



**OFFICE ON VIOLENCE AGAINST WOMEN  
SERVICES, TRAINING, OFFICERS, AND PROSECUTION  
GRANTS AWARDED TO THE  
COMMONWEALTH OF VIRGINIA  
DEPARTMENT OF CRIMINAL JUSTICE SERVICES**

U.S. Department of Justice  
Office of the Inspector General  
Audit Division

Audit Report GR-30-10-003  
July 2010

**OFFICE ON VIOLENCE AGAINST WOMEN  
SERVICES, TRAINING, OFFICERS, AND PROSECUTION  
GRANTS AWARDED TO THE COMMONWEALTH OF VIRGINIA  
DEPARTMENT OF CRIMINAL JUSTICE SERVICES**

**EXECUTIVE SUMMARY**

The Services, Training, Officers, and Prosecution (STOP) grant program is administered by the Office on Violence Against Women (OVW) to promote a coordinated, strategic approach among state, local, and non-profit organizations that will combat violent crimes against women and develop and strengthen victim services. All states and territories may receive STOP funds each year, and the amount of funds each state and territory receives is determined by a population-based formula. Between Fiscal Year (FY) 2008 and 2009, the OVW provided the Commonwealth of Virginia's Department of Criminal Justice Services (DCJS) with three STOP awards totaling over \$8.8 million. In addition, one of these awards valued at \$3.3 million was provided to the DCJS under the American Reinvestment and Recovery Act of 2009.

As the agency that administers STOP program activities throughout Virginia, the DCJS used STOP funds to provide 228 subgrants to over 100 state, local, and nonprofit organizations to enforce laws on violent crimes against women and to provide services to such victims. We conducted the audit to determine whether costs the DCJS charged to the STOP awards were allowable, reasonable, and complied with applicable laws, regulations, and guidelines.

The audit found that the DCJS should finalize its risk-assessment policy so that it can effectively monitor high-risk STOP subgrantees. In addition, the DCJS used a budget estimating method to allocate costs to the STOP award. We determined that this method did not meet specific allocation requirements and therefore the DCJS improperly allocated \$201,499, which we identified as unsupported costs. Furthermore, the DCJS was unable to meet specific STOP category allocation requirements totaling \$83,429 that help ensure law enforcement agencies and prosecutor offices receive a certain percentage of subgrantee funds. Lastly, the DCJS did not use or otherwise make available for subgrants at least \$11,963 of its 2008 STOP award. Because the 2008 STOP award period has expired, the audit identified \$95,392 in funds that the OVW should deobligate.

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## INTRODUCTION

The Services, Training, Officers, and Prosecution (STOP) grant program is administered by the Office on Violence Against Women (OVW) to promote a coordinated, strategic approach among state, local, and non-profit organizations that will combat violent crimes against women and develop and strengthen victim services. All states and territories may receive STOP funds each year, and the amount of funds each state and territory receives is generally determined by a population-based formula. Between Fiscal Year (FY) 2008 and 2009, Congress provided a total of \$509 million to the OVW for its STOP award program, including a \$175 million appropriation via the American Recovery and Reinvestment Act of 2009 (Recovery Act).

### Virginia STOP Awards

The Department of Criminal Justice Services (DCJS) distributes federal and state law enforcement and victims services funds to localities, state agencies, and nonprofit organizations within the Commonwealth of Virginia. The DCJS serves as Virginia's prime recipient of STOP program funds and uses STOP awards to provide competitive subgrants to over 100 public and non-profit organizations throughout Virginia.

DCJS subgrantees should use STOP funds to administer programs that address violence against women issues in the following statutorily required areas: local law enforcement, prosecution, courts, non-government service organizations, or for miscellaneous, program-related funding. As shown by Table 1, in 2008 and 2009 the DCJS received three STOP awards totaling over \$8.8 million.

**TABLE 1: OVW STOP AWARDS TO THE VIRGINIA DCJS**

<b>Award</b>	<b>Award Number</b>	<b>Start Date</b>	<b>End Date</b>	<b>Amount (\$)</b>
2008 STOP	2008-WF-AX-0050	05/01/2008	04/30/2010	\$2,647,939
2009 STOP	2009-WF-AX-0037	06/01/2009	05/31/2011	\$2,883,237
Recovery Act STOP	2009-EF-S6-0025	05/01/2009	04/30/2011	\$3,305,800
<b>TOTAL</b>				<b>\$8,836,976</b>

Source: OVW

The DCJS used these STOP awards to generate 228 subgrants worth about \$7.8 million that were provided to over 100 different organizations in Virginia.

