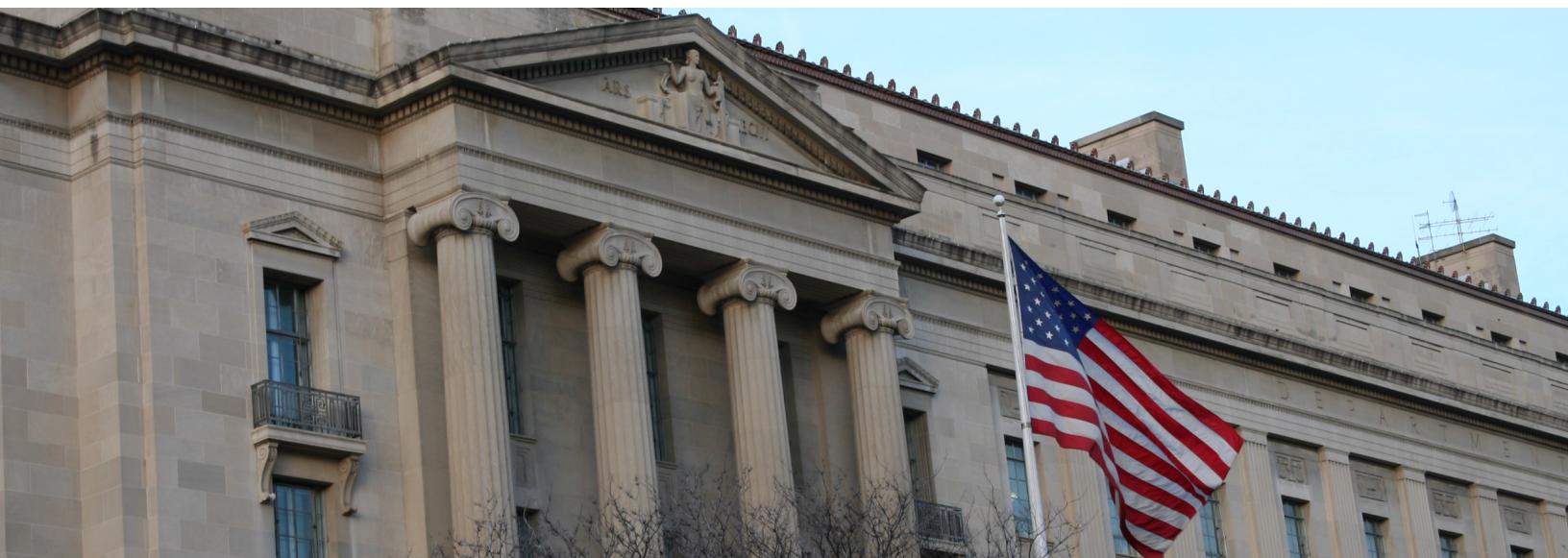




# **Office of the Inspector General**

## **U.S. Department of Justice**

**OVERSIGHT ★ INTEGRITY ★ GUIDANCE**



# **Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Grants Awarded to the Nevada Department of Health and Human Services, Carson City, Nevada**

Audit Division GR-90-18-002

March 2018



# Executive Summary

*Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Grants Awarded to the Nevada Department of Health and Human Services, Carson City, Nevada*

## Objective

The U.S. Department of Justice Office of the Inspector General completed an audit of four *Victims of Crime Act* (VOCA) Victim Assistance Formula Grant Program (victim assistance) grants totaling \$45,662,960 awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the state of Nevada Department of Health and Human Services (NDHHS). Our audit was conducted to evaluate how the NDHHS designed and implemented Nevada's assistance program for victims of crime.

## Results in Brief

As a result of our audit, we found that the NDHHS distributed its VOCA victim assistance grant funding in subawards to service providers and enhanced services for crime victims. However, the NDHHS did not comply with essential award conditions. Specifically, we found that the NDHHS: (1) made an error in its subaward process causing approximately \$4 million in excess awards, (2) awarded funds based on expected VOCA funds to be received instead of actual funds received, (3) did not track priority funding areas as required by VOCA guidelines, (4) submitted inaccurate Performance Reports and Federal Financial Reports, (5) did not ensure compliance with the special conditions of the award, (6) incurred unallowable and unsupported costs, (7) did not ensure drawdowns were on a reimbursement basis, and (8) did not sufficiently monitor subrecipients to ensure compliance with the financial and programmatic requirements of the grants. As a result of these deficiencies, we identified \$2,733,667 in total questioned costs.

## Recommendations

Our report contains 22 recommendations to OJP to have the NDHHS remedy dollar-related findings and to improve its grant management and administration. The NDHHS' and OJP's responses to the draft report can be found in Appendices 3 and 4, respectively. Our analysis of both responses, as well as a summary of actions necessary to close the recommendations can be found in Appendix 5 of this report.

## Audit Results

The main purpose of the VOCA victim assistance grants we audited was to enhance crime victim services in Nevada. The NDHHS distributes the majority of the victim assistance funding it receives to organizations that provide direct services to victims, such as rape treatment centers, domestic violence shelters, centers for missing children, and other community-based victim coalitions and support organizations. The NDHHS has the discretion to select subrecipients from among eligible organizations, although the VOCA Guidelines require priority be given to organizations that assist victims of sexual assault, domestic abuse, child abuse, and previously underserved populations. As of October 2017, the NDHHS had drawn down a total of \$26,417,228 for the four grants.

### **Program Requirements and Performance**

**Reporting** - The audit determined that the NDHHS used its VOCA victim assistance grant funding to enhance services for crime victims as intended. However, the NDHHS did not track subawards by type of service to ensure that funding was awarded to providers that provide services to victims of: (1) child abuse, (2) domestic abuse, (3) sexual assault, and (4) previously underserved as required by VOCA guidelines. The NDHHS did not maintain sufficient supporting documentation to determine whether it met this requirement. Furthermore, we noted that the NDHHS utilized a contractor to collect subrecipient performance information, which the NDHHS used to submit the annual Performance Reports. However, the contractor failed to ensure all subrecipients reported their performance; therefore, all of the annual Performance Reports were inaccurate. The NDHHS also hired the contractor without following state contract policy; therefore, we questioned \$351,878 in funds paid to this contractor.

### **Victim Assistance Program Planning and Execution**

**Execution** - The NDHHS used a Request for Proposal (RFP) to announce new victim assistance funding. It accepted applications and made funding decisions based on the applications. However, the total amount of subawards to subrecipients was based on funds expected to be received from the Crime Victims



# Executive Summary

## *Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Grants Awarded to the Nevada Department of Health and Human Services, Carson City, Nevada*

Fund instead of funds actually received. Given that differences occurred between expectations and actuals, the NDHHS regularly over- or under-awarded funds. Further, in fiscal year (FY) 2016, the NDHHS erroneously awarded funds twice to subrecipients. In total, the NDHHS stated it erroneously awarded approximately \$4 million to subrecipients in excess of the amount it received at the time of the subawards. Additionally, the NDHHS did not maintain sufficient supporting documentation; therefore, we were unable to verify its subaward selection process or the total amount of excess awards.

**Monitoring of Subrecipients** - As of August 2017, the NDHHS had subawarded over \$22 million from the four grants we reviewed, and the grant budgets allocate over \$40 million in subawards. However, we determined the NDHHS' subrecipient monitoring process to be ineffective to ensure that the subrecipients abided by all the terms and conditions of the subawards. In FY 2017, the NDHHS cancelled all subrecipient site visits due to staff turnover and training needs. Furthermore, the NDHHS did not obtain or maintain sufficient supporting documentation from the subrecipients to support their expenditures of subawarded funds. To test the NDHHS administration of the VOCA awards, we tested subrecipient transactions and performed our own site visits to subrecipients, and determined that the NDHHS and its subrecipients could not support a total of \$1,870,566 in subrecipient expenditures that we tested, which we questioned. To test the state's process of monitoring subrecipients, we tested a judgmental sample of subrecipient expenditures and found that the

subrecipients could not adequately support \$97,905 in subaward expenditures.

In addition, the NDHHS subawarded funds to a not-for-profit to pay for subcontractors to perform the site monitoring visits in violation of state contracting policy. The not-for-profit charged a 10 percent fee for every transaction, which could have been avoided had the state used a master service agreement it already established with another vendor. Consequently, we questioned this subaward of \$49,935 as unnecessary.

**Administrative Expenses** - The NDHHS was allowed to use up to 5 percent of award funds to administer the subawards and to monitor subrecipients. We found that the NDHHS complied with the 5 percent requirement for 2 of the years we reviewed, but in 2015 it exceeded the maximum by 0.79 percent. Therefore, we questioned \$138,975 of excessive administrative expenses. Further, we found that NDHHS employee payroll expense allocations were based on quarterly timesheets that we could not reconcile to the employees' weekly timesheets, resulting in \$231,004 in questioned administrative expenditures.

**Match** - By VOCA Guidelines, each subrecipient (unless receiving a waiver) must match 20 percent of the award amount, except Native American tribes and organizations located on reservations, which were required to match 5 percent for the FY 2013 and FY 2014 VOCA victim assistance grants. We tested a judgmental sample of match transactions and found that two of the three subrecipients tested could not adequately support their required matches. Therefore, we questioned \$6,379 in inadequately supported match transactions.

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
OFFICE FOR VICTIMS OF CRIME  
VICTIM ASSISTANCE GRANTS AWARDED TO THE  
NEVADA DEPARTMENT OF HEALTH AND HUMAN SERVICES,  
CARSON CITY, NEVADA**

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**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS  
OFFICE FOR VICTIMS OF CRIME  
VICTIM ASSISTANCE GRANTS AWARDED TO THE  
NEVADA DEPARTMENT OF HEALTH AND HUMAN SERVICES,  
CARSON CITY, NEVADA**

**INTRODUCTION**

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four Victims of Crime Act (VOCA) Victim Assistance Formula Grant Program (victim assistance) grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC) to the state of Nevada Department of Health and Human Services (NDHHS). The OVC awards victim assistance grants annually to state administering agencies under VOCA.<sup>1</sup> In the state of Nevada, the NDHHS serves as the state administering agency for victim assistance program grants. As shown in Table 1, from fiscal years (FYs) 2013 to 2016, the NDHHS was awarded four grants totaling \$45,662,960.

**Table 1**  
**VOCA Victim Assistance Program Grants Awarded to the NDHHS**  
**FYs 2013 – 2016**

Award Number	Award Date	Project Start Date	Project End Date	Award Amount
2013-VA-GX-0062	09/06/13	10/01/12	09/30/16	\$3,954,131
2014-VA-GX-0057	09/05/14	10/01/13	09/30/17	4,236,124
2015-VA-GX-0024	08/25/15	10/01/14	09/30/18	17,491,274
2016-VA-GX-0076	09/08/16	10/01/15	09/30/19	19,981,431
<b>Total:</b>				<b>\$45,662,960</b>

Source: OJP

Established by the VOCA legislation in 1984, the Crime Victims Fund (CVF) is used to support crime victims through DOJ programs, and state and local victim services. The CVF is supported entirely by federal criminal fees, penalties, forfeited bail bonds, gifts, donations, and special assessments. The OVC annually distributes CVF proceeds to states and territories. 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 (the cap).

In FY 2015, Congress significantly raised the previous year's cap on CVF disbursements, which more than quadrupled the available funding for victim assistance grants from \$455.8 million to \$1.96 billion. In FY 2016, Congress raised the cap again, increasing the available funding for victim assistance to \$2.22 billion. The OVC allocates the annual victim assistance program awards based on the amount available for victim assistance each year and the states' population. As such, the annual VOCA victim assistance grant funds available to the NDHHS

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<sup>1</sup> The VOCA Victim Assistance Formula program is funded under 42 U.S.C. 10603 (a) (2016).

increased from \$4.2 million in FY 2014 to \$17.5 million in FY 2015 to \$20.0 million in FY 2016.

VOCA victim assistance formula grant funds support the provision of direct services – such as crisis intervention, assistance filing restraining orders, counseling in crises arising from the occurrence of crime, and emergency shelter – to victims of crime. The OVC distributes these assistance grants to states and territories, which in turn fund subawards to organizations that directly provide the services to victims. Eligible services are efforts that: (1) respond to the emotional and physical needs of crime victims, (2) assist primary and secondary victims of crime to stabilize their lives after a victimization, (3) assist victims to understand and participate in the criminal justice system, and (4) provide victims of crime with a measure of safety and security.

## **The Grantee**

As Nevada’s state administering agency, the NDHHS was responsible for administering the VOCA victim assistance program grants. The NDHHS promotes the health and well-being of Nevadans through the delivery or facilitation of essential services to ensure families are strengthened, public health is protected, and individuals achieve their highest level of self-sufficiency. In this role, the NDHHS administers VOCA subawards to organizations and coordinates efforts to support crime victims. Such efforts include providing: (1) transitional housing for victims of domestic violence, (2) counseling to victims of crime, (3) legal advice and support, and (4) other similar services to victims of crime.

## **OIG Audit Approach**

The objective of the audit was to evaluate how the NDHHS designed and implemented Nevada’s assistance program for victims of crime. To accomplish this objective, we assessed the NDHHS’ grant management performance in the following areas: (1) state program implementation, (2) program performance and requirements, (3) grant financial management, and (4) monitoring of subrecipients.

