



Audit of the Office of Justice Programs Victim
Assistance Funds Subawarded by the California
Governor's Office of Emergency Services to
Building Futures with Women and Children,
San Leandro, California



AUDIT DIVISION

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EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Victim Assistance Funds Subawarded by the California Governor's Office of Emergency Services to Building Futures with Women and Children, San Leandro, California

Background

The U.S. Department of Justice (DOJ), Office of Justice Programs (OJP) provided funds to the California Governor's Office of Emergency Services (Cal OES) to make subawards to support victim assistance programs in the state of California. Cal OES awarded \$1,085,115 in Victims of Crime Act (VOCA) funds to Building Futures with Women and Children (Building Futures) under three subawards covering fiscal years (FY) 2020 to 2024. The purpose of Building Futures' subawards was to provide local assistance for comprehensive support services, including emergency shelter to victims of domestic violence and their children. As of July 31, 2024, Cal OES had reimbursed Building Futures for a cumulative amount of \$986,388 for the subawards we reviewed.

Audit Objective

The objective of this DOJ Office of the Inspector General audit was to review how Building Futures used VOCA funds to assist crime victims and assess whether it accounted for these funds in compliance with select award requirements, terms, and conditions.

Recommendations

Our report contains 10 recommendations. We provide four recommendations for OJP and Cal OES and six recommendations for OJP and Cal OES to assist Building Futures in improving its subaward management and remedy \$41,375 in questioned costs. We requested a response to our draft audit report from Building Futures, Cal OES, and OJP officials, which can be found in Appendices 3, 4, and 5, respectively. Our analysis of those responses is included in Appendix 6.

Summary of Audit Results

We concluded that Building Futures provided local services to victims of crime, including emergency shelter to victims of domestic violence and their children, in Alameda County, California. However, we found deficiencies with Building Futures' financial management, specifically its cost allocation methodologies. We also found deficiencies in Building Futures' programmatic reporting. Finally, we determined that Cal OES could improve certain areas of its financial and programmatic monitoring procedures over subrecipients. We questioned \$41,375 as a result of these deficiencies.

Program Performance Accomplishments

Although Building Futures provided direct services to victims, we determined that the data reported on the Performance Measurement Tool was overstated as it included activities funded by other sources. We also determined that Building Futures did not prorate its performance by funding source, which Cal OES oversight of subrecipient performance reporting did not identify.

Financial Management

We identified deficiencies with Building Futures' financial management, including inadequate timekeeping procedures as well as undocumented and inconsistent cost allocation methodologies. As a result, we questioned \$32,478 in unsupported personnel costs and \$8,897 in inadequately supported and unallowable operating costs. Finally, we also determined that Cal OES should improve its subrecipient assessment procedures.

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Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of victim assistance funds received by Building Futures with Women and Children (Building Futures), which is located in San Leandro, California. The Office of Justice Programs (OJP) Office for Victims of Crime (OVC) provided this funding to the California Governor’s Office of Emergency Services (Cal OES), which serves as the state administering agency (SAA) for California and makes subawards to direct service providers.¹ As a direct service provider, Building Futures received three subawards from Cal OES totaling \$1,085,115 in Victims of Crime Act (VOCA) funds between October 2020 and September 2024. These funds that were included in the three subawards from Cal OES originated from five OVC grants, as shown in Table 1.

Table 1

Audited Subawards to Building Futures from Cal OES

Cal OES Subaward Identifier	OJP Prime Award Numbers	Cal OES Project Start Date	Cal OES Project End Date	Subaward Amount
DV23 23 1770	15POVC-22-GG-00708-ASSI	10/01/2023	09/30/2024	\$250,474
DV22 22 1770	15POVC-21-GG-00613-ASSI	10/01/2022	09/30/2023	\$255,709
DV20 20 1770	2020-V2-GX-0031	10/01/2020	09/30/2022	\$247,250
	2019-V2-GX-0053			\$157,950
	2018-V2-GX-0029			\$173,732
Total:				\$1,085,115

Source: JustGrants, Cal OES

Established by VOCA of 1984, the Crime Victims Fund (CVF) is used to support crime victims through DOJ programs and state and local victim assistance and compensation initiatives.² According to OJP’s program guidelines, victim assistance services eligible to receive VOCA support must: (1) respond to the emotional, psychological, or physical needs of crime victims, (2) assist victims of crime to stabilize their lives after a victimization, (3) assist victims to understand and participate in the criminal justice system, or (4) provide victims of crime with a measure of safety and security. Direct service providers receiving VOCA victim

¹ As an SAA, Cal OES is responsible for ensuring that Building Futures’ subawards are used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of the subawards; and that subaward performance goals are achieved. As such, we considered the results of our audit of victim assistance grants awarded to Cal OES in performing this separate review. See U.S. Department of Justice Office of the Inspector General, [Audit of the Office of Justice Programs Victim Assistance Formula Grants Awarded to the California Governor's Office of Emergency Services, Mather, California](#), Audit Report GR-90-16-002 (January 2016), oig.justice.gov/reports/audit-office-justice-programs-victim-assistance-formula-grants-awarded-california-governors.

² The VOCA Victim Assistance Formula Grant Program is funded under 34 U.S.C. § 20101. Federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments support the CVF. The total amount of funds that OVC may distribute each year depends upon the amount of CVF deposits made during the preceding years and limits set by Congress.

assistance subawards thus may provide a variety of support to victims of crime, to include offering help filing restraining orders, counseling in crises arising from the occurrence of crime, crisis intervention, and emergency shelter.

Building Futures

Building Futures is a 501(c)(3) non-profit organization with office locations in San Leandro, Oakland, and Alameda, California. Its mission is to build communities with underserved women and children where they are safely and supportively housed, free from homelessness and domestic violence. Building Futures was founded in 1986 to provide overnight shelter for women and children and has been receiving Cal OES funding since the late 1990s. Building Futures' services include: (1) homeless services, (2) housing services, and (3) domestic violence services. Building Futures' domestic violence services program encompasses a domestic violence safe house, domestic violence outreach, counseling and advocacy services, and housing access and supportive services, which are available at various locations throughout Alameda County. Building Futures also operates a toll-free crisis hotline, available 24-hours per day. Building Futures uses its VOCA subawards to fund its domestic violence services, including its safe house.

OIG Audit Approach

The objective of this audit was to review how Building Futures used the VOCA funds received through subawards from Cal OES to assist crime victims and assess whether Building Futures accounted for VOCA funds in compliance with select award requirements, terms, and conditions. To accomplish this objective, we assessed program performance and accomplishments and financial management.

To gain a further understanding of victim assistance subawards oversight, as well as to evaluate Building Futures performance and administration of VOCA-funded programs, we solicited feedback from Cal OES officials regarding Building Futures' records of delivering crime victim services, accomplishments, and compliance with Cal OES award requirements.

We tested compliance with what we considered to be the most important conditions of the subawards. The DOJ Grants Financial Guide; VOCA Guidelines and Final Rule; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); Cal OES' Grants Management Monitoring Division's Policies and Procedures Manual, Cal OES' Subrecipient Handbook, Building Futures' Finance Policy and Procedures Manual; and Cal OES award documents contain the primary criteria we applied during this audit. The results of our analysis are discussed in detail in the following sections of this report. Appendix 1 contains additional information on this audit's objective, scope, and methodology. Appendix 2 presents the audit's Schedule of Dollar-Related Findings.

Audit Results

Program Performance and Accomplishments

As established by the VOCA legislation, VOCA subawards are available to Building Futures for the purpose of providing direct services to victims. Building Futures received its VOCA funding from Cal OES to provide local assistance for comprehensive victim support services, including emergency shelter to victims of domestic violence and their children. We obtained an understanding of Building Futures' standard operating procedures in relation to the subaward-funded services. We also compared the subaward solicitations, project applications, and subaward agreements against available evidence of accomplishments to determine whether Building Futures demonstrated progress towards providing the services for which it was funded. Overall, while we concluded that Building Futures generally provided services to its victims within its intended program goals, we identified an issue related to reporting inaccurate performance data.

Program Implementation

According to the DOJ Grants Financial Guide, recipients of federal awards should maintain a well-designed and tested system of internal controls. The DOJ Grants Financial Guide further defines internal controls as a process designed to provide reasonable assurance regarding the achievement of objectives in: (1) the effectiveness and efficiency of operations, (2) reliability of reporting for internal and external use, and (3) compliance with applicable laws and regulations.

To obtain an understanding of its standard operating procedures in relation to audited victim services, we conducted interviews with Building Futures' Executive Director, Finance Director, and Domestic Violence Services Director. We also requested Building Futures' written policies and procedures that govern the VOCA-funded program. Building Futures provided its Finance Policy and Procedures Manual, Domestic Violence Outreach Operating Procedures, Cal OES Subrecipient Handbook, and Safe House Operating Manual. Building Futures submits quarterly performance measures reports to OVC via the Performance Measurement Tool (PMT) and semi-annual Domestic Violence Assistance Program Progress Reports to Cal OES.

Building Futures' Performance Reporting

Award recipients and subrecipients are required to provide relevant data by submitting quarterly performance metrics through PMT. We reviewed a total of six quarterly performance measures reports, two for each audited subaward. We found that Building Futures did not prorate its performance data between DOJ and U.S. Department of Health and Human Services (DHHS) grant-funded activities and achievements, resulting in over-reported performance measures. Specifically, for the quarter January to March 2023, Building Futures reported 217 and 212 for both DOJ and DHHS questions regarding the number of services provided related to "Hotline/crisis line counseling" and "Individual counseling," respectively. Building Futures' officials stated that they did not know it was a requirement to prorate performance data between different funding sources and Building Futures does not have written policies and procedures for tracking or allocating performance data by funding source.