## Audit Objective and Approach

Considering the purpose and initiatives supported by the award, we conducted the audit to determine whether costs the DCJS charged to its 2008, 2009, and Recovery Act STOP awards were allowable, reasonable, and complied with applicable laws, regulations, and guidelines. The OVW permits prime recipients to use no more than 10 percent of STOP funds to pay for administrative costs. As of December 2009, the DCJS had not charged any administrative expenses to either its Recovery Act or 2009 STOP award. Consequently, the audit evaluated administrative costs charged by the DCJS to its 2008 STOP award.

We tested whether the DCJS complied with what we considered to be the most important conditions of the STOP program. Unless otherwise stated in our report, we applied the Office of Justice Programs Financial Guide (Financial Guide) as our primary criteria.<sup>1</sup> Specifically, we tested whether the DCJS complied with the following grant requirements:

- **Monitoring Subgrantees** to determine the adequacy of the DCJS's monitoring policies, procedures, and practices.
- **Expenditures** to determine the accuracy and allowability of costs charged to the awards and adherence to applicable matching and supplanting requirements.
- **Reporting** to determine if the DCJS submitted required Financial Status Reports, Progress Reports, and Recovery Act Reports on time and whether the reports were accurate.
- **Compliance with Grant Requirements** to determine if the DCJS properly allocated the proper percentages of STOP sub-awards to the four programmatic categories of recipient organizations.

We also tested five Virginia subgrantees to ascertain whether each complied or was positioned to comply with STOP award expenditure, matching, and reporting requirements. Of the five subgrantees tested, four had received funds that were derived from the three audited DCJS STOP awards.<sup>2</sup>

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<sup>1</sup> The Financial Guide serves as a reference manual to assist grant recipients in their fiduciary responsibility to safeguard and ensure awarded funds are used appropriately.

<sup>2</sup> Appendix I provides additional details on our audit's objective, scope, and methodology.

## **FINDINGS AND RECOMMENDATIONS**

### **COMPLIANCE WITH ESSENTIAL AWARD REQUIREMENTS**

The DCJS complied in part with STOP program requirements. However, we determined that the DCJS needs to finalize its risk-assessment policy and ensure that high-risk STOP subgrantees receive adequate oversight. Second, because the DCJS used a budget estimate to allocate direct and indirect costs, we determined that this method did not properly allocate \$201,499 in costs charged to the 2008 STOP award. Third, the DCJS was unable to meet specific STOP category allocation requirements that ensure law enforcement agencies and prosecutor offices receive a certain percentage of subgrantee funds totaling \$83,429. Fourth, the DCJS did not use or otherwise make available for subgrants at least \$11,963 of its 2008 STOP award. Because the period of the 2008 STOP award has expired, the audit identified \$95,392 in funds that the OVW should deobligate.

#### **Monitoring Subgrantees**

According to the OJP Financial Guide, prime recipients of grant funds are responsible for ensuring that subgrantees comply with grant conditions and requirements. DCJS grant monitors oversee subgrantees of Virginia STOP funds by telephone, e-mail, site visits, and staff meetings with groups of subgrantees. The purpose of such monitoring activity is to discuss with subgrantees how they should implement and complete supported projects and whether project costs are aligning with approved budgets and comply with grant conditions and regulatory requirements. DCJS's grant monitoring policy calls on grant monitors to conduct at least one site visit every four years on each subgrantee.<sup>3</sup> The DCJS requires its grant monitors to compile a report summarizing their activities on each site visit.

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<sup>3</sup> Subgrantees with continuing awards should receive one site visit every four years while subgrantees that do not have continuing awards should receive at least one site visiting during the performance period of each project.

In 2009, the DCJS reorganized its grant monitoring team into a separate Grants Administration Office. In addition to this reorganization, a DCJS official stated that during this time grant monitoring staff charged with overseeing STOP awards decreased from five to three employees. As a result, the number of subgrantees grant monitors were charged to oversee increased from an average of 35 to 110 each.

