



Audit of the Office of Justice Programs Cooperative
Agreement Awarded to the Alamo Area Rape Crisis
Center, dba the Rape Crisis Center,
San Antonio, Texas

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EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Cooperative Agreement Awarded to the Alamo Area Rape Crisis Center, dba the Rape Crisis Center, San Antonio, Texas

Objectives

The Office of Justice Programs (OJP) awarded the Alamo Area Rape Crisis Center, dba the Rape Crisis Center (RCC) one cooperative agreement totaling \$850,000 for the Enhanced Collaborative Model to Combat Human Trafficking program. The objectives of this audit were to determine whether costs claimed under the award were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

As a result of our audit, we concluded that RCC demonstrated adequate progress towards achieving program goals and objectives. In addition, we did not identify significant concerns regarding performance reporting, RCC's compliance with select special conditions, budget management, and drawdowns. However, we identified concerns regarding RCC's written policies and procedures, the use of award funds, and federal financial reports (FFR). We also identified \$336,657 in questioned costs, which included \$235,336 in unsupported questioned costs and \$101,321 in unallowable questioned costs. Appendix 2 of this report provides a breakdown of these costs.

Recommendations

Our report contains six recommendations for OJP. We requested a response to our draft audit report from RCC and OJP, which can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

The purpose of the OJP award was to support the development and enhancement of multidisciplinary human trafficking task forces that implement collaborative approaches to combating all forms of human trafficking within the United States. The project period for the award was from October 1, 2016, through September 30, 2020. As of December 2021, RCC had drawn down a cumulative amount of \$464,994 for the award.

Program Goals and Accomplishments

We reviewed RCC's stated accomplishments for the award and found no indications that it had not achieved the program goals and objectives. We also found that accomplishments described in the progress reports generally matched the supporting documentation.

Award Financial Management

We found that RCC's written policies and procedures did not have specific language regarding matching costs, contract award and management, and performance measurement and outcome assessment.

Award Expenditures

We identified \$566 in unsupported and \$36,010 in unallowable personnel costs, \$56,084 in unsupported and \$47,865 in unallowable contractor costs, and \$50,036 in unsupported and \$17,446 in unallowable other direct costs. Additionally, we identified \$128,650 in unsupported matching costs.

Federal Financial Reports

We found that all four FFRs we tested did not match RCC's accounting records for the award.

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Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of one cooperative agreement awarded by the Office of Justice Programs (OJP) Office for Victims of Crimes (OVC), under the Enhanced Collaborative Model to Combat Human Trafficking program, to the Alamo Area Rape Crisis Center, dba the Rape Crisis Center (RCC) in San Antonio, Texas. RCC was awarded one cooperative agreement totaling \$850,000, as shown in Table 1.

Table 1

Grants Awarded to RCC

| Award Number | Program Office | Award Date | Project Period Start Date | Project Period End Date | Award Amount |
|-----------------|----------------|------------|---------------------------|-------------------------|------------------|
| 2016-VT-BX-K032 | OJP | 09/28/2016 | 10/01/2016 | 09/30/2020 | \$850,000 |
| Total: | | | | | \$850,000 |

Source: OJP Grants Management System (GMS)

Funding through the Enhanced Collaborative Model to Combat Human Trafficking program supports the development and enhancement of multidisciplinary human trafficking task forces that implement collaborate approaches to combating all forms of human trafficking within the United States – sex trafficking and labor trafficking – of foreign nationals and U.S. citizens. Funding through this program will be used to assist communities in developing effective and sustainable multidisciplinary task forces that will implement victim-centered and coordinated approaches to identify victims of all types of human trafficking, address the individualized needs of victims through quality services, and investigate and prosecute human trafficking cases at the local, state, tribal, and federal levels.

The Grantee

Incorporated in 1975, RCC is a nonprofit organization that supports and empowers survivors, and educates the community to end sexual violence in San Antonio, Texas, Bexar County, and other surrounding counties. RCC serves anyone impacted by sexual assault, including men, women and children, and their non-offending friends and family members. RCC helps to ensure a responsive medical community, sensitive law enforcement, and an active prosecution system. RCC provides 24-hour crisis intervention, free and confidential counseling, and a prevention education program that promotes healthy relationships and advances social change. RCC not only creates awareness through presentations, but also through events, campaigns, and dynamic partnerships and collaborations.¹

¹ Background information on RCC has been taken from the statements made by the Chief Executive Officer and the organization's website directly (unaudited).

OIG Audit Approach

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

We tested compliance with what we consider to be the most important conditions of the awards. The 2015 and 2017 DOJ Grants Financial Guides and the award documents contain the primary criteria we applied during the audit.

