



Audit of the Office of Justice Programs Victim  
Assistance Grants Awarded to the Kentucky  
Justice and Public Safety Cabinet,  
Frankfort, Kentucky



21-118

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SEPTEMBER 2021

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## EXECUTIVE SUMMARY

### Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the Kentucky Justice and Public Safety Cabinet, Frankfort, Kentucky

#### Objectives

The objective of the audit was to evaluate how the Kentucky Justice and Public Safety Cabinet (Kentucky JPSC) designed and implemented its Victims of Crime Act (VOCA) victim assistance formula grants awarded by the Office of Justice Programs' Office for Victims of Crime (OVC). To accomplish this, we assessed performance in the following areas of grant management: (1) grant program planning and execution, (2) program requirements and performance reporting, (3) grant financial management, and (4) monitoring subrecipients.

#### Results in Brief

As a result of our audit, we concluded that the Kentucky JPSC used its victim assistance funds to enhance victim services within Kentucky. We found that the Kentucky JPSC took appropriate steps to announce funding to subrecipients. However, we identified various issues with the Kentucky JPSC's subaward allocation process, including delays in award notification to subrecipients and that not all required information was properly communicated within the award documents. We also identified \$823,019 of questioned subrecipient expenditures, administrative expenditures, and subrecipient matching costs. Additionally, we found that the Kentucky JPSC did not accurately calculate its drawdown requests, as \$737,766 of excess funds were drawn down, and it reported inaccurate information in its Federal Financial Reports. Lastly, we found that the Kentucky JPSC did not complete its monitoring activities timely and performed inadequate oversight of subrecipient financial reporting and matching funds.

#### Recommendations

Our report contains 19 recommendations to OJP to assist the Kentucky JPSC in improving its grant management and administration and to remedy questioned costs.

#### Audit Results

The U.S. Department of Justice Office of the Inspector General completed an audit of three VOCA victim assistance formula grants administered by the Kentucky JPSC in Frankfort, Kentucky. The OVC awarded these formula grants, totaling \$100,643,695 for fiscal years 2016 through 2018, from the Crime Victims Fund to enhance crime victim services throughout Kentucky. Kentucky JPSC drew down a cumulative amount of \$83,042,767 for all of the grants we reviewed.

##### Program Planning and Requirements

We determined that the Kentucky JPSC adequately allocated and issued awards and doubled the number of victims served from 2016 to 2020. However, we found that the Kentucky JPSC issued a large subaward for a new project that may not be serving as many victims throughout Kentucky as intended and that the Kentucky JPSC reallocated unused funds without proper subrecipient notification. Additionally, the Kentucky JPSC did not provide timely notification of its subawards and did not pass all required information to its subrecipients.

##### Grant Financial Management

We determined that the Kentucky JPSC did not implement adequate controls over grant financial activities, and we identified unallowable and unsupported subrecipient, administrative, and matching expenditures totaling \$823,019. Additionally, we found drawdowns that did not reconcile to the supporting documentation, which resulted in \$737,766 in excess funds drawn down. We also identified federal financial reports containing inaccurate quarterly and cumulative expenditures.

##### Subrecipient Monitoring

We found that the Kentucky JPSC did not conduct site visits as required by its own policies and procedures. We believe that this inadequacy resulted in issues related to monitoring single audit findings, potential conflicts of interest, and financial-related activities.

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## Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three victim assistance formula grants awarded by the Office of Justice Programs (OJP) Office for Victims of Crime (OVC) to the Kentucky Justice and Public Safety Cabinet (Kentucky JPSC) in Frankfort, Kentucky. The OVC awards victim assistance grants annually from the Crime Victims Fund (CVF) to state administering agencies. As shown in Table 1, from fiscal years (FY) 2016 to 2018, these OVC grants totaled \$100,643,695.

**Table 1**

**Audited Grants  
Fiscal Years 2016 – 2018**

Award Number	Award Date	Award Period Start Date	Award Period End Date	Award Amount
2016-VA-GX-0035	09/08/2016	10/01/2015	09/30/2019	\$ 30,320,735
2017-VA-GX-0064	09/28/2017	10/01/2016	09/30/2020	25,193,675
2018-V2-GX-0055	08/09/2018	10/01/2017	09/30/2021	45,129,285
<b>Total:</b>				<b>\$ 100,643,695</b>

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

Source: OJP's Grants Management System (GMS)

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

In FY 2015, Congress significantly raised the previous year's cap on CVF disbursements, which more than quadrupled the available funding for victim assistance grants from \$455.8 million to \$1.96 billion. In FY 2016, Congress raised the cap again, increasing the available funding for victim assistance to \$2.22 billion. For FY 2017 and 2018, \$1.8 billion and \$3.3 billion, respectively, was available for victim assistance. The OVC allocates the annual victim assistance program awards based on the amount available for victim assistance each year and the states' population. As such, the annual VOCA victim assistance grant funds available to the Kentucky JPSC increased from \$6.4 million in FY 2014 to \$45 million in FY 2018.

VOCA victim assistance grant funds support the provision of direct services – such as crisis intervention, assistance filing restraining orders, counseling in crises arising from the occurrence of crime, and

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

emergency shelter – to victims of crime. The OVC distributes these assistance grants to states and territories, which in turn fund subawards to public and private nonprofit organizations that directly provide the services to victims. Eligible services are efforts that: (1) respond to the emotional and physical needs of crime victims, (2) assist primary and secondary victims of crime to stabilize their lives after a victimization, (3) assist victims to understand and participate in the criminal justice system, and (4) provide victims of crime with a measure of safety and security.

## The Grantee

As the Kentucky state administering agency, the Kentucky JPSC is responsible for administering the VOCA victim assistance program. The Kentucky JPSC's Grants Management Division (GMD) annually administers over \$100 million dollars in state and federal grant dollars to not-for-profit and criminal justice agencies. According to GMD, its mission is to administer state and federal awards in a fair and consistent manner by providing leadership through the development, promotion, and coordination of programs designed to create safer communities and improved criminal justice systems for all citizens throughout the Commonwealth of Kentucky. In addition to the VOCA grants, GMD administers other formula and discretionary DOJ grants. Examples of crime victim services provided by GMD's VOCA-funded programs include therapy, court advocates, crisis intervention and follow-up, and assistance with victim compensation claims.

## OIG Audit Approach

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

We tested compliance with what we considered the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA victim assistance program guidelines and Final Rule (VOCA Guidelines), the DOJ Grants Financial Guide, and 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as our primary criteria. We also reviewed relevant Kentucky JPSC policy and procedures, obtained and reviewed Kentucky JPSC records reflecting grant activity, and interviewed Kentucky JPSC personnel to determine how they administered the VOCA funds. We also conducted virtual site visits at four VOCA-funded subrecipient organizations across the Commonwealth of Kentucky, interviewed Kentucky JPSC and subrecipient personnel, and further obtained and reviewed Kentucky JPSC and subrecipient records reflecting grant activity.<sup>2</sup>

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

# Audit Results

## Grant Program Planning and Execution

The main purpose of the VOCA victim assistance grants is to enhance crime victim services. The Kentucky JPSC, which is the primary recipient of victim assistance grants at the state level in Kentucky, must distribute the majority of the funding to organizations that provide direct services to victims, such as rape treatment centers, domestic violence shelters, and other support organizations. As the state administering agency, the Kentucky JPSC has the discretion to select subrecipients from among eligible organizations, although the VOCA Guidelines require state administering agencies give priority to victims of sexual assault, domestic abuse, and child abuse. State administering agencies must also make funding available for previously underserved populations of violent crime victims.<sup>3</sup> As long as a state administering agency allocates at least 10 percent of available funding to victim populations in each of these victim categories, it has the discretion in determining the amount of funds each subrecipient receives.

As part of our audit, we assessed the Kentucky JPSC's overall plan to allocate and award the victim assistance funding. We reviewed how the Kentucky JPSC planned to distribute its available victim assistance grant funding, made subaward selection decisions, and informed its subrecipients of necessary VOCA requirements. As discussed below, in our overall assessment of grant program planning and execution, we determined that the Kentucky JPSC appropriately identified and planned to meet additional victim service needs with increased VOCA funding but did not execute effectively certain aspects of grant management. For example, we found that the Kentucky JPSC reallocated unused funds improperly and without adequate subrecipient notification, resulting in inadequate communication to its subrecipients of applicable VOCA requirements. Additionally, we found that the Kentucky JPSC issued a large subaward for a new project that may not be serving as many victims throughout Kentucky as intended. Moreover, while we generally did not identify issues with the Kentucky JPSC's process to select subrecipients, we identified a delay with subrecipient award notifications.

## Subaward Allocation Plan

The Kentucky JPSC provides VOCA subawards, generally, on an annual basis with the grants starting on October 1.<sup>4</sup> According to a Kentucky JPSC official, to ensure that high-quality victim services are available for victims of Kentucky, the Kentucky JPSC works with potential and current subrecipients to identify ways to expand and enhance programs to serve victims, expand to reach additional victim populations, and encourage planning for program sustainability beyond VOCA funds. Different organizations may apply to

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<sup>3</sup> The VOCA Guidelines state these underserved victims may include, but are not limited to, victims of federal crimes; survivors of homicide victims; or victims of assault, robbery, gang violence, hate and bias crimes, intoxicated drivers, bank robbery, economic exploitation and fraud, and elder abuse. The Guidelines also indicate that in defining underserved victim populations, states should also identify gaps in available services by victims' demographic characteristics.

<sup>4</sup> A limited number of VOCA-funded targeted solicitations are available outside of the October 1 award start date, depending on identified need. Targeted awards are discussed later in the *Subaward Selection Process* section of the report.



receive a VOCA subaward. If an organization is awarded VOCA funding, the funds must be expended within the award year (October 1 – September 30).

In response to the significant increase in CVF available funding in 2015, the OVC's VOCA Victim Assistance Formula Solicitations began requiring that state and territory applicants submit a subrecipient funding plan that detailed their efforts to identify additional victim service needs, as well as subaward strategies to utilize the substantial increase in available VOCA funding. Because the current Kentucky JPSC administration staff are fairly new to their positions and have limited historical knowledge of the allocation and planning process, we focused our review on the Kentucky JPSC's FY 2017 Statement Regarding Plan to Subgrant Funds, which was the first plan that incorporated the needs assessment conducted as a result of the 2015 VOCA increase.<sup>5</sup> Kentucky JPSC officials stated that this needs assessment was completed to help determine where to prioritize services. According to the 2017 Plan, the overall goals were to "maximize budget, expand audience, provide better customer service, and reach underserved and unserved populations." We found that the Kentucky JPSC hired two additional programmatic staff, increased subaward amounts, and searched for new victim services programs to reach underserved populations.

We spoke with Kentucky JPSC personnel in an attempt to obtain documentation and information about prior decision-making. However, Kentucky JPSC officials stated that strategic planning documentation could not be located. According to one Kentucky JPSC official's recollection, changes resulting from the needs assessment included the creation of a targeted VOCA solicitation process to augment the standard annual solicitation process, increased funding for programming and services for underserved and unserved victims, and a focus on providing funding for the incremental growth of programs during award decisions, among others. Nevertheless, due to limited documentation and historical knowledge of Kentucky JPSC staff, we did not evaluate the specific changes the Kentucky JPSC made to its allocation and planning process as a result of the needs assessment findings. We instead assessed how the Kentucky JPSC utilized its increased VOCA funding by reviewing the number of organizations and subawards funded by the Kentucky JPSC since the FY 2014 grant, the year prior to the increase in VOCA funding. We found that the number of subawards more than doubled from the FY 2014 grant to the FY 2018 grant and the average awarded amount more than tripled. Specifically, the Kentucky JPSC awarded 65 awards with an average value of approximately \$90,000 with 2014 VOCA funds compared to 140 awards with an average value of approximately \$300,000 with 2018 VOCA funds. Based on this analysis, we believe that the Kentucky JPSC made an effort to provide additional funding for victim services in Kentucky.

Although we found that the Kentucky JPSC's subaward allocation plan was generally adequate, we identified an area of improvement regarding the Kentucky JPSC's allocation plan. A Kentucky JPSC official told us that Kentucky JPSC personnel monitor the spending activity for each VOCA grant throughout the 4-year grant period of performance. As each VOCA grant nears the end of the award period, the Kentucky JPSC may decide to fund a current subaward with a different VOCA grant than originally intended to ensure that the Kentucky JPSC does not return unspent funds to OJP. For example, at the beginning of a subaward and as stated on the "Year Funding" page of the Kentucky JPSC's grants management system, the Kentucky JPSC issued a subaward under Kentucky's 2018 VOCA grant. However, upon completion of a spending analysis for all of its available federal funds under VOCA, the Kentucky JPSC determined the available funds under

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<sup>5</sup> The Kentucky JPSC's current management officials have been employed within the Kentucky JPSC since 2017 in various capacities. However, they assumed their current management positions within the Grants Management Division between May and June 2020.



the 2017 VOCA grant were higher than expected and therefore, later changed the subaward to be funded with the 2017 VOCA grant in order to fully utilize 2017 VOCA grant funds. While we acknowledge the Kentucky JPSC's strategic planning to ensure full use of each VOCA grant, these efforts did not comply with Uniform Guidance requirements to properly inform subrecipients of the source of passthrough funding. Further, OJP guidance suggests that any unobligated VOCA funds may be reallocated to another subrecipient as long as the state administering agency issues a new or supplemental award with all required paperwork. We are concerned that the Kentucky JPSC is not appropriately planning how it will provide funding to subrecipients, and that this reexamination of spending activity and subsequent reallocation between VOCA grant year funding could result in a subrecipient conducting grant activity under a set of terms and conditions that ultimately may not be applicable, particularly in instances when grant requirements change from year to year. When we asked the Kentucky JPSC about this practice, a Kentucky JPSC official explained that subrecipients can check the electronic grants management system to find which federal VOCA grant is funding their project. However, we note that a subrecipient would have to proactively search for the information on their own accord instead of receiving direct notification from the Kentucky JPSC. Further, simply identifying the new VOCA grant funding the project would not provide the subrecipient with any unique grant requirements applicable to that new funding source. Therefore, we recommend that OJP ensure that when the Kentucky JPSC identifies the need to alter its funding plans in order to spend the entire VOCA award, the Kentucky JPSC creates a plan to reallocate VOCA funding that complies with Uniform Guidance requirements, to include notifying subrecipients prior to the reallocation of funding.