The DCJS maintained a list of when grant monitors last visited each subgrantee. We reviewed this list to determine whether the DCJS performed site visits to every 2008 STOP award subgrantee. Between 2004 and 2009, DCJS grant monitors visited 57 of 87 2008 award subgrantees. This left 30 subgrantees, or 34 percent of all 2008 STOP award subgrantees, without a site visit between 2004 and 2009. DCJS officials told us they are planning to use Recovery Act STOP funds to hire a fourth grant monitor to conduct STOP reviews and perform additional site visits.

DCJS monitoring records did not detail which STOP subgrantees may have been most in need of an on-site monitoring visit to assist with project implementation and ensure compliance with grant requirements. As a result, we could not determine whether the DCJS conducted site visits or other types of monitoring reviews with subgrantees that presented the highest risk of misusing STOP program funds. Site visits require significant amount of grant monitor time to complete. In addition, we note that DCJS grant monitors have not visited 30 of the STOP subgrantees in the past five years. As a result, we believe the DCJS should begin determining whether any of its subgrantees present a high-risk of potential misuse of STOP funds. Such subgrantees may include new organizations that have not received prior STOP funds; groups that have been delinquent in submitting required progress and financial reports; and recipients that are administering complicated, long-term projects.

During the audit, the DCJS began developing a risk-based monitoring policy that grant monitors will use to identify subgrantees with performance discrepancies and those that have particularly large or complex projects. Other risk factors that the policy plans to consider include whether subgrantees are financially stable or have a history of adequate project management. Because the DCJS has already begun drafting a risk-based policy, we recommend that the OVW ensure that the DCJS: (1) finalizes its risk-based monitoring policy to identify high-risk subgrantees, and (2) subsequently schedules monitoring reviews so that identified high-risk subgrantees receive adequate oversight.

## Expenditures

According to the Financial Guide, allowable costs include those expenses identified by applicable Office of Management and Budget (OMB) circulars and the grant program's authorizing legislation. In general, any cost charged to the grant project must be reasonable, allocable, and necessary. The DCJS charged the 2008 STOP award salary, overhead, and indirect costs.

### *Salary and Fringe Benefit Costs*

To determine whether costs charged to the STOP program grants were allowable and accurate, we compared DCJS expenditure records to the \$264,794 the DCJS was permitted to use from its 2008 STOP award for various direct expenses, including salaries. Of this figure, the DCJS used \$140,821 to pay for salaries and associated fringe benefit costs incurred by its employees. According to OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, grantees should base salaries and wages on documented payroll records approved by responsible officials. When employees work on multiple projects, grantees need to support salary costs by personnel activity reports compiled by employees and approved by supervisors that have first-hand knowledge of the work that was performed.

We reviewed a list of DCJS employees paid with 2008 STOP award funds and judgmentally selected the salary costs of five employees that were charged to the grant. For each tested employee, we matched salary costs to figures recorded in personnel files to verify pay amounts. Because DCJS employees work on multiple federal and state-funded projects, to verify the accuracy of salary costs the DCJS charged to the STOP award, we attempted to trace the percentage of work time spent on grant-related projects to DCJS accounting records. However, we could not perform this testing because none of the sampled employees prepared timesheets evidencing the number of hours each spent working on specific projects. The DCJS charged salary costs to the STOP award based budget estimates instead of actual time employees spent on STOP-related projects.

We discussed this issue with DCJS officials who told us that employees do not prepare timesheets because the accounting system used by Virginia does not use timesheets to determine state employee salary payments. The system instead paid state employees based on duty hours (for example, full-time or part-time) in lieu of actual hours worked. Consequently, DCJS

employees recorded leave approved by their supervisor but not the amount of time they spent working on each project.<sup>4</sup>

OMB Circular A-87 provides that when an employee works on multiple activities, a distribution of their salary costs must be supported by personnel activity reports or equivalent documentation to show the time spent working on each grant or project unless a statistical sampling system or other substitute system has been approved by the cognizant Federal agency. The Circular further provides that budget estimates or other distribution percentages determined before activities are performed cannot qualify as support for cost distributions made to federal awards. Instead, grant recipients should only use estimates for interim accounting purposes and any estimates need to be revised quarterly and adjusted appropriately before the costs are finalized.