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

Audit Results

Program Performance and Accomplishments

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

Program Goals and Objectives

The goals and objectives for Enhanced Collaborative Model to Combat Human Trafficking Program award included the following:

- South Texas Officers and Prosecutors (STOP) Task Force Against Human Trafficking Goals and Objectives: (1) enhance the formation of the task force; (2) effectively process the current identified cases of trafficking; increasing detection and identification of trafficking victims through proactive law enforcement and training victim serving professionals; assess current strategic plan of action for investigation and following the identification of a victim; increase capacity of law enforcement officers and dedicated time to identifying victims of trafficking; attend six task force meetings and six coalition meetings a year; and assess current and enhance, if necessary, the tracking system used to identify victims of trafficking and current ongoing investigations; and (3) maintenance of the task force.
- OVC Service Provider Goals and Objectives: Provide victim serving and key partners with specialized training and a standardized assessment or screening tool that assists the identification of victims of human trafficking; and to collaborate with trauma-informed community organizations to provide short-term and long-term human health services to victims of human trafficking.

Based on our review, there were no indications that RCC did not adequately achieve the stated goals and objectives of the award.

Required Performance Reports

According to the 2015 and 2017 DOJ Grants Financial Guides, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. In order to verify the information in progress reports, we selected a total sample of 10 performance measures from the 2 most recent reports submitted for the award.² We then traced the items to supporting documentation maintained by RCC.

² At the time of our review, there were two progress reports pending in the Justice Grants System (JustGrants); therefore, we reviewed the two most recent progress reports that had already been approved by OVC.

Based on our progress report testing, we found that the accomplishments described in the progress reports generally matched the supporting documentation.

Compliance with Special Conditions

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

Based on our sample testing, we did not identify any instances of RCC violating the four special conditions that we reviewed.

Award Financial Management

According to the 2015 and 2017 DOJ Grants Financial Guides, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess the RCC's financial management of the award, we conducted interviews with RCC staff, examined policies and procedures, and inspected award documents to determine whether RCC adequately safeguards the award funds we audited. We also reviewed RCC's Single Audit Report for the year ending June 30, 2020, along with the OVC site visit from April 2019 and the Office of the Chief Financial Officer (OCFO) desk review from October 2019 to identify internal control weaknesses and significant non-compliance issues related to federal awards. Finally, we also performed testing in the areas that were relevant for the management of the awards, as discussed throughout this report.

Single Audit

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

RCC's most recent Single Audit Report identified material weaknesses and significant deficiencies under internal controls over financial reporting and major programs. Specifically, the auditors found: (1) \$13,809 in unsupported questioned costs related to rent allocation and \$1,815 in disallowed and unsupported non-payroll costs; (2) RCC was unable to reconcile total expenditures for the federal programs to total revenues in the profit and loss statements by grant on the Schedule of Expenditures of Federal Award (SEFA); (3) the hire letter for one management employee form did not contain evidence of the Chief Executive Officer's (CEO) signature approval as required, five employee timesheets did not contain evidence of supervisory review and approval, and two expenditures submitted by the former CEO did not contain Board of Directors approval as required; (4) the grant allocation worksheets did not contain evidence of employee certification and management review; (5) the date of submission for four financial reports were after the required due date and there were no segregation of duties over the preparation of financial reports; and (6) RCC was unable to provide supporting documentation for two quarterly financial reports and two programmatic reports.

The OVC site review identified financial and programmatic weaknesses, including: (1) late and inaccurate financial reports; (2) the evaluation component of the award had been largely inactive since July 2017; and (3) the only subrecipient for the award had not provided any services to date, resulting from the lack of RCC monitoring.³ The OCFO desk review also identified untimely financial reports.

RCC submitted a corrective action plan to address the findings and recommendations identified in the Single Audit Report and according to OVC, provided sufficient documentation to resolve its site review findings. However, we identified similar concerns during our audit, including weaknesses in RCC's financial management that resulted in unsupported and unallowable costs totaling \$336,657. Specifically, we found that RCC: (1) charged unallowable and unsupported personnel, contractor, and other direct costs to the awards; (2) did not meet its matching requirement for the award; and (3) submitted Federal Financial Reports (FFR) that were inaccurate. These deficiencies are discussed in more detail in the Personnel Costs, Contractor Costs, Other Direct Costs, Matching Costs, and Federal Financial Reports sections of this report.

Additionally, we concluded that RCC's written policies and procedures could be strengthened. We noted that RCC's policies and procedures did not have specific language regarding matching costs, contract award and management, and performance measurement and outcome assessment. Therefore, we recommend that OJP coordinate with RCC to ensure it develops and implements financial policies and procedures that include specific language regarding matching costs, contract award and management, and performance measurement and outcome assessment.