Performance metrics reported to OVC and Cal OES should be accurately and properly supported as part of grant compliance requirements. Inaccurate reporting of performance measures can lead to a

misrepresentation of the organization's activities and potentially impact funding decisions. According to OVC's PMT guide, performance data should be reported only on activities funded with VOCA victim assistance dollars plus match funding, and when necessary, the subgrantee may apply an appropriate strategy for prorating subgrantee activity so that a reasonable portion is allocated to the victim assistance subgrant(s) and reported in the PMT. Building Futures did not prorate performance metrics funded by multiple sources, providing a misrepresentation of the effectiveness and utilization of VOCA funds. Therefore, we recommend that OJP work with Cal OES to ensure that Building Futures establishes policies and procedures to ensure the accuracy and appropriateness of its reported performance data.

Cal OES' Oversight of Subrecipient Performance Reporting

We further discussed this matter with a Cal OES official who stated that they do not compare data across different federal agencies, so they do not know whether the same performance data were also reported to the other federal agencies. One Cal OES official stated that although they train subrecipients on prorating performance data, they do not actually enforce it or monitor compliance. The same Cal OES official stated that its subrecipients enter their own performance metrics into PMT. The Cal OES official acknowledged that, although the task is performed by the subrecipients, it is the responsibility of Cal OES as the SAA to ensure the accuracy of the reporting. The lack of cross-verification by Cal OES personnel means that duplicate data might be reported to other federal agencies, resulting in inaccurate or inflated performance information. Therefore, we recommend that OJP work with Cal OES to ensure that it provides the necessary guidance for its subrecipients to report only VOCA-funded activities in PMT, prorating when appropriate. We also recommend that OJP work with Cal OES to establish procedures to verify subrecipients' VOCA performance data to ensure that it is prorated, when appropriate, to prevent duplicative reporting.

Program Services

According to the goals of the subawards, Building Futures was to provide local assistance for comprehensive support services, including emergency shelter to victims of domestic violence and their children. A Building Futures official explained that the goal of the safe house is to smoothly transition their clients from the safe house to regular housing by providing ongoing counseling and other support services.

During our audit, we conducted site visits to Building Futures' business center and safe house. We interviewed Building Futures officials, reviewed victim case files, and conducted a walkthrough of the electronic victim management system. We determined that Building Futures used the subawards for the purposes for which it received funding.

Financial Management

According to the DOJ Grants Financial Guide, all grant recipients are required to establish and maintain adequate accounting systems and financial records to accurately account for awarded funds and separately track receipts, expenditures, assets, and liabilities for awards, programs, and subrecipients. We conducted interviews with Building Futures officials, examined policies and procedures, reviewed subaward documents, and performed expenditure testing to determine whether Building Futures adequately accounted for the subaward funds we audited. We also interviewed Cal OES grants management officials to gain a better understanding of Cal OES' monitoring approach. Overall, we concluded that Building Futures should enhance its accounting procedures to ensure that it can separately account for the receipt, obligation, and expenditure of award funds, as well as distribute costs based on reasonable allocation

methodology, in accordance with the DOJ Grants Financial Guide. We also determined that Cal OES should enhance its subrecipient assessment procedures. We identified \$41,375 in dollar-related findings, which are discussed further in the subsequent sections.³

Fiscal Policies and Procedures

According to Building Futures, it follows Cal OES' Subrecipient Handbook in order to ensure expenses charged to Cal OES subawards are allowable. Building Futures also relies on its Finance Policy and Procedures Manual and its Human Resource Employee Handbook to provide staff guidance on various functions. Building Futures submits Cal OES' Report of Expenditures and Request for Payment (reimbursement reports) to Cal OES on a monthly basis and receives checks from Cal OES about 45 to 60 days after its monthly report submission. The Finance Director and Executive Director both review and approve the reimbursement requests prior to submitting them to Cal OES. Although Building Futures had policies and procedures, we found that it needs to establish controls over the allocation of VOCA expenses and timekeeping, as discussed below.

Accounting of VOCA Expenditures

In reviewing the three Cal OES subawards to Building Futures, we noted that the Cal OES subawards were funded with several funding sources in addition to DOJ grants, such as funds from DHHS and the state of California (State), as shown below in Table 2. Cal OES officials explained to us that Cal OES combines funding sources into its subawards to subrecipients to lessen subrecipient burden when applying for financial assistance. Each funding source, specific budget amounts, and funding availability dates are clearly delineated within Cal OES' subaward documents executed with its subrecipients.

³ 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.

Table 2

Cal OES Subawards to Building Futures with Various Grant Types

Cal OES Subaward Identifier	Prime Granting Agency	Prime Award Numbers	Subaward Amount
DV23 23 1770	DOJ	15POVC-22-GG-00708-ASSI	\$250,474
	DHHS	2301CAFVPS	\$85,133
	State of California	State General Fund 2023	\$201,981
		Total DV23 23 1770	\$537,588
DV22 22 1770	DOJ	15POVC-21-GG-00613-ASSI	\$255,709
	DHHS	2022 FVPS	\$79,898
	State of California	State General Fund 2022	201,981
		Total DV22 22 1770	\$537,588
DV20 20 1770	DOJ	2020-V2-GX-0031	\$247,250
		2019-V2-GX-0053	\$157,950
		2018-V2-GX-0029	\$173,732
	DHHS	2101CAFVC6	\$65,000
	State of California	State General Fund/Victims of Crime Act Supplemental 2021	\$88,357
	State of California	State General Fund 2020	\$201,980
State of California	State General Fund 2021	\$201,981	
		Total DV20 20 1770	\$1,136,250

Source: OIG analysis based on Cal OES' subawards to Building Futures

^a Any differences in the table amounts are due to rounding.

During our examination of Building Futures' accounting records and discussions with Building Futures' personnel, we determined that Building Futures did not separately account in its accounting system for each source of funding within the Cal OES subawards. Instead, Building Futures accounted for the Cal OES subawarded funds and expenditures in their totality within a single accounting system cost center code, regardless of the funding source.

Cal OES' reimbursement report requires its subrecipients to indicate the expenditure amounts for each cost category, under each funding source. Building Futures' Contract and Compliance Manager explained that they assign costs allocated to Cal OES amongst the various sources of funds available based on spend-down priority, such as the source funds' expiration dates and remaining budgets. This cost allocation methodology is inconsistent and is not documented within Building Futures' Finance Policy and Procedures Manual. We determined that Building Futures' cost allocation methodology is not based on the proportional benefit or another reasonable documented basis, appears to change over the subaward period based on undeterminable or unverifiable reasons, and is not validated. The Uniform Guidance, 2 C.F.R. § 200.405, states that if a cost benefits two or more projects or activities, the cost must be allocated to the projects based on the proportional benefit or any reasonable documented basis. Building Futures' practice of allocating expenses among funding sources without consistent or documented methodology and without a validation process increases the risk of misallocation of expenses and potentially misappropriation of resources. Therefore, we recommend that OJP work with Cal OES to ensure that Building Futures establishes controls to allocate costs to VOCA based on a consistent and documented methodology.

Subaward Expenditures

For the subawards audited, Building Futures' approved budgets included personnel and operating costs, such as food and shelter supplies, insurance, and rent. As of July 2024, Cal OES had reimbursed Building Futures a total of \$986,388 in VOCA funds, broken out as follows: \$570,243 for the DV20 20 1770 subaward, \$255,709 for the DV22 22 1770 subaward, and \$160,436 for the DV23 23 1770 subaward. Because Building Futures had to manually reconcile expenditures funded by VOCA to fulfill our request for such records, Building Futures only provided us with four months of detailed VOCA expenditures. We reviewed a sample of Building Futures' transactions to determine whether the costs charged to the project and paid with VOCA funds were accurate, allowable, supported, and in accordance with the VOCA program requirements. We judgmentally selected a sample of 24 transactions of salaries and fringe benefits, and 15 transactions of operating costs, totaling \$41,375. As a result of our testing, we question a total of \$32,478 in unsupported salaries and fringe benefits and \$8,897 in inadequately supported and unallowable operating costs.

Personnel Costs

The largest cost area for which the Building Futures received reimbursement was personnel costs. We determined that as of July 2024, Cal OES reimbursed Building Futures \$742,637 for personnel costs, which amounted to 75 percent of the \$986,388 reimbursed for the subawards we audited. We reviewed 24 personnel cost transactions charged to each subaward and judgmentally sampled three non-consecutive pay periods from the three subawards, totaling \$24,188. We also reviewed \$8,290 in fringe benefit costs charged to VOCA.

Although we determined that Building Futures maintained supporting documentation for its personnel costs, employee time recorded on timesheets was not broken out by funding source and thus not directly allocable to VOCA. According to the DOJ Grants Financial Guide, grant recipients (and subrecipients) that work on multiple grant programs or cost objectives must provide a reasonable allocation or distribution of costs among specific activities or cost objectives. During Cal OES' on-site compliance assessment of Building Futures in April 2018, Cal OES found that Building Futures was using an outdated cost allocation plan that allocated personnel services expenses using estimates.⁴ In response, Building Futures stated that it would implement a new functional time tracking system that would track each employee's time by functional activity and funding source, account for all hours worked, and show amounts charged by funding source. However, based on our review of Building Futures' certified timesheets, Building Futures did not implement a system to adequately track and document the time allocated to the different activities included in the Cal OES subawards. Building Futures officials told us that it would be too cumbersome to create different cost centers associated with each funding source within its timekeeping system. Building Futures' fiscal policies states timesheets or personnel activity reports should reflect programs directly benefited from their effort. Without a consistent methodology of allocating costs from Cal OES to VOCA for reimbursement, there is an increased risk of inaccuracies and the ability to provide a clear audit trail may be hindered. Because we could not determine the portion of the Cal OES salary transactions that related to VOCA activities, we also

⁴ Cal OES' Subrecipient Handbook requires that the subrecipients maintain functional timesheets that show actual time spent working on activities specific to the applicable grant subaward, funding source, and support personnel costs up to the amount approved in the grant subaward that are allowable and reimbursable.