We tested compliance with what we considered the most important conditions of the grants. Unless otherwise stated in our report, we applied the authorizing VOCA legislation, the VOCA victim assistance program guidelines (VOCA Guidelines), the OJP Financial Guide and the DOJ Grants Financial Guide as our primary criteria.<sup>2</sup> We also reviewed relevant state of Nevada Revised Statutes and the NDHHS policy and procedures, and interviewed the NDHHS personnel to determine how they administered the VOCA funds. Additionally, we interviewed subrecipient personnel and further obtained and reviewed the NDHHS and subrecipient records reflecting grant activity. Appendix 1 contains additional information on the audit’s objective, scope, and methodology, as well as further

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<sup>2</sup> The OJP Financial Guide governs the FY 2013 and 2014 grants in our scope, while the revised 2015 DOJ Grants Financial Guide applies to the FY 2015 and 2016 awards. The revised DOJ Grants Financial Guide reflects updates to comply with the Uniform Grant Guidance, 2 C.F.R. part 200. We refer to the OJP Financial Guide and DOJ Grants Financial Guide as Guides throughout the report.

detail on the criteria we applied for our audit. Appendix 2 presents a schedule of our dollar-related findings. The NDHHS' and OJP's responses to the draft report can be found in Appendices 3 and 4, respectively. Our analysis of both responses, as well as summary of actions necessary to close the recommendations can be found in Appendix 5 of this report.

## AUDIT RESULTS

### Grant Program Planning and Execution

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

As part of our audit, we assessed the NDHHS' overall plan to allocate and award the victim assistance funding. We reviewed how the NDHHS planned to distribute its available funding, made subaward selection decisions, and informed its subrecipients of necessary VOCA requirements. As discussed below, in our overall assessment of grant program planning and execution, we determined that the NDHHS did not follow its normal subaward process, made an error in its funding decisions, did not have an effective subaward allocation plan, and did not maintain sufficient documentation to support its funding decisions to subrecipients. Without sufficient documentation, we were unable to determine if the NDHHS selection process adequately distributed funds to meet the needs of crime victims. We did find that the NDHHS adequately communicated the applicable VOCA requirements to its subrecipients.

#### *The NDHHS Efforts to Identify Underserved Populations*

In response to the significant increase in CVF available funding, the OVC's FY 2015 VOCA Victim Assistance Formula Solicitation required that state and territory applicants submit a subrecipient funding plan that detailed their efforts to identify additional victim service needs, as well as subaward strategies to spend the substantial increase in available VOCA funding. In response, the NDHHS stated it would "conduct informal surveys, review current victim data, and conduct informal and formal needs assessment to determine the need in Nevada." In response to our requests for such analysis, the NDHHS did not provide us with any information

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

on informal surveys, review of current victim data, or informal needs assessments. To address the requirement, the NDHHS hired a contractor in May 2016 to perform a gap analysis to identify underserved populations in the state. The gap analysis titled VOCA Needs Assessment Gaps Analysis was not completed until May 2017. Given that the gap analysis was not completed until 2017, the NDHHS was not able to use it for its 3-year Request for Proposal (RFP) award decisions made in 2015, and the first time it will use this gap analysis to make award decisions will be in an out of cycle RFP issued in 2017. Though the NDHHS' recent gap analysis indicates it is cognizant of its need to ensure future funds are allocated appropriately, we are concerned that the NDHHS has awarded over \$30 million in funds from 2012 through 2016 without a demonstrable coherent and informed strategy for appropriately allocating these funds to address appropriate areas of victim needs for the state of Nevada.

### *Subaward Selection Process*

To assess how the NDHHS granted its subawards, we identified the steps that the NDHHS took to inform, evaluate, and select subrecipients for VOCA funding.<sup>4</sup> Prior to the 2015 significant increase in VOCA funding awarded to the state of Nevada, the NDHHS normal process was to issue a RFP every 3 years to announce new VOCA funding available for victim service providers. Victim service providers submitted applications to this RFP, and a committee of subject matter experts selected by the NDHHS reviewed and rated each proposal. Ultimately, the leadership of the NDHHS would make final funding decisions for each applicant based on the committee's ratings and their own professional judgement. For the next 2 years after this initial award, the NDHHS leadership would continue to award funds to those same subrecipients who had been awarded funds in year 1 of the 3-year RFP. The NDHHS subaward letter awarded a set dollar amount to a subrecipient for year 1. The subaward letter stated that the second and third year award amounts are dependent on the amount of VOCA funds received by the state, in years 2 and 3. A difference occurred each time, because the total amount awarded around May of each year of these 3-year RFPs would be different than the actual amount of VOCA victim assistant funding the state received each year around September.<sup>5</sup> Therefore, the state's process was awarding funds based on anticipated funds to be received later in the year, which sometimes awarded more funds than it actually received or awarded less funds than it actually received. For example, the state FY 2012 RFP was issued in January 2012 for state FYs 2013, 2014, and 2015 in the amount of \$3,762,960; however, the state of Nevada received \$3,541,319 in federal FY 2012 VOCA funding in June 2012. According to an NDHHS official, any differences would be handled through adjustments to the subawards. The NDHHS would increase some of the subawards when the total of all the subawards were less than the funds received, or use the following year's

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<sup>4</sup> This audit is focused on the NDHHS' award process for federal VOCA dollars and does not evaluate the state's process of awarding other federal or state funding.

<sup>5</sup> The state FY runs from July to June and the federal FY runs from October to September.

VOCA funds awarded to the state to cover any subawards that were more than what the state received in VOCA victim assistance grants.

We found that the NDHHS' process for making award decisions prior to knowing how much federal funding it receives resulted in several concerns. First, it creates the risk that it may not have enough funding to cover all the subawards it awarded based on its RFP. Subaward recipients will make program implementation decisions based on the funds that the NDHHS agrees to award, and program implementation will likely be disrupted by variances in actual award amounts. Further, the NDHHS' practice of funding any shortfalls for RFPs made in one year with VOCA funds received in the next year presents the risk that periods of performance requirements may not be met. In our audit, we did not find instances of award dollars being used outside of the performance period; however, it is a risk the NDHHS could avoid by changing its awarding practices. We discussed these issues with NDHHS officials, who stated they agreed with the concerns and would attempt to mitigate the risks in a future change to its processes. Given the risk of awarding more funds than it will receive, we recommend that OJP work with the NDHHS to review its subaward practices and implement procedures to ensure that appropriate subawards are issued each year in consideration of actual VOCA funds available and appropriate project periods.

#### *NDHHS Error in its RFP Process*

Besides the normal process causing awarding of more or less than the total VOCA victim assistance funds received, the NDHHS made an error in the normal funding process when it attempted to address the significant increase in CVF funds. In February 2015, the NDHHS issued a RFP for the FY 2015 VOCA victim assistance funds it expected to receive, in the amount of \$4,024,318. However, the NDHHS actually received \$17,491,274 in VOCA victim assistance funds in August 2015 due to the significant increase in CVF funds available to states beginning in FY 2015. Therefore, the NDHHS issued a second RFP in January 2016. While the NDHHS issued this second RFP for the full amount of \$17,491,274, an NDHHS official stated to us that this second RFP should have been reduced by the total subaward amount that the NDHHS had already awarded under the first RFP in 2015 as well as any administrative costs.<sup>6</sup> An NDHHS official stated that the two RFPs caused some subrecipients to receive two subawards. One subaward from the first RFP issued in 2015 would continue with second year funding in 2016 and one subaward would be from the second RFP issued in 2016. The NDHHS stated the amount of excess awards for FY 2015 grant was \$3,959,528. We were unable to confirm this calculated over-awarded amount because the NDHHS did not maintain sufficient documentation of all the subawards made under these two RFPs, as discussed in the Subaward Documentation section of this report. In 2016, the NDHHS was awarded \$19,981,431, which it said it will use to cover the commitments made in subawards under the two RFPs in 2015 and 2016, and if any is left over, additional awards to underserved populations identified in the gap analysis. The NDHHS

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<sup>6</sup> By VOCA guidelines, the state administering agency may retain up to 5 percent of each grant to pay for administering its crime victim assistance program and for training.

issued another RFP for any additional awards in July 2017. This RFP was for up to \$10 million since the NDHHS does not know the full effect of their obligations under previous subawards. Consequently, we have concerns that the NDHHS will not have enough funds to cover current subaward commitments and continue to provide similar subaward funding to maintain programs at the subrecipient level.

As a result, we recommend that OJP ensure that the NDHHS determine the total dollar amount of subaward commitments it has made, and how it will address any discrepancies while abiding by the period of performance and other federal requirements for the VOCA funds.

#### *Subaward Documentation*

To assess how the NDHHS granted its subawards, we identified the steps that the NDHHS took to inform, evaluate, and select subrecipients for VOCA victim assistance funding. The VOCA Guidelines state:

[State Administering Agencies] have sole discretion to determine which organizations will receive funds, and in what amounts, subject to the requirements of VOCA, this subpart, and the provisions in the DOJ Grants Financial Guide relating to conflicts of interest. [State Administering Agencies] must maintain a documented methodology for selecting all competitive and noncompetitive subrecipients.

As discussed above, the NDHHS used a 3-year RFP, accepted applications, used subject matter experts to score those applications, and awarded funds based upon that scoring and management's discretion. Although we found evidence that the NDHHS made a public announcement of the RFP, received applications, used subject matter experts to score the applications, recused subject matter experts from scoring their own entities' applications, and had all subject matter experts sign a conflict of interest statement, we were unable to test this process fully because the NDHHS did not maintain sufficient supporting documentation. Specifically, the NDHHS does not have: all the conflict of interest statements, all the applications, or all the subaward documents. In addition, the NDHHS cannot sufficiently explain why one application was denied and another application was accepted besides general reasons it would deny or accept an application. Furthermore, we were unable to tie the rating made by the committee of subject matter experts to the final funding decisions made by the NDHHS leadership. An NDHHS official stated that the NDHHS has had significant turnover of staff and does not know how or where the prior staff documented the subaward selection process. In addition, the NDHHS made three subawards to entities that were not required to apply through the normal RFP process. An NDHHS official stated these three subawards (two subawards in 2016 and one subaward in 2017) were to award funds to entities providing services to victims of the human trafficking and sex industry in Nevada, which it considered to be underserved populations. Given the lack of sufficient documentation to support the NDHHS decisions, we recommend that OJP ensure

that the NDHHS establish a process that includes a documented methodology for selecting all competitive and noncompetitive subrecipients.

### *Subaward Requirements*

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

## **Program Requirements and Performance Reporting**

To determine whether the NDHHS distributed VOCA victim assistance program funds to enhance crime victim services, we reviewed the NDHHS distribution of grant funding via subawards among local direct service providers. We also reviewed the NDHHS' performance measures and performance documents that the NDHHS' used to track goals and objectives. We further examined OVC solicitations and award documents and verified the NDHHS' compliance with three special conditions governing recipient award activity. Based on our assessment described in the following analysis of program requirements and performance reporting, we were unable to determine if the NDHHS fulfilled the distribution requirements to priority victim groups as required by VOCA guidelines. We also found that the NDHHS did not implement adequate procedures to compile accurate and complete annual Performance Reports. Finally, we found the NDHHS did not comply with one of three tested special conditions.

### *Priority Areas Funding Requirement*

The VOCA Guidelines require that the NDHHS award a minimum of 10 percent of the total grant funds to programs that serve victims in each of the four following categories: (1) child abuse, (2) domestic abuse, (3) sexual assault, and (4) previously underserved. The VOCA Guidelines give each state administering agency the latitude for determining the method for identifying "previously underserved" crime victims.<sup>7</sup> Prior to 2017, the state of Nevada did not have a definition of previously underserved populations, nor did it track whether it was providing a minimum of 10 percent of total grant funds to programs that served victims in each of the four categories. OJP updated the annual Performance Report requirements in FY 2016 to require state administering agencies to report the amount of VOCA funds spent in the four categories.<sup>8</sup> The NDHHS does not

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<sup>7</sup> Methods for identifying "previously underserved" victims may include public hearings, needs assessments, task forces, and meetings with statewide victim services agencies.

<sup>8</sup> In its FY 2016 Performance Report, the NDHHS reported that it did not meet the 10 percent minimum in one of the four categories, the underserved population. However, the NDHHS could not explain how former NDHHS staff had calculated these amounts.

place each subaward into defined categories and did not maintain sufficient documentation of the subawards; therefore, we were unable to determine whether the NDHHS awarded at least 10 percent in each of these categories for FYs 2013, 2014, and 2015, and we could not verify the information reported in FY 2016. In May 2016, the NDHHS hired a contractor to perform a gap analysis to identify the underserved populations in the state. It plans to use this gap analysis, which was issued in May 2017, in its future funding decisions. We recommend that OJP ensure that the NDHHS implement procedures to award at least 10 percent of the total grant to programs providing services to victims in each of the four priority areas, and determine an appropriate methodology for making future allocations to meet other needs. In addition, we recommend that OJP ensure that the NDHHS establish policy to ensure the documented tracking of funding within these categories.

#### *Annual Performance Reports*

Each state administering agency must annually report to OVC on activity funded by any VOCA awards active during the FY. As of FY 2016, OVC also began requiring states to submit quarterly performance data through the web-based Performance Measurement Tool (PMT), which are used to generate the annual Performance Reports.<sup>9</sup> With this new system, states may provide subrecipients direct access to report quarterly data for state review, although OVC still requires that if the subrecipient completes the performance measure data entry directly, the state must approve it.