Award Expenditures

For Award Number 2016-VT-BX-K032, RCC's approved budget included personnel, fringe benefits, travel, equipment, supplies, contractual, and other direct costs. In addition, RCC was required to provide a total of \$128,650 in matching funds, which represents 25 percent of total project expenditures. To determine whether costs charged to the award were allowable, supported, and properly allocated in compliance with award requirements, we tested a judgmental sample of 134 transactions totaling \$128,222.⁴ We reviewed documentation, accounting records, and performed verification testing related to award expenditures, in which we identified \$336,657 in questioned costs. The following sections describe the results of our testing.

Personnel Costs

As part of our sample, we reviewed 24 employee salary and related fringe benefit transactions totaling \$20,568 for 4 non-consecutive pay periods for the award, to determine if labor charges were computed correctly, accurately recorded, and properly authorized and allocated to the award. Based on our review, we identified \$36,576 in total questioned costs, including \$566 in unsupported personnel costs and \$36,010 in unallowable questioned costs charged to the award.

Specifically, during our initial testing, we identified one employee transaction for which RCC could not provide a timesheet for and three employee transactions that were paid with award funds for positions that

³ We confirmed there were no expenditures in the award general ledger for any subrecipients.

⁴ Throughout this report, differences in the total amounts are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded.

were not included in the award budget. As a result, we expanded our sample by selecting two additional non-consecutive pay periods for testing. We identified three additional employee transactions for positions that were not included in the award budget, resulting in \$566 in unsupported questioned costs and \$3,775 in unallowable questioned costs. Additionally, we reviewed the award general ledger and questioned all salaries and related fringe benefits for the life of the award related to unbudgeted positions, resulting in an additional \$32,234 in unallowable salaries and fringe benefits.

We recommend that OJP remedy the \$566 in unsupported and \$36,010 in unallowable personnel costs.

Contractor Costs

We reviewed all 10 contractor transactions totaling \$56,084 to determine if charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the grants. In addition, we determined if rates, services, and total costs were in accordance with those allowed in the approved budgets. As a result of our testing, we identified \$103,949 in total questioned costs, including \$56,084 in unsupported contractor costs and \$47,865 in unallowable contractor costs charged to the award.

Specifically, we identified 10 contractor transactions totaling \$56,084 that did not have adequate supporting documentation. Four contractor transactions totaling \$24,000 were not supported by detailed invoices or a contract agreement. For the remaining six contractor transactions totaling \$32,084, RCC was unable to provide any supporting documentation. We also identified nine contractor transactions totaling \$47,865 for services that were not included in the award budget or charged excess consulting fees. Eight of the unbudgeted transactions totaling \$40,084 were for the same contractor for strategic planning, meetings, and communications services that were not included in the award budget. Additionally, this contractor charged a \$5,000 monthly retainer fee, which was charged regardless of the amount of services it provided. In our judgment, contract costs must be based on actual services provided, rather than a monthly retainer fee that is paid regardless of whether or not services are provided during the month. Finally, we identified one contractor that charged \$1,200 per hour, which exceeds the maximum allowable rate of \$81.25 per hour, resulting in \$7,781 in unallowable questioned costs in excess fees. According to the award criteria, a detailed justification must be submitted to and approved by OJP prior to obligation or expenditure of any consultant rate in excess of \$650 per day, or \$81.25 per hour.

We recommend that OJP remedy the \$56,084 in unsupported and \$47,865 in unallowable contractor questioned costs. Additionally, we recommend that OJP coordinate with RCC to ensure that: (1) current contract agreements are maintained for all contractors and consultants; (2) contractors and consultants provide detailed invoices for actual services rendered prior to payment; (3) it receives prior approval from OJP to exceed the standard consultant rate; and (4) it implements specific policies and procedures to adequately maintain all award documentation.

Other Direct Costs

As part of our sample, we reviewed 100 other direct cost transactions totaling \$51,570 to determine if the costs were supported, approved, allowable, and reasonable. As a result of our testing, we identified \$67,482 in unsupported and unallowable other direct costs charged to the awards.

We identified 68 transactions (68 percent of the transactions in our sample) totaling \$50,036 in other direct costs that were not supported. Specifically, we identified 25 transactions for travel, training and conferences, office rent, and victim assistance that were not adequately supported. We also found that for two transactions, RCC did not have documentation showing that the gift cards were distributed to victims. Additionally, we identified one transaction for which a check was made payable directly to a victim without any other supporting documentation related to the use of the funds. Finally, we identified one transaction for which the reservation amount was charged to the award; however, the hotel receipt after the stay was \$63 less. In addition, we found that RCC did not have a consistent or reasonably documented allocation methodology prior to fiscal year (FY) 2021. As a result, we identified 13 unsupported other direct costs sample expenditures that were allocated to the award. For 31 other direct cost transactions, RCC was unable to provide any supporting documentation.⁵

We identified 14 other direct cost transactions totaling \$17,446 for conferences and training, payroll processing software, security system, scrubs for RCC staff and advocates, an office chair, utilities, and cancelation fees that were not included in the approved budget or an approved Grant Adjustment Notice (GAN). Additionally, RCC purchased some specific computer items not included in the budget that were requested because of the COVID-19 pandemic via electronic mail (e-mail) and were approved by OVC via e-mail. However, in the email, the OVC Grant Manager also directed RCC to submit a budget modification GAN in order to have these expenses approved. We followed up with the OVC Grant Manager to determine if RCC requested and received a budget modification GAN for these specific items, and we were told that a GAN could not be located in the Grants Management System (GMS) or JustGrants. As a result, we questioned these costs as unallowable.