The following section, Cal OES' Fiscal Oversight, discusses how this finding implicates related weaknesses in Cal OES' monitoring process.

could not validate the VOCA portion of the fringe benefits charged to the VOCA grants, as salary is the base for determining fringe benefits.

Building Futures' personnel-related allocation methodology should be documented and there should be a validation process to ensure that the methodology is reasonable. As such, the 24 personnel costs charged to the three subawards, totaling \$24,188, and the fringe benefits transactions, totaling \$8,290, charged to VOCA grants were not adequately supported and we question \$32,478 charged to VOCA. Therefore, we recommend that OJP work with the Cal OES to ensure that Building Futures implements controls to ensure salaries and wages expenses charged to the subaward are based on records that accurately reflect the work performed to comply with federal award requirements. We also recommend that OJP work with Cal OES to remedy \$32,478 in salaries and fringe benefits costs that were not adequately supported.

Operating Costs

We judgmentally selected a sample of 15 non-personnel transactions from Building Futures' accounting records to include equipment and services that totaled \$8,897. As previously discussed, Building Futures' Contract Compliance Manager assigns costs allocated to VOCA and other Cal OES subaward funding sources for reimbursement based on spend-down priority, such as the source funds' expiration dates and remaining budgets. This undocumented allocation methodology may vary month-to-month and is not validated to ensure accuracy. We found 15 transactions totaling \$8,897 that were inadequately supported because those transactions related to the Cal OES subawards, and Building Futures could not determine the portion of those transactions that related to VOCA. Finally, we found 3 charged operating costs totaling \$2,156 were unallowable as one of those costs was charged to VOCA in error and the other two costs did not fall into any approved expense categories in the grant budgets. As such, we recommend that OJP work with Cal OES to remedy \$8,897 in unsupported operating costs. Finally, we recommend that OJP work with Cal OES to remedy \$2,156 in unallowable operating costs charged to VOCA in error.

Cal OES' Fiscal Oversight

As the state administrating agency, Cal OES is responsible for performing subaward monitoring to ensure subrecipients comply with applicable regulations, laws, and grant subaward terms and conditions. Cal OES accomplishes this through one or more of the following: risk assessment, financial and activity review (which includes performance and compliance assessments), and single audit review. Based on Building Futures' inadequate financial management that appears to have gone uncorrected, we determined that Cal OES could improve upon its subrecipient financial oversight.

Cal OES Should Improve its Subrecipient Performance Assessment

In September 2023, Cal OES conducted an on-site assessment at Building Futures. Cal OES monitoring staff explained that these assessments only verified the monthly reimbursement request total per the reimbursement report against Building Futures' monthly general ledger totals and did not delve deeper into verifying the monthly subtotals by funding sources. Cal OES did not discover that Building Futures' accounting system was not set up to delineate Cal OES subawarded funds by funding sources (DOJ, DHHS, or State) and did not obligate expenditures according to a reasonable allocation methodology, as required by the DOJ Grants Financial Guide. Based on our review of Cal OES' performance report and discussion with Cal OES officials, we concluded that Cal OES' financial review process was inadequate.

During our meeting with Cal OES officials, the Cal OES Victim Services Branch Chief noted that a revision to subrecipient monitoring procedures may be required. Thus, we recommend that OJP work with Cal OES to enhance its subrecipient monitoring policies and procedures to ensure subrecipients are recording or allocating expenditures by funding source, as required.

Cal OES' Closure of Subrecipients' Compliance Assessment Recommendations

Cal OES also performed an on-site compliance assessment on Building Futures in April 2018 and issued four findings related to: (1) an insufficient cost allocation plan, (2) an inadequate operating expense allocation methodology, (3) personal services expenses allocated based on estimates rather than actual work, and (4) the lack of activity-based timesheets. In response, Building Futures provided Cal OES in April 2019 with its planned corrective actions and with completion dates of May 2019 through July 2019. The compliance assessment indicated that Cal OES closed its compliance review recommendations in May 2019 based on Building Futures' planned corrective actions, citing "Future monitoring compliance assessments will include an examination of the corrective actions implemented to ensure full compliance in these areas." We confirmed that Cal OES' Internal Monitoring Procedures states that follow-up reviews will be conducted by the Monitoring Division, if necessary, to ensure that the corrective actions were implemented. However, our current findings of Building Futures' lack of consistent and documented allocation methodology, and the lack of activity-based timekeeping, imply that the issues noted in the 2019 compliance review report are still outstanding. Thus, we recommend that OJP work with Cal OES revise its subrecipient compliance assessment procedures to ensure corrective action plans are implemented in a timely manner.

Conclusion and Recommendations

Building Futures demonstrated that it used its subawards to provide direct services to crime victims. However, Building Futures did not prorate performance metrics funded by multiple sources and Cal OES' current subrecipient monitoring procedures did not reveal this error. We also determined that Building Futures did not follow a documented or consistent allocation methodology in assigning costs to VOCA and other Cal OES subaward funding sources. Because Building Futures did not document its methodology for allocating costs from Cal OES, we could not determine the portion of salary, fringe benefits, and operating costs related to VOCA activities. Finally, we also identified areas where Cal OES could improve certain areas of its subrecipient assessment procedures. We provide 10 recommendations to OJP and Cal OES to address these deficiencies and remedy \$41,375 in questioned costs.

We recommend that OJP work with the Cal OES to:

1. Ensure that Building Futures establishes policies and procedures to ensure the accuracy and appropriateness of its reported performance data.
2. Ensure that Building Futures establishes controls to allocate costs to VOCA based on a consistent and documented methodology.
3. Ensure that the Building Futures implements controls to ensure salaries and wages expenses charged to the subaward are based on records that accurately reflect the work performed to comply with federal award requirements.
4. Remedy \$32,478 in salaries and fringe benefits costs that were not adequately supported.
5. Remedy \$8,897 in unsupported operating costs.
6. Remedy \$2,156 in unallowable operating costs charged to VOCA in error.

We recommend that OJP:

7. Work with Cal OES to ensure that it provides the necessary guidance for its subrecipients to report only VOCA-funded activities in PMT, prorating when appropriate.
8. Work with Cal OES to establish procedures to verify subrecipients' VOCA performance data to ensure that it is prorated, when appropriate, to prevent duplicative reporting.
9. Work with Cal OES to enhance its subrecipient monitoring policies and procedures to ensure subrecipients are recording or allocating expenditures by funding source, as required.
10. Work with Cal OES to revise its subrecipient compliance assessment procedures to ensure corrective action plans are implemented in a timely manner.

APPENDIX 1: Objective, Scope, and Methodology

Objective

The objective of this audit was to review how Building Futures used the Victims of Crime Act (VOCA) funds received through a subaward from the California Governor's Office of Emergency Services (Cal OES) to assist crime victims and assess whether it accounted for VOCA funds in compliance with select award requirements, terms, and conditions. To accomplish this objective, we assessed program performance and accomplishments and grant financial management.

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 three subawards to Building Futures with Women and Children (Building Futures). These subawards, totaling \$1,085,115, were funded by Cal OES from primary VOCA grants 2018-V2-GX-0029, 2019-V2-GX-0053, 2020-V2-GX-0031, 15POVC-21-GG-00613-ASSI, 15POVC-22-GG-00708-ASSI awarded by the Office of Justice Programs (OJP) Office for Victims of Crime (OVC). As of July 2024, Cal OES had reimbursed Building Futures for a cumulative amount of \$986,388 in subaward funds.

Our audit concentrated on, but was not limited to, the period of October 2020 through July 2024. The Department of Justice (DOJ) Grants Financial Guide; the VOCA Guidelines and Final Rule; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Cal OES policies and procedures; and Cal OES award documents contain the primary criteria we applied during the audit.

To accomplish our objective, we tested compliance with what we considered to be the most important conditions of Building Futures' activities related to the audited subawards. Our work included conducting interviews with Building Futures' financial staff, examining policies and procedures, and reviewing subawards documentation and financial records. We performed sample-based audit testing for subawards expenditures, including salary and fringe benefit, and operating costs. We also validated Building Futures' reported program performance. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the subawards reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected.

