.F.R. §200.330(a) are present for affiliates. Specifically, affiliate agencies do not determine who is eligible to receive Federal assistance, affiliate agencies are not responsible for programmatic decision making, and while affiliate agencies use federal funds to carry out a program for a public purpose, the purpose is not specified in an authorizing statute. Additionally, OJJDP communicates to all ICAC Task Forces that affiliate agencies are not considered subrecipients. Specifically, during new commander orientation, OJJDP and the Office of the Chief Financial Officer (OCFO) inform the new ICAC commanders that affiliate agencies are not considered subrecipients.

Since not all subrecipient characteristics identified in 2 C.F.R. §200.330(a) are present, and OJJDP and the OCFO informally tell ICAC Task Forces that affiliate agencies are not considered subrecipients, we reached out to OJJDP and ask about the MTDCI affiliate monitoring responsibilities. According to OJJDP, lead agencies managing affiliate agencies should have regular contact through visits, Task Force meeting, and Task Force training events. In addition, lead agencies monitor and provide oversight to affiliates by reviewing the performance measures submitted monthly by affiliate agencies. However, OJP has not issued formal guidance regarding affiliate monitoring responsibilities.

We reviewed the MTDCI monitoring of the affiliate agencies performance and found it appears adequate and consistent with what OJJDP told us lead agencies should do. Specifically, the affiliates compliance with award requirements, and their performance was monitored through the monthly reporting of performance measures, meetings, site visits and the review of reimbursement requests. However, we have concerns about the lack of formal guidance from OJJDP to the MTDCI regarding affiliate agencies not categorized as subrecipients, and the lack of formal guidance on monitoring affiliate agencies. Formal guidance is a best practice to eliminate confusion and foster consistency. When it comes to ICAC Task Force awards, formal guidance would clarify how affiliate agencies should be categorized, and what level of affiliate agency monitoring is required. As a result, we recommend OJP establish formal guidance to all OJJDP ICAC Task Force Program funding recipients on the: (1) proper classification of affiliate agencies; and (2) monitoring requirements for the lead ICAC task force agency on their affiliates. OJP should also ensure OJJDP ICAC Task Force Program funding recipients develop policies based on OJP's formal guidance.

## Indirect Costs

Indirect costs are costs of an organization that are not readily assignable to a project but are necessary to the operation of the organization and the performance of the project. Indirect costs were included in the approved budget for Supplement 00 and Supplement 01, however, the MTDCI did not charge indirect costs to the award due to an expired indirect cost rate agreement. The DOJ is the cognizant agency for the MTDCI and due to a backlog in approving indirect cost rate proposals, the MTDCI indirect cost rate agreement expired. Since the MTDCI did not charge indirect costs to the award at the time of our review, we did not review indirect costs.<sup>8</sup>

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<sup>8</sup> As of December 11, 2020, the U.S. DOJ approved the Montana Department of Justice's indirect cost rates from July 1, 2018 to June 30, 2019. An MTDCI official stated the MTDCI plans to charge indirect costs to the award and will report the indirect costs on the FFR.

## Budget Management and Control

According to the 2017 DOJ Grants Financial Guide, the recipient is responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for each award. Additionally, the award recipient must initiate a Grant Adjustment Notice (GAN) for a budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total award amount.

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

## Drawdowns

According to the 2017 DOJ Grants Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. The MTDCI drawdown amounts are completed on a reimbursement basis based on expenditures in the general ledger. As of September 18, 2020, the MTDCI had drawn down \$383,071 for Award Number 2018-MC-FX-K006.<sup>9</sup> To assess whether the MTDCI managed award receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. During this audit, we did not identify significant deficiencies related to the recipient's process for developing drawdown requests.

## Federal Financial Reports

According to the 2017 DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether the MTDCI submitted accurate Federal Financial Reports (FFR), we compared the four most recent FFRs to the MTDCI's accounting records for Award Number 2018-MC-FX-K006.<sup>10</sup> We determined that quarterly and cumulative expenditures for the reports reviewed matched the accounting records.