Based on our testing, we reviewed the award general ledger and questioned all other direct costs charged to the award for unsupported expenses that were allocated to multiple funding sources and unallowable expenses that were not included in the award budget, resulting in an additional \$10,023 in unsupported and \$4,003 in unallowable questioned costs.

In total, we identified \$50,036 in unsupported and \$17,446 in unallowable other direct costs charged to the awards. Therefore, we recommend that OJP remedy the \$50,036 in unsupported and \$17,446 in unallowable other direct questioned costs.

Matching Costs

Matching costs are the recipient's share of the project costs. Matching costs may either be in-kind or cash. In-kind match includes the value of donated services. Cash match includes actual cash spent by the recipient and must have a cost relationship to the federal award that is being matched. According to the 2015 and 2017 DOJ Financial Guides, recipients must maintain records which clearly show the source, amount, and timing for all matched contributions.

⁵ We identified four transactions that were unsupported for multiple reasons. However, the amount of unsupported costs was only questioned once.

RCC's matching requirement for this award was \$128,650.⁶ We requested RCC's accounting records used to track matching costs charged to the award program, as well as supporting documentation for the matching costs. We found that RCC did not have any accounting records or other documentation to support the \$22,025 of matching costs reported in the FFRs. As a result, we questioned the entire amount of the required match totaling \$128,650 as unsupported. Therefore, we recommend OJP remedy the \$128,650 in unsupported matching costs. Additionally, we recommend that OJP coordinate with RCC to ensure that it: (1) meets its matching requirement; (2) maintains accounting records to track matching costs charged to the award; and (3) implements new policies and procedures to ensure matching costs are properly supported.

Budget Management and Control

According to the 2015 and 2017 DOJ Grants Financial Guides, the recipient is responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for each award. Additionally, the grant recipient must initiate a GAN for a budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total award amount.

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

Drawdowns

According to the 2015 and 2017 DOJ Grants Financial Guides, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. As of December 3, 2021, RCC had drawn down a total of \$464,994 from the award. According to the DOJ Grants Financial Guide, RCC had 90 days from the end of the award period to request drawdowns for expenses applicable to the award. While the award's period of performance ended September 30, 2020, the award has not been closed out due to our ongoing audit. OJP should consider the findings in this report as it considers RCC's requests for additional drawdowns.

During this audit, we did not identify significant deficiencies related to the recipient's process for developing drawdown requests. However, as discussed previously, we identified deficiencies and questioned costs related to compliance of individual expenditures with award rules. We address those deficiencies in the Award Expenditures section in this report.

Federal Financial Reports

According to the 2015 and 2017 DOJ Grants Financial Guides, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative

⁶ We determined the matching requirement by calculating 25 percent of RCC's total expenditures of \$514,600 based on the latest FFR submitted to OJP. However, at the time of our that FFR had not been submitted or approved.

expenditures. To determine whether RCC submitted accurate FFRs, we compared the four most recent reports to RCC’s accounting records for this award.⁷

As shown in Table 2, we found that none of the FFRs we tested matched RCC’s accounting records for quarterly or cumulative expenses for this award.

Table 2

FFR Accuracy

| Report # | Quarterly Expenditures Difference (Qtr. Exp. per GL – Qtr. Exp. per FFR) | Cumulative Expenditures Difference Per GL (Cumulative Exp. per GL – Cumulative Exp. per FFR) |
|----------|---|---|
| 11 | \$9,812 | (\$25,045) |
| 12 | (\$1,104) | (\$26,149) |
| 13 | \$604 | (\$25,545) |
| 14 | \$49,534 | \$23,990 |

Source: OJP Grants Management System and RCC Accounting Records

In addition, we noted that the most recent FFR reported \$22,025 in total matching costs for the award. However, as discussed previously in the Matching Costs section of this report, RCC did not have any documentation to support the matching costs reported on its FFRs. When we asked RCC for its response to the inaccurate FFRs, we were told that all previous FFRs were submitted by staff members who are no longer with the agency and the current leadership team has limited knowledge of past financial reporting practices. Further, RCC officials were not aware of any other reports used to complete the FFRs, although it is possible that documents were misplaced during leadership transitions. Therefore, we recommend that OJP coordinate with RCC to develop policies and procedures that ensures information reported in FFRs is accurate and supported.