During our audit, we obtained information from Building Futures' accounting system and case management system, from which the audit team derived information specific to the management and utilization 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 objective. We did not evaluate the internal controls of Building Futures to provide assurance on its internal control structure as a whole. Building Futures' 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 Building Futures' internal control structure as a whole, we offer this statement solely for the information and use of Building Futures, Cal OES, and DOJ.⁵

In planning and performing our audit, we identified internal control components and underlying internal control principles as significant to the audit objective. Specifically, we reviewed the design and implementation of Building Futures' written policies and procedures. We also tested the implementation and operating effectiveness of specific controls over award execution and compliance with laws and regulations in our audit scope. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to those internal control components and underlying principles that we found significant to the objective of this audit, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

⁵ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

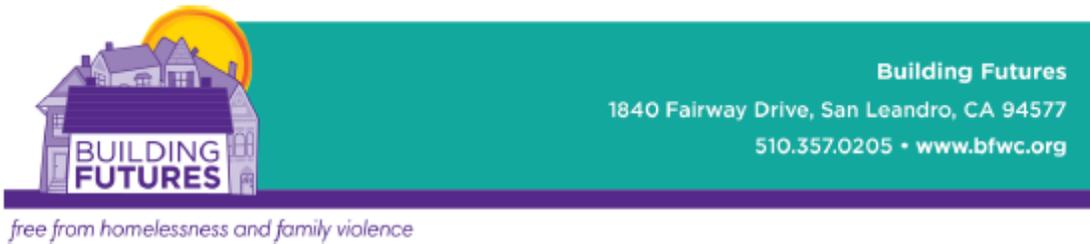
APPENDIX 2: Schedule of Dollar-Related Findings

Description	OJP Prime Number	Cal OES Subaward Identifier	Amount	Page
Questioned Costs:⁶				
Unsupported Personnel Costs	15POVC-22-GG-00708-ASSI	DV23 23 1770	\$11,835	7
	15POVC-21-GG-00613-ASSI	DV22 22 1770	\$9,990	7
	2019-V2-GX-0053	DV20 20 1770	\$4,806	7
	2018-V2-GX-0029	DV20 20 1770	\$5,847	7
Total Unsupported Salaries & Fringe Benefit Costs			\$32,478	
Unsupported Operating Costs	15POVC-22-GG-00708-ASSI	DV23 23 1770	\$2,161	8
	15POVC-21-GG-00613-ASSI	DV22 22 1770	\$2,001	8
	2019-V2-GX-0053	DV20 20 1770	\$1,263	8
	2018-V2-GX-0029	DV20 20 1770	\$3,472	8
Total Unsupported Costs			\$41,375	
Unallowable Operating Costs	15POVC-21-GG-00613-ASSI	DV22 22 1770	\$250	8
	2018-V2-GX-0029	DV20 20 1770	\$1,469	8
	2018-V2-GX-0029	DV20 20 1770	\$437	8
Total Unallowable costs			\$2,156	
Gross Questioned Costs			\$43,531	
Less Duplicated Questioned Costs ⁷			(\$2,156)	
Net Questioned Costs			\$41,375	
TOTAL DOLLAR-RELATED FINDINGS			<u>\$41,375</u>	

⁶ **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.

⁷ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which includes \$2,156 in expenditures that were unallowable.

APPENDIX 3: Building Futures' Response to the Draft Audit Report



April 22, 2025

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

Dear Mr. Gaschke:

Thank you for the opportunity to respond to the draft report, "Audit of the Office of Justice Programs Victim Assistance Funds Sub-awarded by the California Governor's Office of Emergency Services to Building Futures with Women and Children, San Leandro, California."

Building Futures takes seriously our mission to deliver life-changing services to people experiencing domestic violence and homelessness and the mandate to stay in compliance with funders private and public, including Cal-OES. We are deeply grateful for the 27 years of support and partnership Cal-OES has provided.

Before we respond to OIG's directive to clearly state our position for each of the ten recommendations, we would like to note that:

- While OIG found that Building Futures did not separate the braided funding amounts in the accounting system, Building Futures did provide an Excel spreadsheet per month and year for the sub-recipient award for VOCA-only funds invoiced to Cal-OES. Building Futures also provided backup supporting documentation and cost allocation schedules for all the OIG-selected periods.
- OIG found that Building Futures did not allocate the performance measurement by clients served by the actual payroll or funding sources budgets. Cal-OES, during the two in-person audits in 2018 and 2023, never audited the transactions or invoices for a separation of funding. Instead, they conducted their audit on the total amount of funding and invoices. Cal-OES did not indicate this level and neither audited nor laid out clearly an allocation of these performance measurements of services and clients. Cal-

OES receives quarterly performance reporting based on its reporting metric and templates. Building Futures was unaware of any wrongdoing.

- In 2018 and 2019, Cal-OES conducted in-person assessments and provided findings, corrections, and closures. They found an outdated allocation plan and functional timekeeping system (track hours and tasks). Building Futures' 2019 Correction action plan: scheduled cost allocations are created every Fiscal Year based on revenues, single contracts, sub-awards, and grants. In 2019, the Replicon Time/task record keeping database was implemented. Building Futures' corrective plans were submitted; the agency provided its completed correction. Cal-OES reviewed, approved, and closed in 2019.
- In 2023 (six months before OIG's audit), Cal-OES conducted in-person assessments and had findings, corrections, and closures. Cal-OES's 2023 findings consisted of HR hiring Personnel Policies, programmatic Language Access plan, and separation of financial duties. Building Futures' 2023 correction action plan: HR Manual was updated for Cal-OES verbiage, programmatic Language Access Plan was updated per finding, and Accounting Manual was updated for Cal-OES, using Cal-OES's verbiage. Building Futures' corrective action plans were submitted, the agency provided completed corrections. Cal-OES reviewed, approved, and closed in 2023.
- The years that were audited were four Cal-OES sub-award years: 10/1/2020 – 9/30/2024. The four months selected for testing were 1/31/2021, 09/30/2022, 03/31/2023, and 10/31/2023) for VOCA funding only.
 - Building Futures was asked for and provided financials, which were unaudited at the time (March 2024). We were partway through the current reporting year, for the Sub-recipient award year 10/1/2023 – 09/30/2024. (OIG had selected a test period October 2023.) Invoices were sent to Cal-OES Oct 2023 - Jan 31, 2024. Only four months of the VOCA funds were utilized and should be represented thus in the audit. During the sub-award funding year, Building Futures requested budget modifications between the Federal and State funding sources. Sub-award and final invoicing were not final until Nov 2024. The financials provided to OIG were unaudited for a partial year.

OIG 10 RECOMMENDATIONS AND BUILDING FUTURES' RESPONSE

1. OIG -Ensure that Building Futures establishes policies and procedures to ensure the accuracy and appropriateness of its reported performance data.

Building Futures' Accounting Policy and Procedures Manual is not designed by contract, grant, or sub-award; it is a comprehensive and standardized guide tailored to our Nonprofit Agency. The standards are set at the GAO and GAAP levels. However, we are open to a directive to add Policies and

Procedures based on a contract's sub-award or grant limitations or restrictions, used for that purpose and that particular contract. Cal-OES has neither required nor requested Building Futures to change the accounting manual as it relates to the methodology used for allocating costs.

The cost allocation methodology was predetermined by Cal-OES at the beginning of the Sub-Award year by instructing the sub-recipient, Building Futures, to spend State funding first. The directive from Cal-OES to spend State funding first made it impossible for Building Futures to allocate Federal and State funding proportionally.

If Cal-OES unbunds the single sub-recipient award and creates two sub-awards, this separation of Federal and State funding would allow Building Futures to effectively, accurately utilize Federal funding and satisfy the Federal requirements, as well as properly report and measure the performance proportionally. If that is not possible, Building Futures respectfully agrees to follow Cal-OES's directives as they are developed.

2. OIG- Ensure that Building Futures establishes controls to allocate costs to VOCA based on a consistent and documented methodology.

Building Futures' allocations and methodology were consistent and documented in total each month on a single invoice template provided by Cal-OES. Cal-OES mixed State and Federal funding under a single sub-award, with the specific direction to utilize State funding first. This prohibited Building Futures from utilizing and expending the funding sources at the Federal requirement level, or for utilization and performance goals to be consistent, proportional, or reasonable, resulting in seemingly skewed outcomes.

If Cal-OES unbunds the single sub-recipient award and creates two sub-awards, this separation of Federal and State funding would allow Building Futures to effectively, accurately utilize Federal funding and satisfy the Federal requirements, as well as properly report and measure the performance proportionally. If that is not possible, Building Futures respectfully agrees to follow Cal-OES's directives as they are developed.

3. OIG - Ensure that Building Futures implements controls to ensure salaries and wages expenses charged to the subaward are based on records that accurately reflect the work performed to comply with federal award requirements.

Building Futures agreed to implement a new functional time tracking system that would track each employee's time by functional activity by a single contract, sub-award, or grant, account for all hours worked, and show amounts charged by contract, sub-award, or grant. By using a manual reconciliation, Building Futures validated all VOCA expenses utilized and charged from 10/1/2020- 1/31/2024 from each budget expense category. This level of detail was provided to OIG when requested.

Sub-award recipients cannot unbraid the sub-award and create separate unique accounts for each funding source in their accounting system. If they did so, Cal-OES would have to accept an

invoice for each federal funding source, stating the source, as well as separate reimbursement amounts per invoice. Furthermore, keeping this type of general ledger code at this level would result in findings with Building Futures' external auditors.

If Cal-OES unbraids the single sub-recipient award and creates two sub-awards, this separation of Federal and State funding would allow Building Futures to effectively, accurately utilize Federal funding and satisfy the Federal requirements, as well as properly report and measure the performance proportionally. If that is not possible, Building Futures respectfully agrees to follow Cal-OES's directives as they are developed.

4. OIG - Remedy \$32,478 in salaries and fringe benefits costs that were not adequately supported.

Building Futures, using a manual reconciliation, validated all VOCA expenses utilized and charged from 10/1/2020- 1/31/2024 from each budget expense category; this level of detail was provided to OIG when requested. Including ADP payroll registers, timesheets, general ledger reports, cost allocation schedules, and all paid vendor invoices. Sub-award recipients cannot unbraids the sub-award and create separate unique accounts for each funding source in their accounting system. Cal-OES would have to accept an invoice for each federal, stating the funding source, as well as provide separate reimbursement amounts per invoice. Furthermore, keeping this type of general ledger code at this level would result in findings with our external auditors.

If Cal-OES unbraids the single sub-recipient award and creates two sub-awards, this separation of Federal and State funding would allow Building Futures to effectively, accurately utilize Federal funding and satisfy the Federal requirements, as well as properly report and measure the performance proportionally. If that is not possible, Building Futures respectfully agrees to follow Cal-OES's directives as they are developed.