For the victim assistance grants, the states must report the number of agencies funded, subawards funded, victims served, and victim services funded by these grants. Additionally, according to a special condition of the victim assistance grants, the state must collect, maintain, and provide to OJP data that measures the performance and effectiveness of activities funded by the award. In the scope of our audit, the NDHHS submitted annual Performance Reports to OVC for FYs 2013, 2014, 2015, and 2016. We discussed with NDHHS officials how they compiled Performance Report data from their subrecipients. The NDHHS used a contractor to accumulate the performance statistics from each subrecipient. Contractor A created a website and each subrecipient is given an account to log into this website and record their performance statistics on a quarterly basis. Contractor A staff then accumulates this information on an annual basis. The NDHHS uses this information to file the Performance Report. Contractor A officials stated it does not verify the accuracy of the data submitted by the subrecipients outside of any statistical information that looks to be an abnormality. But, an NDHHS official stated they review the statistical information during site monitoring visits. However, we did not find evidence that the NDHHS site monitors were reviewing the statistics reported during site monitoring visits. Finally, the NDHHS and Contractor A do not require the subrecipients to submit any supporting documentation for the reported statistics.

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<sup>9</sup> PMT is a web-based reporting system where grantees administering VOCA formula funded programs can electronically submit quantitative and qualitative program performance data.

To determine whether the annual Performance Reports submitted by the NDHHS as a summary of statewide activity accurately reflected the performance reported by the subrecipients, we reviewed the most recent available Annual Performance Reports, covering the period of October 1, 2012, to September 30, 2016. Table 2 presents summary data from these annual Performance Reports.

**Table 2**  
**Summary from NDHHS**  
**Victim Assistance Program Annual Performance Report**  
**FYs 2013-2016**

<b>Performance Categories</b>	<b>2013 Data Reported</b>	<b>2014 Data Reported</b>	<b>2015 Data Reported</b>	<b>2016 Data Reported</b>
Number of Victims Served	69,399	74,431	83,150	62,946
Number of Services Provided	104,300	126,344	146,450	N/A <sup>a</sup>

<sup>a</sup> For the FY 2016 Performance Report, OJP no longer requests that the state administering agencies report the number of services provided.

Source: OJP's Performance Management Tool and Grants Management System

We assessed whether the NDHHS' annual Performance Report to OVC fairly reflected the performance figures its subrecipients had reported to Contractor A. We attempted to reconcile performance data reported by the subrecipients against cumulative totals reported in the annual Performance Reports. In our review of information provided to us by Contractor A, we found that between October 1, 2012, and September 30, 2016, Contractor A had identified 10 subrecipients that had not filed 19 quarterly Performance Reports and this statistical information had not been filed as of June 2017. Moreover, we identified an additional 11 quarterly reports not filed by 3 of those 10 subrecipients. Furthermore, we compared the Contractor A's data to the information the NDHHS filed in its 2013, 2014, and 2015 Performance Reports. We found the following differences in the 2013 and 2015 Performance Reports: (1) 2013 Performance Report shows 0 for the statistic Kidnapping, Child Victim of Emotional Abuse, or Stalking when the Contractor A's data shows 2,807 and (2) 2015 Performance Report shows 3,622 for the statistic Child Victims of Sexual Abuse, Incest, or Molestation when the Contractor A's data supports 6,322. We found the 2014 Performance Report information was the same as the support data provided from Contractor A. Given that certain subrecipients' performance data was not included in the annual Performance Reports, and that we noted differences between the supporting data and reported information, we determined that the annual Performance Reports for FYs 2013, 2014, 2015, and 2016 filed by the NDHHS are inaccurate. We recommend that OJP ensure that the NDHHS obtain the missing statistical information from the 10 subrecipients and file revised Performance Reports for FYs 2013, 2014, 2015, and 2016. In addition, we recommend that OJP ensure that the NDHHS establish a process to verify that all quarterly Performance Reports are filed timely with accurate and supportable statistical information. We discuss more in-depth testing of the reported

performance figures at the subrecipient level in the Monitoring of Subrecipients section of this report.

#### Contractor A

In our review of Contractor A's performance of the above service, we found that the NDHHS paid for this service by issuing a subaward to Contractor A from the VOCA victim assistance awards. Specifically, the NDHHS awarded one subaward from FY 2013 for \$74,500; and two subawards from FY 2015 for \$116,126 and \$161,252.<sup>10</sup> The purpose of the subawards was not to provide victim services but to provide an online interface for the subrecipients to report their performance. Thus, Contractor A was asked to collect and maintain the statistical information, conduct trainings, and provide the data to the NDHHS to file the annual Performance Reports. In addition to the VOCA victim assistance funding, the NDHHS administers other federal and state grant programs. It has subawarded more funds to Contractor A to perform similar performance reporting work for some of those programs. Therefore, in total, the NDHHS subawarded \$164,999 from federal FY 2013, and \$263,750 and \$308,876 from federal FY 2015 to Contractor A.<sup>11</sup>

The Guides state that for procurement transactions that an entity must use its own documented procurement procedures consistent with state, local, and tribal laws and regulations. According to the state of Nevada Revised Statute 284.173,

An independent contractor is a natural person, firm or corporation who agrees to perform services for a fixed price according to his/her or its own methods and without subjection to the supervision or control of the other contracting party, except as to the results of the work, and not as to the means by which the services are accomplished.

Contractor A fits this description of a contractor. However, these subawards were contrary to the NDHHS contracting policy that requires solicitations that are between \$25,000 and \$99,000 have a Formal RFP or Request for Quotation (RFQ) at the agency level, and solicitations amounting to \$100,000 and up require a RFP or RFQ facilitated by the state of Nevada's Purchasing Department. The NDHHS did issue at least one RFP for \$152,000 (only \$65,000 of that was VOCA funding) in February 2013 for this performance reporting service. However, the NDHHS did not use the state of Nevada's Purchasing Department and was not able to provide supporting documentation on the number of applicants, the scoring of the applicants, and any other support for this RFP. An NDHHS official believed that another entity applied but has no record of this application. Without any supporting documentation, we are unable to verify if the NDHHS properly contracted with

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<sup>10</sup> Contractor A did not receive a subaward in FY 2014 and 2016.

<sup>11</sup> The funding listed here is for the same time period as the federal awards. Funding totals to Contractor A include: (1) VOCA; (2) U.S. Department of Health and Human Services (HHS), Family Violence Prevention Act, (3) HHS Promoting Safe and Stable Families, and (4) HHS Enhancing Safety of Children Affected by Substance Abuse.

Contractor A in accordance with state policy. In addition, the NDHHS should have used the state contracting process and not subawarded funds for this purpose. We informed NDHHS officials that this relationship between Contractor A and the NDHHS had been ongoing for approximately the past 10 years and as far as the records show only one RFP had been issued over that time. The NDHHS Director stated he did not know that this had occurred, and another NDHHS official stated it plans to find another way to gather the statistical information. Given these issues, we question \$351,878 in VOCA victim assistance funding provided to Contractor A and recommend that OJP remedy these costs. We also recommend OJP ensure that the NDHHS establish a process to file its annual Performance Reports that does not violate state or federal regulations.

#### *Compliance with Special Conditions*

The special conditions of a federal grant award establish specific requirements for grant recipients. We reviewed the special conditions for each of the VOCA victim assistance program grants and identified several special conditions that we deemed significant to grant performance which are not otherwise addressed in another section of this report.

States must annually submit to OVC a Subgrant Award Report (SAR) with basic information on each subrecipient that receives victim assistance funds. States and territories are required to submit this information through an automated system. We found variances when we compared the NDHHS SARs for FY 2013, 2014, and 2015 with the list of subrecipients listed in the NDHHS General Ledger and to a list of subaward amounts the NDHHS recreated for us from its subaward documents. An NDHHS official stated that she was unsure if the information recreated for us is reliable. Without a reliable list of subgrant awards from the NDHHS, we are unable to reconcile the information in the SARs submitted to OVC. We recommend that OJP ensure that the NDHHS compile a reliable and supportable list of subawards and the amounts awarded for FYs 2013, 2014, and 2015, and if necessary correct the SAR information reported to OVC.

We further tested compliance with a certain special condition unique to the victim assistance program. For these victim assistance grants, the states must ensure that all non-profit subrecipients of VOCA assistance funding make their financial statements publicly available.<sup>12</sup> We judgmentally selected five subrecipients to verify if they met this standard. The IRS website shows the five subrecipients we visited as public charities and tax exempt organizations eligible to receive tax-deductible contributions. In addition, the five subrecipients' IRS Form 990s were searchable within online databases. Therefore, we found the NDHHS subrecipients we selected were in compliance with this VOCA requirement.

We noted that all of the VOCA victim assistance grant agreements contained the same special conditions related to conducting business with the federal government, such as certifying that the grantee is not presently suspended or debarred. In its grant application documents, the NDHHS certified it would comply

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<sup>12</sup> This special condition is only required in the FY 2015 grant award.

with these special conditions. We tested a judgmental sample of five subrecipients, and we determined that none of the five subrecipients were suspended or debarred.

## **Grant Financial Management**

Award recipients must establish and maintain an adequate accounting system and financial records that accurately account for awarded funds. To assess the adequacy of the NDHHS' financial management of the VOCA victim assistance grants, we reviewed the process used by the NDHHS to administer these funds by examining expenditures charged to the grants, subsequent drawdown requests, and resulting financial reports. To further evaluate the NDHHS' financial management of the VOCA victim assistance grants, we also reviewed the state of Nevada's Single Audit Report for FY 2016, which the NDHHS is a state department included in this Single Audit. Finally, we interviewed the NDHHS personnel who were responsible for financial aspects of the grants, reviewed the NDHHS written policies and procedures, inspected award documents, and reviewed financial records.

We found the FY 2016 Single Audit reported 48 findings, of which there were 32 material weaknesses and 16 material noncompliance issues within various state of Nevada departments and 44 previously identified issues still being addressed by the state. Eighteen of the FY 2016 Single Audit findings related to the NDHHS; however, VOCA victim assistance funds were not audited by the auditors. In our review of the findings across all state of Nevada departments, we identified several that are cross-cutting issues. The FY 2016 Single Audit reported that state entities:

- subgranted funds to procure services rather than follow state of Nevada contracting procedures;
- did not perform risk assessments of subrecipients' noncompliance with the terms of the grant;
- did not review subrecipient audit reports and did not ensure that the subrecipients took corrective actions to address any of the auditor's recommendations;
- did not allocate costs correctly;
- had unsupported expenditures;
- did not have independent person's approval of amounts recorded on Federal Financial Reports;
- did not adequately support drawdowns; and
- did not review the suspension and debarment list prior the procurement of services.

We took all these findings into account when we performed our test work, and we found similar issues as discussed throughout this report.

## *Grant Expenditures*

According to the Guides, allowable costs are those identified in OMB circulars and the grant program's authorizing legislation. In addition, costs must be reasonable and permissible under the specific guidance of the grants. The Guides require that grantee and subrecipient accounting records be supported by source documentation, such as cancelled checks, paid bills, payroll records, time and attendance records, and contract and subrecipient award documents. In addition, the Guides state that all financial records, supporting documents, statistical records, and other records pertaining to the award must be retained for at least 3 years after closure of the grant. Record retention is also required for purposes of federal examination or audit.

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

### Victim Assistance Subaward Expenditures

Subrecipients may request payment from the NDHHS via a state form, Monthly Financial Status and Request for Funds Report. Each subrecipient uses this form to request funds on a reimbursement basis. Besides a schedule of costs, the NDHHS does not require the subrecipients to submit any supporting documentation for the expenditures listed on this form. Typically, the form is submitted once a month by each subrecipient. As of August 2017, we found the NDHHS paid a total of \$3,895,668, \$4,187,713, and \$14,228,131 to its subrecipients with VOCA assistance program funds for grants 2013-VA-GX-0062, 2014-VA-GX-0057, and 2015-VA-GX-0024, respectively.

**Table 3**  
**Total NDHHS Subrecipient Expenses Tested and Dollars Questioned**

Award Number	Total Subrecipient Expenditures	Subrecipient Expenditures Selected	Inadequately Supported Transactions Questioned Costs	Unsupported Transactions Questioned Costs
2013-VA-GX-0062	\$ 3,895,668	\$ 535,076	\$ 521,219	\$1,930
2014-VA-GX-0057	4,187,713	648,115	648,115	0
2015-VA-GX-0024	14,228,131	699,302	699,302	0
<b>TOTAL</b>	<b>\$22,311,512</b>	<b>\$1,882,493</b>	<b>\$1,868,636</b>	<b>\$1,930</b>

Source: OIG Analysis of NDHHS Accounting Records

To evaluate the NDHHS' financial controls over VOCA victim assistance grant expenditures, we reviewed a sample of subrecipient transactions to determine whether the payments were accurate, allowable, and in accordance with the VOCA

Guidelines. We judgmentally selected 15 transactions from each of the 2013-VA-GX-0062, 2014-VA-GX-0057, and 2015-VA-GX-0024 grants, for a total of \$1,882,493. Each transaction represented a month of subrecipient payroll and non-payroll expenditures. Specifically, we reviewed expenditures that included: contractual, rent, utilities, advertising, supplies, telephone, janitorial services, insurance, and payroll and fringe benefits.