⁷ At the time of our review, the final two FFRs for this award were delinquent; therefore, we reviewed the four most recent FFRs that had already been approved by OVC.

Conclusion and Recommendations

As a result of our audit testing, we conclude that RCC demonstrated adequate progress towards achieving the award's stated goals and objectives. Additionally, we did not identify significant issues regarding RCC's progress reports or its management of the award budget or drawdowns. However, we found that RCC did not comply with essential award conditions related to the use of award funds, matching costs, and financial reports. We also found that RCC's written policies and procedures could be strengthened. As a result, we provide 6 recommendations for OJP to address these deficiencies.

We recommend that OJP:

1. Coordinate with RCC to ensure it develops and implements financial policies and procedures that include specific language regarding matching costs, contract award and management, and performance measurement and outcome assessment.
2. Coordinate with RCC to remedy the \$235,336 in unsupported questioned costs related to \$566 in unsupported personnel costs, \$56,084 in unsupported contractor costs, \$50,036 in unsupported other direct costs, and \$128,650 in unsupported matching costs.
3. Coordinate with RCC to remedy the \$101,321 in unallowable questioned costs related to \$36,010 in unallowable personnel costs, \$47,865 in unallowable contractor costs, and \$17,446 in unallowable other direct costs.
4. Coordinate with RCC to ensure that current contract agreements are maintained for all contractors and consultants, contractors and consultants provide detailed invoices for actual services rendered prior to payment, it receives prior approval from OJP to exceed the standard consultant rate, and implements specific policies and procedures to adequately maintain all award documentation.
5. Coordinate with RCC to ensure that it meets its matching requirement, maintains accounting records to track matching costs charged to the award, and implements new policies and procedures to ensure matching costs are properly supported.
6. Coordinate with RCC to develop policies and procedures that ensures information reported in FFRs is accurate and supported.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

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

Scope and Methodology

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

This was an audit of Office of Justice Programs (OJP) Office for Victims of Crime (OVC) cooperative agreement awarded to the Alamo Rape Crisis Center, dba the Rape Crisis Center (RCC) under the Enhanced Collaborative Model to Combat Human Trafficking program. Through Award Number 2016-VT-BX-K032, RCC was awarded \$850,000. As of May 4, 2021, RCC had drawn down \$464,994 of the total funds awarded. Our audit concentrated on, but was not limited to September 28, 2016, the award date for Award Number 2016-VT-BX-K032, through September 10, 2021, the last day of our audit work. As a result of the COVID-19 pandemic response, we performed our audit fieldwork exclusively in a remote manner.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of RCC's activities related to the audited award. We performed sample-based audit testing for award expenditures including payroll and fringe benefit charges, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the award reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The 2015 and 2017 DOJ Grants Financial Guides and the award documents contain the primary criteria we applied during the audit.

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

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of RCC to provide assurance on its internal control structure as a whole. RCC 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 RCC’s internal control structure as a whole, we offer this statement solely for the information and use of the RCC and OJP.⁸

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 implement control activities through policies. |
| Information & Communication Principles | |
| | Management should internally communicate the necessary quality information to achieve the entity's objectives. |
| | Management should externally communicate the necessary quality information to achieve the entity's objectives. |

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.

⁸ 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 | Amount | Page |
|---|-------------------------|------|
| Questioned Costs: | | |
| Unallowable Personnel Costs | \$36,010 | 6 |
| Unallowable Contract Costs | 47,865 | 6 |
| Unallowable Other Direct Costs | <u>17,446</u> | 7 |
| Unallowable Costs | \$101,321 | |
| | | |
| Unsupported Personnel Costs | \$566 | 6 |
| Unsupported Contractor Costs | 56,084 | 6 |
| Unsupported Other Direct Costs | 50,036 | 7 |
| Unsupported Matching Costs | <u>128,650</u> | 8 |
| Unsupported Costs | \$235,336 | |
| | | |
| <i>Gross Questioned Costs</i> ⁹ | <i>\$336,657</i> | |
| Less Duplicate Questioned Costs ¹⁰ | <u>(58,215)</u> | |
| Net Questioned Costs | \$278,442 | |
| | | |
| TOTAL DOLLAR-RELATED FINDINGS | <u>\$278,442</u> | |

⁹ **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.

¹⁰ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which includes \$47,865 in contractor costs and \$10,350 in other direct costs that were both unallowable and unsupported.

APPENDIX 3: The Alamo Area Rape Crisis Center Response to the Draft Report



November 9, 2021

Response to the Draft Audit Report Recommendations Cooperative Agreement 2016-VT-BX-K032

1. Coordinate with RCC to ensure it develops and implements financial policies and procedures that include specific language regarding matching costs, contract award and management, and performance measurement and outcome assessment.