5. OIG: Remedy \$8,897 in unsupported operating costs.

Building Futures uses manual reconciliation. Building Futures validated all VOCA expenses utilized and charged from 10/1/2020- 1/31/2024 from each budget expense category; this level of detail was provided to OIG when requested. Including ADP payroll registers, timesheets, general ledger reports, cost allocation schedules, and all paid vendor invoices. Sub-award recipients cannot unbraids the sub-award and create separate unique accounts for each funding source in their accounting system. Cal-OES would have to accept an invoice for each federal, stating the funding source, as well as provide separate reimbursement amounts per invoice. Furthermore, keeping this type of general ledger code at this level would result in findings with our external auditors.

Building Futures believes that all costs are correctly supported and allowable, as well as reimbursed from Cal-OES based on invoice submission. With manual reconciliation, Building Futures, during the onsite audit by OIG, validated the VOCA portion of personnel and operating

expense transactions and provided supporting documentation when requested. Building Futures requests the disclosure of the twenty-four transactions; then we can better respond to this finding.

If Cal-OES unbraids the single sub-recipient award and creates two sub-awards, this separation of Federal and State funding would allow Building Futures to effectively, accurately utilize Federal funding and satisfy the Federal requirements, as well as properly report and measure the performance proportionally. If that is not possible, Building Futures respectfully agrees to follow Cal-OES's directives as they are developed.

6. OIG: Remedy \$2,156 in unallowable operating costs charged to VOCA in error.

Building Futures believes that all costs are correctly supported and allowable, as well as reimbursed from Cal-OES, based on our invoice submission.

If Cal-OES unbraids the single sub-recipient award and creates two sub-awards, this separation of Federal and State funding would allow Building Futures to effectively, accurately utilize Federal funding and satisfy the Federal requirements, as well as properly report and measure the performance proportionally. If that is not possible, Building Futures respectfully agrees to follow Cal-OES's directives as they are developed.

7. OIG: Work with Cal OES to ensure that it provides the necessary guidance for its subrecipients to report only VOCA-funded activities in PMT, prorating when appropriate.

Building Futures followed the guidance of Cal-OES as it was provided. Mixing the funding sources in a single sub-award causes seemingly inaccurate or inflated performance measures. Building Futures followed the State's Sub-recipient handbook to utilize State funding first; this doesn't allow sub-recipients to report the data proportionally.

The goal is to have a proper representation of the usage of both Federal and State funding. If rules and regulations are not aligned, the funding can't share a single sub-award. The funding sources can't have different terms and conditions and be measured proportionally.

Moving forward, Building Futures respectfully agrees to follow CalOES's directives as they are developed.

8. OIG: Work with Cal OES to establish procedures to verify subrecipients' VOCA performance data to ensure that it is prorated, when appropriate, to prevent duplicative reporting.

Building Futures followed the guidance of Cal-OES as it was provided. Mixing the funding sources in a single sub-award causes seemingly inaccurate or inflated performance measures. Building

Futures followed the State's Sub-recipient handbook to utilize State funding first; this doesn't allow sub-recipients to report the data proportionally.

If Cal-OES unbraids the single sub-recipient award and creates two sub-awards, this separation of Federal and State funding would allow Building Futures to effectively, accurately utilize Federal funding and satisfy the Federal requirements, as well as properly report and measure the performance proportionally.

The goal is to have a proper representation of the usage of both Federal and State funding. If rules and regulations are not aligned, the funding can't share a single sub-award. The funding sources can't have different terms and conditions and be measured proportionally.

If that is not possible, Building Futures respectfully agrees to follow Cal-OES's directives as they are developed.

9. OIG: Work with Cal OES to enhance its subrecipient monitoring policies and procedures to ensure subrecipients are recording or allocating expenditures by funding source, as required.

With various terms, conditions, and spend-down dates of the various funding sources, the utilization and performance measurements can't meet the federal rules and regulations.

If Cal-OES unbraids the single sub-recipient award and creates two sub-awards, this separation of Federal and State funding would allow Building Futures to effectively, accurately utilize Federal funding and satisfy the Federal requirements, as well as properly report and measure the performance proportionally. If that is not possible, Building Futures respectfully agrees to follow Cal-OES's directives as they are developed.

10. OIG: Work with Cal OES to revise its subrecipient compliance assessment procedures to ensure corrective action plans are implemented in a timely manner.

Building Futures' understanding was that all information was supported and correct as per Cal-OES's requirements in its Subrecipient Handbook. When asked at the OIG audit, we were able to comply with all requests. Building Futures followed the guidance of Cal-OES to expend State funding sources first, rather than spending proportionally under the Federal requirement.

If Cal-OES unbraids the single sub-recipient award and creates two sub-awards, this separation of Federal and State funding would allow Building Futures to effectively, accurately utilize Federal funding and satisfy the Federal requirements, as well as properly report and measure the performance proportionally. If that is not possible, Building Futures respectfully agrees to follow Cal-OES's directives as they are developed.

In Closing

Building Futures sincerely believes that the findings were a result of the direction provided by Cal-OES and the way the State was administering the contract.

The sub-award is braided with several funding sources with several terms and conditions that render OIG/OJP expectations and Cal-OES directives mutually exclusive.

Building Futures requests that after reviewing this response, the audit findings are reversed and not published.

Sincerely,

Liz Varela
Executive Director

Rachelle Martin
Finance Director

Signature: *Rachelle Martin*
Email: rmartin@bfwc.org

Signature: *Liz Varela*
Liz Varela (Apr 25, 2020, 17:03 PST)
Email: lvarela@bfwc.org

APPENDIX 4: California Governor's Office of Emergency Services' Response to the Draft Audit Report

GAVIN NEWSOM
GOVERNOR



NANCY WARD
DIRECTOR

April 18, 2025

Mr. David Gaschke
Department of Justice
Office of the Inspector General
90 7th Street
San Francisco, CA

Dear Mr. Gaschke:

The California Governor's Office of Emergency Services (Cal OES) received the Department of Justice Office of the Inspector General (DOJ OIG) Finding Draft Report regarding the results of the Fiscal Year 2023-2024 Audit of the Cal OES's Subrecipient, Building Futures with Women and Children (Building Futures) via email on March 21, 2025. There are ten recommendations that have been identified by DOJ OIG and Cal OES is required to work directly with Building Futures to address the recommendations. Cal OES thanks DOJ OIG for the opportunity to provide its response.

Recommendation 1: Cal OES needs to work with Building Futures to establish policies and procedures ensuring the accuracy and appropriateness of its reported performance data.

Cal OES Response: Cal OES agrees with the recommendation. Cal OES anticipates completing an onsite Performance Assessment of Building Futures by June 2025 to review their existing policies and procedures and provide technical assistance to update Building Futures' procedures regarding the accuracy and appropriateness of reported performance data.

In addition, Cal OES has reached out to VOCA Subrecipients instructing them to determine whether they are going to report the Performance Measurement Tool (PMT) data based on actuals or one of the proration strategies identified by the OJP.

Furthermore, Cal OES is updating its Victim Services Branch Procedural Manual to include the analysis of comparing performance data amongst various reports such as Cal OES Progress Reports and other Federal reporting.



3650 SCHRIEVER AVENUE, MATHER, CA 95655
(916) 845-8506 TELEPHONE (916) 845-8511 FAX
www.CalOES.ca.gov

Recommendation 2: Cal OES needs to ensure that Building Futures establishes controls to allocate costs to VOCA based on a consistent and documented methodology.

Cal OES Response: Cal OES agrees with the recommendation. Cal OES has a Grant Subaward with the California Partnership to End Domestic Violence (The Partnership) to provide training and technical assistance to domestic violence organizations. Therefore, Cal OES will work with Building Futures and The Partnership to establish a consistent allocation methodology.

In addition, Cal OES will review Building Futures' allocation methodology in assigning costs to VOCA and other Cal OES Grant Subaward funding sources during its onsite Performance Assessment which Cal OES anticipates being completed by June 2025.

Recommendation 3: Cal OES needs to ensure that the Building Futures implements controls to ensure salaries and wages expenses charged to the subaward are based on records that accurately reflect the work performed to comply with federal award requirements.

Cal OES Response: Cal OES agrees with the recommendation. Cal OES will review Building Futures' functional timesheets and provide technical assistance as needed during its onsite Performance Assessment which Cal OES anticipates being completed by June 2025.

Recommendation 4: Cal OES needs to remedy \$32,478 in salaries and fringe benefits costs that were not adequately supported.

Cal OES Response: Cal OES agrees with the recommendation. Cal OES will perform testing on salaries and fringe benefits costs that were identified as not adequately supported and determine remedial actions.

Recommendation 5: Cal OES needs to remedy \$8,897 in unsupported operating costs.

Cal OES Response: Cal OES agrees with the recommendation. Cal OES will perform testing on operating costs that were identified as not adequately supported and determine remedial actions.

Recommendation 6: Cal OES needs to remedy \$2,156 in unallowable operating costs charged to VOCA in error.

Cal OES Response: Cal OES agrees with the recommendation. Cal OES will perform testing on operating costs that were identified as unallowable and determine remedial actions.

Recommendation 7: Cal OES needs to ensure that it provides the necessary guidance for its Subrecipients to report only VOCA-funded activities in PMT, prorating when appropriate.

Cal OES Response: Cal OES agrees with the recommendation. Cal OES implemented an internal procedure to send quarterly reminders to instruct all Subrecipients with VOCA Victim Assistance Formula Grant Program Funds to report actual service data supported with VOCA Victim Assistance Formula Grant Program funds or to prorate service data using one of the OJP identified strategies. In addition, Cal OES implemented a procedure to have the PMT data compared on quarterly basis against Cal OES Progress Reports and other Federal reporting. Furthermore, Cal OES is updating its Victim Services Branch Procedural Manual to include the analysis of comparing amongst various reports.