Additionally, we identified an issue with one specific subaward. Using its 2017 VOCA award funds, the Kentucky JPSC awarded \$2.53 million—representing 10 percent of the Kentucky JPSC's FY 2017 VOCA funds and a significantly higher award amount than the average subaward throughout our review period—for a new statewide project. This project included hiring victim advocates to assist law enforcement officers with victim services and incurred many first-time expenses, such as approximately \$580,000 for the purchase of 17 vehicles to be used by the advocates. A Kentucky JPSC official informed us that the premise for this project came directly from a recent OVC VOCA solicitation, which encouraged state administering agencies "to consider investing in the development and growth of law enforcement-based victim specialist programs at the state, tribal, and local levels" as an area of emphasis.

When we reviewed the implementation of the project, we identified concerns that the advocates and vehicles may not be used as extensively as the project design intended. The original application described responsibilities for the victim advocate positions, including that they be available 24 hours a day, 7 days a week, and 365 days a year to respond frequently to crime and accident scenes with a vehicle purchased with grant funds. Application documents we reviewed indicated that advocates were estimated to drive approximately 2,500 miles per month. However, when we spoke to a sample of current advocates we learned that these individuals had only been called out to a crime scene approximately once every other month or may not have been called out to a crime scene at all. We also learned that individual advocate assignments, such as whether they respond to crime scenes, make contact with victims, and transport victims in the vehicles, are dependent on the advocate's location. Therefore, it appears that the vehicles may sit idle and the advocates may not be used to their full potential. We found that the Kentucky JPSC awarded a second subaward for this project and believe the Kentucky JPSC may not have considered that this high-dollar program is not serving as many victims throughout Kentucky as intended. As a result, we recommend that OJP coordinate with the Kentucky JPSC to reexamine the appropriateness of the Kentucky JPSC's subaward for its new statewide project to ensure it is a good use of federal funds.

## Subaward Selection Process

To assess how the Kentucky JPSC granted its subawards, we identified the steps that the Kentucky JPSC took to inform, evaluate, and select subrecipients for VOCA funding. According to the Kentucky JPSC, funding opportunities are competitive, open to all organizations in Kentucky, and provided on an annual basis with the subawards starting October 1 each year. Additionally, targeted funding opportunities focused on specific areas and with specified award periods are made available to fill needs gaps identified by the Kentucky JPSC. These solicitations are for a specified award period. Kentucky JPSC officials told us that all VOCA solicitations were announced with a press release, available on the Kentucky JPSC website, provided to the state coalitions, and published in major newspapers.

Kentucky subrecipient applicants were required to obtain and submit VOCA applications through the Kentucky JPSC's electronic grants management system. This system provided access to the application, program and financial guidelines, and other pertinent information needed to prepare the application. For the application to be accepted, the Kentucky JPSC requires certain items, including: an agency and program overview, copy of the last completed audit (if applicable), detailed project and budget narratives, and suspension and debarment certification. Kentucky JPSC staff and an independent review committee of subject matter experts—recruited by the state from various areas related to victim services—review and score the applications based on established criteria including the project proposal, timeline, project and agency detail, and agency past performance. Next, Kentucky JPSC staff meet to complete the final review and determine a funding recommendation, which is then provided to the Secretary of the Kentucky JPSC and the Governor for final approval. As of January 2021, we found that the Kentucky JPSC had made 160 subawards to organizations with 2016 award funds, 24 subawards with 2017 award funds, and 140 subawards with 2018 award funds.<sup>6</sup>

While we found that the Kentucky JPSC's subaward selection process was generally adequate, we identified an issue with the timing of the award notification to subrecipients. We noted that subrecipients were notified after the award start date, with the start date being retroactive to the originally established award date of October 1. We found that during the period we reviewed, subrecipients commonly received notification after subaward start dates, and this notification occurred as late as December 3, over 2 months after the start date. Subrecipients noted that the lag in notification can delay the hiring process for new positions and impede project award spend down. This can require revisions to the approved budget and re-allocation of funds. One subrecipient noted that several years ago the delay strained operations to unmanageable levels and required them to obtain a line of credit. However, we noted that with each award year the delay in notification has been decreasing.

We discussed the award notification delay and its impact on subrecipients with the Kentucky JPSC. Kentucky JPSC officials stated that they are aware of the delay and have been making efforts to address it. Kentucky JPSC officials further noted that because subaward decisions require final approval of the Secretary and Governor, changes in administration can negatively affect the timing of this approval and ultimately delay award notification to subrecipients.<sup>7</sup> However, Kentucky JPSC officials stated that they are

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<sup>6</sup> For FY 2017, the Kentucky JPSC issued fewer awards and these awards were on average larger than awards made in FYs 2016 and 2018.

<sup>7</sup> The last Kentucky gubernatorial election occurred in November 2019 and resulted with a change in administration.

hopeful that for the current year they will be able to notify subrecipients of award decisions in early September 2021, providing sufficient advanced notice for the expected October 1, 2021, award start date. While we are encouraged that the Kentucky JPSC believes there will not be an issue with the current subaward cycle, we believe measures should be put in place to prevent such strains on subrecipient operations. Therefore, we recommend that OJP provides the Kentucky JPSC with an appropriate level of technical assistance to identify ways that it can facilitate and enhance the subaward process to improve the timeliness of award notifications.

## **Subaward Requirements**

State administering agencies must adequately communicate VOCA requirements to their subrecipients. We reviewed the Kentucky JPSC's subaward solicitations and award packages to determine how the Kentucky JPSC communicated its subaward requirements and conveyed to potential applicants the VOCA-specific award limitations, applicant eligibility requirements, eligible program areas, restrictions on uses of funds, and reporting requirements. We found that the Kentucky JPSC included this information in the subaward solicitations and award packages.

As a pass-through entity, state administering agencies are also required to communicate other relevant grant information, in compliance with the Uniform Guidance and DOJ Grants Financial Guide. Therefore, we also reviewed the Kentucky JPSC's subaward solicitations and award packages for this information and found various items missing, including the Federal Award Identification Number, the Federal Award Date, and appropriate terms and conditions concerning closeout of the subaward.<sup>8</sup> We communicated these missing items to the Kentucky JPSC; however, officials did not provide an explanation for why this occurred. We recommend that OJP ensure that the Kentucky JPSC provide all required grant information in the subaward solicitations and award packages.

## **Program Requirements and Performance Reporting**

To determine whether the Kentucky JPSC distributed VOCA victim assistance program funds to enhance crime victim services, we reviewed the Kentucky's distribution of grant funding via subawards among local direct service providers. We also reviewed Kentucky JPSC performance measures and performance documents that the Kentucky JPSC used to track goals and objectives. Further, we examined OVC solicitations and award documents and verified the Kentucky JPSC's compliance with special conditions governing recipient award activity.

Based on our assessment in the areas of program requirements and performance reporting, we believe that the Kentucky JPSC: (1) is on track to fulfill the distribution requirements to priority victim groups, (2) implemented adequate procedures to compile annual performance reports, and (3) generally complied with tested special conditions.

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<sup>8</sup> A previous section of this report discusses the Kentucky JPSC's practice of modifying subawards to maximize its VOCA funds utilization. As noted in that section and similar to the finding reported here, subrecipients experiencing these modifications were not provided with adequate information related to the federal award that served as the source of funding for the subaward received.

## Priority Areas Funding Requirement

The VOCA Guidelines require that the Kentucky JPSC award a minimum of 10 percent of the total grant funds to programs that serve victims in each of the four following categories: (1) child abuse, (2) domestic abuse, (3) sexual assault, and (4) previously underserved. The VOCA Guidelines give each state administering agency the latitude for determining the method for identifying "previously underserved" crime victims.<sup>9</sup> The Kentucky JPSC completed a needs assessment in 2017; that needs assessment identified the unserved, underserved, and inadequately served populations in Kentucky as persons with one or more disabilities, geographically isolated individuals, those who are effected by rural/urban poverty, and people of color, among others.

We examined how the Kentucky JPSC allocated VOCA subawards to gauge whether it was on track to meet the program's priority areas distribution requirements. We reviewed the reported amounts for each of the four categories for the 2016 through VOCA 2018 awards to determine whether the Kentucky JPSC met or was on track to meet the 40 percent requirement from the VOCA Guidelines. For the FY 2016 through 2018 grants, we found that the Kentucky JPSC met the priority and underserved allocation requirements.

## Annual Performance Reports

Each state administering agency must annually report to the OVC on activity funded by any VOCA awards active during the federal fiscal year. The OVC requires states to upload reports annually to its electronic grants management system, JustGrants.<sup>10</sup> The OVC also requires states to submit performance data through the web-based Performance Measurement Tool (PMT). With this system, states may provide subrecipients direct access to report quarterly data for state review, although the OVC still requires that if the subrecipient completes the performance measure data entry directly, the state must approve the data.

For the victim assistance grants, the states must report the number of agencies funded, VOCA subawards, victims served, and victim services funded by these grants. Additionally, according to a special condition of the victim assistance grants, the state must collect, maintain, and provide to the OVC data that measures the performance and effectiveness of activities funded by the award. We verified that the Kentucky JPSC submitted annual performance reports for the years in our review period and we discussed with a Kentucky JPSC official how the Kentucky JPSC compiled performance report data from its subrecipients. This official stated that subrecipients were required to enter quarterly performance statistics directly into PMT. Once the PMT data was entered, the Kentucky JPSC official stated staff are required to review the data to compare data points, ensure that certain priority categories are met, and review the narrative section of the report to validate the data provided. Additionally, a quarter-by-quarter comparison is completed to review for discrepancies in the data. If inconsistencies were found with the data reported, Kentucky JPSC staff would reach out to individual subrecipients to resolve the inconsistencies.

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<sup>9</sup> Methods for identifying "previously underserved" victims may include public hearings, needs assessments, task forces, and meetings with statewide victim services agencies.

<sup>10</sup> JustGrants is a newly established grants management system launched on October 15, 2020. Prior to JustGrants, the OVC required states to upload annual reports in its legacy system called the Grants Management System, or GMS.

We reviewed the Kentucky JPSC's Annual Performance Reports for FY 2016 and FY 2020.<sup>11</sup> We noted that, for the scope of our audit, from FY 2016 to FY 2020, the Kentucky JPSC reported that it nearly doubled the number of victims served, from 64,779 in FY 2016 to 125,126 in FY 2020. Table 2 presents summary data from this annual performance report.

**Table 2**

**Summary from the Kentucky JPSC's Victim Assistance Program  
Annual Performance Reports for FYs 2016 and 2020**

Performance Categories	FY 2016 Data Reported	FY 2020 Data Reported
Number of Victims Served	64,779	125,126
Number of Services Provided	131,736	236,505

Source: Kentucky JPSC Annual State Performance Reports for FYs 2016 and 2020

To assess whether the Kentucky JPSC's annual performance reports to the OVC fairly reflected the performance figures its subrecipients had reported to the state, we reviewed performance reports and supporting documentation for four subrecipients we selected for site visits and found them to be generally accurate. We found minimal differences in reported performance data for one of the four subrecipients we reviewed. We discussed this matter with the Kentucky JPSC officials who stated they were aware of this reporting issue and were in communication with the subrecipient regarding accurate performance reports. We discuss our more in-depth testing of the reported performance figures at the subrecipient level in the *Monitoring of Subrecipients* section below.

## **Compliance with Special Conditions**

The special conditions of a federal grant award establish specific requirements for grant recipients. In its grant application documents, the Kentucky JPSC certified it would comply with these special conditions. We reviewed the special conditions for the VOCA victim assistance program grants and identified and tested compliance with three special conditions that we deemed significant to grant performance that are not otherwise addressed in another section of this report.

The first special condition that we tested was for the submission of the Subgrant Award Reports (SAR). For each victim assistance grant, the states must submit to the OVC a SAR with basic information on every subrecipient that receives victim assistance funds. We did not identify any issues with the SARs submitted during our audit review period.

We also tested the special condition requiring the reporting of subrecipient information under the Federal Funding Accountability and Transparency Act (FFATA). Under this requirement, states must report first-tier

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<sup>11</sup> As a result of our comprehensive examination of Kentucky JPSC victim assistance program activity during the scope of our audit, we determined that it was appropriate to review the FY 2016 and FY 2020 reports to understand the growth in the Kentucky JPSC's program and its use of the increased VOCA funding beginning with the FY 2015 federal award.

subawards of \$25,000 or more. Our analysis of the FFATA reports required for the grants we audited identified 12 out of 323 subgrants for which a FFATA report was required but not submitted. Since the number of unreported FFATA subgrants represents less than 4 percent of the total subgrant universe, we consider this area of non-compliance to be minor and are not making a recommendation regarding the Kentucky JPSC's FFATA reporting. However, we encourage the Kentucky JPSC to improve its compliance with this special condition.