DCJS employees administer several types of law enforcement and public safety grants in addition to STOP awards and work on other federal or state grant programs concurrently. When salary costs are incurred by work performed on different projects, salary costs cannot be based on budget estimates. This is because budget estimates do not ensure that the DCJS is using STOP funds to pay the amount of state-level salary costs incurred by administering the STOP program. Under OMB Circular A-87, the salary costs charged to each project instead need to be based on time or other type of activity reports. Because the budget estimate the DCJS used to allocate funds was based on funding percentages and not actual time spent on projects, the method used by the DCJS did not properly allocate salary costs to the 2008 STOP award. As a result, we question \$140,821 in salary and associated fringe benefit expenses as unsupported costs.

DCJS officials said that employees will be required to complete activity reports that track the time each spend performing activities on each grant program. These officials also said that future STOP program costs will be allocated to OVW grants based on the activity reports. Therefore, we recommend that the OVW ensure that the DCJS implements a procedure that requires employees to track time spent on projects and allocates future STOP salary costs based on these activity reports.

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<sup>4</sup> The Virginia State Comptroller's Office uses the Commonwealth Integrated Payroll and Personnel System (CIPPS) and the Commonwealth Accounting and Reporting System (CARS) to record and process state employee salary payments. We confirmed that CIPPS and CARS do not permit the use of actual hours worked to allocate payroll costs.

### *Other Direct Costs*

The DCJS charged \$22,581 in other direct costs to the 2008 STOP award. We selected a judgmental sample of 25 other direct cost transactions that totaled \$19,365, or 86 percent of the total amount of other direct charges. The sample included the 14 highest-dollar other costs charged to the grant. We tested each of these expenditures for adequate documentation that included proof of purchase, payment, receipt, accounting, and proper use.

Our testing revealed that 7 of the 25 sampled costs totaling \$634 were properly supported and allocated to the 2008 award. The DCJS charged the remaining 18 sampled expenditures, valued at \$18,732, to the grant based on a pro-rated basis. Many of these pro-rated costs were associated with rent, computer services, and supplies. According to DCJS officials, the pro-rated charges were based on the same budget estimates used to allocate salary costs. As a result, we determined that the DCJS did not properly allocate the pro-rated charges to the 2008 award and question \$18,732 as unsupported costs.

### *Indirect Costs*

The DCJS charged the 2008 STOP award \$41,946 in indirect costs to pay for centralized state services incurred by the DCJS as a state government agency. Virginia billed the DCJS for the use of various statewide services such as information technology, accounting and payroll systems, and facility costs. Although the DCJS charged these statewide service costs to the 2008 award on an indirect rate, the DCJS based the indirect rate on estimated percentages of full-time employee activity. Because DCJS employees did not maintain activity reports, we cannot determine whether the DCJS properly allocated indirect costs to the 2008 award. Therefore, we determined that the indirect costs were unsupported and question \$41,946 in indirect costs allocated to the grant.

### *Subgrantee Awards*

As part of our transaction testing we judgmentally selected five subgrantees throughout Virginia for additional review.<sup>5</sup> The subgrantees

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<sup>5</sup> We judgmentally selected one subgrantee from the three-highest valued subgrants the DCJS provided under the primary STOP program categories: (1) courts, (2) prosecutors, (3) law enforcement, (4) non-governmental service providers, and (5) miscellaneous.

selected were: (1) the Virginia Supreme Court, (2) the Loudoun County Commonwealth's Attorney's Office, (3) the Stafford County Sheriff's Office, (4) Hampton Transitions, and (5) the Bedford Department of Social Services. For each subgrantee, we evaluated expenses, Recovery Act reporting, and matching requirements at each of these subgrantees.

We determined that subgrantee performance and financial reporting were timely, required Recovery Act reporting was accurate, and matching costs were allowable where required. All five subgrantee expenses charged to respective subgrants were allowable and allocated properly.

### *Expenditure Summary*

Because the DCJS improperly allocated various costs to the 2008 STOP award based on budgeted estimates, we recommend that the OVW remedy: (1) \$140,821 in unsupported salary and fringe benefit costs; (2) \$18,732 in unsupported other direct costs; and (3) \$41,946 in unsupported indirect costs.

## **Reporting**

STOP grantees are to submit both financial and annual program progress reports to the OVW. Once submitted, these reports allow OVW grant monitors to keep up to date on the status of awards and progress reports present information relevant to the achievements of a specific program or project.

A Financial Status Report (FSR) should detail the actual expenditures incurred for the quarterly reporting period and be cumulative for the life of the award. According to the OJP Financial Guide, FSRs are due within 45 days of the end of each quarterly reporting period. We reviewed the FSRs submitted by the DCJS for the STOP awards and found that they were accurate and generally submitted on time.