Recommendation 8: Cal OES needs to establish procedures to verify Subrecipients' VOCA performance data to ensure that it is prorated, when appropriate, to prevent duplicative reporting.

Cal OES Response: Cal OES agrees with the recommendation. Cal OES implemented an internal procedure to send quarterly reminders to instruct all Subrecipients with VOCA Victim Assistance Formula Grant Program Funds to report actual service data supported with VOCA Victim Assistance Formula Grant Program funds or to prorate service data using one of the OJP identified strategies. In addition, Cal OES implemented a procedure to have the PMT data compared on quarterly basis against Cal OES Progress Reports and other Federal reporting. Furthermore, Cal OES is updating its Victim Services Branch Procedural Manual to include the analysis of comparing amongst various reports.

Recommendation 9: Cal OES needs to enhance its Subrecipient monitoring policies and procedures to ensure Subrecipients are recording or allocating expenditures by funding source, as required.

Cal OES Response: Cal OES agrees with the recommendation. Cal OES is continually updating its monitoring policies and procedures. Cal OES anticipates submitting a final copy of the monitoring policies and procedures to OJP by July 2025.

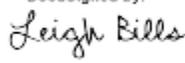
David Gaschke
April 18, 2025
Page 4 of 5

Recommendation 10: Cal OES needs to revise its Subrecipient compliance assessment procedures to ensure corrective action plans are implemented in a timely manner.

Cal OES Response: Cal OES agrees with the recommendation. Cal OES continues to update its compliance assessment policies and procedures. These policies and procedure include the Corrective Action Procedures for both the Compliance Processing Branch and Office of Audits and Investigations. Cal OES anticipates submitting a final copy of the monitoring policies and procedures to OJP by July 2025.

Cal OES appreciates the assistance and guidance provided by DOJ OIG. If you have additional questions or concerns, please contact Ralph Zavala, Cal OES Office of Audits and Investigations Chief, at Internal.Audits@caloes.ca.gov.

Sincerely,

DocuSigned by:

B0EED54CD36B45F...

LEIGH BILLS
Victim Services Branch Chief

cc: Melonie Threatt
Acting Team Leader, Audit Coordination Branch
Audit and Review Division
Office of Audit, Assessment, and Management
Office of Justice Programs

Thomas Murphy
Senior Audit Liaison Specialist, Audit Coordination Branch
Audit and Review Division
Office of Audit, Assessment, and Management
Office of Justice Programs

Salina Ling
US Department of Justice
Office of the Inspector General
Assistant Regional Audit Manager

David Gaschke
April 18, 2025
Page 5 of 5

Ralph Zavala
Office of Audits and Investigations Chief

Joanna Bautista
Office of Audits and Investigations
Staff Management Auditor

Jonathan Tran
Office of Audits and Investigations
Staff Services Management Auditor

Ricki Hammett
Grants Management
Assistant Director

APPENDIX 5: Office of Justice Programs Response to the Draft Audit Report



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

May 5, 2025

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

FROM: Iyauta I. Green
Director Iyauta Iyeesha Green Digitally signed by Iyauta Iyeesha Green
Date: 2025.05.05 09:59:49 -04'00'

SUBJECT: Response to the Draft Report, *Audit of the Office of Justice Programs Victim Assistance Funds, Subawarded by the California Governor's Office of Emergency Services to Building Futures with Women and Children, San Leandro, California*

This memorandum is in reference to your correspondence, dated March 21, 2025, transmitting the above-referenced draft audit report for Building Futures with Women and Children (Building Futures). Building Futures received subaward funds from the California Governor's Office of Emergency Services (Cal OES), under the Office of Justice Programs' (OJP), Office for Victims of Crime, Victims of Crime Act (VOCA), Victim Assistance Formula Grant Program, Grant Numbers 2018-V2-GX-0029, 2019-V2-GX-0053, 2020-V2-GX-0031, 15POVC-21-GG-00613-ASSI, and 15POVC-22-GG-00708-ASSI. We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains 10 recommendations and \$41,375¹ 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 work with the Cal OES to ensure that Building Futures establishes policies and procedures to ensure the accuracy and appropriateness of its reported performance data.**

OJP agrees with this recommendation. In its response, dated April 18, 2025, Cal OES stated that it plans to conduct an onsite Performance Assessment of Building Futures to review their existing policies and procedures and provide technical assistance to update Building Futures' procedures regarding the accuracy and appropriateness of reported

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

performance data. In addition, Cal OES stated that it has reached out to the Victims of Crime Act (VOCA) subrecipients instructing them to determine whether they will report the Performance Measurement Tool (PMT) data based on actuals or one of the proration strategies identified by the OJP. Furthermore, Cal OES indicated that it is updating its Victim Services Branch Procedural Manual to include the analysis of comparing performance data amongst various reports such as Cal OES Progress Reports and other federal reporting. Cal OES anticipates completion by June 2025.

Accordingly, we will coordinate with Cal OES to obtain a copy of Building Futures' written policies and procedures, developed and implemented, to ensure the accuracy and appropriateness of its reported performance data.

- 2. We recommend that OJP work with the Cal OES to ensure that Building Futures establishes controls to allocate costs to VOCA based on a consistent and documented methodology.**

OJP agrees with this recommendation. In its response, dated April 18, 2025, Cal OES stated that it has a Grant Subaward with the California Partnership to End Domestic Violence (The Partnership) to provide training and technical assistance to domestic violence organizations. Therefore, Cal OES will work with Building Futures and The Partnership to establish a consistent allocation methodology. In addition, Cal OES stated that it will review Building Futures' allocation methodology, in assigning costs to VOCA and other Cal OES Grant Subaward funding sources, during its onsite Performance Assessment. Cal OES anticipates completion by June 2025.

Accordingly, we will coordinate with Cal OES to obtain a copy of Building Futures' written policies and procedures, developed and implemented, to ensure established controls to allocate costs to VOCA, based on a consistent and documented methodology.

- 3. We recommend that OJP work with the Cal OES to ensure that the Building Futures implements controls to ensure salaries and wages expenses charged to the subaward are based on records that accurately reflect the work performed to comply with federal award requirements.**

OJP agrees with this recommendation. In its response, dated April 18, 2025, Cal OES stated that it will review Building Futures' functional timesheets and provide technical assistance, as needed, during its onsite Performance Assessment. Cal OES anticipates completion by June 2025.

Accordingly, we will coordinate with Cal OES to obtain a copy of Building Futures' written policies and procedures, developed and implemented, to ensure salaries and wages expenses, charged to the subaward, are based on records that accurately reflect the work performed to comply with federal award requirements.

- 4. We recommend that OJP work with the Cal OES to remedy \$32,478 in salaries and fringe benefits costs that were not adequately supported.**

OJP agrees with this recommendation. In its response, dated April 18, 2025, Cal OES stated that it will perform testing on salaries and fringe benefits costs that were identified as not adequately supported and determine remedial actions.

Accordingly, we will review the \$32,478 in questioned costs, related to unsupported salaries (\$24,188) and fringe benefits (\$8,290), that were charged to subawards for Building Futures, under Grant Numbers 2018-V2-GX-0029 (\$5,847), 2019-V2-GX-0053 (\$4,806), 15POVC-21-GG-00613-ASSI (\$9,990), and 15POVC-22-GG-00708-ASSI (11,835), and will work with Cal OES to remedy, as appropriate.

- 5. We recommend that OJP work with the Cal OES to remedy \$8,897 in unsupported operating costs.**

OJP agrees with this recommendation. In its response, dated April 18, 2025, Cal OES stated that it will perform testing on operating costs that were identified as not adequately supported and determine remedial actions.

Accordingly, we will review the \$8,897 in questioned costs, related to unsupported operating costs, that were charged to subawards for Building Futures, under Grant Numbers 2018-V2-GX-0029 (\$3,472), 2019-V2-GX-0053 (\$1,263), 15POVC-21-GG-00613-ASSI (\$2,001), and 15POVC-22-GG-00708-ASSI (\$2,161), and will work with Cal OES to remedy, as appropriate.

- 6. We recommend that OJP work with the Cal OES to remedy \$2,156 in unallowable operating costs charged to VOCA in error.**

OJP agrees with this recommendation. In its response, dated April 18, 2025, Cal OES stated that it will perform testing on operating costs that were identified as unallowable and determine remedial actions.

Accordingly, we will review the \$2,156 in questioned costs, related to unallowable operating costs applied to VOCA in error, that were charged to subawards for Building Futures, under Grant Numbers 2018-V2-GX-0029 (\$1,906) and 15POVC-21-GG-00613-ASSI (\$250), and will work with Cal OES to remedy, as appropriate.

- 7. We recommend that OJP work with Cal OES to ensure that it provides the necessary guidance for its subrecipients to report only VOCA-funded activities in PMT, prorating when appropriate.**

OJP agrees with this recommendation. In its response, dated April 18, 2025, Cal OES stated that it implemented an internal procedure to send quarterly reminders to instruct all subrecipients with VOCA Victim Assistance Formula Grant Program Funds (VOCA

Funds) to report actual service data supported with VOCA Funds or to prorate service data using one of the OJP identified strategies. In addition, Cal OES stated that it implemented a procedure to have the PMT data compared on a quarterly basis against Cal OES Progress Reports and other federal reporting. Furthermore, Cal OES stated that it is updating its Victim Services Branch Procedural Manual to include the analysis of comparing amongst various reports.

Accordingly, we will coordinate with Cal OES to obtain a copy of its updated policies and procedures, developed and implemented, to ensure that it provides the necessary guidance for its subrecipients to report only VOCA-funded activities in PMT, prorating when appropriate.