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<sup>9</sup> Starting in October 2020, MTDCI officials did not have access to the funds for Award Number 2018-MC-FX-K006 due to issues resulting from OJP's conversion from the GMS to JustGrants.

<sup>10</sup> As of February 2021, MTDCI officials were unable to submit FFRs due to the issues resulting from OJP's conversion from GMS to JustGrants. As a result, we did not include the most recent FFR, July 1, 2020 to September 30, 2020, in our analysis.

## Conclusion and Recommendations

As a result of our audit testing, we conclude that the MTDCI did not adhere to all of the award requirements we tested, but demonstrated adequate progress towards achieving the award's stated goals and objectives. We did not identify significant issues regarding the MTDCI's budget management, drawdowns, expenditures, and federal financial reports. However, we found that the MTDCI under-reported the performance measures in the progress reports. In addition, we found that there was a concern with the lack of formal guidance provided by OJP on how affiliate agencies were categorized and monitored. We provide two recommendations to the MTDCI to address these deficiencies.

We recommend that OJP:

1. Ensure the MTDCI establish written policies and procedures for compiling complete and accurate quantifiable performance measures for the progress reports.
2. Establish formal guidance to all OJJDP ICAC Task Force Program funding recipients on the: (1) proper classification of affiliate agencies and (2) monitoring requirements for the lead ICAC task force agency on their affiliates. OJP should also ensure that the lead ICAC task force agency develop policies based on OJP's formal guidance.

# **APPENDIX 1: Objectives, Scope, and Methodology**

## **Objectives**

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

## **Scope and Methodology**

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

This was an audit of the Office of Justice Programs (OJP), Office of Juvenile Justice and Delinquency Prevention (OJJDP) cooperative agreement awarded to the Montana Division of Criminal Investigation (MTDCI) under the Internet Crimes Against Children (ICAC) task force program. OJP awarded \$897,540 through Award Number 2018-MC-FX-K006, and as of September 18, 2020, had drawn down \$383,071 of the total funds awarded. Our audit concentrated on, but was not limited to September 26, 2018, the award date of the cooperative agreement, through April 2021, the last day of our audit work. As a result of the COVID-19 pandemic response, we performed our audit fieldwork exclusively in a remote manner.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of MTDCI's activities related to the audited award. We performed sample-based audit testing for award expenditures including payroll 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 award reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The 2017 DOJ Grants Financial Guide and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System and JustGrants, as well as the MTDCI'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.

## **Internal Controls**

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of the MTDCI to provide assurance on its internal control structure as a whole. The MTDCI management is responsible for the establishment and maintenance of internal

controls in accordance with the 2017 DOJ Grants Financial Guide and 2 C.F.R. §200. Because we do not express an opinion on the MTDCI's internal control structure as a whole, we offer this statement solely for the information and use of the MTDCI and OJP.<sup>11</sup>

In planning and performing our audit, we identified the following internal control components and underlying internal control principles as significant to the audit objectives:

Internal Control Components & Principles Significant to the Audit Objectives	
<b>Control Activity Principles</b>	
	Management should design control activities to achieve objectives and respond to risks.
	Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
	Management should implement control activities through policies.
<b>Information &amp; Communication Principles</b>	
	Management should use quality information to achieve the entity's objectives.

We assessed the operating effectiveness of these internal controls and did not identify any deficiencies that we believe could affect the MTDCI's ability to correctly state financial and/or performance information, and to ensure compliance with laws and regulations. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

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<sup>11</sup> This restriction is not intended to limit the distribution of this report, which is a matter of public record.

## APPENDIX 2: The Office of Justice Programs Response to the Draft Report



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

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Washington, D.C. 20531

June 16, 2021

MEMORANDUM TO: David M. Sheeren  
Regional Audit Manager  
Denver Regional Audit Office  
Office of the Inspector General

FROM: Ralph E. Martin *Ralph E. Martin*  
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Internet Crimes Against Children Task Force Cooperative Agreement Awarded to the Montana Division of Criminal Investigation, Helena, Montana*

This memorandum is in reference to your correspondence, dated May 13, 2021, transmitting the above-referenced draft audit report for the Montana Division of Criminal Investigation (MTDCI). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **two** recommendations and **no** questioned costs. The following is Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

- 1. We recommend that OJP ensure the MTDCI establish written policies and procedures for compiling complete and accurate quantifiable performance measures for the progress reports.**

OJP agrees with this recommendation. We will coordinate with the MTDCI to obtain a copy of written policies and procedures, developed and implemented, for compiling complete and accurate quantifiable performance measures for progress reports submitted to the Federal awarding agency.