The last special condition we tested was related to attending the VOCA National Conference. We discussed this requirement with a Kentucky JPSC official who confirmed that Kentucky JPSC representatives attended the VOCA National Conference.

## **Grant Financial Management**

Award recipients must establish an adequate accounting system and maintain financial records that accurately account for awarded funds. To assess the adequacy of the Kentucky JPSC's financial management of the VOCA grants, we reviewed the process the Kentucky JPSC used to administer these funds by examining expenditures charged to the grants, drawdown requests, match contributions, and financial reports. To further evaluate the Kentucky JPSC's financial management of the VOCA grants, we also reviewed the Single Audit Reports for FYs 2017 through 2019 and did not find significant deficiencies or material weaknesses specifically related to the Kentucky JPSC. We also interviewed Kentucky JPSC personnel who were responsible for financial aspects of the grants, reviewed Kentucky JPSC written policies and procedures, inspected award documents, and reviewed financial records.

As discussed below, in our overall assessment of grant financial management, we determined that the Kentucky JPSC did not implement adequate controls over grant financial activities as we identified issues with grant expenditures (both administrative and subrecipient), drawdowns, matching requirements, and financial reporting. Inadequate controls over grant financial activities increases the risk of inappropriate use of grant funds and inaccurate reporting of financial activities to those charged with governance of the overall victim assistance program.

## **Grant Expenditures**

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

### **Administrative Expenditures**

The state administering agency may retain up to 5 percent of each grant to pay for administering its crime victim assistance program and for training. According to the 2016 VOCA Final Rule, such costs must derive from efforts to expand, enhance, or improve how the agency administers the state crime victim assistance program and to support activities and costs that impact the delivery and quality of services to crime victims throughout the state. While federal grant-funded administrative costs generally must relate to a specific



program, for VOCA assistance awards, the VOCA Final Rule states that funds for administration may be used to pay for costs directly associated with administering a state's victim assistance program.<sup>12</sup>

For the victim assistance grant program, we tested the Kentucky JPSC's compliance with the 5-percent limit on the administrative category of expenses, as shown in Table 3. For the 2016 and 2017 grants we compared the Kentucky JPSC's total administrative expenditures charged to the grants to the total grant award values. We found that the Kentucky JPSC did not exceed the 5-percent limit on the administrative category of expenses. As of October 2020, the Kentucky JPSC had not yet spent any of the 2018 VOCA award on administrative costs.

**Table 3**

**Administrative Expenditures through October 2020**

Award Number	Total Award	State Administrative Expenditures	Administrative Percentage
2016-VA-GX-0016	\$30,320,735	\$1,515,257	5.00%
2017-VA-GX-0064	\$25,193,675	\$841,148	3.34%
2018-V2-GX-0055	\$45,129,285	\$0	0.00%

Source: OJP's Grants Management System (GMS) and Kentucky's state accounting system

In addition to testing the Kentucky JPSC's compliance with the 5-percent administrative allowance, we also tested a sample of these administrative transactions to determine if the costs were supported, allowable, and properly allocated. The judgmental sample of \$533,053 in administrative expenditures we tested included personnel and non-personnel costs. We found that in our sample of 53 administrative expenditure transactions charged to the grant, 16 were either unallowable or unsupported in whole or in part.

For the Kentucky JPSC's personnel-related administrative costs, we obtained a comprehensive listing of all personnel costs charged to the grants during our audit review period. We judgmentally selected \$95,679 of personnel-related administrative costs. We did not identify any concerns with transactions representing individual-specific labor and fringe benefits transactions. However, we found a total of \$24,105 of indirect administrative labor and fringe benefits costs charged to the grant for which the Kentucky JPSC did not have an approved indirect cost rate agreement in place to establish the allowable amount to be charged to the grant, as required by the Uniform Guidance. Therefore, we recommend that OJP remedy the \$24,105 of unallowable personnel administrative costs.

We also examined 28 judgmentally selected transactions totaling \$437,374 in non-personnel administrative costs, such as payments for coalition monitoring, maintenance of the electronic grants management

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<sup>12</sup> OVC officials have indicated that the definition of a state's "victim assistance program" may include both VOCA and non-VOCA activities supported by the state administering agency, as long as the activities relate to victim assistance.



system, rent, utilities, and training costs. Based on our testing, we found that the Kentucky JPSC charged \$137,344 in unallowable or unsupported costs to the grants, including:

- \$111,439 in unsupported rent and utilities costs. While the Kentucky JPSC provided us with Kentucky's cost allocation plan for such grant-related expenses, the Kentucky JPSC could not provide evidence to support the overall vendor charges. Therefore, we were unable to confirm the accuracy of the prorated amounts the Kentucky JPSC charged the VOCA grants for rent and utilities.
- \$11,000 in unsupported costs for an upgrade to its electronic grants management system, which supports multiple federal and state grants administered by the Kentucky JPSC. While the Kentucky JPSC allocated 60-percent of the total charges to the VOCA grants, the Kentucky JPSC could not provide documentation establishing the allocation methodology for the charges to the grant.
- \$7,698 in unallowable food costs provided by the Kentucky JPSC at a conference for which the Kentucky JPSC did not obtain prior authorization from OJP as required by the DOJ Grants Financial Guide.
- \$5,658 in unsupported personnel costs charged by coalitions under their contracts for monitoring subrecipients. The Kentucky JPSC was unable to provide adequate support for various salary and fringe benefits costs charged by the coalitions.
- \$1,549 in unsupported travel costs associated with a coalition for monitoring activities. The Kentucky JPSC did not provide support for this coalition's hotel, food, and transportation expenditures charged to the grants.

We recommend that OJP remedy the \$137,344 of questioned costs, including \$129,646 of unsupported and \$7,698 of unallowable non-personnel administrative expenditures.

### **Subaward Expenditures**

Subrecipients may request payment from the Kentucky JPSC via requests for payment submitted through the Kentucky JPSC's electronic grants management system either monthly or quarterly; subrecipients have the discretion to determine payment request frequency. As of December 2020, we found that the Kentucky JPSC recorded in its VOCA victim assistance program cost ledgers subrecipient expenditures of \$74,665,744 for the grants within the scope of our audit.

To evaluate the Kentucky JPSC's financial controls over VOCA victim assistance grant expenditures, we reviewed a sample of subrecipient transactions to determine whether the payments were supported, allowable, and properly allocated. For the four subrecipients we selected for detailed review, we obtained costs ledgers for each VOCA subaward within our scope. From these we judgmentally selected for review transactions totaling \$1,213,909. The transactions we reviewed included costs in the following categories: (1) personnel, (2) fringe benefits, (3) travel, (4) contracts/consultants, (5) supplies, (6) equipment, (7) training, and (8) operating costs.

We found a total of \$425,128 of unallowable or unsupported subrecipient expenditures. In our review of the supporting documentation, we identified the following issues:

- \$371,328 of unsupported subrecipient personnel costs. One subrecipient was unable to provide sufficient documentation identifying time spent on victim services, which is an allowable cost, and time spent on activities not related to victim service matters, which should not be charged to the VOCA grant.
- \$46,081 of unallowable costs associated with the purchase of vehicles. Specifically, we identified \$40,264 of maintenance plan costs for services that extended beyond the grant period. The Kentucky JPSC acknowledged that such costs should be prorated and charged to the VOCA grants only for the duration of the grant period. In addition, we found \$5,817 in unallowable costs associated with the purchase of vehicles because the vendor provided the subrecipient's parent organization with a 1-percent credit after the purchase transaction. Based on the Uniform Guidance, transactions that otherwise offset or reduce expense items allocable to the federal award must be credited to the federal award. The 1-percent credit provided by the vendor and received by the subrecipient's parent organization was not credited to the VOCA award.
- \$4,651 of unsupported costs associated with training and equipment. Specifically, at one subrecipient we identified \$2,600 of unsupported training-related costs for which the subrecipient provided an incomplete roster of staff members who attended the training. Additionally, at another subrecipient we identified \$2,051 in unsupported computer equipment costs. The subrecipient provided a quote for the equipment but was unable to provide an invoice or other documentation to support the purchase of the equipment.
- \$1,538 of unallowable expenditures related to travel. At one subrecipient we identified \$1,538 of unallowable hotel charges that we verified were meant to be covered by a non-VOCA funding source.
- \$1,530 of unsupported subrecipient legal fees. Specifically, we identified costs applicable to multiple federal funding sources that were charged entirely to VOCA.

In addition to the \$425,128 discussed above, during our review of subrecipient expenditures we noted other nominal instances of unallowable or unsupported costs across multiple subrecipients. For example, we identified lodging costs in excess of allowable lodging rates and costs unrelated to providing services to victims, including food provided during administrative meetings, a board meeting facilitator, and flowers for board members.

Although we found the majority of subrecipient expenditures were allowable and appropriately supported, we believe a more timely and robust subrecipient monitoring process may have minimized the amount of questioned costs identified. Further discussion and our recommendations related to this are included later in the *Financial Monitoring* section of our report. In addition to those recommendations, we recommend that OJP remedy the \$377,509 of unsupported and \$47,619 of unallowable subrecipient expenditures.

## Drawdowns

Award recipients should request funds based upon immediate disbursement or reimbursement needs, and the grantee should time drawdown requests to ensure that the federal cash on hand is the minimum needed for reimbursements or disbursements made immediately or within 10 days. To assess whether the Kentucky JPSC managed grant receipts in accordance with these federal requirements, we compared the total amount reimbursed to the total expenditures in the statewide accounting system and accompanying financial records. Table 4 shows the total amount drawn down for each grant as of April 16, 2021.

**Table 4**

**Amount Drawn Down for Each Grant as of April 16, 2021**

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining*
2016-VA-GX-0035	\$30,320,735	09/30/2019	\$30,313,270	\$7,465
2017-VA-GX-0064	25,193,675	09/30/2020	25,167,198	26,477
2018-V2-GX-0055	45,129,285	09/30/2021	27,562,299	17,566,986
<b>Total:</b>	<b>\$100,643,695</b>		<b>\$83,042,767</b>	<b>\$17,600,928</b>

\* As of April 16, 2021, there have been no de-obligations for the stated awards.

Source: OJP

During this audit, we identified significant deficiencies related to the recipient's process for developing drawdown requests. First, as noted in the previous section on *Grant Expenditures*, we identified deficiencies and questioned costs during our testing of individual expenditures charged to the audited grants. Second, and as described below, we determined the Kentucky JPSC had not limited its drawdowns to the minimum funds needed for disbursements or reimbursements to be made immediately or within 10 days.

During our review of the Kentucky JPSC's drawdowns on its 2016, 2017, and 2018 VOCA awards, we identified several individual drawdowns on each award that did not reconcile to data supporting contemporaneous expenditures. Additionally, the cumulative amounts drawn down through September 16, 2020, on each of these awards exceeded the costs recorded in the accounting system for that same time period. Specifically, regarding the 2016 award, the performance period ended September 30, 2019; however, the accounting records show that \$214,787 of excess funds were drawn down and had not been returned to OJP as of April 16, 2021. For the FY 2017 and 2018 grants, the excess funds drawn down as of September 16, 2020, were \$390,364 and \$132,615, respectively, as shown in Table 5 below.

Table 5

Drawdowns and Expenses for Each Grant as of September 16, 2020

Award Number	Amount Drawn Down	Expenses per Accounting Records	Excess Funds Drawn Down
2016-VA-GX-0035	\$30,313,270	\$30,098,483	\$214,787
2017-VA-GX-0064	20,920,044	20,529,680	390,364
2018-V2-GX-0055	16,526,241	16,393,626	132,615

Source: OJP's GMS and Kentucky's state accounting system

Kentucky JPSC officials could not provide specific reasons for differences between the drawdown amounts and the accounting records. However, general explanations were offered to the OIG audit team, including: (1) current Kentucky JPSC staff recently took over drawdown responsibilities and did not know how data from the accounting system was used by former staff to prepare drawdown requests; (2) former Kentucky JPSC staff used a report from the accounting system to prepare drawdown requests and that report cannot be recreated; and (3) documentation supporting the drawdown requests was not maintained. We also identified irregularities within the grant ledgers that we believe contributed to the drawdown issues, such as costs (including credits) recorded in the accounting system that were not included in the calculations when determining drawdown amounts, costs in the general ledger that were duplicated and thus drawn down twice, and costs recorded to one VOCA award were drawn down on another VOCA award.

As a result of these issues, we recommend that OJP ensure the Kentucky JPSC implement a formal written policy documenting its drawdown process, which should account for reconciling the amounts to be drawn down to supporting expenditure data, review by appropriate personnel, and maintaining adequate supporting documentation for amounts drawn down. Furthermore, we recommend that OJP remedy the unsupported costs of \$214,787, \$390,364, and \$132,615, totaling \$737,766, for excess funds drawn down through September 16, 2020, on the 2016, 2017, and 2018 VOCA awards, respectively, plus any additional excess funds drawn down since that date. A Kentucky JPSC official informed us that funds drawn down are deposited into an interest-bearing account; therefore, interest may need to be considered in this remedy.