8. **We recommend that OJP work with Cal OES to establish procedures to verify subrecipients' VOCA performance data to ensure that it is prorated, when appropriate, to prevent duplicative reporting.**

OJP agrees with this recommendation. In its response, dated April 18, 2025, Cal OES stated that it implemented an internal procedure to send quarterly reminders to instruct all subrecipients with VOCA Funds to report actual service data supported with VOCA Funds or to prorate service data using one of the OJP identified strategies. In addition, Cal OES stated that it implemented a procedure to have the PMT data compared on a quarterly basis against Cal OES Progress Reports and other federal reporting. Furthermore, Cal OES stated that it is updating its Victim Services Branch Procedural Manual to include the analysis of comparing amongst various reports. Accordingly, we will coordinate with Cal OES to obtain a copy of its updated policies and procedures, developed and implemented, to establish procedures to verify subrecipients' VOCA performance data to ensure that it is prorated, when appropriate, to prevent duplicative reporting.

9. **We recommend that OJP work with Cal OES to enhance its subrecipient monitoring policies and procedures to ensure subrecipients are recording or allocating expenditures by funding source, as required.**

OJP agrees with this recommendation. In its response, dated April 18, 2025, Cal OES stated that it continues to update its monitoring policies and procedures. Cal OES anticipates completion by July 2025.

Accordingly, we will coordinate with Cal OES to obtain a copy of its updated subrecipient monitoring policies and procedures, developed and implemented, to ensure subrecipients are recording or allocating expenditures by funding source, as required.

10. We recommend that OJP work with Cal OES to revise its subrecipient compliance assessment procedures to ensure corrective action plans are implemented in a timely manner.

OJP agrees with this recommendation. In its response, dated April 18, 2025, Cal OES stated that it continues to update its compliance assessment policies and procedures and indicated that the policies and procedures include corrective action plans for both the Compliance Processing Branch and Office of Audits and Investigations. Cal OES anticipates completion by July 2025.

Accordingly, we will coordinate with Cal OES to obtain a copy of its updated subrecipient compliance assessment policies and procedures, developed and implemented, to ensure corrective action plans are implemented in a timely manner.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Michael Freed, Acting Deputy Director, Audit and Review Division, of my staff, at (202) 598-7964.

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cc: OJP Executive Secretariat
Control Number OCOM001469

APPENDIX 6: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report

The U.S. Department of Justice Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP) California Governor's Office of Emergency Services (Cal OES) and Building Futures. Building Futures' response is incorporated in Appendix 3, Cal OES' response is incorporated in Appendix 4, and OJP's response is incorporated in Appendix 5. In response to our draft report, OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. Cal OES agreed with six recommendations directed to them. Building Futures included responses to all 10 recommendations acknowledging our findings and agreed to follow any guidance and directives from Cal OES. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for OJP to work with Cal OES to:

- 1. Ensure that Building Futures establishes policies and procedures to ensure the accuracy and appropriateness of its reported performance data.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that Cal OES plans to conduct an on-site Performance Assessment of Building Futures to review their existing policies and procedures and provide technical assistance to update Building Futures' procedures regarding the accuracy and appropriateness of reported performance data. As a result, this recommendation is resolved.

Cal OES agreed with our recommendation and stated in its response that it anticipates completing an on-site Performance Assessment of Building Futures by June 2025 to review its existing policies and procedures and provide technical assistance for updating Building Futures' procedures regarding the accuracy and appropriateness of reported performance data. In addition, Cal OES has reached out to VOCA subrecipients instructing them to determine whether they are going to report the Performance Measurement Tool (PMT) data based on actuals or one of the proration strategies identified by OJP. Furthermore, Cal OES is updating its Victim Services Branch Procedural Manual to include the analysis of comparing performance data amongst various reports such as Cal OES Progress Reports and other federal reporting.

Building Futures stated in its response that its Accounting Policy and Procedures Manual is not designed by contract, grant, or subaward; it is a comprehensive and standardized guide tailored to its non-profit agency. Building Futures believes that its accounting system complies with U.S. Government Accountability Office and Generally Accepted Accounting Principles standards. However, Building Futures stated that it is open to a directive to add policies and procedures. Further, it stated that Cal OES instructed Building Futures to spend state funding first, which prevented Building Futures from allocating federal and state funding proportionally. Finally, Building Futures added that if Cal OES unbraids the single subrecipient award and creates two subawards, this separation of federal and state funding would allow Building Futures to properly report and measure performance proportionally, though it would agree to follow Cal OES' directives as they are

developed.

We discussed in the [Building Futures' Performance Reporting](#) section of this report that the Office for Victims of Crime (OVC's) PMT guide states that performance data should be reported only on activities funded with VOCA victim assistance dollars, plus match funding. The PMT guide also states that when necessary, the subgrantee may apply an appropriate strategy for prorating subgrantee activity so that a reasonable portion is allocated to the victim assistance subgrant(s) and reported in the PMT. While Building Futures attributed its challenges with separating reporting by grant to Cal OES's inclusion of multiple funding sources in its subawards, we noted that the funding source amounts were designated on the subaward documents and subaward fund request forms. Building Futures could coordinate with Cal OES to acquire the information it needs to meet the performance reporting requirements of the subaward.

This recommendation can be closed when we receive evidence that Building Futures has established policies and procedures to ensure the accuracy and appropriateness of its reported performance data.

2. **Ensure that Building Futures establishes controls to allocate costs to VOCA based on a consistent and documented methodology.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Cal OES to obtain a copy of Building Futures' written policies and procedures, developed and implemented, to ensure established controls to allocate costs to VOCA, based on a consistent and documented methodology. As a result, this recommendation is resolved.

Cal OES agreed with our recommendation and stated in its response that it has an agreement with another organization to provide training and technical assistance to domestic violence organizations. Therefore, Cal OES will work with Building Futures and the other organization to establish a consistent allocation methodology. In addition, Cal OES will review Building Futures' allocation methodology for assigning costs to VOCA and other Cal OES grant subaward funding sources during its on-site Performance Assessment, which Cal OES anticipates being completed by June 2025.

Building Futures stated in its response that its allocations and methodology were consistent and documented in total each month on a single invoice template provided by Cal OES. Building Futures also indicated that Cal OES's subaward funding structure and instructions prevented Building Futures from utilizing and expending the funding sources at the federal requirement level and resulted in seemingly skewed outcomes. Building Futures further stated that Cal OES unbraiding the state and federal funding into two subawards instead of one would allow Building Futures to satisfy federal requirements, but Building Futures also agreed to otherwise follow Cal OES' directives as they are developed.

Regarding Building Futures' response, the Uniform Guidance, 2 C.F.R. § 200.405, states that if a cost benefits two or more projects or activities, the cost must be allocated to the projects based on the proportional benefit or any reasonable documented basis. The DOJ Grants Financial Guide requires

separate accounting for the receipt, obligation, and expenditure of each funding source, as well as costs be distributed based on a reasonable allocation methodology. During our audit, Building Futures provided us with support for the expenditures it had allocated to Cal OES, but Building Futures also agreed that it did not apply consistent and proportionate allocation of those costs to VOCA, as we discussed in [Accounting of VOCA Expenditures](#) section of this report. Although Cal OES included multiple funding sources within its subawards, it also specified how much federal and state funding was included in each subaward agreement. Building Futures could coordinate with Cal OES to acquire the information it needs to meet the cost allocation requirements of the subaward.

This recommendation can be closed when we receive evidence that Building Futures has established controls to allocate costs to VOCA based on a consistent and documented methodology.

3. Ensure that the Building Futures implements controls to ensure salaries and wages expenses charged to the subaward are based on records that accurately reflect the work performed to comply with federal award requirements.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Cal OES to obtain a copy of Building Futures' written policies and procedures, developed and implemented, to ensure salaries and wages expenses, charged to the subaward, are based on records that accurately reflect the work performed to comply with federal award requirements. As a result, this recommendation is resolved.

Cal OES agreed with our recommendation and stated in its response that it will review Building Futures' functional timesheets and provide technical assistance as needed during its on-site Performance Assessment which Cal OES anticipates being completed by June 2025.

Building Futures stated in its response that it agreed to implement a new functional time tracking system that would track each employee's time by functional activity by a single contract, subaward, or grant, account for all hours worked, and show amounts charged by contract, subaward, or grant. Building Futures stated it manually validated all VOCA expenses utilized and charged from October 1, 2020, through January 31, 2024, from each budget expense category and provided it to the OIG when requested. Building Futures further indicated that Cal OES's subaward funding structure prevented Building Futures from tracking unique accounts by funding source in its accounting system. Building Futures also agreed to follow Cal OES' directives as they are developed.

As we discussed in the [Personnel Costs](#) section of the report, the DOJ Grants Financial Guide requires grant recipients (and subrecipients) that work on multiple grant programs or cost objectives to provide a reasonable allocation or distribution of costs among specific activities or cost objectives. Although Building Futures stated in its response that it implemented a new functional time tracking system, based on our review of Building Futures' certified timesheets, Building Futures' system does not adequately track and document the time allocated to the different activities included in the Cal OES' subawards. As we mentioned in the report, Building Futures' officials told us that it would be too cumbersome to create different cost centers associated with each funding source within its timekeeping system. However, given the federal requirements, Building Futures could work with Cal OES to find an appropriate solution.

This recommendation can be closed when we receive evidence that Building Futures has implemented controls to ensure salaries and wages expenses charged to the subaward are based on records that accurately reflect the work performed to comply with federal award requirements.

4. **Remedy \$32,478 in salaries and fringe benefits costs that were not adequately supported.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$32,478 in questioned costs, related to unsupported salaries (\$24,188) and fringe benefits (\$8,290), that were charged to subawards for Building Futures, under Grant Numbers 2018-V2-GX-0029 (\$5,847), 2019-V2-GX-0053 (\$4,806), 15POVC-21-GG-00613-ASSI (\$9,990), and 15POV-22-GG-00708-ASSI (\$11,835), and will work with Cal OES to remedy, as appropriate. As a result, this recommendation is resolved.