Prime recipients of Recovery Act funds must also collect and report job data from all subgrantees on a quarterly basis. The DCJS developed a form for its subgrantees to use to report job activity each quarter. The DCJS, in turn, entered subgrantee data on the FederalReporting.gov website. We determined STOP subgrantees submitted Recovery Act data to the DCJS on time. Our testing found that the data the subgrantees transmitted to the DCJS was generally accurate. We also determined that the DCJS entered the subgrantee data timely and accurately onto the Recovery Act website.

According to award conditions, the DCJS must additionally submit annual progress reports to the OVW for each active award as well as a final report to close out each grant. Consistent progress reporting helps ensure that the OVW can monitor and observe current award activity. The OVW also requires that an Administrator's Report be submitted annually 90 days after the end of the calendar year. By December 31, 2009, none of the audited awards had yet reached the point where a progress report was required.

## **Compliance with Grant Requirements**

STOP grantees must allocate not less than 25 percent of the amount of each award for law enforcement, 25 percent for prosecutors, 30 percent for victim services, and 5 percent for courts.<sup>6</sup> Although neither the statute nor OVW guidance indicate that grantees apply the allocation percentages to awards after subtracting administrative costs, by long-standing practice, the DCJS has awarded subgrants based on the amount of STOP funds remaining after withholding the maximum amount permitted for administrative expenses.<sup>7</sup> STOP authorizing legislation provides only that the allocations be made "of the amount awarded," which indicates that administrative expenses should be withheld from the 15 percent amount of award funds that need not be allocated to law enforcement, prosecutors, victim services, and courts. However, OVW grant conditions specifically permit the DCJS to charge up to 10 percent of the award for administrative expenses.

Not counting administrative costs, we determined that the DCJS did not fully comply with program allocation requirements for the 2008 STOP award. While the DCJS generally provided sufficient funding to the Victim Services and Courts categories, the DCJS did not allocate the minimum percentage of award funds, as required by STOP program legislation, to two categories: law enforcement and prosecution. As demonstrated by Table 2, the DCJS should have used an additional \$83,429 of its STOP award to provide the required amount of subgrant funds to groups within these two categories.

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<sup>6</sup> 42 U.S.C. § 3796gg-1 (2008)

<sup>7</sup> Operational and administrative expenses include the salaries, fringe benefits, equipment, office space rent, travel costs, and associated overhead for the portion of time that DCJS employees work on the STOP program.

**TABLE 2: 2008 STOP AWARD ALLOCATIONS BY PROGRAM CATEGORY**

Program Category	Actual		Required Allocation		Did DCJS comply with STOP allocation requirements? (Yes/No)	If no, amount of shortfall (\$)
	Total (\$)	Percent of amount reserved for subgrant awards*	Total (\$)	Percent		
Law Enforcement Subgrants	553,987	23	595,786	Minimum of 25 percent	No	(41,799)
Prosecution Subgrants	554,156	23	595,786	Minimum of 25 percent	No	(41,630)
Court System Subgrants	117,754	5	119,157	Minimum of 5 percent	Yes	n/a
Victims Services Subgrants	754,433	32	714,944	Minimum of 30 percent	Yes	n/a
Miscellaneous	307,423	13	n/a	n/a	Yes	n/a
Administrative	264,794	n/a	264,794	Maximum of 10 percent	Yes	n/a
Unawarded	95,392	n/a	n/a	n/a	n/a	n/a
<b>TOTALS</b>	<b>\$ 2,647,939</b>					<b>\$ (83,429)</b>

Sources: STOP Program authorization statutes and OIG assessment of DCJS financial records

Notes: \* We used the total grant amount minus the amount the DCJS reserved for administrative costs to compute actual and required category percentages.

We asked DCJS officials why the 2008 award did not make a sufficient amount of funds available for subgrants within the law enforcement and prosecution categories. DCJS officials told us that they did not receive a sufficient amount of STOP funding requests from law enforcement and prosecuting agencies. In addition, because one subgrantee declined to receive an award of more than \$20,000, the DCJS was not able to re-award these funds during that year.

According to OVW program guidance, any categorical shortfall in awards should revert to the OVW at the end of award period. Because the DCJS has not used \$83,429 in 2008 STOP award funds to provide subgrants to law enforcement agencies and prosecution offices, and the grant expired on April 30, 2010, we recommend that the OVW deobligate these funds.