### Matching Requirement

VOCA Guidelines require that subrecipients match 20 percent of the project cost. The purpose of this requirement is to increase the amount of resources available to VOCA projects, prompting subrecipients to obtain independent funding sources to help ensure future sustainability. Match contributions must come from non-federal sources and can be either cash or an in-kind match.<sup>13</sup> The state administering agency has primary responsibility for ensuring subrecipient compliance with the match requirements. In March 2020, the OVC updated its match waiver approval process to allow the state administering agency to waive match

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<sup>13</sup> In-kind matches may include donations of expendable equipment, office supplies, workshop or classroom materials, workspace, or the value of time contributed by those providing integral services to the funded project.

(either in total or part) without the OVC's prior approval, provided that the state administering agency establish a match waiver policy approved by the OVC. We verified that the OVC approved the Kentucky JPSC's match waiver policy.

The Kentucky JPSC communicated the 20-percent match requirement to subrecipients through multiple methods, including within the solicitation, application, and subaward agreement. The Kentucky JPSC reviews subrecipient planned match as part of the application, as well as during the monthly or quarterly reimbursement request process and financial desk reviews.<sup>14</sup> To review the provision of matching funds, we reviewed a sample of \$413,950 in subrecipient match transactions to determine whether the match amounts were properly supported and allowable. At one subrecipient, we identified \$236,442 in unsupported match.<sup>15</sup> We found that the match included personnel costs related to both victim and non-victim services; however, appropriate time tracking records were not maintained to distinguish between the two. We question this subrecipient's match related to personnel costs and recommend that OJP remedy the \$236,442 of unsupported matching costs.

## Financial Reporting

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures, program income, and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether the Kentucky JPSC submitted accurate Federal Financial Reports (FFR), we compared all the reports (with reported expenses) submitted through the fourth quarter of FY 2020 to the Kentucky JPSC's accounting records for each grant.

We determined that quarterly and cumulative expenditures for the reports reviewed did not match the Kentucky JPSC's accounting records for the FY 2016, 2017, and 2018 grants. We found that of the 18 FFRs we reviewed, 15 could not be reconciled to the accounting records, with differences ranging from an overstatement of over \$4 million to an understatement of \$27,718.

Specifically, we noted that the cumulative expenditures reported on the last FFR submitted on the FY 2016 grant were \$336,368 more than the expenditures reported in the accounting records. However, we also identified an additional \$204,438 of expenditures recorded to this grant after the submission of its final report on December 27, 2019, that were likely not included in the last FFR due to the date they were recorded in the accounting system. Kentucky JPSC officials stated that current Kentucky JPSC staff recently took over the preparation of FFRs, beginning with the FFRs for the third quarter of FY 2020, which were due July 30, 2020. FFRs submitted prior to this (including all the FFRs submitted on the FY 2016 grant) were prepared by former Kentucky JPSC staff. As a result, the Kentucky JPSC could not explain the differences we identified in any of the reports submitted through the second quarter of FY 2020.

Our review of the third quarter FY 2020 FFRs prepared by the current Kentucky JPSC staff identified that the reported expenditures for the FY 2017 and 2018 grants were significantly overstated – by over \$4 million

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<sup>14</sup> In response to the COVID-19 pandemic, the Kentucky JPSC initiated a one-time match waiver for all VOCA subgrants starting October 1, 2020.

<sup>15</sup> These questioned match transactions are related to the same subrecipient's questioned personnel costs mentioned earlier in the *Subaward Expenditures* section of the report.

each. For the 2017 grant, the differences were due to the Kentucky JPSC erroneously including subrecipient expenditures from both the FY 2017 and 2018 grants and excluding administrative expenses. For the 2018 grant, the differences were due to the Kentucky JPSC mistakenly including as expenditures the amount of funds drawn down and excluding subrecipient expenditures incurred by state and local government subrecipients.

We discussed the errors on the third quarter FY 2020 FFRs with the Kentucky JPSC and were told that the errors were due to new Kentucky JPSC staff members being unfamiliar with how to prepare the reports. Following our discussions, the Kentucky JPSC attempted to correct the overstatements in the subsequent fourth quarter FY 2020 FFRs. However, while the overstated cumulative expenditures were corrected on the fourth quarter FFR submitted for the FY 2017 grant, the cumulative expenditures reported on the fourth quarter FFR submitted for the FY 2018 grant were overstated by \$33,757. The overstatement was due to a credit that was incorrectly excluded from the reported activity.

As a result of these issues, we recommend that OJP require the Kentucky JPSC to implement a formal written policy regarding its FFR preparation process to help ensure the information being reported is reconciled to supporting data and is reviewed by appropriate personnel and that data supporting the amounts reported is maintained. Furthermore, we recommend that OJP require the Kentucky JPSC to correct and resubmit, as necessary, any inaccurate FFRs for grants that are still ongoing.

## **Monitoring of Subrecipients**

According to the DOJ Grants Financial Guide, the purpose of subrecipient monitoring is to ensure that subrecipients: (1) use grant funds for authorized purposes; (2) comply with the federal program and grant requirements, laws, and regulations; and (3) achieve subaward performance goals. As the primary grant recipient, the Kentucky JPSC must develop policies and procedures to monitor subrecipients. To assess the adequacy of the Kentucky JPSC's monitoring of its VOCA subrecipients, we interviewed Kentucky JPSC personnel, identified Kentucky JPSC monitoring procedures, and obtained records of interactions between Kentucky JPSC and its subrecipients. We also conducted virtual site visits of four subrecipients, which included interviewing personnel, reviewing policies and procedures, assessing accounting and performance records, and analyzing compliance with state and federal requirements. We also spoke with subrecipient officials about the support received from Kentucky JPSC.

Overall, in our assessment of the Kentucky JPSC's subrecipient monitoring, we found that subrecipient officials generally indicated that they received timely and valuable support from the Kentucky JPSC. We also determined that generally the Kentucky JPSC established adequate controls over the majority of its subrecipient activities that we reviewed. However, we found that prior to the 2021 subaward application cycle, the Kentucky JPSC did not have a subrecipient monitoring plan that included a risk assessment of each subrecipient as required by both the DOJ Grants Financial Guide and the Uniform Guidance. Rather, Kentucky JPSC officials stated they considered the subrecipient application review process as a risk assessment. Kentucky JPSC officials informed us that a new risk assessment process would be implemented beginning with subawards issued in 2021. Additionally, we determined the Kentucky JPSC did not execute its monitoring activities timely and we believe that its execution of financial monitoring was insufficient.

According to the Kentucky JPSC's policies and procedures, subrecipient monitoring covers programmatic and financial aspects, which include periodic desk reviews and bi-annual on-site visits.<sup>16</sup> Kentucky JPSC policy requires that subrecipients receive both a programmatic and a separate financial site visit no less often than once every 2 years. The Kentucky JPSC also provides technical assistance throughout the award cycle, which includes addressing subrecipient questions regarding budgets, grant adjustment notices, or programmatic issues.

In addition to the above policies regarding the Kentucky JPSC's monitoring of subrecipients, the Kentucky JPSC contracted with three state victim services coalitions to perform monitoring of subrecipients that serve victim populations covered by the coalitions: domestic violence, sexual assault, and child advocacy. These coalitions provide technical assistance, financial monitoring, program monitoring, and on-site visits to subrecipients throughout Kentucky. Subrecipients monitored by coalitions receive on-site monitoring on an annual basis. According to Kentucky JPSC officials, they intend for the monitoring visits performed by coalitions to be the same as those performed by the Kentucky JPSC and to contribute to fulfilling the 2-year minimum on-site monitoring cycle.

Although the Kentucky JPSC has an established monitoring policy, which complies with the VOCA Guidelines requirement that on-site subrecipient monitoring occur at least once every 2 years, we found that the Kentucky JPSC did not comply with the required monitoring frequency. We assessed the Kentucky JPSC's completed on-site visits (including those performed by the coalitions), which are conducted through separate site visits covering either financial or programmatic activities, as well as the completion of any enhanced desk reviews. We identified 71 instances of programs that did not receive the required site visits during our review period. When we discussed this deficiency with Kentucky JPSC officials, they acknowledged the monitoring delays and attributed them to resource limitations. Because of the large number of site visits not completed during the time period we reviewed, we obtained an updated monitoring plan that indicated the Kentucky JPSC planned to complete monitoring site visits during the first quarter of 2021 for 69 of the 71 programs that had not previously received the required reviews. We followed up on the status of the planned site visits and found that the Kentucky JPSC completed site visits for 53 of the programs within the first quarter of 2021 and an additional 12 programs within the second quarter of 2021. However, we note that the completion of these 65 site visits still did not bring the Kentucky JPSC into compliance because these site visits were not done in the prescribed timeframe and 6 subrecipients had still not been monitored at the time of the update we received. Therefore, we recommend that OJP ensure that the Kentucky JPSC conducts its programmatic and financial site visits in a timely manner in compliance with its monitoring policy.

In addition to the above information regarding the Kentucky JPSC's overall monitoring program structure, the following sections provide detailed information specific to the Kentucky JPSC's financial and programmatic monitoring activities and our assessment of those activities.

## Financial Monitoring

The Kentucky JPSC's financial monitoring system begins prior to the subaward of funds to subrecipients by reviewing the budgets for proposed projects. These reviews are completed by Kentucky JPSC financial

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<sup>16</sup> As discussed later in the *Financial Monitoring* section, an enhanced desk review may take the place of an on-site visit under limited circumstances.



analysts to determine allowability and reasonableness of the expected costs for the scope of the project being proposed. During subaward performance, the Kentucky JPSC's policies describe three types of financial monitoring: reimbursement request desk reviews, on-site financial visits, and enhanced desk reviews. These monitoring activities are integrally related to the process used by the Kentucky JPSC for the reimbursement of subrecipient grant expenditures. The Kentucky JPSC requires its subrecipients to submit requests for payment either quarterly or monthly at the discretion of the subrecipient. The requests for payment must contain all grant-related expenditures incurred by the subrecipient. These requests are submitted by the subrecipient into the electronic grants management system, reviewed by a Kentucky JPSC financial analyst, and, if approved, paid by the Kentucky JPSC. Subrecipients must maintain back-up documentation for the expenditures, which is not required to be submitted with every funding request but may be required during desk reviews or on-site monitoring. At a minimum, the Kentucky JPSC's monitoring policy states that the Kentucky JPSC will request one full reporting period's supporting documentation per grant year for subrecipients submitting quarterly requests for payment and two full reporting periods' supporting documentation for subrecipients submitting monthly requests for payment.

The Kentucky JPSC also performs financial monitoring on-site at subrecipients. During a financial monitoring site visit, a Kentucky JPSC financial analyst or coalition representative reviews the subrecipients' financial management practices and uses a standardized questionnaire that includes financial management system-related questions. The monitoring activities also include comparing subrecipient requests for payment with the general ledger to confirm that claimed expenses have been charged to the proper accounts and that proper documentation exists to support claims for expenditures. A record of the on-site monitoring event is retained in the electronic grants management system. According to a Kentucky JPSC official, coalitions use the same questionnaire and documentation during monitoring to ensure that financial monitoring is consistent.

Additionally, implemented due to COVID-19 travel restrictions, enhanced financial desk reviews are performed when travel for on-site monitoring is impossible due to a declared state of emergency or other uncontrollable circumstance. Enhanced financial desk reviews include an assessment of subrecipient documentation that supports requests for payment, such as the VOCA cost ledger, payroll information, receipts and canceled checks for purchases, and mileage logs. Further, Kentucky JPSC monitoring personnel interview subrecipient staff using the standardized financial monitoring questionnaire.

### **Responsibilities Related to Subrecipient Single Audits**

Although the Kentucky JPSC's policy for financial monitoring of subrecipients appears adequate, as discussed earlier in the *Monitoring of Subrecipients* section of the report, the Kentucky JPSC did not comply with the monitoring frequency required by its policy. Furthermore, as discussed below, we identified other issues with the Kentucky JPSC's execution of its financial monitoring activities, including inadequate practices for monitoring subrecipient single audits and various instances of insufficient oversight of subrecipient financial activities.

The Kentucky JPSC requires that subrecipients' grant applications must include the entity's most recently completed single audit report. To validate that the Kentucky JPSC received copies of the single audit reports from subrecipients, we sampled six subrecipients including the four organizations selected for virtual site visits. We found that the subrecipients sampled provided the Kentucky JPSC the required single audit reports. However, we identified an issue with the Kentucky JPSC's review of the single audits.

According to the Uniform Guidance, pass-through entities must make appropriate management decisions for applicable audit findings and ensure subrecipients take timely action on single audit findings relevant to the federal awards received. The Kentucky JPSC's policy requires grant applications to include corrective action(s) being implemented if an audit includes a finding that could impact VOCA funding. Although a Kentucky JPSC official stated that the Kentucky has not had a need to provide a management decision related to any subrecipients in our audit review period, we found that one subrecipient in our sample had a significant deficiency related to a VOCA subaward in its 2018 single audit. When we brought this to the Kentucky JPSC's attention, a Kentucky JPSC official stated none of the current management team was in place at the time of this finding and therefore was unsure why a management decision was not made regarding the identified issue and corrective action plan.

Appropriate monitoring of subrecipient single audit findings would help ensure proper safeguarding of VOCA funding and ensure compliance with the Uniform Guidance. Therefore, we recommend that OJP ensure that the Kentucky JPSC monitor subrecipient audit findings and, when appropriate, issue management decisions for relevant findings reported in subrecipients' single audits.