Cal OES agreed with our recommendation and stated in its response that it will perform testing on salaries and fringe benefit costs that were identified as not adequately supported and determine remedial actions.

Building Futures stated in its response that, using manual reconciliation, it validated all VOCA expenses utilized and charged from October 1, 2020, through January 31, 2024, from each budget expense category. Building Futures stated that it provided the budget expense validation to the OIG, including certified payroll registers, timesheets, general ledger reports, cost allocation schedules, and all paid vendor invoices. Building Futures further indicated that Cal OES's subaward funding structure prevented Building Futures from tracking unique accounts by funding source in its accounting system. Building Futures also agreed to follow Cal OES' directives as they are developed.

As we discussed in the [Personnel Costs](#) section of the report, our review of Building Futures' certified timesheets determined that Building Futures did not implement a system to adequately track and document the time allocated to the different activities included in the Cal OES' subawards. Building Futures' officials told us that it would be too cumbersome to create different cost centers associated with each funding source within its timekeeping system. However, the DOJ Grants Financial Guide requires separate accounting for the receipt, obligation, and expenditure of each funding source, as well as costs be distributed based on a reasonable allocation methodology. Although Building Futures provided us with support for expenditures allocated to Cal OES, Building Futures could not adequately support the allocated expenditures to VOCA because Building Futures' Contract and Compliance Manager assigned costs based on spend-down priority, such as the source funds' expiration dates and remaining budgets, instead of allocating costs to the projects based on the proportional benefit or any reasonable documented basis, as required.

This recommendation can be closed when we receive evidence that OJP has remedied \$32,478 in salaries and fringe benefits costs that were not adequately supported.

5. **Remedy \$8,897 in unsupported operating costs.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that will review the \$8,897 in questioned costs, related to unsupported operating costs, that were charged to subawards

for Building Futures, under Grant Numbers 2018-V2-GX-0029 (\$3,472), 2019-V2-GX-0053 (\$1,263), 15POVC-21-GG-00613-ASSI (\$2,001), and 15POVC-22-GG-00708-ASSI (\$2,161), and will work with Cal OES to remedy, as appropriate. As a result, this recommendation is resolved.

Cal OES agreed with our recommendation and stated in its response that it will perform testing on operating costs that were identified as not adequately supported and determine remedial actions.

Building Futures stated in its response that, using manual reconciliation, it validated all VOCA expenses utilized and charged from October 1, 2020, through January 31, 2024, from each budget expense category. Building Futures stated that it provided the budget expense validation to the OIG, including certified payroll registers, timesheets, general ledger reports, cost allocation schedules, and all paid vendor invoices. Building Futures further indicated that Cal OES's subaward funding structure prevented Building Futures from tracking unique accounts by funding source in its accounting system. Building Futures also agreed to follow Cal OES' directives as they are developed.

The OIG discussed all VOCA expenditures selected for expenditure testing in detail with Building Futures, including the 24 personnel cost transactions and 15 operating cost transactions. As discussed in the [Personnel Costs](#) and [Operating Costs](#) sections of the report, Building Futures demonstrated appropriate allocation of costs to Cal OES, but was unable to adequately support allocation of cost to VOCA because Building Futures' Contract and Compliance Manager assigned costs based on spend-down priority, such as the source funds' expiration dates and remaining budgets, instead of allocating costs to the projects based on the proportional benefit or any reasonable documented basis, as required.

This recommendation can be closed when we receive evidence that OJP has remedied \$8,897 in unsupported operating costs.

6. Remedy \$2,156 in unallowable operating costs charged to VOCA in error.

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$2,156 in questioned costs, related to unallowable operating costs applied to VOCA in error, that were charged to subawards for Building Futures, under Grant Numbers 2018-V2-GX-0029 (\$1,906) and 15POVC-21-GG-00613-ASSI (\$250), and will work with Cal OES to remedy, as appropriate. As a result, this recommendation is resolved.

Cal OES agreed with our recommendation and stated in its response that it will perform testing on operating costs that were identified as unallowable and determine remedial actions.

Building Futures stated in its response that it believes that all costs are correctly supported and allowable, as well as reimbursed from Cal OES, based on its invoice submission. It further stated that if Cal OES unbraids the single subrecipient award and creates two subawards, this separation of federal and state funding would allow Building Futures to effectively and accurately utilize federal funding and satisfy federal requirements, as well as properly report and measure performance proportionally. If that is not possible, Building Futures agrees to follow Cal OES' directives as they are developed.

As discussed in the [Operating Costs](#) section of the report, Building Futures charged three operating costs totaling \$2,156 that were unallowable as one of those costs was charged to VOCA in error, which Building Futures confirmed during our audit, and the other two costs did not fall into any approved expense categories in the grant budgets. As we discussed in the [Financial Management](#) section of the report, Building Futures did not delineate expenditures by funding sources, rather assigned costs allocated to Cal OES amongst the funding sources based on spend-down priority, such as the source funds' expiration dates and remaining budgets. This practice led to Building Futures' lack of consistent and proportionate cost allocation by funding source. This recommendation can be closed when we receive evidence that OJP has remedied \$2,156 in unallowable operating costs charged to VOCA in error.

Recommendations for OJP to:

- 7. Work with Cal OES to ensure that it provides the necessary guidance for its subrecipients to report only VOCA-funded activities in PMT, prorating when appropriate.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Cal OES to obtain a copy of its updated policies and procedures, developed and implemented, to ensure that it provides the necessary guidance for its subrecipients to report only VOCA-funded activities in PMT, prorating when appropriate. As a result, this recommendation is resolved.

Cal OES agreed with our recommendation and stated in its response that it implemented an internal procedure to send quarterly reminders to instruct all subrecipients to report actual service data supported with VOCA Victim Assistance Formula Grant Program funds or to prorate service data using one of the OJP-identified strategies. In addition, Cal OES implemented a procedure to have the PMT data compared on a quarterly basis against Cal OES Progress Reports and other federal reporting. Furthermore, Cal OES is updating its Victim Services Branch Procedural Manual to include the analysis of comparing amongst various reports.

Building Futures also provided in its response its perspective regarding the impact of Cal OES's guidance and subaward funding structure on its operations. Building Futures also agreed to follow Cal OES' directives as they are developed.

This recommendation can be closed when we receive evidence that Cal OES has provided the necessary guidance for its subrecipients to report only VOCA-funded activities in PMT, prorating when appropriate.

8. **Work with Cal OES to establish procedures to verify subrecipients' VOCA performance data to ensure that it is prorated, when appropriate, to prevent duplicative reporting.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Cal OES to obtain a copy of its updated policies and procedures, developed and implemented, to establish procedures to verify subrecipients' VOCA performance data to ensure that it is prorated, when appropriate, to prevent duplicative reporting. As a result, this recommendation is resolved.

Cal OES agreed with our recommendation and stated in its response that it implemented an internal procedure to send quarterly reminders to instruct all subrecipients with VOCA Victim Assistance Formula Grant Program funds to report actual service data supported with VOCA funds or to prorate service data using one of the OJP-identified strategies. In addition, Cal OES implemented a procedure to have the PMT data compared on a quarterly basis against Cal OES Progress Reports and other federal reporting. Furthermore, Cal OES is updating its Victim Services Branch Procedural Manual to include the analysis of comparing amongst various reports.

Building Futures also provided in its response its perspective regarding the impact of Cal OES's guidance and subaward funding structure on its operations. Building Futures also agreed to follow Cal OES' directives as they are developed.

This recommendation can be closed when we receive evidence that Cal OES has established procedures to verify subrecipients' VOCA performance data to ensure that it is prorated, when appropriate, to prevent duplicative reporting.

9. **Work with Cal OES to enhance its subrecipient monitoring policies and procedures to ensure subrecipients are recording or allocating expenditures by funding source, as required.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Cal OES to obtain a copy of its updated subrecipient monitoring policies and procedures, developed and implemented, to ensure subrecipients are recording or allocating expenditures by funding source, as required. As a result, this recommendation is resolved.

Cal OES agreed with our recommendation and stated in its response that it is continually updating its monitoring policies and procedures. Cal OES anticipates submitting a final copy of the monitoring policies and procedures to OJP by July 2025.

Building Futures also provided in its response its perspective regarding the impact of Cal OES's guidance and subaward funding structure on its operations. Building Futures also agreed to follow Cal OES' directives as they are developed.

This recommendation can be closed when we receive evidence that Cal OES has enhanced its subrecipient monitoring policies and procedures to ensure subrecipients are recording or allocating expenditures by funding source, as required.

10. **Work with Cal OES to revise its subrecipient compliance assessment procedures to ensure corrective action plans are implemented in a timely manner.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with Cal OES to obtain a copy of its updated subrecipient compliance assessment policies and procedures, developed and implemented, to ensure corrective action plans are implemented in a timely manner. As a result, this recommendation is resolved.

Cal OES agreed with our recommendation and stated in its response that it continues to update its compliance assessment policies and procedures, including the Corrective Action Procedures for both the Compliance Processing Branch and Office of Audits and Investigations. Cal OES anticipates submitting a final copy of the monitoring policies and procedures to OJP by July 2025.

Building Futures also provided in its response its perspective regarding the impact of Cal OES's guidance and subaward funding structure on its operations. Building Futures also agreed to follow Cal OES' directives as they are developed.

This recommendation can be closed when we receive evidence that Cal OES has revised its subrecipient compliance assessment procedures to ensure corrective action plans are implemented in a timely manner.