By May 2010, the DCJS had not awarded or otherwise used \$95,392 from its 2008 STOP award. DCJS officials told us that they plan to award any remaining funds during the next subgrantee award cycle whenever STOP award funds are not spent or awarded. However, under STOP program rules, prime recipients have two years from the award date to make subgrants or otherwise use the funds to fulfill program objectives. This meant that the DCJS had until April 30, 2010 to use 2008 STOP award funds. Considering our prior recommendation regarding the \$83,429 shortfall in subgrantee awards by category, we recommend that the OVW deobligate \$11,963, the difference between the amount of 2008 STOP award funds remaining and the shortfall.

## Recommendations

We recommend that the OVW:

1. Ensure that the DCJS: (1) finalizes its risk-based monitoring policy to identify high-risk subgrantees, and (2) subsequently schedules monitoring reviews so that identified high-risk subgrantees receive adequate oversight.
2. Remedy: (1) \$140,821 in unsupported salary and fringe benefit costs; (2) \$18,732 in unsupported other direct costs; and (3) \$41,946 in unsupported indirect costs.
3. Ensure that the DCJS implements a procedure that requires employees to track time spent on projects and allocates future STOP salary costs based on these activity reports.
4. Deobligate \$83,429 in 2008 STOP award funds that have not been used to make the required amount of subgrants to law enforcement agencies and prosecutor offices.
5. Deobligate \$11,963 in 2008 STOP award funds that the DCJS has not spent or otherwise made available to STOP program subgrantees.

## OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of the audit was to determine whether costs the Virginia Department of Criminal Justice Services (DCJS) charged to its 2008, 2009, and Recovery Act STOP awards were allowable, reasonable, and complied with applicable laws, regulations, and guidelines.

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. Unless otherwise specified, our audit generally covered activities that occurred between the inception of each grant through December 31, 2009. The awards audited were numbered 2008-WF-AX-0050, 2009-WF-AX-0037, and 2009-EF-S6-0025.

We tested compliance with what we considered to be the most important conditions of the STOP awards. Unless otherwise stated in our report, the criteria we audited against were contained in the 2009 edition of the OJP Financial Guide. We tested DCJS award activities in the following areas: internal controls, drawdowns, grant expenditures, indirect costs, subgrantee monitoring, reporting, budget management, and compliance with STOP program requirements.

The Auditor of Public Accounts of the Commonwealth of Virginia conducted an independent audit under the provisions of OMB Circular A-13, *Audits of States, Local Governments, and Non-Profit Organizations* (2003). The Single Audit, issued June 30, 2008, identified certain internal control weaknesses and made recommendations regarding improving information security systems and documenting grant monitor progress reports before releasing payments in unrelated programs. The DCJS agreed with the Single Audit recommendations and has agreed to address the internal control matters presented by the Single Audit.

Although we performed limited testing of source documents to assess the accuracy of reimbursement requests and financial status reports, we did not test the reliability of the financial management system as a whole. In addition, our audit included assessing how the DCJS used the

Commonwealth Integrated Payroll and Personnel System (CIPPS) and the Commonwealth Accounting and Reporting System (CARS) to record and process salary payments. DCJS officials told us that CIPPS and CARS do not consider the use of actual hours worked by salaried employees to allocate payroll costs. We did not assess the reliability of data captured by either of these systems. However, based on these discussions, we found that the DCJS instead allocated salary costs based on an estimated pro-ration of hours worked on projects.

In conducting our audit, we performed sample testing in 4 areas for the FY 2008 STOP award. These areas were drawdowns, grant expenditures, matching costs, and property management. Our expenditure testing was conducted by judgmentally selecting a sample of costs incurred for the grants that we audited. We applied the judgmental sampling to obtain broad exposure to numerous facets of the grants reviewed, such as dollar amounts or expenditure category. The non-statistical sample design does not allow projection of the test results to all grant expenditures. For each subgrantee, we reviewed and evaluated the: (1) internal control environment, (2) grant expenses, (3) Recovery Act reporting, (4) matching, (5) supplanting, and (6) program performance

We also tested a judgmental sample of subgrantee expenditures charged by five DCJS subgrantees against the 2008 award: (1) the Virginia Supreme Court in Richmond, Virginia; (2) the Loudoun County Commonwealth Attorney in Leesburg, Virginia; (3) the Stafford County Sheriff's Office in Stafford, Virginia; (4) the Bedford Department of Social Services in Bedford, Virginia; and (5) Hampton Transitions in Hampton, Virginia. Our subgrantee testing was limited to assessing the allowability and support of subgrantee costs charged to the FY 2008 STOP award because all subgrantees incurred charges to this grant. Our non-statistical sample design did not allow projection of the test results to the universes from which the samples were selected.