### **Unallowable and Unsupported Subrecipient Expenditures**

Additionally, as previously stated in the *Grant Expenditures* and *Matching Requirement* sections above, we identified \$661,570 of unallowable or unsupported subrecipient expenditures and matching costs charged to the grant. While we believe the design of the Kentucky JPSC's financial monitoring system is adequate, we recognize that even with an adequate system there is risk that inappropriate costs could be charged to a VOCA grant. However, we believe the Kentucky JPSC's inadequate execution of its financial monitoring responsibilities contributed to the volume and variety of our findings of questioned costs across multiple subrecipients. Further, we found additional financial discrepancies that we believe could have been identified through the adequate execution of a financial monitoring system. Examples of issues we found during our review include:

- The Kentucky JPSC did not always properly review indirect costs during the subaward application process or subsequent financial monitoring. We found that a subrecipient included in its budget and subsequently charged indirect costs to the grant without a negotiated federal indirect cost rate and without using the 10 percent de minimis rate allowed by the Uniform Guidance.
- The Kentucky JPSC did not always obtain and/or use required documentation to monitor personnel-related costs. In this instance, subrecipients were not complying with the Kentucky JPSC's requirement to include in their subaward applications support for estimated personnel costs with position descriptions that clearly distinguished between victim and non-victim service activities. Further, when subrecipients did provide such information, the Kentucky JPSC did not use the information in its subsequent review of these costs.
- The Kentucky JPSC did not properly monitor equipment expenditures to ensure compliance with federal requirements. We found that a subrecipient submitted to the Kentucky JPSC requests for payment that incorrectly identified expenditures as operating expenses whereas the subrecipient treated the expenses as equipment based on its internal capitalization practices. By classifying these expenditures as equipment, the Kentucky JPSC would have to provide an additional level of scrutiny and approval. Because these expenditures were not identified as equipment during the

application and budget process, but were later categorized as such, the Kentucky JPSC could not ensure compliance with federal requirements.

- For one subrecipient there was no evidence that the Kentucky JPSC thoroughly reviewed certain expenses, such as personnel and equipment, for which the subrecipient used an allocation process to assign costs to victim and non-victim related projects. We discussed this with a Kentucky JPSC official who stated the financial monitoring was not as detailed as it should have been, and they need to communicate more clearly with their subrecipients.

Although we did not question costs related to these matters, the circumstances surrounding these issues indicate that they should have been identified during the review of the proposed budget or any of the reimbursement requests that were reviewed during monitoring events. As such, we believe that this indicates that the Kentucky JPSC's internal control process may not be working as effectively as it could be, which increases the risk of inappropriate costs being charged to the VOCA awards.

In our overall assessment, the current level of financial monitoring may not be detailed enough to recognize when subrecipients are not complying with Kentucky JPSC or grant requirements. We believe that more timely and rigorous financial monitoring by the Kentucky JPSC may have discovered the items we identified as questioned costs prior to their reimbursement, educated subrecipients on the amount and type of documentation necessary to adequately support expenditures, and recognized other instances of noncompliance. Therefore, we recommend that OJP coordinate with the Kentucky JPSC to reiterate through training of its grants management staff the importance of financial requirements to help ensure a more robust financial review and provide reasonable assurance that subrecipient charges to VOCA grants are supported and in compliance with grant requirements.

## Performance Monitoring

The Kentucky JPSC requires its subrecipients to input OVC-required quarterly performance information into PMT and submit to the Kentucky JPSC additional quarterly progress reports that include training completed by subrecipient staff, the number of services provided (by type and county), and narrative responses to various programmatic questions. Kentucky JPSC stated that grant monitors review the PMT quarterly reports by comparing the quarterly data to historical activity of the subrecipient and performing logic tests such as verifying that individual categories are not larger than the reported total. In addition to reviewing performance metrics, grant monitors also assess performance by conducting programmatic site visits. During these site visits, grant monitors discuss program operations, any problems or concerns associated with the program, the subrecipient's data collection policies and procedures, and the process for recording and reporting data. Additionally, Kentucky JPSC stated that during site visits grant monitors verify information reported in the quarterly reports by comparing reported amounts to supporting documentation. According to Kentucky JPSC policy, programmatic site visits must be completed at least every 2 years for each subrecipient. We found that the performance monitoring was generally adequate when it was completed; however, as discussed earlier in the *Monitoring of Subrecipients* section of the report, the Kentucky JPSC did not comply with the monitoring frequency required by its policy. Further, we identified a concern regarding the Kentucky JPSC's monitoring of real or perceived conflicts of interest.

The DOJ Grants Financial Guide states that non-federal entities must use federal funds in the best interest of the award program and decisions related to these funds must be free of undisclosed personal or

organizational conflicts of interest, both in fact and in appearance. The Kentucky JPSC's policies and subaward agreement terms require that subrecipients disclose in writing to the Kentucky JPSC any real or perceived conflicts of interest. As prudent administrators of federal funds, the Kentucky JPSC should include in its monitoring activities an assessment of potential conflicts of interest, regardless of whether such conflicts were disclosed by subrecipients. For example, we identified a subrecipient whose VOCA subaward included a large contract awarded to a related organization. During our review period, the same employees occupied management and financial positions at both the subrecipient and the related organization. When we asked the Kentucky JPSC about the matter, Kentucky JPSC officials stated that none of its current management team was aware of the situation. However, in our review of the Kentucky JPSC's subaward file for this subrecipient we found that the identification of the relationship between the subrecipient and the related organization occurred during a programmatic site visit performed for the Kentucky JPSC by a coalition. We did not find evidence of follow-up to investigate this potential conflict of interest, either by the Kentucky JPSC or the coalition. Additionally, we reviewed the subrecipient's most recent single audit contained in the Kentucky JPSC's subrecipient file and found that the single audit includes a note specifically stating this subrecipient is related to the other organization through a common employee. The single audit was reviewed by the Kentucky JPSC in March 2021, yet there was no mention of the potential conflict of interest in the review notes. As a result, even if the subrecipient did not disclose to the Kentucky JPSC the potential conflict of interest, the Kentucky JPSC should have identified the situation based on information in its possession and followed up as appropriate. Therefore, we recommend that OJP ensure that the Kentucky JPSC: (1) evaluates this potential conflict of interest to determine if action is required, and (2) revises its monitoring policies and procedures to include a review of potential conflicts of interest.

### **Kentucky JPSC Review of Subrecipient Performance Statistics**

While reviewing how the Kentucky JPSC compiled performance data from its subrecipients to prepare Annual Performance Reports, we also assessed individual subrecipient performance reports. We sought support for select subrecipient-reported figures to confirm the number of victims reported as served by VOCA funding. Specifically, we selected at least two quarterly PMT reports from each of the four subrecipients we reviewed and attempted to verify certain quantifiable items, including the number of victims served, the number of new victims served, and the types of victimization.

We tested a total of 62 data categories across four subrecipients and found 10 unexplained differences between the amounts reported in PMT and the amounts in supporting documentation. The differences all related to the same subrecipient and were found in both FY 2019 and FY 2020 PMT reports reviewed. The subrecipient stated it could not locate the records used to prepare the FY 2019 report because its tracking system was not in use at that time; however, the subrecipient did not provide a reason for the differences in the FY 2020 report. When we brought this matter to the attention of the Kentucky JPSC, Kentucky JPSC officials indicated that they were aware that the subrecipient was having reporting issues and, as a result, have been in regular communication with the subrecipient to help the subrecipient progress towards producing consistent and accurate performance reports. We also note that of the differences identified, the differences in the FY 2020 PMT report were much less significant than those identified in the FY 2019 PMT report. Considering the differences were unique to one subrecipient, the significance of the differences has decreased, and that the Kentucky JPSC has been in regular communication with the subrecipient, we do not make any recommendations in this area.

## Conclusion and Recommendations

Overall, we found that the Kentucky JPSC used its grant funds to enhance services for crime victims in Kentucky. However, our audit identified certain deficiencies in several key areas. We identified concerns regarding the delay in subaward notification to subrecipients. We also determined that the Kentucky JPSC did not provide adequate subrecipient notification when reallocating unused funds and did not pass all required information for its subrecipients. With respect to grant financial management, we found that the Kentucky JPSC did not implement adequate controls over grant financial activities. We found unsupported or unallowable subrecipient costs totaling \$425,128, unsupported or unallowable administrative expenditures totaling \$161,449, and unsupported match costs totaling \$236,442. Further, we identified that drawdowns were not accurately calculated, resulting in \$737,766 in excess funds drawn down, and Federal Financial Reports contained inaccurate information. Finally, we found that the Kentucky JPSC's monitoring was not completed timely and the financial monitoring completed was inadequate, with particular regard to the review of subrecipient financial activity. Therefore, we provide 19 recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Ensure that when the Kentucky JPSC identifies the need to alter its funding plans in order to spend the entire VOCA award, the Kentucky JPSC creates a plan to reallocate VOCA funding that complies with Uniform Guidance requirements, to include notifying subrecipients prior to the reallocation of funding.
2. Coordinate with the Kentucky JPSC to reexamine the appropriateness of the Kentucky JPSC's subaward for its new statewide project to ensure it is a good use of federal funds.
3. Provide the Kentucky JPSC with an appropriate level of technical assistance to identify ways that it can facilitate and enhance the subaward process to improve the timeliness of award notifications.
4. Ensure that the Kentucky JPSC provides all required grant information in the subaward solicitations and award packages.
5. Remedy the \$24,105 of unallowable personnel administrative costs.
6. Remedy the \$129,646 of unsupported non-personnel administrative expenditures.
7. Remedy the \$7,698 of unallowable non-personnel administrative expenditures.
8. Remedy the \$377,509 of unsupported subrecipient expenditures.
9. Remedy the \$47,619 of unallowable subrecipients expenditures.

10. Ensure that the Kentucky JPSC implements a formal written policy documenting its drawdown process, which should account for reconciling the amounts to be drawn down to supporting expenditure data, review by appropriate personnel, and maintaining adequate supporting documentation for amounts drawn down.
11. Remedy the unsupported costs of \$214,787, \$390,364, and \$132,615, totaling \$737,766, for excess funds drawn down through September 16, 2020, on the 2016, 2017, and 2018 VOCA awards, respectively, plus any additional excess funds drawn down since that date.
12. Remedy the \$236,442 of unsupported matching costs.
13. Require the Kentucky JPSC to implement a formal written policy regarding its FFR preparation process to help ensure the information being reported is reconciled to supporting data and is reviewed by appropriate personnel and that data supporting the amounts reported is maintained.
14. Require the Kentucky JPSC to correct and resubmit, as necessary, any inaccurate FFRs for grants that are still ongoing.
15. Ensure that the Kentucky JPSC conducts its programmatic and financial site visits in a timely manner in compliance with its monitoring policy.
16. Ensure that the Kentucky JPSC monitors subrecipient audit findings and, when appropriate, issues management decisions for relevant findings reported in subrecipients' single audits.
17. Coordinate with the Kentucky JPSC to reiterate through training of its grants management staff the importance of financial requirements to help ensure a more robust financial review and provide reasonable assurance that subrecipient charges to VOCA grants are supported and in compliance with grant requirements.
18. Ensure that the Kentucky JPSC evaluates the potential conflict of interest arising from a contract between a subrecipient and a related organization and determine if action is required.
19. Ensure that the Kentucky JPSC revises its monitoring policies and procedures to include a review of potential conflicts of interest.

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

## **Objectives**

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

## **Scope and Methodology**

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

This was an audit of Victims of Crime Act (VOCA) victim assistance formula grants 2016-VA-GX-0035, 2017-VA-GX-0064, and 2018-V2-GX-0055 from the Crime Victims Fund (CVF). The Office of Justice Programs (OJP) Office for Victims of Crime (OVC) awarded these grants totaling \$100,643,695 to the Kentucky JPSC, which serves as the state administering agency. Our audit concentrated on, but was not limited to, the period of October 1, 2015, the project start date for VOCA assistance grant number 2016-VA-GX-0035, through May 2021. As of April 16, 2021, the Kentucky JPSC had drawn down a total of \$83,042,767 from the three audited grants. As a result of the COVID-19 pandemic response, we performed our audit fieldwork exclusively in a remote manner.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the Kentucky JPSC's activities related to the audited grants, which included conducting interviews with Kentucky financial staff, examining policies and procedures, and reviewing grant documentation and financial records. We performed sample-based audit testing for grant expenditures, financial reports, and performance reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The authorizing VOCA legislation, the VOCA victim assistance program guidelines, the DOJ Grants Financial Guide, the Uniform Guidance, and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System and Performance Measurement Tool, as well as Kentucky's statewide accounting system and electronic grants management system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole; therefore, any findings identified involving information from those systems was verified with documents from other sources.



# 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 Kentucky JPSC to provide assurance on its internal control structure as a whole. The Kentucky JPSC’s management is responsible for the establishment and maintenance of internal controls in accordance with 2 C.F.R. § 200. Because we do not express an opinion on the Kentucky JPSC’s internal control structure as a whole, we offer this statement solely for the information and use of the Kentucky JPSC and OJP.<sup>17</sup>

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

Internal Control Components & Principles Significant to the Audit Objectives	
Control Activity Principles	
	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.
Information & Communication Principles	
	Management should use quality information to achieve the entity’s objectives.
	Management should externally communicate the necessary quality information to achieve the entity’s objectives.
Monitoring Principles	
	Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
	Management should remediate identified internal control deficiencies on a timely basis.

We assessed the design, implementation, and operating effectiveness of these internal controls. The internal control deficiencies we found are discussed in the Audit Results section of this report. 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.

<sup>17</sup> This restriction is not intended to limit the distribution of this report, which is a matter of public record.