During our initial request for supporting documentation, the NDHHS was only able to provide summary schedules of costs, without any supporting documentation in the form of invoices, timesheets, purchase orders, etc. We made a second inquiry into whether the NDHHS could provide us with additional support. The NDHHS then contacted all its subrecipients that were a part of our sample selection to provide detailed support. In our review of the detailed support, we found adequate supporting documentation for \$11,927 of subrecipient contractual and travel expenditures for two judgmentally sampled transactions. For the remaining 43 transactions in our judgmental sample, we found that 13 subrecipients' payroll, contractual, and other indirect expenditures were allocated to the grants based on an allocation methodology that was not a supported and logical methodology (such as based on budgeted amount instead of actual effort), and 29 transactions were inadequately supported due to lack of source documents. Therefore, we found that the NDHHS could not adequately support \$1,868,636 of subrecipient transactions. In addition, 1 of the 43 transactions included unsupported personnel expenditures allocated to the grants. Thus, \$1,930 of the NDHHS' subrecipient transactions were found to be unsupported. Consequently, we question \$1,870,566 in VOCA-related subrecipient expenditures as inadequately supported or unsupported and recommend that OJP remedy these costs.

#### Administrative Expenditures

The state administering agency may retain up to 5 percent of each grant to pay for administering its crime victim assistance program and for training. However, such costs must derive from efforts to expand or improve how the agency administers the VOCA grant program specifically. For the victim assistance grant program, we tested the NDHHS' compliance with the 5 percent limit on the administrative category of expenses, as shown in Table 4.

**Table 4**  
**Total NDHHS Administrative Expenditures  
and Total Administrative Percentage of Awards<sup>a</sup>**

Award Number	Total Award	State Administrative Expenditures <sup>b</sup>	Administrative Percentage
2013-VA-GX-0062	\$3,954,131	\$153,630	3.89%
2014-VA-GX-0057	4,236,124	135,277	3.19%
2015-VA-GX-0024	17,491,274	1,013,539	5.79%

<sup>a</sup> At the time of our fieldwork, the NDHHS had not expended funds from grant 2016-VA-GX-0076. Therefore, we did not test administrative expenditures for this grant.

<sup>b</sup> We included the subawarded funds to Contractor A (discussed in the Annual Performance Reports section of this report) and Subrecipient A (discussed in the Monitoring of Subrecipients section of this report). These subawards were for administrative costs and not for victim services.

Source: OIG Analysis of the NDHHS Accounting Records

As shown in Table 4, we found that the NDHHS was in compliance with the 5 percent limit for administrative expenses for grant 2013-VA-GX-0062 and 2014-VA-GX-0057. However, we found that the NDHHS exceeded the 5 percent limit for grant 2015-VA-GX-0024. This overage was primarily caused by the \$408,838 the NDHHS spent on the gap analysis to identify underserved populations in the state, which is discussed in detail in the NDHHS Efforts to Identify Underserved Populations section of this report. As a result, we question \$138,975 (.79 percent of the total award) in excessive administrative costs.<sup>13</sup> We recommend OJP remedy \$138,975 (.79 percent of the total award) in excessive administrative costs.

In addition to testing the NDHHS' compliance with the 5 percent administrative allowance, we tested whether the NDHHS administrative expenditures were allocable, reasonable, and supportable. For the 2013-VA-GX-0062, 2014-VA-GX-0057, and 2015-VA-GX-0024 grants, we selected a judgmental sample of 11 administrative cost transactions (10 non-payroll and 1 payroll) for each of the three grants. Specifically, we reviewed expenditures that included: advertising, contractual, rent, membership dues, shipping, supplies, telephone, travel, and payroll and fringe benefits.

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<sup>13</sup> The 5 percent administrative limit threshold of \$874,564 was calculated using 5 percent of the total dollars awarded for 2015-VA-GX-0024. Total administrative costs expended in the NDHHS' general ledger amounted to \$1,013,539. Therefore, the NDHHS exceeded the 5 percent limit by \$138,975. The 0.79 percent overage is a rounded figure.

**Table 5**  
**Total NDHHS Administrative Expenses Tested and  
Dollars Questioned**

Award Number	Total Administrative Expenditures	Administrative Expenditures Selected	Inadequately Supported Transactions Questioned Costs
2013-VA-GX-0062	\$153,630	\$ 21,687	\$ 20,180
2014-VA-GX-0057	135,277	18,732	16,393
2015-VA-GX-0024	1,013,539	211,523	194,431
<b>TOTAL</b>	<b>\$1,302,446</b>	<b>\$251,942</b>	<b>\$231,004</b>

Source: OIG Analysis of the NDHHS Accounting Records

As shown in Table 5, we found that the NDHHS could not adequately support \$231,004. Specifically, the NDHHS could not support the methodology it used to allocate non-payroll costs to the grants, nor could it support the payroll costs with records based on actual time worked on VOCA-related activities. The NDHHS officials did not know how the allocations were calculated by former NDHHS staff and could not find support for the allocations. For the payroll and fringe benefit transactions, the NDHHS used a quarterly time study that showed time worked on VOCA transactions as their basis for allocating payroll and fringe benefits to the grants. However, these time studies could not be reconciled to the employee's timesheets and the time studies were not approved by a supervisor. The NDHHS officials stated that employees estimated their time on the time studies and that a supervisor did not review those studies. We informed the NDHHS that the information could not be reconciled. An NDHHS official stated that the time studies should reconcile to the timesheets and that they will change their process to ensure they reconcile and that a supervisor reviews the time studies in the future. Given the lack of adequate support for these transactions, we question \$231,004 in administrative expenditures as inadequately supported expenditures. We recommend that OJP remedy \$231,004 in unsupported questioned costs associated with administrative expenditures that were inadequately supported.

#### *Drawdowns*

According to the Guides, grant recipients should request funds based upon immediate disbursement or reimbursement needs. Specifically, recipients should time their drawdown requests to ensure that the federal cash on hand is the minimum needed for disbursements or reimbursements made immediately or within 10 days. The NDHHS' officials stated that grant funds were drawn down on a reimbursement basis and that they calculated drawdown amounts by generating expenditure reports from their accounting system.

As of December 2016, the NDHHS had drawn down a total of \$15,039,399 for the four grants reviewed. We analyzed all drawdowns from the start of the grants on October 1, 2012, through December 15, 2016, by comparing the amounts and dates of the drawdowns to the NDHHS' accounting records with the additional 10-day grace period. In our review, we found that the NDHHS drew

down more than expenditures on a total of eight occasions. Specifically, the NDHHS' drawdown made from the 2013 grant on July 16, 2014, exceeded expenditures by \$33,324 and was not fully expended until July 31, 2014. The remaining drawdowns (19 of 20) for the 2013 grant did not exceed expenditures and were on a reimbursement basis. Similarly, we found all 19 NDHHS drawdowns from the 2014 grant did not exceed expenditures. Given that only 1 of 39 drawdowns for the 2013 and 2014 grants exceeded expenditures and it was fully expended within 15 days, we did not take issue with the NDHHS' drawdowns for both the 2013 and 2014 grants. Contrarily, as shown in Table 6 below, we found that the NDHHS drawdowns exceeded expenditures on seven occasions for the 2015 grant.

**TABLE 6**  
**Analysis of the NDHHS' 2015 Grant Drawdowns**

<b>Drawdown Number</b>	<b>Drawdown Amount</b>	<b>Expenditures on the General Ledger</b>	<b>Total Running Difference Underdrawn/(Overdrawn)<sup>a</sup></b>
1	\$ 292,402	\$ 769,427	\$ 477,025
2	121,311	477,025	355,714
3	383,038	434,228	51,190
4	36,881	373,419	336,538
5	175,516	484,651	309,135
6	164,636	309,135	144,499
7	145,855	458,113	312,258
8	288,065	381,275	93,210
9	94,955	389,900	294,945
10	305,521	496,139	190,618
11	82,888	245,948	163,060
12	47,965	183,845	135,880
13	147,135	428,264	281,129
14	413,756	410,432	(3,324)
15	58,975	31,143	(27,832)
16	163,251	93,483	(69,768)
17	266,662	131,238	(135,424)
18	36,497	57,817	21,320
19	1,146	390,686	389,540
20	1,936,645	1,728,341	(208,304)
21	507,017	1,206,542	699,525
22	836,671	699,525	(137,146)
23	121,582	142,830	21,248
24	220,774	21,248	(199,526)
<b>Total</b>	<b>\$ 6,849,144</b>		

<sup>a</sup> Differences due to rounding.

Source: OIG Analysis of the NDHHS Accounting Records

Specifically, we found that the NDHHS had drawn down an average of \$111,618 more than expenditures on 7 out of 11 occasions between June 10, 2016, and December 15, 2016. These drawdowns resulted in advances ranging from \$3,324 to as much as \$208,304. These overdraws were not fully expended for an average of 17 days.

The NDHHS has general drawdown procedures for federal awards but does not have specific written drawdown procedures for the VOCA award as it does for other federal funding streams. We asked the NDHHS officials how they determined the amounts that they should draw down. The NDHHS officials stated that the drawdown amounts were based on the total monthly expenditures recorded in their accounting system, which included pending expenditures – expenditures that had not yet received supervisory approval. The NDHHS officials stated that normally pending expenditures are approved by a supervisor within days of the expenditure being entered into their accounting system. Therefore, drawing down funds to reimburse the NDHHS for the pending expenditures would not cause excess cash on hand. In mid-2016, the NDHHS had experienced employee turnover in its fiscal unit that processed pending expenditures. This turnover of employees and the training of new replacements caused a backlog in pending expenditures needing supervisory approval before payment could occur. We found this delay in approval of pending expenditures caused the excessive drawdowns and excess federal cash on hand.

In addition to the drawdowns that we tested between October 1, 2012, and December 15, 2016, we found that the NDHHS drew down an advance of \$345,000 on February 22, 2017, from the 2016 grant and provided the advance to a subrecipient. At that time, this was the only drawdown and only subrecipient for the 2016 grant. An NDHHS official stated that the NDHHS policy allows for advances for up to 60 days. This policy states that, “a Grantee may submit a request for advance funds if the agency does not have sufficient working capital to operate the program on a reimbursement basis. Advances may be utilized to cover up to 60 days of expenses that are part of the approved grant budget.” Therefore, the official approved this advance to the subrecipient. The NDHHS policy is contrary to DOJ policy that does not allow advance drawdowns of more than 10 days of VOCA victim assistance funding. As discussed in the subrecipient section of this report, these funds provided to the subrecipient were partially (\$52,595) expended in January and February 2017, but were not fully expended until May 2017. Thus, we found and the NDHHS agreed that the NDHHS for both the 2015 and 2016 grants did not time its drawdown requests to ensure that federal cash on hand is the minimum needed for disbursements to be made immediately or within 10 days. We recommend OJP ensure that the NDHHS creates and implements written drawdown procedures to ensure that federal cash on hand is the minimum needed for disbursements to be made immediately or within 10 days.

#### *Matching Requirement*

VOCA Guidelines require that subrecipients match 20 percent of each subaward to increase the amount of resources to VOCA projects.<sup>14</sup> The purpose of

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<sup>14</sup> The match requirement for Native American tribes and organizations located on reservations was 5 percent for the FY 2013 and FY 2014 VOCA victim assistance grants. However, the 5 percent match requirement for Native American tribes and organizations located on reservations was waived in the June 2014 revisions of the OJP Financial Guide.

this requirement is to increase the amount of resources to VOCA projects. Although subrecipients must derive required matching contributions from non-federal, non-VOCA sources, subrecipients can provide either cash or an in-kind match to meet matching requirements.<sup>15</sup> VOCA Guidelines state that any deviation from this policy requires OVC approval. The state administering agency has primary responsibility for ensuring subrecipient compliance with the match requirements.

The NDHHS communicated the 20 percent match requirement to its subrecipients in its RFP solicitations and again in the subgrant award documents for each VOCA victim assistance subrecipient.<sup>16</sup> The NDHHS subrecipients report their match contributions monthly on a state form, the Financial Status and Request for Funds Report. To determine if the match was accurate, supportable, and reasonable, we selected a judgmental sample of one match transaction for February 2017 from three subrecipients.<sup>17</sup> We found:

- One subrecipient did not maintain any supporting documents for its February 2017 match of \$4,878.
- Another subrecipient did not have activity-based timesheets for staff hours; therefore, it was not able to support the allocation of \$1,334 of payroll costs for part of its match. Additionally, it did not have volunteers complete a timesheet or sign-in to show presence during volunteer days in order to support the total volunteer hours reported for \$167.
- The last subrecipient was able to fully support its reported match.

As a result, we question \$4,878 in unsupported match transactions and \$1,501 in inadequately supported match transactions. We recommend that OJP remedy \$6,379 in inadequately supported or unsupported match transactions and ensure the NDHHS maintain all supporting documents to track its match reported as required by the Guides.

#### *Financial Reporting*

According to the Guides, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. These reports describe the status of funds. The expenditures and revenue recorded on a Federal Financial Report (FFR) should be on a cash or accrual bases in accordance with the recipient's accounting system. The NDHHS accounting system is on an accrual basis. To determine whether the NDHHS submitted accurate FFRs, we compared the four most recent FFRs for the

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<sup>15</sup> For the VOCA assistance program, in-kind matches may include donations of expendable equipment, office supplies, workshop or classroom materials, workspace, or the value of time contributed by those providing integral services to the funded project.