The RCC concurs with the recommendation. We have drafted language that addresses the specific topics cited, and after review and approval from the agency's leadership team, these updates will be incorporated into our financial policies and procedures. We expect that all policies and procedures revised in response to the audit recommendations will be in place by December 1, 2021. The Finance Manager is responsible for implementing policies related to matching costs and contract management, and this position will also update the policies when needed. Performance measurement and outcome assessment policies and implementation fall under the Grant Manager's area of responsibility.

2. Coordinate with RCC to remedy the \$235,336 in unsupported questioned costs related to \$566 in unsupported personnel costs, \$56,084 in unsupported contractor costs, \$50,036 in unsupported other direct costs, and \$128,650 in unsupported matching costs.

The RCC concurs, and the agency's CEO and Finance Manager will work with the OJP to address this recommendation. Due to the large amount of the questioned costs in relation to the RCC's operating budget and the need to maintain financial stability for the organization, we are asking for flexibility. The ongoing impacts of the pandemic, VOCA funding, and unrestricted funding decreases have also presented financial challenges. The RCC would like to request the use of CAROI in resolving the audit findings.

3. Coordinate with RCC to remedy the \$101,321 in unallowable questioned costs related to \$36,010 in unallowable personnel costs, \$47,865 in unallowable contractor costs, and \$17,446 in unallowable other direct costs.

The RCC concurs, and the agency's CEO and Finance Manager will work with the OJP to address this recommendation. Due to the large amount of the questioned costs in relation to the RCC's operating budget and the need to maintain financial stability for the organization, we are asking for flexibility. The ongoing impacts of the pandemic, VOCA funding, and unrestricted funding decreases have also presented financial challenges. The RCC would like to request the use of CAROI in resolving the audit findings.

4. Coordinate with RCC to ensure that current contract agreements are maintained for all contractors and consultants, contractors and consultants provide detailed invoices for actual services rendered prior to payment, it receives prior approval from OJP to exceed the standard



consultant rate, and implements specific policies and procedures to adequately maintain all award documentation.

The RCC concurs with the recommendation. Current contract agreements are stored in the agency's electronic files for all contractors and consultants, and these documents will be retained in compliance with the requirements of our current funders. The RCC is working with our contractors to ensure that all invoices include a detailed description of services provided, and starting on December 1, 2021, all contractor service records will be saved with the invoices in the RCC's accounting files. The RCC does not have any active awards from the OJP. Our current funders require us to submit grant-funded contracts with information on each consultant's pay rate, and we have done so at the start of the most recent grant periods. The RCC's financial policies currently include a section on document retention, and we are drafting language that will address contract agreements and related documentation in more detail. The RCC is receiving technical assistance from a nonprofit financial specialist that is a likened CPA at the Texas Association Against Sexual Assault (TAASA) to develop additional compensating controls. RCC plans to use this technical assistance for three (3) months and whenever financial grant compliance is needed.

5. Coordinate with RCC to ensure that it meets its matching requirement, maintains accounting records to track matching costs charged to the award, and implements new policies and procedures to ensure matching costs are properly supported.

The RCC concurs with the recommendation. For the agency's current fiscal year, the matching requirements of our grant funding are limited. When cash match is required, the RCC's Finance Manager generates the appropriate reports from our accounting system and maintains this documentation with our monthly financial reports for the corresponding award. As stated above, the RCC is developing a policy to address matching costs, and this will be in effect by December 1, 2021.

6. Coordinate with RCC to develop policies and procedures that ensure information reported in FFRs is accurate and supported.

The RCC concurs with the recommendation. Currently, the RCC's Finance Manager and Chief Executive Officer work together to complete the required financial reports for our grants. Supporting documentation in the form of General Ledger details is maintained for each report. Before submission, the RCC ensures that the information in the report matches the General Ledger support. We are working to formalize this process in our written financial policies, and the updated document will be in place by December 1, 2021.

APPENDIX 4: The Office of Justice Programs Response to the Draft Report



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

November 17, 2021

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

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

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Grants Awarded to the Alamo Area Rape Crisis Center, dba The Rape Crisis Center, San Antonio, Texas*

This memorandum is in reference to your correspondence, dated October 19, 2021, transmitting the above-referenced draft audit report for the Alamo Area Rape Crisis Center, doing business as The Rape Crisis Center (RCC). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **six** recommendations and **\$278,442¹** in net questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

- 1. We recommend that OJP coordinate with RCC to ensure it develops and implements financial policies and procedures that include specific language regarding matching costs, contract award and management, and performance measurement and outcome assessment.**

OJP agrees with this recommendation. In its response, dated November 9, 2021, RCC stated that it anticipates finalizing its policies and procedures by December 1, 2021; and that they will include specific language regarding matching costs, contract award and management, and performance measurement and outcome assessment. Accordingly, we will coordinate with RCC to obtain a copy of their written policies and procedures, developed and implemented, which include specific language regarding matching costs, contract award and management, and performance measurement and outcome assessment.