## APPENDIX 2: Schedule of Dollar-Related Findings

Description	VOCA Grant Year			Amount	Page
	2016	2017	2018		
<b>Questioned Costs:</b> <sup>18</sup>					
Unallowable Personnel Administrative Costs	\$ 24,105	\$ -	\$ -	\$ 24,105	11
Unallowable Food Costs	7,698	-	-	7,698	12
Unallowable Vehicle Costs - Subrecipients	-	46,081	-	46,081	13
Unallowable Hotel Costs - Subrecipients	<u>-</u>	<u>1,538</u>	<u>-</u>	<u>1,538</u>	13
Unallowable Costs	\$ 31,803	\$ 47,619	\$ -	\$ 79,422	
Unsupported Rent and Electricity	\$ 58,548	\$ 52,891	\$ -	\$ 111,439	12
Unsupported Electronic Grants Management Upgrade	11,000	-	-	11,000	12
Unsupported Personnel Costs - Coalitions	4,463	1,195	-	5,658	12
Unsupported Travel Costs - Coalition	1,549	-	-	1,549	12
Unsupported Personnel Costs - Subrecipients	-	241,807	129,521	371,328	13
Unsupported Training and Equipment - Subrecipients	-	4,651	-	4,651	13
Unsupported Legal Fees - Subrecipients	-	1,530	-	1,530	13
Unsupported (Excess) Drawdowns	214,787	390,364	132,615	737,766	14
Unsupported Personnel Costs - Match	<u>-</u>	<u>236,442</u>	<u>-</u>	<u>236,442</u>	16
Unupported Costs	\$ 290,347	\$ 928,880	\$ 262,136	\$ 1,481,363	
<b>TOTAL DOLLAR-RELATED FINDINGS</b>	<b>\$ 322,150</b>	<b>\$ 976,499</b>	<b>\$ 262,136</b>	<b>\$ 1,560,785</b>	

<sup>18</sup> **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, the provision of supporting documentation, or contract ratification, where appropriate.

## APPENDIX 3: The Kentucky Justice and Public Safety Cabinet's Response to the Draft Audit Report<sup>19</sup>

**Andy Beshear**  
GOVERNOR



**Kerry Harvey**  
CABINET SECRETARY

August 20<sup>th</sup>, 2021

Carol S. Taraszka  
Regional Audit Manager  
Chicago Regional Audit Office  
Office of the Inspector General  
U.S. Department of Justice  
500 West Madison St. Suite 1121  
Chicago, Illinois 60661

Dear Ms. Taraszka:

This communication serves as the official response of the Kentucky Justice & Public Safety Cabinet (KJPSC) to the draft audit report on the Audit of the Office of Justice Programs Victim Assistance Grants Awarded to the Kentucky Justice & Public Safety Cabinet, Frankfort, Kentucky. The opportunity to undergo a comprehensive evaluation of our VOCA grant-making was extremely valuable, and helped to document the places where we are doing well as well as those areas in which there is additional room for enhancement. In this document, we address each recommendation by indicating either concurrence or non-concurrence. In those cases where corrective actions are required, these are outlined and an anticipated completion date is provided. In situations where we did not concur with the findings, we will provide attachments in support. Given that the files are often quite large, you will receive a link to the secure file transfer protocol (FTP) from the Commonwealth of Kentucky's Commonwealth Office of Technology. Files are labeled in the FTP service with the correct attachment number as the file name for ease of reference.

1. KJPSC concurs with this recommendation, and plans to revise its Policies and Procedures regarding award revisions, to ensure that subrecipients are notified and new award documents (including the relevant Federal Award Identifier Number and federal award dates) are signed and uploaded into the electronic grants management system, *Intelligrants (IG)*, prior to reallocation of subawards from one federal award to another. These revisions will be completed by December 31, 2021.

125 Holmes Street, 2nd Floor • Frankfort, Kentucky 40601 • (502) 564-7554

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**KENTUCKY**

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<sup>19</sup> The attachments referenced in this response were not included in the final audit report.

2. KJPSC concurs with this recommendation, and during the last 30 days has begun communicating with the Office for Victims of Crime (OVC), State Victim Resource Division (SVRD) to facilitate a re-examination of the appropriateness of this subaward. Given that no specific actions have yet been identified, a firm timeline for the completion of this task is not yet available, but based on the knowledge that is available at present, it is anticipated that a decision will be reached on or before June 30, 2022.
3. KJPSC concurs with this recommendation, and to address this deficiency has established a calendar for notices of funding availability, application review, and award recommendation to improve the timeliness of award notification. Additionally, during 2021, KJPSC opened the VOCA application period one month early to establish additional time for the review process and to allow award notifications to be made before the project period begins on October 1, 2021. At present, reviews of applications for the 2021 award cycle have been completed, and award recommendations are being shared with KJPSC Cabinet Leadership for input and approval. Upon completion of that review, the award recommendations will be shared with the Governor's Office for finalization, which leaves sufficient time for notifications of awards to occur in advance of the project state.
4. KJPSC concurs with this recommendation, and KJPSC has modified the format for subaward solicitations and award packages to ensure that all required grant information, including the specific Federal Award Identification Numbers, Federal Award Dates, and appropriate terms and conditions regarding closeout of subawards are included. Attachment 1 is provided to document the modifications that have occurred.
5. KJPSC concurs with this recommendation, and plans to return funds in the amount of \$24,105 to the Office for Victims of Crime.
6. KJPSC partially concurs with this recommendation:
  - a. KJPSC concurs with this recommendation as it regards unsupported personnel and travel costs from coalitions. KJPSC will facilitate return \$7,207 in funding from identified contractors to the funder.
  - b. KJPSC partially concurs with this recommendation as it regards unsupported costs for an upgrade to its electronic grants management system. During the period in question, the cost allocation method for vendor invoices related to the IG system were split based on the identified volume of work within the system, and the percentage of expenses that were allocated to VOCA should have been 55%. Since the invoice in question, totaling \$18,500 for upgrade work billed VOCA at 60%, the account was incorrectly billed for \$11,100 rather than the expected \$10,175. Additionally, the billing percentages incorrectly totaled 120%,

rather than the expected 100%. As a result, \$925 funds will be returned to OVC as a result of this error. Additional funds will also be returned to any other appropriate funding streams as a result of this correction.

- c. KJPSC does not concur with the recommendation regarding unsupported rent and utilities costs, and provides files, received from Kentucky's Division of Real Properties, Division for Facilities and Support Services, constituting all elements of Attachment 2 via the secure file transfer protocol service in support of these charges.
7. KJPSC does not concur with this recommendation regarding unallowable food costs. KJPSC is currently seeking a waiver of the requirement for prior authorization of these costs supporting the Kentucky Victim Assistance Academy from the Office for Victims of Crime. The request that is currently being considered is provided as Attachment 3 via the secure file transfer protocol service.
8. KJPSC does not concur in full with this recommendation.
  - a. KJPSC does not concur with this recommendation as it regards unsupported Personnel costs. Please see the folder, Attachment 4, for supporting documentation regarding the \$371,328 in Personnel costs. Supplied files include documentation to support victim service activities completed by VOCA funded staff during the period of the award.
  - b. KJPSC concurs with this recommendation as it regards unsupported training and equipment costs. KJPSC will facilitate return \$4,651 received from identified subrecipients to the funder.
  - c. KJPSC concurs with this recommendation as it regards unsupported subrecipient legal fees. KJPSC will facilitate return of \$1,530 from identified subrecipients to the funder.
9. KJPSC does not concur in full with this recommendation.
  - a. KJPSC concurs with this recommendation as it regards \$40,264 of maintenance plan costs for services that extended beyond the grant period. KJPSC will facilitate return of \$40,264 from identified subrecipients to the funder.
  - b. KJPSC does not concur with this recommendation as it regards \$5,817 in costs associated with the purchase of vehicles. Please see Attachment 5 documenting that the 1% "credit" was paid by the vendor to the Commonwealth of Kentucky's Office of Procurement Services. The 1% was not received as a credit by the subrecipient or its parent organization, KJPSC.
10. KJPSC concurs with this recommendation, and KJPSC plans to revise its Policies and Procedures regarding the drawing down of federal funds, to ensure that the division procedure includes reconciliation, review by appropriate personnel, and



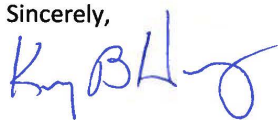
maintaining supporting documentation for amounts drawn down. This revision will be completed by December 31, 2021.

11. KJPSC concurs with this recommendation, and will resolve as soon as possible after reconciliation of the grant accounts to ensure that all excess funds have been identified. All identified funds will be returned to the funder by KJPSC.
12. KJPSC concurs with this recommendation regarding unsupported matching costs. Please see Attachment 6 for documentation of communication with OVC regarding a potential waiver of the matching requirement for this subaward. If the waiver is not granted, the subrecipient will return funds and KJPSC will recalculate the award amount appropriately. Any excess funds received based on a new award amount will also be returned by the subrecipient to the funder.
13. KJPSC concurs with this recommendation, and KJPSC plans to revise its Policies and Procedures regarding completion of Federal Financial Reports (FFRs) to ensure that the division procedure includes reconciliation, review by appropriate personnel, and maintenance of supporting documentation for reported amounts. The revisions will be completed by December 31, 2021.
14. KJPSC concurs with this recommendation, and will consult with OVC to identify and execute their preferred method to resolve inaccurate Federal Financial Reports (FFRs).
15. KJPSC concurs with this recommendation, and KJPSC has revised its monitoring policy and submitted it to OJP for review and approval. A copy of the proposed process that is being considered is included as Attachment 7.
16. KJPSC concurs with this recommendation, and plans to revise its Policies and Procedures regarding the review of subrecipient audits, to ensure that the division procedure includes the monitoring of audit findings and the issuance of management decisions for relevant findings. These revisions will be completed by December 31, 2021.
17. KJPSC concurs with this recommendation, and will schedule technical assistance with OVC SVRD, the Office of the Chief Financial Officer, and/or the OVC-Training and Technical Assistance Center to ensure compliance. Additionally, a training schedule will be developed by January 31, 2022 to ensure that all new staff receive robust training regarding appropriate financial management of grants, to complement the existing OJP Financial Management Training.
18. KJPSC concurs with this recommendation, and will coordinate with OVC to evaluate the potential conflict of interest arising from a contract between a subrecipient and a related organization. KJPSC agrees to comply with any recommendations for corrective action that are developed. Additionally, any identified funds will be returned by the subrecipient to OVC.
19. KJPSC concurs with this recommendation, and plans to revise its Policies and Procedures to ensure that, during the subrecipient monitoring process, potential

conflicts of interest are evaluated regarding contracts between subrecipients and vendors/related organizations. This revision will be completed by December 31, 2021.

We appreciate being given the ability to respond to the recommendations of the audit team. Staff at the KJPSC are working diligently to resolve these matters, and to plan proactively to ensure that we are better able to identify additional areas of improvement and take appropriate actions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kerry B. Harvey".

Kerry B. Harvey, JD  
Secretary  
Kentucky Justice and Public Safety Cabinet



## APPENDIX 4: U.S. Department of Justice Office of Justice Programs Response to the Draft Audit Report<sup>20</sup>



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

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Washington, D.C. 20531

August 31, 2021

MEMORANDUM TO: Carol S. Taraszka  
Regional Audit Manager  
Chicago Regional Audit Office  
Office of the Inspector General

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

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Victim Assistance Grants Awarded to the Kentucky Justice and Public Safety Cabinet, Frankfort, Kentucky*

This memorandum is in reference to your correspondence, dated July 30, 2021, transmitting the above-referenced draft audit report for the Kentucky Justice and Public Safety Cabinet (Kentucky JPSC). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **19** recommendations and **\$1,560,785** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

- 1. We recommend that OJP ensure that when the Kentucky JPSC identifies the need to alter its funding plans in order to spend the entire VOCA award, the Kentucky JPSC creates a plan to reallocate VOCA funding that complies with Uniform Guidance requirements, to include notifying subrecipients prior to the reallocation of funding.**

OJP agrees with this recommendation. Kentucky JPSC stated in its response, dated August 20, 2021, that it plans to revise its policies and procedures to ensure that subrecipients are notified, and new award documents are signed and uploaded into their electronic grants management system, prior to the reallocation of funds from one Federal subaward to another. Accordingly, we will coordinate with Kentucky JPSC to obtain a copy of its revised policies and procedures, implemented to ensure that its Victims of Crime Act (VOCA) funding plans are enhanced to reallocate VOCA funding that complies with Uniform Guidance requirements, to include notifying subrecipients prior to the reallocation of funding.

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<sup>20</sup> The attachments referenced in this response were not included in the final audit report.

2. **We recommend that OJP coordinate with the Kentucky JPSC to reexamine the appropriateness of the Kentucky JPSC's subaward for its new statewide project to ensure it is a good use of Federal funds.**

OJP agrees with this recommendation. Kentucky JPSC stated in its response, dated August 20, 2021, that it is communicating with OJP's Office for Victims of Crime (OVC), to facilitate a re-examination of the appropriateness of the new statewide project subaward. Accordingly, we will coordinate with Kentucky JPSC to obtain documentation of its reexamination of the appropriateness of the Kentucky JPSC's subaward for its new statewide project, to ensure it is a good use of Federal funds.

3. **We recommend that OJP provide the Kentucky JPSC with an appropriate level of technical assistance to identify ways that it can facilitate and enhance the subaward process to improve the timeliness of award notifications.**

OJP agrees with this recommendation. Kentucky JPSC stated in its response, dated August 20, 2021, that it established a system to improve the timeliness of VOCA funding availability. Accordingly, we will coordinate work with Kentucky JPSC to identify ways that Kentucky JPSC can facilitate and enhance the subaward process, to improve the timeliness of award notifications.