<sup>16</sup> The NDHHS has not requested any match waivers from OVC.

<sup>17</sup> One subrecipient in our judgmental sample had received an advance of funds and have not reported any match. Another subrecipient in our judgmental sample did not have any match transactions in February 2017. Therefore, we tested the three remaining subrecipients in our judgmental sample that had made match transactions in February 2017.

grants 2013-VA-GX-0062, 2014-VA-GX-0057, and 2015-VA-GX-0024 at the time of our audit work to the NDHHS' accounting records.

**TABLE 7**  
**Accuracy of the NDHHS' Federal Financial Reports**

Report No.	Reporting Period	Expenditures Reported on FFR	Grant-Related Expenditures	Difference Between FFRs and Accounting Records <sup>a</sup>
<b>2013-VA-GX-0062</b>				
1	04/01/14 – 06/30/14	\$ 830,318	\$ 830,318	\$ 0
2	07/01/14 – 09/30/14	1,236,627	1,229,711	6,916
3	10/01/14 – 12/31/14	1,111,772	1,062,347	49,425
4	01/01/15 – 03/31/15	42,527	98,867	(56,340)
<b>Total</b>		\$3,221,244	\$3,221,243	\$ 1
<b>2014-VA-GX-0057</b>				
7	01/01/15 - 03/31/15	\$ 643,956	\$ 643,956	\$ 0
8	04/01/15 – 06/30/15	1,401,768	1,353,956	47,812
9	07/01/15 – 09/30/15	978,636	1,026,448	(47,812)
10	10/01/15 – 12/31/15	1,211,764	1,211,764	0
<b>Total</b>		\$4,236,124	\$4,236,124	\$0
<b>2015-VA-GX-0024</b>				
13	10/01/14 – 03/31/15	\$ 91,742	\$ 91,742	\$ 0
14	01/01/16 – 03/31/16	1,540,156	1,540,156	0
15	04/01/16 – 06/30/16	1,544,242	1,099,170	445,073
16	07/01/16 – 09/30/16	1,359,877	1,956,889	(597,012)
<b>Total</b>		\$4,536,017	\$4,687,957	(\$151,940)

<sup>a</sup> Differences due to rounding.

Source: OIG Analysis of the NDHHS Accounting Records

We determined that the FFRs did not match the NDHHS' accounting records for Grant Numbers 2013-VA-GX-0062, 2014-VA-GX-0057, and 2015-VA-GX-0024. The NDHHS was unable to explain what caused the difference between expenditure amounts recorded in the FFRs and the total expenditures recorded in its accounting records. An NDHHS official stated that the differences were probably caused by including pending expenditures along with actual expenditures. For the NDHHS, pending expenditures are expenditures that have been recorded but have yet to be approved or paid. We recommend that OJP ensure that the NDHHS establishes procedures to make sure that its FFRs are accurate and in accordance with its accounting records.

### **Monitoring of Subrecipients**

According to the Guides, the purpose of subrecipient monitoring is to ensure that subrecipients: (1) use grant funds for authorized purposes; (2) comply with the federal program and grant requirements, laws, and regulations; and (3) achieve subaward performance goals. As the state administering agency, the NDHHS must develop policies and procedures to monitor subrecipients. To assess how the NDHHS monitored its VOCA victim assistance subrecipients, we interviewed the

NDHHS personnel, identified the NDHHS monitoring procedures, and obtained records of interactions between the NDHHS and its subrecipients. We also conducted site visits of a judgmental sample of five subrecipients, which included interviewing personnel, touring facilities, and reviewing accounting and performance records. We spoke with subrecipient officials about the support received from the NDHHS, who indicated that the level of support received from the NDHHS was adequate.

#### *The NDHHS Site Monitoring Plan*

According to an NDHHS official, the NDHHS' goal was to conduct one site visit at every subrecipient each year or at least every 2 years. During the site visits, officials reviewed the subrecipient's compliance with the terms and conditions of the subawards to include financial and performance information. The NDHHS does not require the subrecipients to submit supporting documentation when requesting reimbursement for expenditures. However, an NDHHS official stated that the NDHHS site monitoring visits do not test a sample of subrecipient transactions. The NDHHS also does not review the risk of noncompliance in its population of subrecipients. Although the state failed to properly monitor the subrecipients, the state was in regular contact with subrecipients to address any of their questions or concerns.

#### Subrecipient A

Due to staff turnover, the NDHHS hired subcontractors to help perform the site monitoring visits. The NDHHS did not use a standing contract the state of Nevada had for this type of temporary work nor did it follow state contracting process to hire these subcontractors. Instead, the NDHHS subawarded funds to a nonprofit, Subrecipient A, who also performs victim services under a different subaward, for the sole purpose of paying the subcontractors. The NDHHS selected the subcontractors, instructed the subcontractors on how to perform the site monitoring visits, and reviewed the subcontractors' invoices. Once the invoices were approved by the NDHHS, it requested the Subrecipient A issue a check to pay the subcontractors. For each check Subrecipient A wrote for the NDHHS, the NDHHS paid it a processing fee of 10 percent of the amount of the check from the VOCA victim assistance grant funds. The only other service that Subrecipient A performed for this 10 percent fee was issuing the IRS Form 1099 to the subcontractors. We found this payment plan odd and asked the NDHHS and Subrecipient A officials about it. Subrecipient A officials stated that the state of Nevada is very slow at paying its bills and the NDHHS needed to get payments to the subcontractors performing the site visits. The NDHHS officials admitted that it should have used the standing state contract and not subaward funds to Subrecipient A for this purpose. The NDHHS officials stated that they will discontinue this "fee for service" check writing service immediately. Given the state violated its own contracting policy and could have used a standing contract without incurring a 10 percent processing fee, we question \$49,935 in VOCA victim assistance funding provided to Subrecipient A within FY 2015 and recommend that OJP remedy this cost.

During the state's FY 2016, the NDHHS planned to conduct 38 subrecipient site monitoring visits; however, it only completed 24 subrecipient site monitoring visits. Further, an NDHHS official stated that in January 2017 all scheduled subrecipient site visits for the state's FY 2017 were cancelled due to staff turnover and the need to train new staff. At that time, the NDHHS had three subrecipient site visits in progress and did not complete any of them.

The Uniform Grant Guidance 2 CFR 200.331 (d)(1) states:

"All pass-through entities must: monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward, and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include: (1) Reviewing financial and performance reports required by the pass-through entity. . ."

When performing the subrecipient site monitoring visits, the NDHHS used two checklists, the Sub-Grantee Program Review Form and the Sub-Grantee Financial Review Form, to ensure certain criteria are reviewed while on site. Both forms are a list of questions to ask its subrecipient while on-site that generally covers scope of work, program review data, finances, match, and payroll and employment records. We recommend that OJP work with the NDHHS to overcome its resource challenges and ensure it provides adequate monitoring of subrecipients through desk reviews and site visits, as appropriate. We discuss additional issues with site monitoring in the next section of this report.

#### *Financial Monitoring*

Given that the NDHHS does not require its subrecipients to provide supporting documentation when requesting reimbursement for expenditures, it had been relying on its subrecipient site visits to test for compliance. The NDHHS site monitor used the Sub-Grantee Financial Review Form checklist to conduct a review subrecipient financial controls. The checklist covered the following subjects:

- Timely submissions of reimbursement requests on state form - Monthly Financial Status and Request for Funds Reports,
- Review of independent audit results,
- Accounts Receivable and Accounts Payable aging reports,
- Bank account reconciliations,
- Cancelled checks,
- Match cost verifications,
- Equipment,
- Travel costs,
- IRS reporting forms,

- Payroll and employment records,
- Policies and procedures, and
- Insurance coverage.

We found the Sub-Grantee Financial Review form required the NDHHS to perform a spot check of income and expenditures to corresponding bank statements and review back-up documentation to support reimbursement request expenses. However, the forms did not require the NDHHS to review the general ledger to ensure a separate accounting system is maintained for each VOCA victim assistance subgrant. Additionally, the form did not require the NDHHS to test transactions from the grant's general ledger. Moreover, the form did not require the NDHHS to review the source documents when verifying the subrecipient's match requirements for in-kind or cash contributions. The forms only required the NDHHS to verify the funding source and it be non-duplicative.

During our five subrecipient site visits, we conducted limited testing of the NDHHS' VOCA-related expenditures in order to test the effectiveness of the site monitoring visits. One of the five subrecipients had only made an advanced drawdown and had not expended any VOCA victim assistance funds at the time of our site visit. For the remaining four subrecipients, we judgmentally selected and reviewed a total of 19 transactions from grants 2013-VA-GX-0062, 2014-VA-GX-0057, and 2015-VA-GX-0024. Specifically, we reviewed expenditures that included: professional services, travel, supplies, utilities, telephone, janitorial services, and payroll. In our review of the support, we identified numerous inadequacies to include subrecipients that:

- were allocating costs to the grants, but did not have a methodology that was supportable and logical;
- based allocations on budgeted dollars, not actual hours worked on grant-related activities, or some other kind of supportable and logical methodology;
- did not maintain support (i.e. – missing invoices) for expenditures;
- had employee timesheets that were missing employee and supervisory signatures; and
- did not differentiate on employee timesheets VOCA-related efforts from other types of work.

Given these issues, we question \$97,905 in subrecipient expenditures. We recommend that OJP remedy \$97,905 in inadequately supported subrecipient expenditures.

As discussed throughout this report, we found the subrecipients could not adequately support expenditures or match contributions. Contrary to the Guides, which require a separate accounting for each grant's transactions, we also found that three of the five subrecipients in our judgmental sample had commingled the grants in one general ledger or with other non-grant-related transactions.

Additionally, the Guides require Program Income be reported on the FFRs; however, we found that one subrecipient had unreported Program Income.

Overall, we found the NDHHS' system for financial monitoring of subrecipients to be inadequate. Although it utilized checklists during its on-site reviews, we discovered many overt issues during our review of subrecipient expenditures and during subrecipient site visits. During our site visits, we found many issues to include a lack of supporting documentation, unsupported allocations of indirect costs, comingled general ledgers, and unreported program income. We recommend that OJP ensure that the NDHHS train personnel responsible for conducting site monitoring reviews to ensure financial compliance with federal regulations. We also recommend that OJP ensure that the NDHHS develop a risk-based sampling plan to identify subrecipients for which to conduct site monitoring reviews, as well as the frequency of those reviews.

### *Performance Monitoring*

The NDHHS requires its subrecipients to submit quarterly performance reporting information and statistics to Contractor A. Once received, Contractor A was responsible for reviewing the data to ensure that it was in line with previously-submitted information. The NDHHS used the information compiled by Contractor A to file the Annual Performance Reports required by OJP. During state monitoring visits, the NDHHS was supposed to test the validity of the subrecipient quarterly information filed with Contractor A.

Based on the Sub-Grantee Program Review Form, we found that the NDHHS did not test the accuracy of the subrecipients' quarterly Performance Reports submitted to the NDHHS. Without review, the NDHHS is unable to ensure its subrecipients file their quarterly Performance Reports timely, and it is unable to ensure the statistics are valid. As discussed earlier in the report, we found the subrecipients were not submitting all of their quarterly reports. We tested one program performance statistic at four of the subrecipients in our judgmental sample of subrecipients and found that the statistics reported on the quarterly Performance Report were generally accurate for three of the four subrecipients.<sup>18</sup>

In our overall assessment of the NDHHS' subrecipient monitoring, we found that the state's monitoring process was insufficient to ensure that the state filed accurate financial and performance reports. Given the numerous financial and performance reporting issues, we find the state's overall monitoring process insufficient to ensure VOCA expenditures are allowable and supportable or that performance under the awards was reported accurately. We made several recommendations throughout this report that addresses our concerns with the NDHHS' monitoring process.

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<sup>18</sup> We did not test the fifth subrecipient as it was recently awarded and advanced VOCA grant funds and had not filed a quarterly performance report to NDHHS at the time of our site visit.

## **CONCLUSION AND RECOMMENDATIONS**

We found the NDHHS used its grant funds to enhance services for crime victims. In other areas we tested, we found many issues that were primarily driven by a lack of supporting documentation, lack of written procedures, or accurate recordkeeping. We also found that the NDHHS did not comply with essential award conditions related to program requirements and performance reporting, compliance with special conditions, grant expenditures, drawdowns, compliance with match requirements, financial reporting, and monitoring of subrecipients. The NDHHS could not track if its subrecipients serviced the four categories of crime victims as required by VOCA guidelines. Subrecipients not filing required quarterly performance reports led to inaccurate annual performance reports. In addition, the NDHHS did not comply with one special condition and did not submit accurate FFRs. Finally, the NDHHS failed to monitor its subrecipients sufficiently for program income, commingling, program performance, match, and expenditures. In total, we found \$2,205,854 in inadequately supported or unsupported expenditures related to subrecipient reimbursements, the NDHHS administrative costs, match reported and subrecipient expenses. We also found \$540,788 in unallowable costs related to subawards to Contractor A and Subrecipient A. We provide 22 recommendations to OJP to address these deficiencies.