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

2. **We recommend that OJP coordinate with RCC to remedy the \$235,336 in unsupported questioned costs related to \$566 in unsupported personnel costs, \$56,084 in unsupported contractor costs, \$50,036 in unsupported other direct costs, and \$128,650 in unsupported matching costs.**

OJP agrees with this recommendation. In its response, dated November 9, 2021, RCC stated that, to remedy the \$235,336 in unsupported questioned costs, its Chief Executive Officer (CEO) and Finance Manager will work with OJP to address this recommendation. Accordingly, we will review the \$235,336 in unsupported questioned costs, that were charged to Cooperative Agreement Number 2016-VT-BX-K032, and will work with RCC to remedy, as appropriate.

3. **We recommend that OJP coordinate with RCC to remedy the \$101,321 in unallowable questioned costs related to \$36,010 in unallowable personnel costs, \$47,865 in unallowable contractor costs, and \$17,446 in unallowable other direct costs.**

OJP agrees with this recommendation. In its response, dated November 9, 2021, to remedy the \$101,321 in unallowable questioned costs, RCC indicated that its CEO and Finance Manager will work with OJP to address this recommendation. Accordingly, we will review the \$101,321 in unallowable questioned costs, that were charged to Cooperative Agreement Number 2016-VT-BX-K032, and will work with RCC to remedy, as appropriate.

4. **We recommend that OJP coordinate with RCC to ensure that current contract agreements are maintained for all contractors and consultants, contractors and consultants provide detailed invoices for actual services rendered prior to payment, it receives prior approval from OJP to exceed the standard consultant rate, and implements specific policies and procedures to adequately maintain all award documentation.**

OJP agrees with this recommendation. In its response, dated November 9, 2021, RCC stated that it is working to address this recommendation, and would implement process changes, effective December 1, 2021. Accordingly, we will coordinate with RCC to obtain a copy of written policies and procedures, developed and implemented, to ensure that contract agreements are maintained for all contractors and consultants; contractors and consultants provide detailed invoices for actual services rendered prior to payment; prior approval is obtained from the Federal awarding agency if the standard consultant rate is exceeded; and the supporting documentation is maintained for future auditing purposes.

5. **We recommend that OJP coordinate with RCC to ensure that it meets its matching requirement, maintains accounting records to track matching costs charged to the award, and implements new policies and procedures to ensure matching costs are properly supported.**

OJP agrees with this recommendation. In its response, dated November 9, 2021, RCC stated that it anticipates finalizing its policies and procedures by December 1, 2021; and that they will include revised procedures to ensure that matching requirements are met, and that accounting records and supporting documentation are maintained for their matching costs. Accordingly, we will coordinate with RCC to obtain a copy of written policies and procedures, developed and implemented, to ensure that its matching requirement is met; accounting records to track matching costs charged to the award are maintained; and matching costs are properly supported.

6. **We recommend that OJP coordinate with RCC to develop policies and procedures that ensures information reported in FFRs is accurate and supported.**

OJP agrees with this recommendation. In its response, dated November 9, 2021, RCC stated that it anticipates finalizing policies and procedures by December 1, 2021; and that they will include provisions to ensure that information reported in its Federal Financial Reports (FFRs) is accurate and supported. Accordingly, we will coordinate with RCC to obtain a copy of written policies and procedures, developed and implemented, to ensure that future FFRs are accurately prepared, and the supporting documentation is maintained for future auditing purposes.

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

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

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

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

Kristina Rose
Director
Office for Victims of Crime

cc: James Simonson
Acting Principal Deputy Director
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Brecht Donoghue
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Manager, Evaluation and Oversight Branch
Grants Financial Management Division
Office of the Chief Financial Officer

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

OJP Executive Secretariat
Control Number IT20211019133655

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

The OIG provided a draft of this audit report to the Alamo Area Rape Crisis Center, dba the Rape Crisis Center (RCC) and the Office of Justice Programs (OJP) for review and official comment. RCC'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 concurred with our recommendations, and as a result, the status of the audit report is resolved. RCC concurred with the recommendations. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Coordinate with RCC to ensure it develops and implements financial policies and procedures that include specific language regarding matching costs, contract award and management, and performance measurement and outcome assessment.**

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with RCC to obtain a copy of their written policies and procedures, developed and implemented, which include specific language regarding matching costs, contract award and management, and performance measurement and outcome assessment.

RCC concurred with our recommendation and stated in its response that it has drafted language that addresses the specific topics cited, and after review and approval from the agency's leadership team, these updates will be incorporated into its financial policies and procedures and implemented.

This recommendation can be closed when we receive documentation showing that RCC has developed and implemented financial policies and procedures that include specific language regarding matching costs, contract award and management, and performance measurement and outcome assessment.