4. **We recommend that OJP ensure that the Kentucky JPSC provides all required grant information in the subaward solicitations and award packages.**

OJP agrees with this recommendation. Kentucky JPSC provided in its response, dated August 20, 2021, a copy of its revised VOCA Program and Financial Guidelines and Instructions, and examples of the fiscal year 2021 VOCA subaward packages, which include all required grant information, in accordance with the Uniform Guidance and the Department of Justice (DOJ) Grants Financial Guide (see Attachment 1). We believe this documentation adequately addresses the recommendation. Accordingly, the Office of Justice Programs requests closure of this recommendation.

5. **We recommend that OJP remedy the \$24,105 of unallowable personnel administrative costs.**

OJP agrees with this recommendation. To remedy the \$24,105 in questioned costs, related to unallowable personnel administrative costs that were charged to Grant Number 2016-VA-GX-0035, Kentucky JPSC stated in its response, dated August 20, 2021, that it will return the funds to the DOJ. As such, we will work with the Kentucky JPSC to remedy the \$24,105 in questioned personnel administrative costs that were charged to Grant Number 2016-VA-GX-0035, as appropriate.

**6. We recommend that OJP remedy the \$129,646 of unsupported non-personnel administrative expenditures.**

OJP agrees with this recommendation. To remedy the \$129,646 in questioned costs, related to unsupported non-personnel administrative expenditures charged to Grant Numbers 2016-VA-GX-0035 (\$75,560) and 2017-VA-GX-0064 (\$54,086), Kentucky JPSC stated in its response, dated August 20, 2021, that it will return a portion of the costs to DOJ, and provided an explanation and documentation to support the remaining costs. While we did not complete our review of this documentation, we will work with the Kentucky JPSC to remedy the \$129,646 in unsupported non-personnel administrative expenditures charged to Grant Numbers 2016-VA-GX-0035 (\$75,560) and 2017-VA-GX-0064 (\$54,086).

**7. We recommend that OJP remedy the \$7,698 of unallowable non-personnel administrative expenditures.**

OJP agrees with this recommendation. To remedy the \$7,698 in questioned costs, related to unallowable non-personnel administrative expenditures charged to Grant Number 2016-VA-GX-0035, Kentucky JPSC stated in its response, dated August 20, 2021, that it submitted an email to OVC requesting a waiver of these costs. Accordingly, we will work with the Kentucky JPSC to remedy the \$7,698 in unallowable non-personnel administrative expenditures that were charged to Grant Number 2016-VA-GX-0035.

**8. We recommend that OJP remedy the \$377,509 of unsupported subrecipient expenditures.**

OJP agrees with this recommendation. To remedy the \$377,509 in questioned costs, related to unsupported subrecipient expenditures charged to Grant Numbers 2017-VA-GX-0064 (\$247,988) and 2018-V2-GX-0055 (\$129,521), Kentucky JPSC stated in its response, dated August 20, 2021, that it will return a portion of the costs, and provided documentation to support the remaining costs. While we did not complete our review of the documentation, we will work with the Kentucky JPSC to remedy the \$377,509 in unsupported subrecipient expenditures that were charged to Grant Numbers 2017-VA-GX-0064 (\$247,988) and 2018-V2-GX-0055 (\$129,521).

**9. We recommend that OJP remedy the \$47,619 of unallowable subrecipients expenditures.**

OJP agrees with this recommendation. To remedy the \$47,619 in questioned costs, related to unallowable subrecipient expenditures charged to Grant Number 2017-VA-GX-0064, Kentucky JPSC stated in its response, dated August 20, 2021, that it would return a portion of the costs to DOJ, and provided documentation to support the remaining costs. While we did not complete our review of this documentation, we will work with the Kentucky JPSC to remedy the \$47,619 in unallowable subrecipient expenditures charged to Grant Number 2017-VA-GX-0064.

- 10. We recommend that OJP ensure that the Kentucky JPSC implement a formal written policy documenting its drawdown process, which should account for reconciling the amounts to be drawn down to supporting expenditure data, review by appropriate personnel, and maintaining adequate supporting documentation for amounts drawn down.**

OJP agrees with this recommendation. Kentucky JPSC stated in its response, dated August 20, 2021, that it will revise its policies and procedures regarding the drawdown of Federal funds by December 31, 2021. Accordingly, we will coordinate with the Kentucky JPSC to obtain a copy of its revised written policies and procedures, implemented to ensure that drawdowns of Federal grant funds are based on actual expenditures incurred, or are the minimum amounts needed for disbursements to be made immediately or within 10 days of draw down; the amounts requested for reimbursement are reconciled to adequate supporting documentation; and the supporting documentation is maintained for future auditing purposes.

- 11. We recommend that OJP remedy the unsupported costs of \$214,787, \$390,364, and \$132,615, totaling \$737,766, for excess funds drawn down through September 16, 2020 on the 2016, 2017, and 2018 VOCA awards, respectively, plus any additional excess funds drawn down since that date.**

OJP agrees with this recommendation. To remedy the \$737,766 in questioned costs, related to excess funds drawn down through September 16, 2020, under Grant Numbers 2016-VA-GX-0035 (\$214,787), 2017-VA-GX-0064 (\$390,364), and 2018-V2-GX-0055 (\$132,615), Kentucky JPSC stated in its response, dated August 20, 2021, that it will reconcile its grant accounts, and will return any excess funds to the DOJ. Accordingly, we will review the unsupported excess drawdowns under Grant Numbers 2016-VA-GX-0035 (\$214,787), 2017-VA-GX-0064 (\$390,364), and 2018-V2-GX-0055 (\$132,615), plus any additional excess funds drawn down since that date, and will work with Kentucky JPSC to remedy, as appropriate.

- 12. We recommend that OJP remedy the \$236,442 of unsupported matching costs.**

OJP agrees with this recommendation. To remedy the \$236,442 in questioned costs, related to unsupported matching costs, Kentucky JPSC stated in its response, dated August 20, 2021, that it had submitted an email to OVC requesting a waiver of these costs, associated with Grant Number 2017-VA-GX-0064. Accordingly, we will review the \$236,442 in questioned costs, and will work with the Kentucky JPSC to remedy, as appropriate.



- 13. We recommend that OJP require the Kentucky JPSC to implement a formal written policy regarding its FFR preparation process to help ensure the information being reported is reconciled to supporting data and is reviewed by appropriate personnel and that data supporting the amounts reported is maintained.**

OJP agrees with this recommendation. Kentucky JPSC stated in its response, dated August 20, 2021, that it will revise its policies and procedures regarding the completion of the Federal Financial Reports (FFRs), to ensure that: a reconciliation is performed and reviewed by appropriate personnel; and supporting documentation is maintained for the reported amounts. As such, we will coordinate with the Kentucky JPSC to obtain a copy of its revised policies and procedures, implemented to ensure that FFRs are accurate, reconciled to the supporting data, and reviewed by appropriate personnel; and the supporting documentation is maintained for future auditing purposes.

- 14. We recommend that OJP require the Kentucky JPSC to correct and resubmit, as necessary, any inaccurate FFRs for grants that are still ongoing.**

OJP agrees with this recommendation. Kentucky JPSC stated, in its response, dated August 20, 2021, that it will consult with OJP to identify the preferred method to correct prior FFRs. Accordingly, we will coordinate with the Kentucky JPSC to obtain revised final FFRs for Grant Numbers 2016-VA-GX-0035 and 2017-VA-GX-0064, as necessary; and will ensure that the final FFR for Grant Number 2018-V2-GX-0055 is accurate.

- 15. We recommend that OJP ensure that the Kentucky JPSC conducts its programmatic and financial site visits in a timely manner in compliance with its monitoring policy.**

OJP agrees with this recommendation. Kentucky JPSC provided in its response, dated August 20, 2021, a copy of its revised subrecipient monitoring policy, to ensure that the Kentucky JPSC conducts its programmatic and financial site visits in a timely manner. While we believe the policy is adequate to address this recommendation, it was not signed by a Kentucky JPSC official, or dated. Therefore, we will coordinate with the Kentucky JPSC to obtain a signed and dated copy of its revised policy for ensuring that programmatic and financial site visits of subrecipients are conducted in a timely manner.

- 16. We recommend that OJP ensure that the Kentucky JPSC monitors subrecipient audit findings and, when appropriate, issue management decisions for relevant findings reported in subrecipients' single audits.**

OJP agrees with this recommendation. Kentucky JPSC stated in its response, dated August 20, 2021, that it will revise its policies and procedures regarding the review of subrecipient single audit reports. Accordingly, we will coordinate with the Kentucky JPSC to obtain a copy of its revised policies and procedures, developed and implemented, to ensure that proper monitoring and review of subrecipient audit reports is performed, and includes steps to ensure that any issues or deficiencies identified are properly and timely corrected.

17. **We recommend that OJP coordinate with the Kentucky JPSC to reiterate through training of its grants management staff the importance of financial requirements to help ensure a more robust financial review and provide reasonable assurance that subrecipient charges to VOCA grants are supported and in compliance with grant requirements.**

OJP agrees with this recommendation. Kentucky JPSC stated in its response, dated August 20, 2021, that it plans to request technical assistance from OJP, to ensure compliance with grant requirements, including developing a training schedule to ensure that all new Kentucky JPSC staff receive additional training regarding the appropriate financial management of grants. Accordingly, we will coordinate with the Kentucky JPSC to obtain a copy of written policies and procedures, developed and implemented, to ensure that its grant management staff are properly trained in conducting financial reviews of its subrecipients, to ensure that subrecipient expenditures charged to VOCA grants are adequately supported, and in compliance with grant requirements.

18. **We recommend that OJP ensure that the Kentucky JPSC evaluates the potential conflict of interest arising from a contract between a subrecipient and a related organization and determine if action is required.**

OJP agrees with this recommendation. Kentucky JPSC stated in its response, dated August 20, 2021, that it plans to coordinate with OVC to evaluate the potential conflict of interest arising from a contract between a subrecipient and a related organization. Accordingly, we will coordinate with the Kentucky JPSC to obtain documentation from its evaluation of the potential conflict of interest arising from a contract between a subrecipient and a related organization, and determine if action is required.

19. **We recommend that OJP ensure that the Kentucky JPSC revises its monitoring policies and procedures to include a review of potential conflicts of interest.**

OJP agrees with this recommendation. Kentucky JPSC stated in its response, dated August 20, 2021, that it will revise its policies and procedures to ensure that it addresses the potential conflicts of interests. Accordingly, we will coordinate with the Kentucky JPSC to obtain a copy of its revised monitoring policies and procedures, to ensure that it they include a review of potential conflicts of interest; and that such reviews are properly documented.

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.

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## **APPENDIX 5: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Report**

The Department of Justice Office of the Inspector General (OIG) provided a draft of this audit report to the Department of Justice Office of Justice Programs (OJP) and the Kentucky Justice and Public Safety Cabinet's Grants Management Division (Kentucky JPSC). The Kentucky JPSC's response is incorporated in Appendix 3, and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP agreed with our recommendations and, as a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

### **Recommendations for OJP:**

- 1. Ensure that when the Kentucky JPSC identifies the need to alter its funding plans in order to spend the entire VOCA award, the Kentucky JPSC creates a plan to reallocate VOCA funding that complies with Uniform Guidance requirements, to include notifying subrecipients prior to the reallocation of funding.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Kentucky JPSC to obtain a copy of its revised policies and procedures to ensure that its Victim of Crime Act (VOCA) funding plans comply with Uniform Guidance requirements, to include notifying subrecipients prior to the reallocations of funding.

The Kentucky JPSC concurred with our recommendation and stated that it plans to update its policies and procedures regarding award revisions to ensure that subrecipients are notified and new award documents are uploaded into the Kentucky JPSC's electronic grants management system prior to reallocation actions.

This recommendation can be closed when we receive evidence that OJP has confirmed that the Kentucky JPSC has taken action to ensure its reallocations of VOCA funding comply with Uniform Guidance requirements, to include notifying subrecipients prior to the reallocation of funding.

- 2. Coordinate with the Kentucky JPSC to reexamine the appropriateness of the Kentucky JPSC's subaward for its new statewide project to ensure it is a good use of federal funds.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Kentucky JPSC to obtain documentation of its reexamination of the appropriateness of the Kentucky JPSC's subaward for its new statewide project to ensure it is a good use of federal funds.

The Kentucky JPSC concurred with this recommendation and stated that it has begun communicating with the Office for Victims of Crime (OVC) to facilitate a re-examination of the appropriateness of this subaward.

This recommendation can be closed when we receive evidence that OJP has coordinated with the Kentucky JPSC to reexamine the appropriateness of the Kentucky JPSC's subaward for its new statewide project.

3. **Provide the Kentucky JPSC with an appropriate level of technical assistance to identify ways that it can facilitate and enhance the subaward process to improve the timeliness of award notifications.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Kentucky JPSC to identify ways that the Kentucky JPSC can facilitate and enhance the subaward process to improve the timeliness of award notification.

The Kentucky JPSC concurred with this recommendation and stated that it has established a calendar for notices of funding availability, application review, and award recommendation to improve the timeliness of award notification. Additionally, the Kentucky JPSC stated that it opened the current VOCA application period 1 month early to provide additional time and allow for award notifications to be made prior to the start of the next project period.