We recommend that OJP:

1. Work with the NDHHS to review its subaward practices and implement procedures to ensure that appropriate subawards are issued each year in consideration of actual VOCA funds available and appropriate project periods
2. Ensure that the NDHHS determine the total dollar amount of subaward commitments it has made, and how it will address any discrepancies while abiding by the period of performance and other federal requirements for the VOCA funds.
3. Ensure that the NDHHS establish a process that includes a documented methodology for selecting all competitive and noncompetitive subrecipients.
4. Ensure that the NDHHS implement procedures to award at least 10 percent of the total grant to programs providing services to victims in each of the four priority areas, and determine an appropriate methodology for making future allocations to meet other needs.
5. Ensure that the NDHHS establish policy to ensure the documented tracking of funding within the four priority areas.
6. Ensure that the NDHHS obtains the missing statistical information from the 10 subrecipients and file revised Performance Reports for FYs 2013, 2014, 2015, and 2016.

7. Ensure that the NDHHS establishes a process to verify that all quarterly performance reports are filed timely with accurate and supportable statistical information.
8. Remedy \$351,878 in unallowable questioned costs from VOCA victim assistance funding provided to Contractor A.
9. Ensure that the NDHHS establishes a process to submit its annual Performance Reports that does not violate state or federal regulations.
10. Ensure that the NDHHS compile a reliable and supportable list of subawards and the amounts awarded for FYs 2013, 2014, and 2015 and if necessary correct the SAR information reported to OVC.
11. Remedy \$1,870,566 in VOCA-related subrecipient unsupported questioned costs.
12. Remedy \$138,975 (.79 percent of the total award) in unallowable questioned costs that exceeded allowable administrative cost amounts for 2015-VA-GX-0024.
13. Remedy \$231,004 in unsupported questioned costs associated with administrative expenditures that were inadequately supported.
14. Ensure that the NDHHS creates and implements written drawdown procedures to ensure that federal cash on hand is the minimum needed for disbursements to be made immediately or within 10 days.
15. Remedy \$6,379 in unsupported questioned costs associated with match transactions.
16. Ensure that the NDHHS maintains all supporting documents to track its match reported as required by the DOJ Grants Financial Guide.
17. Ensure that the NDHHS establishes procedures to make sure that its FFRs are accurate and in accordance with its accounting records.
18. Remedy \$49,935 in unallowable questioned costs associated with VOCA victim assistance funding provided to Subrecipient A.
19. Work with the NDHHS to overcome its resource challenges and ensure it provides adequate monitoring of subrecipients through desk reviews and site visits, as appropriate
20. Remedy \$97,905 in unsupported subrecipient questioned costs.
21. Ensure that the NDHHS trains personnel responsible for conducting site monitoring reviews to ensure financial compliance with federal regulations.
22. Develop a risk-based sampling plan to determine which subrecipient to conduct site monitoring reviews of and the frequency of those reviews.

## **APPENDIX 1**

### **OBJECTIVE, SCOPE, AND METHODOLOGY**

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

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

This was an audit of *Victims of Crime Act* (VOCA) victim assistance formula grants 2013-VA-GX-0062, 2014-VA-GX-0057, 2015-VA-GX-0024, and 2016-VA-GX-0076 to the NDHHS. The Office of Justice Programs (OJP), Office for Victims of Crime (OVC) awarded these grants totaling \$45,662,960 to the NDHHS, which serves as the state administering agency. Each of the awards in our scope has a 4-year period of performance, and our audit concentrated on, but was not limited to, the period of October 1, 2012, the project start date for VOCA assistance grant number 2013-VA-GX-0062, through November 2017. As of October 24, 2017, the NDHHS had drawn down a total of \$26,417,228 from the four audited grants.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the NDHHS' activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit charges, financial reports, drawdowns, progress reports, and special conditions. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The authorizing VOCA legislation, the VOCA victim assistance program guidelines, the Guides, and the award documents contain the primary criteria we applied during the audit.

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

While our audit did not assess the NDHHS' overall system of internal controls, we did review the internal controls of the NDHHS' financial management system specific to the management of funds for each VOCA grant within our review.

To determine whether the NDHHS adequately managed the VOCA funds we audited, we conducted interviews with state of Nevada financial staff, examined policies and procedures, and reviewed grant documentation and financial records. We also developed an understanding of NDHHS' financial management system and its policies and procedures to assess its risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants.

## APPENDIX 2

### SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
<b>Questioned Costs:</b>		
Unallowable Award to Contractor A	\$351,878	12
Unallowable Administrative Expenditures	138,975	16
Unallowable Award to Subrecipient A	<u>49,935</u>	22
Total Unallowable Costs	\$540,788	
Inadequately Supported Subrecipient Direct Costs	\$1,870,566	15
Inadequately Supported Administrative Costs	231,004	17
Inadequately Supported Match	1,501	20
Unsupported Match	4,878	20
Inadequately Supported Subrecipient Expenditures	<u>97,905</u>	24
Total Unsupported Costs	\$2,205,854	
<i>Gross Questioned Costs<sup>19</sup></i>	<i>\$2,746,642</i>	
Less Duplicate Questioned Costs <sup>20</sup>	<i>(12,975)</i>	
<b>Net Questioned Costs</b>	<b>\$2,733,667</b>	
<b>TOTAL DOLLAR-RELATED FINDINGS</b>	<b><u>\$2,733,667</u></b>	

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<sup>19</sup> **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

<sup>20</sup> Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which includes Contractor A's reimbursement of \$11,497 in personnel costs, and \$237 in operating expenditures that were inadequately supported, and Subrecipient A's reimbursement of \$1,241 in fee-for-service costs

## APPENDIX 3

### THE NDHHS' RESPONSE TO THE DRAFT AUDIT REPORT<sup>21</sup>

BRIAN SANDOVAL  
*Governor*



RICHARD WHITLEY, MS  
*Director*

KELLY WOOLDRIDGE  
*Administrator*

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4126 TECHNOLOGY WAY, SUITE 300  
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David J. Gaschke  
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San Francisco Regional Audit Office  
Office of the Inspector General  
U.S. Department of Justice  
90 7<sup>th</sup> Street, Suite 3-100  
San Francisco, CA 94103  
(Via Electronic Mail at: [David.J.Gaschke@usdoj.gov](mailto:David.J.Gaschke@usdoj.gov))

Dear Mr. Gaschke,

Thank you for the time and assistance of your staff during the U.S. Department of Justice Office of the Inspector General audit of the U.S. Department of Justice Office of Justice Programs (OJP) Victim Assistance Formula grants for FY13-16.

The Nevada Department of Health and Human Services understands that the objective of this audit was to evaluate the design and implementation of the crime victim assistance programs. This was accomplished through the assessment of performance in grant management in the following areas: state program implementation, program performance and accomplishments, grant financial management, and monitoring of subgrantees. This included site visits of a sample of subgrantees.

Following, please find responses to the US Department of Justice Office of the Inspector General recommendations:

1. OIG recommends that OJP work with the NDHHS to review its subaward practices and implement procedures to ensure that appropriate subawards are issued each year in consideration of actual VOCA funds available and appropriate project periods.
  - NDHHS concurs with this recommendation. Procedures will be implemented by April 1, 2018 to ensure appropriate subawards are issued each year in consideration of actual VOCA funds available and appropriate project periods.
2. OIG recommends that OJP ensure that NDHHS determine the total dollar amount of subaward commitments it has made, and how it will address any discrepancies while abiding by the period of performance and other federal requirements for the VOCA funds.

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<sup>21</sup> Attachments to this response were not included in this final report.

- NDHHS concurs with this recommendation. The total dollar amount of subaward commitments has been determined and included as Attachment A: Subaward Commitments. NDHHS will work with OJP to ensure discrepancies are addressed while abiding by the period of performance and other requirements.
- 3. OIG recommends that OJP ensure that the NDHHS establish a process that includes a documented methodology for selecting all competitive and non-competitive subrecipients.
  - NDHHS concurs with this recommendation. Procedures will be implemented by April 1, 2018 to establish a process that includes a documented methodology for selecting all competitive and non-competitive subrecipients.
- 4. OIG recommends that OJP ensure that the NDHHS implement procedures to award at least 10 percent of the total grant to programs providing services to victims in each of the four priority areas, and determine an appropriate methodology for making future allocations to meet other needs.
  - NDHHS concurs with this recommendation. Procedures will be implemented by April 1, 2018 to ensure that at least 10 percent of the total grant is awarded to programs providing services to victims in each of the four priority areas. An appropriate methodology for making future allocations to meet other needs will be implemented by August 1, 2018.
- 5. OIG recommends that OJP ensure that the NDHHS establish policy to ensure the documented tracking of funding within the four priority areas.
  - NDHHS concurs with this recommendation. Policy will be established and implemented by August 1, 2018 to ensure the documented tracking of funding within the four priority areas.
- 6. OIG recommends that OJP ensure that the NDHHS obtains the missing statistical information from the 10 subrecipients and file revised Performance Reports for FYs 2013, 2014, 2015, and 2016.
  - NDHHS concurs with this recommendation. NDHHS received the list of 10 subrecipients from OIG on February 22, 2018. NDHHS will determine if the statistical information has been received and submit revised Performance Reports by June 1, 2018.
- 7. OIG recommends that OJP ensure that the NDHHS established a process to verify that all quarterly performance reports are filed timely with accurate and supportable statistical information.
  - NDHHS concurs with this recommendation. Procedures will be established and implemented by June 1, 2018 to establish a process to verify that all quarterly performance reports are filed timely with accurate and supportable statistical information.
- 8. OIG recommends that OJP remedy \$351,878 in unallowable questioned costs from the VOCA victim assistance funding provided to Contractor A.
  - NDHHS concurs with this recommendation. NDHHS will work with Contractor A to remedy the unallowable questioned costs.
- 9. OIG recommends that OJP ensure that the NDHHS establishes a process to submit its annual Performance Reports that does not violate state and federal regulations.

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- NDHHS concurs with this recommendation. NDHHS will establish and implement a process to submit annual Performance Reports that does not violate state and federal regulations by October 1, 2018.
10. OIG recommends that OJP ensure that the NDHHS compile a reliable and supportable list of subawards and the amounts awarded for FYs 2013, 2014, and 2015 and if necessary correct the SAR information reported to OVC.
- NDHHS concurs with this recommendation. NDHHS believes that a reliable and supportable list of subawards and amounts awarded for FYs 2013, 2014, and 2015 has been compiled and is included as Attachment A - Subaward Commitments. The SAR information will be corrected, if necessary, by June 1, 2018.
11. OIG recommends that OJP remedy \$1,870,566 in VOCA-related subrecipient unsupported questioned costs.
- NDHHS concurs with this recommendation. The details of the subrecipients with the unsupported questioned costs was received from OIG on February 20, 2018. NDHHS will actively work with these subrecipients to ensure the work was performed and determine if documentation is available to support their costs. NDHHS will then work with OJP to determine how to remedy these costs.
12. OIG recommends the OJP remedy \$138,975 (.79 percent of the total award) in unallowable questioned costs that exceed allowable administrative cost amounts for 2015-VA-GX-0024.
- NDHHS does not concur with this recommendation. NDHHS proposes that the cost of this agreement are allowable administrative costs and were not assigned to a specific federal award. The costs should have been split between the FY15 and FY16 funds. The additional charges would fall within the budget period of the FY16 grant so would be eligible with OJP approval. NDHHS will meet with OJP by April 1, 2018 for approval of this remedy. Procedures will be revised and implemented to ensure administrative costs do not exceed the allowable threshold by March 31, 2018.
13. OIG recommends that OJP remedy \$231,004 in unsupported questioned costs associated with administrative expenditures that were inadequately supported.
- NDHHS concurs with this recommendation. The documents that were used to determine the unsupported questioned costs was received from OIG February 20, 2018. Procedures related to accurate time study documentation will be established and implemented by April 1, 2018. Procedures related to fiscal allocations will be updated and implemented March 31, 2018. NDHHS will determine if additional documentation is available to support these costs and will remedy these costs with OJP.
14. OIG recommends that OJP ensure that the NDHHS creates and implements written drawdown procedures to ensure that federal cash on hand is the minimum needed for disbursements to be made immediately or within 10 days.
- NDHHS concurs with this recommendation. NDHHS will create and implement written drawdown procedures by March 31, 2018 to ensure federal cash on hand is the minimum needed for disbursements to be made immediately or within 10 days.

15. OIG recommends that OJP remedy \$6,379 in unsupported questioned costs associated with match transactions.

- NDHHS concurs with this recommendation. The detail related to the subrecipients with the unsupported questioned costs was received from OIG on February 20, 2018. NDHHS will actively work with these subrecipients to ensure the work was performed and determine if documentation is available to support their costs. NDHHS will then work with OJP to determine how to remedy these costs.

16. OIG recommends that OJP ensure that the NDHHS maintains all supporting documentation to track its match reported as required by the DOI Financial Guide.

- NDHHS concurs with this recommendation. NDHHS will update and implement procedures to ensure supporting documentation is tracked and maintained for all match reported by June 1, 2018.

17. OIG recommends that the OJP ensures that NDHHS establish procedures to make sure that its FFRs are accurate and in accordance with its accounting records.

- NDHHS concurs with this recommendation. NDHHS will establish and implement procedures to ensure accurate FFR reporting by March 31, 2018.

18. OIG recommends that the OJP remedy \$49,935 in unallowable questioned costs associated with VOCA victim assistance funding provided to Subrecipient A.