- 2. Coordinate with RCC to remedy the \$235,336 in unsupported questioned costs related to \$566 in unsupported personnel costs, \$56,084 in unsupported contractor costs, \$50,036 in unsupported other direct costs, and \$128,650 in unsupported matching costs.**

Resolved. OJP agreed with our recommendation and stated in its response that it will review the \$235,336 in unsupported questioned costs, that were charged to Cooperative Agreement Number 2016-VT-BX-K032, and will work with RCC to remedy, as appropriate.

RCC concurred with our recommendation and stated in its response that the agency's Chief Executive Officer (CEO) and Finance Manager will work with OJP to address the questioned costs.

This recommendation can be closed when we receive documentation that OJP has remedied the \$235,336 in unsupported questioned costs related to \$566 in unsupported personnel costs, \$56,084 in unsupported contractor costs, \$50,036 in unsupported other direct costs, and \$128,650 in unsupported matching costs.

- 3. Coordinate with RCC to remedy the \$101,321 in unallowable questioned costs related to \$36,010 in unallowable personnel costs, \$47,865 in unallowable contractor costs, and \$17,446 in unallowable other direct costs.**

Resolved. OJP agreed with our recommendation and stated in its response that it will review the \$101,321 in unallowable questioned costs, that were charged to Cooperative Agreement Number 2016-VT-BX-K032, and will work with RCC to remedy, as appropriate.

RCC concurred with our recommendation and stated in its response that its CEO and Finance Manager will work with the OJP to address the questioned costs.

This recommendation can be closed when we receive documentation that OJP has remedied the \$101,321 in unallowable questioned costs related to \$36,010 in unallowable personnel costs, \$47,865 in unallowable contractor costs, and \$17,446 in unallowable other direct costs.

- 4. Coordinate with RCC to ensure that current contract agreements are maintained for all contractors and consultants, contractors and consultants provide detailed invoices for actual services rendered prior to payment, it receives prior approval from OJP to exceed the standard consultant rate, and implements specific policies and procedures to adequately maintain all award documentation.**

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with RCC to obtain a copy of written policies and procedures, developed and implemented, to ensure that contract agreements are maintained for all contractors and consultants; contractors and consultants provide detailed invoices for actual services rendered prior to payment; prior approval is obtained from the Federal awarding agency if the standard consultant rate is exceeded; and the supporting documentation is maintained for future auditing purposes.

RCC concurred with our recommendation and stated in its response that current contract agreements are stored in its electronic files for all contractors and consultants, and these documents will be retained in compliance with the applicable criteria. RCC also stated that it is working with contractors to ensure that all invoices include a detailed description of services provided, and starting on December 1, 2021, all contractor service records will be saved with the invoices in its accounting files. In addition, RCC stated that while its financial policies currently include a section on document retention, it is drafting language that will address contract agreements and related documentation in more detail.

This recommendation can be closed when we receive documentation showing that RCC has written policies and procedures to ensure that current contract agreements are maintained for all contractors and consultants, contractors and consultants provide detailed invoices for actual services rendered prior to payment, it receives prior approval from OJP to exceed the standard consultant rate, and implements specific policies and procedures to adequately maintain all award documentation.

- 5. Coordinate with RCC to ensure that it meets its matching requirement, maintains accounting records to track matching costs charged to the award, and implements new policies and procedures to ensure matching costs are properly supported.**

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

ensure that its matching requirement is met; accounting records to track matching costs charged to the award are maintained; and matching costs are properly supported.

RCC concurred with our recommendation and stated in its response that when cash match is required, its Finance Manager generates the appropriate reports from its accounting system and maintains this documentation along with its monthly financial reports for the corresponding award. Additionally, RCC stated that it's developing a policy to address matching costs, which will be in effect by December 1, 2021.

This recommendation can be closed when we receive documentation showing that RCC has met its matching requirement, maintains accounting records to track matching costs charged to the award, and implements new policies and procedures to ensure matching costs are properly supported.

6. Coordinate with RCC to develop policies and procedures that ensures information reported in FFRs is accurate and supported.

Resolved. OJP agreed with our recommendation and stated in its response that it will coordinate with RCC to obtain a copy of written policies and procedures, developed and implemented, to ensure that future FFRs are accurately prepared, and the supporting documentation is maintained for future auditing purposes.

RCC concurred with our recommendation and stated in its response that the Finance Manager and Chief Executive Officer work together to complete the required financial reports for its grants. RCC also stated that supporting documentation in the form of general ledger details is maintained for each financial report and prior to submission, RCC ensures that the information in the report matches the general ledger support. In addition, RCC stated that it is working to formalize this process in its written financial policies, which will be in place by December 1, 2021.

This recommendation can be closed when we receive documentation showing that RCC has developed policies and procedures that ensures the information reported in FFRs is accurate and supported.