This recommendation can be closed when we receive evidence that OJP has provided the Kentucky JPSC with an appropriate level of technical assistance to identify ways that it can facilitate and enhance the subaward process to improve the timeliness of award notifications.

4. **Ensure that the Kentucky JPSC provides all required grant information in the subaward solicitations and award packages.**

Closed. OJP agreed with our recommendation. OJP stated in its response that the Kentucky JPSC provided a copy of its revised FY 2021 VOCA solicitation, which included all required grant information in accordance with the Uniform Guidance and the DOJ Grants Financial Guide. Thus, OJP requested closure of this recommendation.

In its response, the Kentucky JPSC concurred with our recommendation and provided a copy of its modified subaward solicitation and award packages. These documents illustrate that the Kentucky JPSC has taken action to ensure that all required grant information, including the specific Federal Award Identification Numbers, Federal Award Dates, and appropriate terms and conditions regarding closeout of subawards, are provided to subrecipients.

We reviewed the provided documentation and found that the Kentucky JPSC's revised FY 2021 VOCA solicitation included the originally missing information (the Federal Award Identification Number, the Federal Award Date, and appropriate terms and conditions concerning closeout of the subaward). We consider this supporting documentation adequate to address our recommendation. Therefore, this recommendation is closed.

**5. Remedy the \$24,105 of unallowable personnel administrative costs.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the documentation provided and work with the Kentucky JPSC to remedy the \$24,105 in questioned personnel administrative costs, as appropriate.

The Kentucky JPSC concurred with this recommendation and stated it plans to return funds in the amount of \$24,105 to OVC.

This recommendation can be closed when we receive evidence that OJP has remedied the \$24,105 in unallowable personnel administrative costs.

**6. Remedy the \$129,646 of unsupported non-personnel administrative expenditures.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will work with the Kentucky JPSC to remedy the \$129,646 in questioned costs related to unsupported non-personnel administrative expenditures.

In its response, the Kentucky JPSC stated that it partially concurred with this recommendation. The Kentucky JPSC addressed our recommendation in three segments relating to unsupported personnel and travel costs from coalitions, unsupported costs for an upgrade to its electronics grants management system, and unsupported rent and utilities costs. The Kentucky JPSC concurred with our recommendation regarding the \$7,207 in unsupported personnel and travel costs from coalitions and stated that it will facilitate the return of these funds. The Kentucky JPSC partially concurred with the portion of our recommendation related to the unsupported costs for an upgrade to its electronics grants management system, noting that it identified two billing errors related to the allocation methodology for this expense and identified funds to be returned to OVC. The Kentucky JPSC did not concur with the portion of our recommendation regarding unsupported rent and utility costs and provided documentation related to these charges. According to OJP's response, OJP did not yet complete its review of this documentation and, as noted above, will work with the Kentucky JPSC to remedy the questioned costs as appropriate. Due to the timing of receipt and the volume of documentation, we will complete review of the documentation concurrent with OJP's review.

This recommendation can be closed when we receive evidence that OJP has worked with the Kentucky JPSC to remedy the \$129,646 of unsupported non-personnel administrative expenditures.

**7. Remedy the \$7,698 of unallowable non-personnel administrative expenditures.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will work with the Kentucky JPSC to remedy the \$7,698 in unallowable non-personnel administrative expenditures.

The Kentucky JPSC did not concur with our recommendation regarding unallowable costs, which consisted of food purchases associated with a conference event. The Kentucky JPSC stated that it

was seeking a waiver of the requirement for prior authorization of these costs from the Office for Victims of Crime.

This recommendation can be closed when we receive evidence that OJP has remedied the \$7,698 of unallowable non-personnel administrative expenditures.

**8. Remedy the \$377,509 of unsupported subrecipient expenditures.**

Resolved. OJP agreed with this recommendation. OJP stated in its response that it will work with the Kentucky JPSC to remedy the \$377,509 in unsupported subrecipient expenditures.

In its response, the Kentucky JPSC stated that did not concur in full with this recommendation. The Kentucky JPSC addressed our recommendation in three segments relating to unsupported personnel costs, unsupported training and equipment costs, and unsupported subrecipient legal fees. The Kentucky JPSC concurred with our recommendation regarding both the unsupported training and equipment costs (\$4,651) as well as the unsupported subrecipient legal fees (\$1,530) and stated that it will facilitate the return of these funds from the identified subrecipients. The Kentucky JPSC did not concur with our recommendation regarding the unsupported personnel costs and supplied documentation related to \$371,328 in personnel costs for victim service activities. According to OJP's response, OJP did not yet complete its review of this documentation and, as noted above, will work with the Kentucky JPSC to remedy the questioned costs as appropriate. Due to the timing of receipt and the volume of documentation, we will complete review of the documentation concurrent with OJP's review.

This recommendation can be closed when we receive evidence that OJP has remedied the total \$377,509 of unsupported subrecipient expenditures.

**9. Remedy the \$47,619 of unallowable subrecipients expenditures.**

Resolved. OJP agreed with this recommendation. OJP stated in its response that it will work with Kentucky to remedy the \$47,619 in unallowable subrecipient expenditures.

The Kentucky JPSC stated that did not concur in full with this recommendation. The Kentucky JPSC concurred with the recommendation regarding unallowable maintenance plan costs and will facilitate the return of \$40,264 from the identified subrecipient. However, the Kentucky JPSC did not concur with our recommendation regarding unallowable costs related to credits associated with vehicle purchases and supplied documentation related to this transaction for \$5,817. According to OJP's response, OJP did not yet complete its review of this documentation and, as noted above, will work with the Kentucky JPSC to remedy the questioned costs as appropriate. Due to the timing of receipt and the volume of documentation, we will complete review of the documentation concurrent with OJP's review.

This recommendation can be closed when we receive evidence that OJP has remedied the total \$47,619 of unallowable subrecipient expenditures.

10. **Ensure that the Kentucky JPSC implement a formal written policy documenting its drawdown process, which should account for reconciling the amounts to be drawn down to supporting expenditure data, review by appropriate personnel, and maintaining adequate supporting documentation for amounts drawn down.**

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

The Kentucky JPSC concurred with our recommendation and stated in its response that it plans to revise its policies and procedures regarding drawdowns to ensure its procedures include reconciliation, appropriate review, and maintenance of supporting documentation for amounts drawn down.

This recommendation can be closed when we receive evidence that OJP has ensured that the Kentucky JPSC has implemented a formal, written policy documenting its drawdown process, which accounts for reconciling the amounts to be drawn down to supporting expenditure data, review by appropriate personnel, and maintaining adequate supporting documentation for amounts drawn down.

11. **Remedy the unsupported costs of \$214,787, \$390,364, and \$132,615, totaling \$737,766, for excess funds drawn down through September 16, 2020, on the 2016, 2017, and 2018 VOCA awards, respectively, plus any additional excess funds drawn down since that date.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will work with Kentucky to remedy, as appropriate, any unsupported excess drawdowns under the audited grants.

In its response, the Kentucky JPSC concurred with our recommendation and stated that it will complete a reconciliation of its grant accounts to ensure that all excess funds have been identified and returned.

This recommendation can be closed when we receive evidence that OJP has remedied the \$737,766 in unsupported costs for excess funds drawn down through September 16, 2020, and any additional excess funds drawn down since that date.

12. **Remedy the \$236,442 of unsupported matching costs.**

Resolved. OJP agreed with this recommendation. OJP stated in its response that it will review the \$236,442 in questioned costs and work with the Kentucky JPSC to remedy these costs, as appropriate.

The Kentucky JPSC concurred with our recommendation. In its response, the Kentucky JPSC stated that it communicated with OVC regarding a potential waiver of matching requirements. If the waiver is not granted, the Kentucky JPSC will recalculate the subaward amounts and subrecipients will be required to return any excess funds received.

This recommendation can be closed when we receive evidence that OJP has remedied the \$236,442 in unsupported matching costs.

13. **Require the Kentucky JPSC to implement a formal written policy regarding its FFR preparation process to help ensure the information being reported is reconciled to supporting data and is reviewed by appropriate personnel and that data supporting the amounts reported is maintained.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Kentucky JPSC to obtain a copy of its revised written policies and procedure regarding the FFR preparation process.

The Kentucky JPSC concurred with our recommendation and stated in its response that it plans to revise its policies and procedures regarding completion of FFRs to ensure the procedures include reconciliation, appropriate review, and maintenance of supporting documentation for reported amounts.

This recommendation can be closed when we receive evidence that OJP has ensured that the Kentucky JPSC has implemented a formal, written policy documenting its FFR preparation process and that the policy requires information being reported to be reconciled to supporting data and reviewed by appropriate personnel and that requires data supporting the amounts reported to be maintained.

14. **Require the Kentucky JPSC to correct and resubmit, as necessary, any inaccurate FFRs for grants that are still ongoing.**

Resolved. OJP concurred with this recommendation. In its response OJP stated that it will coordinate with the Kentucky JPSC to obtain revised final FFRs for the FY 2016 and 2017 awards, as necessary, and will ensure that the final FFR for FY 2018 award is accurate.

In its response, the Kentucky JPSC concurred with our recommendation and stated that it will consult with OVC on the preferred method to resolve the inaccurate FFRs.

This recommendation can be closed when we receive evidence that OJP required the Kentucky JPSC to correct and resubmit, as necessary, any inaccurate FFRs.

15. **Ensure that the Kentucky JPSC conducts its programmatic and financial site visits in a timely manner in compliance with its monitoring policy.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that the Kentucky JPSC provided a copy of its revised subrecipient monitoring policy. According to OJP, the revised policy is adequate to address our recommendation; however, the policy was not dated or signed by a Kentucky JPSC official. OJP will coordinate with the Kentucky JPSC to obtain a signed and dated copy of its revised policy.



The Kentucky JPSC concurred with our recommendation and noted that it had provided its revised monitoring policy to OJP for review and approval. According to the Kentucky JPSC's VOCA Subrecipient Monitoring Plan, which was provided with its response and became effective July 1, 2021, the type and frequency of desk and on-site monitoring is to be based on the results of each subrecipient's most recent risk assessment. The policy requires that the risk assessment include a financial and programmatic assessment, and each resulting risk level dictates a specific monitoring frequency, as well as certain financial and programmatic activities. Moreover, new subrecipients will have specific requirements that they are subject to and once the Kentucky JPSC completes a risk assessment designation, each subrecipient will be informed of their risk designation and the resulting required monitoring.

This recommendation can be closed when we receive evidence that OJP has ensured the Kentucky JPSC conducts its subrecipient monitoring in a timely manner and the subrecipient monitoring policy is approved by an authorized Kentucky JPSC official and appropriately disseminated to the staff responsible for managing federal grant funds.

**16. Ensure that the Kentucky JPSC monitors subrecipient audit findings and, when appropriate, issues management decisions for relevant findings reported in subrecipients' single audits.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Kentucky JPSC to obtain a copy of revised policies and procedures, developed and implemented, to ensure that proper monitoring and review of subrecipient audit reports is performed and any issues or deficiencies identified are properly and timely corrected.

The Kentucky JPSC concurred with this recommendation. The Kentucky JPSC stated in its response that it plans to revise its policies and procedures regarding the review and handling of subrecipient audits.

This recommendation can be closed when we receive evidence that OJP has ensured that the Kentucky JPSC monitors subrecipient audit findings and, when appropriate, issues management decisions for relevant findings reported in subrecipients' single audits.

**17. Coordinate with the Kentucky JPSC to reiterate through training of its grants management staff the importance of financial requirements to help ensure a more robust financial review and provide reasonable assurance that subrecipient charges to VOCA grants are supported and in compliance with grant requirements.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Kentucky JPSC to obtain a copy of written policies and procedures, developed and implemented, to ensure its grants management staff are properly trained in conducting financial reviews of subrecipient expenditures charged to VOCA grants to ensure these transactions are adequately supported and in compliance with grant requirements.

The Kentucky JPSC concurred with our recommendation and stated that it will schedule technical assistance with OJP to ensure compliance.

This recommendation can be closed when we receive evidence that OJP has coordinated with the Kentucky JPSC to reiterate through training of its grants management staff the importance of financial requirements to help ensure a more robust financial review and provide reasonable assurance that subrecipient charges to VOCA grants are supported and in compliance with grant requirements.

18. **Ensure that the Kentucky JPSC evaluates the potential conflict of interest arising from a contract between a subrecipient and a related organization and determine if action is required.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Kentucky JPSC to obtain documentation from its evaluation of the potential conflict of interest and determine if action is required.

The Kentucky JPSC concurred with our recommendation. The Kentucky JPSC stated in its response that it will coordinate with OVC to evaluate the potential conflict of interest and noted its intent to comply with any recommendations for corrective actions, including the potential for any funds to be returned.

This recommendation can be closed when we receive evidence that OJP has ensured that the Kentucky JPSC evaluated the potential conflict of interest arising from a contract between a subrecipient and a related organization and determined if action is required.

19. **Ensure that the Kentucky JPSC revises its monitoring policies and procedures to include a review of potential conflicts of interest.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Kentucky JPSC to obtain a copy of its revised monitoring policies and procedures to ensure that it includes a review of potential conflicts of interest and that such reviews are properly documented.

The Kentucky JPSC concurred with our recommendation. The Kentucky JPSC stated in its response that it plans to revise its policies and procedures to ensure that potential conflicts of interest are evaluated during the subrecipient monitoring process.

This recommendation can be closed when we receive evidence that OJP has ensured that the Kentucky JPSC has revised its monitoring policies and procedures to include a review of potential conflicts of interest.