- NDHHS concurs with this recommendation. NDHHS did not follow the approved contracting procedure but the work was completed by the contractors hired through Subrecipient A. Although the practice of issuing subawards for contracts has been discontinued and NDHHS did not follow the established process for contracting, the Temporary Employee contract that is approved through State Purchasing has up to a 16% fee for taxes and an additional 6.75% recruitment fee if NDHHS refers the individual to the contractor. Additional options through a competitive Master Services Agreement has the same 10% administrative fee that was paid through Subrecipient A. Therefore, NDHHS potentially saved or had the same administrative costs and is now utilizing the established contracts for hiring staff. NDHHS disagrees that these costs were unallowable and will work with OJP to remedy these costs.

19. OIG recommends that OJP work with NDHHS to overcome its resource challenges and ensure it provides adequate monitoring of subrecipients through desk reviews and site visits, as appropriate.

- NDHHS accepts this recommendation. NDHHS is looking forward to working with OJP to determine how to overcome resource challenges and ensure adequate monitoring of subrecipients. NDHHS will provide a plan for future staffing by April 1, 2018.

20. OIG recommends that OJP remedy \$97,905 in unsupported subrecipient questioned costs.

- NDHHS concurs with this recommendation. The detail related to the subrecipient with the unsupported questioned costs was received from OIG on February 20, 2018. NDHHS will actively work with these subrecipients to ensure the work was performed and determine if documentation is available to support their costs. NDHHS will then work with OJP to determine how to remedy these costs.

21. OIG recommends that OJP ensure that the NDHHS train personnel responsible for conducting site monitoring reviews to ensure financial compliance with federal regulations.

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- NDHHS concurs with this recommendation. NDHHS is researching vendors to provide training on Subrecipient Monitoring. The training will be provided once the contract is established with all staff being trained by July 1, 2018.
- 22. OIG recommends that OJP ensure that the NDHHS develop a risk based sampling plan to determine which subrecipients to conduct site monitoring reviews of and the frequency of those reviews.
- NDHHS concurs with this recommendation. A risk based sampling plan has been established and was implemented in October 2017. Attachment B: Risk Assessment form and Attachment C: Risk Assessment Procedure is included.

Thank you again for the time to review the implementation of the additional funding in Nevada related to the Victims of Crime Act funding. If there are any additional questions or concerns please don't hesitate to contact Kelly Wooldridge at (775) 684-4400 or email at [kwooldridge@dcfs.nv.gov](mailto:kwooldridge@dcfs.nv.gov) or Priscilla Colegrove at (775) 684-7953 or email at [pcolegrove@dcfs.nv.gov](mailto:pcolegrove@dcfs.nv.gov).

Sincerely,

*Kelly C. Wooldridge for Richard Whitley*

Richard Whitley  
Director  
Nevada Department of Health and Human Services

cc:

Vanessa Alpers, Deputy Director, DHHS  
Vincent Milazzo, Administrative Services Officer IV, DHHS  
Kelly Wooldridge, Administrator, DCFS  
Mandi Davis, Deputy Administrator, DCFS  
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Lead Auditor, Audit Coordination Branch  
Audit and Review Division  
(Provided electronically at: [Linda.Taylor2@usdoj.gov](mailto:Linda.Taylor2@usdoj.gov))

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## APPENDIX 4

### OJP'S RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

*Office of Justice Programs*

*Office of Audit, Assessment, and Management*

*Washington, D.C. 20531*

MAR 12 2018

MEMORANDUM TO:

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

FROM:

Ralph E. Martin  
Director

SUBJECT:

*Ralph E. Martin* *J. Bryan Hall*  
Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Office for Victims of Crime, Victim Assistance Grants Awarded to the Nevada Department of Health and Human Services, Carson City, Nevada*

This memorandum is in reference to your correspondence, dated February 8, 2018, transmitting the above-referenced draft audit report for the Nevada Department of Health and Human Services (NDHHS). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains 22 recommendations and \$2,733,667<sup>1</sup> 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 NDHHS to review its subaward practices and implementation procedures to ensure that appropriate subawards are issued each year in consideration of actual VOCA funds available and appropriate project periods.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that subawards from the Victims of Crime Act (VOCA) grant funds are issued using the appropriate funding sources and project periods.

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

- 2. We recommend that OJP ensure that the NDHHS determine the total dollar amount of subaward commitments it has made, and how it will address any discrepancies while abiding by the period of performance and other Federal requirements for the VOCA funds.**

OJP agrees with this recommendation. We will coordinate with NDHHS to determine the total dollar amount of subaward commitments made under its VOCA grants; and how it will address any discrepancies while abiding by the period of performance and other Federal requirements for the VOCA award funds.

- 3. We recommend that OJP ensure that the NDHHS establish a process that includes a documented methodology for selecting all competitive and non-competitive subrecipients.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of written policies and procedures, developed and implemented, for establishing and maintaining a process that includes a documented methodology for selecting all competitive and non-competitive subrecipients.

- 4. We recommend that OJP ensure that the NDHHS implement procedures to award at least 10 percent of the total grant to programs providing services to victims in each of the four priority areas, and determine an appropriate methodology for making future allocations to meet other needs.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that it: awards at least 10 percent of the total VOCA grant funds to programs providing services to victims in each of the four priority areas; and determines an appropriate methodology for making future allocations to meet other needs.

- 5. We recommend that OJP ensure that the NDHHS establish policy to ensure the documented tracking of funding within the four priority areas.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure it documents and tracks VOCA funding within the four priority areas.

- 6. We recommend that OJP ensure that the NDHHS obtains the missing statistical information from the 10 subrecipients and file revised Performance Reports for FYs 2013, 2014, 2015, and 2016.**

OJP agrees with this recommendation. We will coordinate with NDHHS to ensure they obtain the missing statistical information from the 10 subrecipients in Fiscal Years (FY) 2013 through 2016; and revises the Performance Reports, as appropriate.

- 7. We recommend that OJP ensure that the NDHHS establishes a process to verify that all quarterly performance reports are filed timely with accurate and supportable statistical information.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of written policies and procedures, developed and implemented, for verifying that all quarterly performance reports are filed timely with accurate and supportable statistical information.

- 8. We recommend that OJP remedy \$351,878 in unallowable questioned costs from VOCA victim assistance funding provided to Contractor A.**

OJP agrees with this recommendation. We will review the \$351,878 in questioned costs, related to unallowable funding provided to Contractor A, that was charged to Grant Numbers 2013-VA-GX-0062 and 2015-VA-GX-0024, and will work with NDHHS to remedy, as appropriate.

- 9. We recommend that OJP ensure that the NDHHS establishes a process to submit its annual Performance Reports that does not violate state or Federal regulations.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that annual Performance Reports are accurate and do not violate state or Federal regulations.

- 10. We recommend that OJP ensure that the NDHHS compile a reliable and supportable list of subawards and the amounts awarded for FYs 2013, 2014, and 2015, and if necessary, correct the Subgrant Award Report (SAR) information reported to OVC.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain documentation of its review of subawards and the amounts awarded for FYs 2013, 2014, and 2015; and, if necessary, have them correct the Subgrant Award Report information reported to the Office for Victims of Crime.

- 11. We recommend that OJP remedy \$1,870,566 in VOCA-related subrecipient unsupported questioned costs.**

OJP agrees with this recommendation. We will review the \$1,870,566 in questioned costs, related to unsupported subrecipient expenditures, charged to Grant Numbers 2013-VA-GX-0062, 2014-VA-GX-0057, and 2015-VA-GX-0024, and will work with NDHHS to remedy, as appropriate.

- 12. We recommend that OJP remedy \$138,975 (.79 percent of the total award) in unallowable questioned costs that exceeded allowable administrative cost amounts for 2015-VA-GX-0024.**

OJP agrees with this recommendation. We will review the \$138,975 in questioned costs, related to administrative costs that exceeded the allowable amounts under Grant Number 2015-VA-GX-0024, and will work with NDHHS to remedy, as appropriate.

- 13. We recommend that OJP remedy \$231,004 in unsupported questioned costs associated with administrative expenditures that were inadequately supported.**

OJP agrees with this recommendation. We will review the \$231,004 in questioned costs, related to administrative expenditures that were inadequately supported, and will work with NDHHS to remedy, as appropriate.

- 14. We recommend that OJP ensure that the NDHHS creates and implements written drawdown procedures to ensure that Federal cash on hand is the minimum needed for disbursements to be made immediately or within 10 days.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that drawdowns of Federal grant funds are based on the actual expenditures incurred; or are the minimum amounts needed for disbursements to be made immediately or within 10 days, in accordance with the Department of Justice (DOJ) Grants Financial Guide.

- 15. We recommend that OJP remedy \$6,379 in unsupported questioned costs associated with match transactions.**

OJP agrees with this recommendation. We will review the \$6,379 in questioned costs, related to unsupported match transactions, and will work with NDHHS to remedy, as appropriate.

- 16. We recommend that OJP ensure that the NDHHS maintains all supporting documents to track its match reported as required by the DOJ Grants Financial Guide.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that all supporting documentation is maintained for matching expenditures reported to OJP, as required by the DOJ Grants Financial Guide.

- 17. We recommend that OJP ensure that the NDHHS establishes procedures to make sure that its FFRs are accurate and in accordance with its accounting records.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that future Federal Financial Reports are accurate and consistent with amounts recorded in its accounting system.

- 18. We recommend that OJP remedy \$49,935 in unallowable questioned costs associated with VOCA victim assistance funding provided to Subrecipient A.**

OJP agrees with this recommendation. We will review the \$49,935 in questioned costs charged to Grant Number 2015-VA-GX-0024, related to unallowable funding provided to Subrecipient A, and will work with NDHHS to remedy, as appropriate.

- 19. We recommend that OJP work with the NDHHS to overcome its resource challenges and ensure it provides adequate monitoring of subrecipients through desk reviews and site visits, as appropriate.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that appropriate resources are allocated to provide adequate monitoring of subrecipients, through desk reviews and site visits, as appropriate.

- 20. We recommend that OJP remedy \$97,905 in unsupported subrecipient questioned costs.**

OJP agrees with this recommendation. We will review the \$97,905 in questioned costs, related to unsupported subrecipient expenditures, charged to Grant Numbers 2013-VA-GX-0062, 2014-VA-GX-0057, and 2015-VA-GX-0024, and will work with NDHHS to remedy, as appropriate.

- 21. We recommend that OJP ensure that the NDHHS trains personnel responsible for conducting site monitoring reviews to ensure financial compliance with Federal regulations.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that personnel responsible for conducting on-site monitoring reviews are properly trained, to ensure financial compliance with Federal regulations.

- 22. We recommend that OJP develop a risk-based sampling plan to determine which subrecipient to conduct site monitoring reviews of and the frequency of those reviews.**

OJP agrees with this recommendation. We will coordinate with NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that a risk-based sampling plan is developed, to select subrecipients for on-site monitoring reviews, and to determine the frequency of those reviews.

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

Attachments

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OJP Executive Secretariat  
Control Number IT20180208151543

## **APPENDIX 5**

### **OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT**

The Department of Justice (DOJ) Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP) and the state of Nevada Department of Health and Human Services (NDHHS) for their review and comment. The NDHHS' response is incorporated in Appendix 3 and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP concurred with our recommendations and as a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

#### **Recommendations for OJP:**

- 1. Work with the NDHHS to review its subaward practices and implement procedures to ensure that appropriate subawards are issued each year in consideration of actual Victims of Crime Act (VOCA) funds available and appropriate project periods**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that subawards from the VOCA grant funds are issued using the appropriate funding sources and project periods.

The NDHHS concurred with our recommendation and stated in its response that procedures will be implemented by April 1, 2018, to ensure appropriate subawards are issued each year in consideration of actual VOCA funds available and appropriate project periods.

This recommendation can be closed when we receive evidence that the NDHHS' new procedures ensure that appropriate subawards are issued each year in consideration of actual VOCA funds available and appropriate project periods.

- 2. Ensure that the NDHHS determine the total dollar amount of subaward commitments it has made, and how it will address any discrepancies while abiding by the period of performance and other federal requirements for the VOCA funds.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to determine the total dollar amount of subaward commitments made under its VOCA grants; and how it will address any discrepancies while abiding by the period of performance and other federal requirements for the VOCA award funds.

The NDHHS concurred with our recommendation and stated in its response that the total dollar amount of subaward commitments has been determined and provided to the OIG. NDHHS provided a spreadsheet showing the total dollar amount of subaward commitments, but NDHHS did not provide evidence to support that the amounts on the spreadsheet were correct. Further, the NDHHS stated that it will work with OJP to ensure discrepancies are addressed while abiding by the period of performance and other requirements.

This recommendation can be closed when we receive documentation evidencing that the amount of subawards on the spreadsheet it supplied are correct, and that any discrepancies between subaward commitments and available funding are addressed, while ensuring it abides by the period of performance and other federal requirements for the VOCA funds.

**3. Ensure that the NDHHS establish a process that includes a documented methodology for selecting all competitive and noncompetitive subrecipients.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, for establishing and maintaining a process that includes a documented methodology for selecting all competitive and non-competitive subrecipients.

The NDHHS concurred with our recommendation and stated in its response that procedures will be implemented by April 1, 2018, to establish a process that includes a documented methodology for selecting all competitive and non-competitive subrecipients.

This recommendation can be closed when we receive documentation that the NDHHS has created and implemented a process that includes a documented methodology for selecting all competitive and noncompetitive subrecipients.