2. **We recommend that OJP establish formal guidance to all OJJDP ICAC Task Force Program funding recipients on the: (1) proper classification of affiliate agencies; and (2) monitoring requirements for the lead ICAC task force agency on their affiliates. OJP should also ensure that the lead ICAC task force agency develop policies based on OJP's formal guidance.**

OJP agrees with this recommendation. However, it is OJP's position that not all of the affiliate Internet Crimes Against Children (ICAC) agencies should be classified as subrecipients, and will take the necessary steps to ensure that all ICAC lead agencies are: 1) aware of this interpretation of the Department of Justice (DOJ) Grants Financial Guide; and 2) aware of their responsibilities for monitoring these subrecipients. OJP will convey this information in the pre-award stage, through both its letter of invitation to apply, as well as its application guidance document, that each ICAC agency will receive.

In addition, by December 31, 2021, OJP's Office of Juvenile Justice and Delinquency Prevention (OJJDP) will work with the Office of the Chief Financial Officer (OCFO) to develop a webinar for all ICAC points of contact, and financial points of contact, to ensure that all cooperative agreement recipients are aware of their responsibilities to monitor subrecipients, and the actions that they should be taking. Finally, during the fall 2021 OJJDP ICAC new point of contact meeting, and at its larger cluster meeting, OCFO will provide similar training for the attendees. We believe this multi-faceted approach will help ensure that there is consistency regarding subrecipient monitoring across all 61 ICAC Task Force Program funded recipients.

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

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

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

Cheryl Jones  
Acting Administrator  
Office of Juvenile Justice and Delinquency Prevention

cc: James Antal  
Associate Administrator, Special Victims and  
Violent Offenders Division  
Office of Juvenile Justice and Delinquency Prevention

Kellie Blue  
Associate Administrator, Intervention Division  
Office of Juvenile Justice and Delinquency Prevention

Tenzing Lahdon  
Grants Management Specialist  
Office of Juvenile Justice and Delinquency Prevention

Charlotte Grzebien  
Deputy General Counsel

Phillip K. Merkle  
Acting Director  
Office of Communications

Rachel Johnson  
Acting Chief Financial Officer

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

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

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

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

OJP Executive Secretariat  
Control Number IT20210513140321

# APPENDIX 3: The Montana Department of Criminal Investigation Response to the Draft Report

## DIVISION OF CRIMINAL INVESTIGATION DEPARTMENT OF JUSTICE STATE OF MONTANA

Austin Knudsen  
Attorney General



PO Box 201417  
2225 Eleventh Avenue  
Helena, MT 59620-1417  
(406) 444-3874  
FAX: (406) 444-2759

May 24, 2021

Kimberly Rice  
Assistant Regional Audit Manager  
Denver Regional Audit Office  
Office of the Inspector General  
U.S. Department of Justice  
1120 Lincoln Street, Suite 1500  
Denver, CO 80203

SUBJECT: Response to the Draft Audit Report of the Office of Justice programs Internet Crimes Against Children Task Force cooperative agreement awarded to the Montana Division of Criminal Investigation, Helena, Montana.

Dear Ms. Rice:

This letter is in reference to your correspondence, dated May 13, 2021, transmitting the above-referenced draft audit report. We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains two recommendations and no questioned costs. The following is the Montana Division of Criminal Investigation (DCI) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

- 1. Ensure the MTDCI establish written policies and procedures for compiling complete and accurate quantifiable performance measures for the progress reports.**

DCI concurs with this recommendation. DCI will work on creating ICAC policy and procedures to compile complete and accurate quantifiable performance measures for all progress reports. DCI has already entered into Memorandum of Understandings (MOU) with each affiliate outlining how and when performance measures must be entered. DCI will further have procedures to verify the information from each affiliate. The procedures will be completed by September 30, 2021. DCI will review the information monthly and reach out to affiliates with any questions or concerns, to ensure quality control. With the combined policies and procedures for the affiliate reporting and our direct reporting DCI will be able to ensure comprehensive policy and procedures for the entire ICAC programmatic reporting.