**4. Ensure that the NDHHS implement procedures to award at least 10 percent of the total grant to programs providing services to victims in each of the four priority areas, and determine an appropriate methodology for making future allocations to meet other needs.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that it: awards at least 10 percent of the total VOCA grant funds to programs providing services to victims in each of the four priority areas; and determines an appropriate methodology for making future allocations to meet other needs.

The NDHHS concurred with our recommendation and stated in its response that procedures will be implemented by April 1, 2018, to ensure that at least

10 percent of the total grant is awarded to programs providing services to victims in each of the four priority areas. The NDHHS' response also stated an appropriate methodology for making future allocations to meet other needs will be implemented by August 1, 2018.

This recommendation can be closed when we receive documentation that the NDHHS implemented procedures to award at least 10 percent of the total grant to programs providing services to victims in each of the four priority areas, and determined an appropriate methodology for making future allocations to meet other needs.

**5. Ensure that the NDHHS establish policy to ensure the documented tracking of funding within the four priority areas.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure it documents and tracks VOCA funding within the four priority areas.

The NDHHS concurred with our recommendation and stated in its response that policy will be established and implemented by August 1, 2018, to ensure the documented tracking of funding within the four priority areas.

This recommendation can be closed when we receive documentation that the NDHHS has established policy to ensure the documented tracking of funding within the four priority areas.

**6. Ensure that the NDHHS obtains the missing statistical information from the 10 subrecipients and file revised Performance Reports for FYs 2013, 2014, 2015, and 2016.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to ensure they obtain the missing statistical information from the 10 subrecipients in FYs 2013 through 2016; and revises the Performance Reports, as appropriate.

The NDHHS concurred with our recommendation and stated in its response that it will determine if the statistical information has been received and will submit revised Performance Reports by June 1, 2018.

This recommendation can be closed when we receive documentation that the NDHHS obtained the missing statistical information from the 10 subrecipients and filed revised Performance Reports for FYs 2013, 2014, 2015, and 2016.

**7. Ensure that the NDHHS establishes a process to verify that all quarterly performance reports are filed timely with accurate and supportable statistical information.**

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

procedures, developed and implemented, for verifying that all quarterly performance reports are filed timely with accurate and supportable statistical information.

The NDHHS concurred with our recommendation and stated in its response that procedures will be established and implemented by June 1, 2018, to establish a process to verify that all quarterly performance reports are filed timely with accurate and supportable statistical information.

This recommendation can be closed when we receive documentation that the NDHHS established a process to verify that all quarterly performance reports are filed timely with accurate and supportable statistical information.

**8. Remedy \$351,878 in unallowable questioned costs from VOCA victim assistance funding provided to Contractor A.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$351,878 in questioned costs, related to unallowable funding provided to Contractor A, that was charged to Grant Numbers 2013-VA-GX-0062 and 2015-VA-GX-0024, and will work with the NDHHS to remedy, as appropriate.

The NDHHS concurred with our recommendation and stated in its response that will work with Contractor A to remedy the unallowable questioned costs.

This recommendation can be closed when we receive documentation that OJP has remedied \$351,878 in unallowable questioned costs related to VOCA victim assistance funding provided to Contractor A.

**9. Ensure that the NDHHS establishes a process to submit its annual Performance Reports that does not violate state or federal regulations.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that annual Performance Reports are accurate and do not violate state or Federal regulations.

The NDHHS concurred with our recommendation and stated in its response that it will establish and implement a process to submit annual Performance Reports that does not violate state and federal regulations by October 1, 2018.

This recommendation can be closed when we receive documentation that the NDHHS has established a process to submit its annual Performance Reports that does not violate state or federal regulations.

**10. Ensure that the NDHHS compile a reliable and supportable list of subawards and the amounts awarded for FYs 2013, 2014, and 2015 and if necessary correct the SAR information reported to OVC.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain documentation of its review of subawards and the amounts awarded for FYs 2013, 2014, and 2015; and, if necessary, have them correct the Subgrant Award Report information reported to OVC.

The NDHHS concurred with our recommendation and stated in its response that a reliable and supportable list of subawards and amounts awarded for FYs 2013, 2014, and 2015 had been compiled and provided to us. The NDHHS also stated that the SAR information will be corrected, if necessary, by June 1, 2018. Although we received a list of subawards and award amounts as an attachment to the NDHHS' response, we did not find evidence of support for the amounts provided to us.

This recommendation can be closed when we receive documentation evidencing that the list of subawards provided to us for FYs 2013, 2014, and 2015 is accurate and supportable, and that the SAR information reported to OVC is corrected, if necessary.

**11. Remedy \$1,870,566 in VOCA-related subrecipient unsupported questioned costs.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$1,870,566 in questioned costs, related to unsupported subrecipient expenditures, charged to Grant Numbers 2013-VA-GX-0062, 2014-VA-GX-0057, and 2015-VA-GX-0024, and will work with the NDHHS to remedy, as appropriate.

The NDHHS concurred with our recommendation and stated in its response that it will actively work with its subrecipients to ensure the work was performed and determine if documentation is available to support the costs. NDHHS also stated that it would work with OJP to determine how to remedy these costs.

This recommendation can be closed when we receive documentation that OJP has remedied \$1,870,566 in VOCA-related subrecipient unsupported questioned costs.

**12. Remedy \$138,975 (.79 percent of the total award) in unallowable questioned costs that exceeded allowable administrative cost amounts for 2015-VA-GX-0024.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$138,975 in questioned costs related to administrative costs that exceeded the allowable amounts under Grant Number 2015-VA-GX-0024, and will work with the NDHHS to remedy, as appropriate.

The NDHHS did not concur with our recommendation and stated in its response that the cost should have been split between the 2015-VA-GX-0024 and 2016-VA-GX-0076 grant funds. The NDHHS will meet with OJP by April 1, 2018, for approval of this remedy. The NDHHS will revise its procedures to ensure administrative costs do not exceed the allowable threshold by March 31, 2018.

The additional administrative costs would fall within the budget period of the 2016-VA-GX-0076 grant so the costs would be eligible with OJP's approval. In our review of the 2015-VA-GX-0024 grant's general ledger, all of these costs were recorded to that ledger. If OJP agrees and the NDHHS makes a journal entry to reallocate \$138,975 of these administrative costs to the 2016-VA-GX-0076 grant's general ledger, then we agree it would address this recommendation. Until those actions are taken, the NDHHS exceeded the allowable administrative rate for the 2015-VA-GX-0024 grant. Therefore, we questioned \$138,975 in administrative costs.

This recommendation can be closed when we receive documentation that OJP has remedied \$138,975 in unallowable questioned costs that exceeded the allowable administrative cost amounts for 2015-VA-GX-0024.

**13. Remedy \$231,004 in unsupported questioned costs associated with administrative expenditures that were inadequately supported.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$231,004 in questioned costs, related to administrative expenditures that were inadequately supported, and will work with the NDHHS to remedy, as appropriate.

The NDHHS concurred with our recommendation and stated in its response that it will establish and implement procedures to maintain accurate time study documents by April 1, 2018. Procedures related to fiscal allocations will be updated and implemented by March 31, 2018. The NDHHS also stated it will determine if additional documentation is available to support these costs and will remedy these costs with OJP.

This recommendation can be closed when we receive documentation that OJP has remedied \$231,004 in unsupported questioned costs associated with administrative expenditures that were inadequately supported.

**14. Ensure that the NDHHS creates and implements written drawdown procedures to ensure that federal cash on hand is the minimum needed for disbursements to be made immediately or within 10 days.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that drawdowns of federal grant funds are based on the actual expenditures incurred; or are the

minimum amounts needed for disbursements to be made immediately or within 10 days, in accordance with the DOJ Grants Financial Guide.

The NDHHS concurred with our recommendation and stated in its response that it will create and implement written drawdown procedures by March 31, 2018, to ensure federal cash on hand is the minimum needed for disbursements to be made immediately or within 10 days.

This recommendation can be closed when we receive documentation that the NDHHS created and implemented written drawdown procedures to ensure that federal cash on hand is the minimum needed for disbursements to be made immediately or within 10 days.

**15. Remedy \$6,379 in unsupported questioned costs associated with match transactions.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$6,379 in questioned costs, related to unsupported match transactions, and will work with the NDHHS to remedy, as appropriate.

The NDHHS concurred with our recommendation and stated in its response that it will actively work with its subrecipients to ensure the work was performed and determine if documentation is available to support its costs. NDHHS also stated that it would work with OJP to determine how to remedy these costs.

This recommendation can be closed when we receive documentation that OJP has remedied \$6,379 in unsupported questioned costs associated with match transactions.

**16. Ensure that the NDHHS maintains all supporting documents to track its match reported as required by the DOJ Grants Financial Guide.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that all supporting documentation is maintained for matching expenditures reported to OJP, as required by the DOJ Grants Financial Guide.

The NDHHS concurred with our recommendation and stated in its response that it will update and implement procedures to ensure supporting documentation is tracked and maintained for all match reported by June 1, 2018.

This recommendation can be closed when we receive documentation that the NDHHS maintains all supporting documents to track its match reported as required by the DOJ Grants Financial Guide.

**17. Ensure that the NDHHS establishes procedures to make sure that its FFRs are accurate and in accordance with its accounting records.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that future Federal Financial Reports (FFRs) are accurate and consistent with amounts recorded in its accounting system.

The NDHHS concurred with our recommendation and stated in its response that it will establish and implement procedures to ensure accurate FFR reporting by March 31, 2018.

This recommendation can be closed when we receive documentation that the NDHHS established procedures to make sure that its FFRs are accurate and in accordance with its accounting records.

**18. Remedy \$49,935 in unallowable questioned costs associated with VOCA victim assistance funding provided to Subrecipient A.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$49,935 in questioned costs charged to Grant Number 2015-VA-GX-0024, related to unallowable funding provided to Subrecipient A, and will work with the NDHHS to remedy, as appropriate.

The NDHHS concurred with our recommendation. The NDHHS stated in its response that although the practice of issuing subawards for contracts has been discontinued and the NDHHS did not follow the approved contracting procedures, additional options available at the time would have had higher or the same administrative costs. Additionally, the work was completed by the contractors hired through Subrecipient A, and the NDHHS is now utilizing the established contracts for hiring staff. While the NDHHS concurred with the recommendation, it stated in its response that it disagreed these costs were unallowable and that it will work with OJP to remedy these costs.

Although the work was completed and the NDHHS potentially saved or had the same administrative costs from not using other available options, it violated state of Nevada contracting policy. The NDHHS subawarded grant funds to Subrecipient A, which avoided the contracting policy to procure the services.

This recommendation can be closed when we receive documentation that OJP has remedied \$49,935 in unallowable questioned costs associated with VOCA victim assistance funding provided to Subrecipient A.

**19. Work with the NDHHS to overcome its resource challenges and ensure it provides adequate monitoring of subrecipients through desk reviews and site visits, as appropriate.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that appropriate resources are allocated to provide adequate monitoring of subrecipients, through desk reviews and site visits, as appropriate.

The NDHHS concurred with our recommendation and stated in its response that it will work with OJP to determine how to overcome resource challenges and ensure adequate monitoring of subrecipients. The NDHHS will provide a plan for future staffing by April 1, 2018.

This recommendation can be closed when we receive documentation that the NDHHS has overcome its resource challenges and provides adequate monitoring of subrecipients through desk reviews and site visits, as appropriate.

**20. Remedy \$97,905 in unsupported subrecipient questioned costs.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will review the \$97,905 in questioned costs, related to unsupported subrecipient expenditures, charged to Grant Numbers 2013-VA-GX-0062, 2014-VA-GX-0057, and 2015-VA-GX-0024, and will work with the NDHHS to remedy, as appropriate.

The NDHHS concurred with our recommendation and stated in its response that it will actively work with its subrecipients to ensure the work was performed and determine if documentation is available to support the costs. NDHHS also stated that it would work with OJP to determine how to remedy these costs.

This recommendation can be closed when we receive documentation that OJP has remedied \$97,905 in unsupported subrecipient questioned costs.

**21. Ensure that the NDHHS trains personnel responsible for conducting site monitoring reviews to ensure financial compliance with federal regulations.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that personnel responsible for conducting on-site monitoring reviews are properly trained, to ensure financial compliance with federal regulations.

The NDHHS concurred with our recommendation and stated in its response that it is researching vendors to provide training on subrecipient monitoring.

The training will be provided once the contract is established with all staff being trained by July 1, 2018.

This recommendation can be closed when we receive documentation that the NDHHS has trained personnel responsible for conducting site monitoring reviews to ensure financial compliance with federal regulations.

**22. Develop a risk-based sampling plan to determine which subrecipient to conduct site monitoring reviews of and the frequency of those reviews.**

Closed. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the NDHHS to obtain a copy of written policies and procedures, developed and implemented, to ensure that a risk-based sampling plan is developed, to select subrecipients for on-site monitoring reviews, and to determine the frequency of those reviews.

The NDHHS concurred with our recommendation and stated in its response that it established a risk-based sampling plan in October 2017. The NDHHS provided us with a Risk Assessment Form and Risk Assessment Procedures.

We reviewed the Risk Assessment Form and Procedures provided by the NDHHS, and we agree that the NDHHS has developed a risk-based sampling plan to determine which subrecipient to conduct site monitoring reviews of and the frequency of those reviews. Based on the information provided, we consider this recommendation closed.



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