2. **Establish formal guidance to all OJJDP ICAC Task Force Program funding recipients on the: (1) proper classification of affiliate agencies and (2) monitoring requirements for the lead ICAC task force agency on their affiliates. OJP should also ensure that the lead ICAC task force agency develop policies based on OJP's formal guidance.**

DCI concurs with this recommendation. DCI will wait for formal guidance from OJJDP for the proper classification of affiliate agencies. DCI will further review any guidance and monitoring requirements established by OJJDP. Within three months after their release, DCI will review any guidance and monitoring requirements established by OJJDP and develop any needed policies based upon the formal guidance.

Respectfully,

A handwritten signature in blue ink, appearing to read "Gary Seder".

Gary Seder, Chief  
Crime Information Bureau  
MT Division of Criminal Investigation

## **APPENDIX 4: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Report**

The OIG provided a draft of this audit report to the Office of Justice Programs (OJP) and the Montana Division of Criminal Investigation (MTDCI). The OJP's response is incorporated in Appendix 2 and the MTDCI's response is incorporated in Appendix 3 of this final report. In response to our draft audit report, OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

### **Recommendations for OJP:**

- 1. Ensure the MTDCI establish written policies and procedures for compiling complete and accurate quantifiable performance measures for the progress reports.**

Resolved. OJP agreed with our recommendation. OJP stated in its response they will coordinate with MTDCI to obtain a copy of written policies and procedures, developed and implemented, for compiling complete and accurate quantifiable performance measures for progress reports submitted to the Federal awarding agency. As a result, this recommendation is resolved.

The MTDCI concurred with our recommendation and stated in its response that it will work on creating ICAC policy and procedures to compile complete and accurate quantifiable performance measures for all progress reports. Additionally, the MTDCI will develop procedures to verify the affiliate information to ensure quality control and will complete the procedures by September 30, 2021.

This recommendation can be closed when we receive documentation that MTDCI has developed and implemented written policies and procedures for compiling complete and accurate quantifiable performance measures for progress reports.

- 2. Establish formal guidance to all OJJDP ICAC Task Force Program funding recipients on the: (1) proper classification of affiliate agencies and (2) monitoring requirements for the lead ICAC task force agency on their affiliates. OJP should also ensure that the lead ICAC task force agency develop policies based on OJP's formal guidance.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that not all affiliate ICAC agencies should be classified as subrecipients but they will take the necessary steps to ensure that all ICAC lead agencies are: (1) aware of this interpretation of the DOJ Grants Financial Guide; and (2) aware of their responsibilities for monitoring subrecipients. OJP will convey the information in the pre-award stage through its invitation letter and application guidance document that each ICAC agency receives. OJP further states by December 31, 2021, OJP's OJJDP will work with the Office of the Chief Financial Officer (OCFO) to develop a webinar for all ICAC points of contact and financial points of contact to ensure that all cooperative agreement recipients are aware of their responsibilities to monitor subrecipients, and the actions that they should be taking. Lastly, during the fall 2021 OJJDP ICAC new point of contact meeting, and at its larger cluster meeting, OCFO will

provide similar training for the attendees. OJP believes this multi-faceted approach will help ensure that there is consistency regarding subrecipient monitoring across all 61 ICAC Task Force Program funded recipients. As a result, this recommendation is resolved.

The MTDCI concurred with our recommendation and stated in its response that it will wait for formal guidance from OJJDP for the proper classification and monitoring requirements for affiliate agencies and within three months of the release of the formal guidance, the MTDCI will develop any needed policies based on OJJDP's formal guidance.

This recommendation can be closed when we receive documentation that OJP conveyed the guidance to the ICAC lead agencies, OJP developed a webinar to ensure that all funding recipients are aware of their responsibilities to monitor subrecipients, and MTDCI developed policies based on OJJDP's guidance via webinar.