To assess the timeliness of DCJS grant reporting, we relied upon and reviewed electronically generated data found in the OJP's Grants Management System (GMS).

## SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>DOLLAR-RELATED FINDING</u>	<u>AMOUNT (\$)</u>	<u>PAGE</u>
<u>QUESTIONED COSTS</u> <sup>*</sup> :		
Unsupported administrative salary and fringe benefit costs	140,821	6
Unsupported other direct administrative costs	18,732	7
Unsupported indirect administrative costs	41,946	7
<u>SUBTOTAL QUESTIONED COSTS:</u>	<u>\$201,499</u>	
<u>FUNDS TO BE PUT TO A BETTER USE</u> <sup>**</sup> :		
2008 STOP award shortfalls in required funding categories of subgrants	83,429	11
2008 STOP award funds not awarded as subgrants	11,963	11
<u>SUBTOTAL TOTAL FUNDS TO BETTER USE:</u>	<u>\$95,392</u>	
<b><u>TOTAL DOLLAR-RELATED FINDINGS:</u></b>	<b><u>\$296,891</u></b>	

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

\*\* *Funds to be put to a better use* are monies that could be used more efficiently if management took actions to implement and complete audit recommendations.

**OFFICE ON VIOLENCE AGAINST WOMEN  
RESPONSE TO REPORT RECOMMENDATIONS**

July 9, 2010

MEMORANDUM TO: Troy Meyer  
Regional Audit Manager  
Washington Regional Audit Office

FROM: Susan B. Carbon  
Director  
Office on Violence Against Women

SUBJECT: Response to the Draft Audit Report, Office on Violence  
Against Women Services, Training, Officers and Prosecution  
(STOP) Grants Awarded to the Virginia Department of Criminal  
Justice Services (DCJS).

This memorandum is in response to your correspondence dated May 11, 2010 transmitting the above draft Follow-Up and Review Investigation report for the DCJS. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains **five** recommendations, **\$201,499** in unsupported costs and **\$95,392** in unused funds. The following is our analysis of the audit recommendations.

- 1. Ensure that the DCJS: (1) finalizes its risked-based monitoring policy to identify high-risk sub-grantees, and (2) subsequently schedules monitoring reviews so that identified high-risk sub-grantees receive adequate oversight.**

We agree with this recommendation. We will coordinate with the DCJS to obtain a copy of procedures implemented to ensure that adequate monitoring policy is implemented to address high-risk sub-grantees.

- 2. Ensure that the DCJS remedy: (1) \$140,821 in unsupported salary and fringe benefit costs; (2) \$19,112 in unsupported other direct costs; (3) \$41,946 in unsupported indirect costs; and (4) \$14,929 in unsupported allocated administrative costs incurred by one of its subgrantees, the Supreme Court of Virginia.**

We agree with the recommendation. We will coordinate with DCJS to remedy all unsupported costs identified in your report.

- 3. Ensure that the DCJS implements a procedure that requires employees to track time spent on projects and allocates future STOP salary costs based on these activity reports.**

We agree with the recommendation. We will coordinate with the DCJS to obtain a copy of procedures implemented to ensure that employees track time spent on projects and allocate future STOP salary costs are based on these activity reports.

- 4. Ensure that the DCJS de-obligate \$83,429 in 2008 STOP award funds that have not been used to make the required amount of sub-grants to law enforcement agencies and prosecutor offices.**

We agree with the recommendation. We will coordinate with the DCJS to ensure that the \$83,429 in 2008 STOP award funds that have not been used to make the required amount of sub-grants to law enforcement agencies and prosecutor offices are de-obligated.

- 5. Ensure that the DCJS de-obligate \$11,963 in 2008 STOP award funds that have not been spent or otherwise made available to STOP program sub-grantees.**

We agree with the recommendation. We will coordinate with the DCJS to ensure the \$11,963 in 2008 STOP award funds that have not been spent or otherwise made available to STOP program sub-grantees are de-obligated.

We appreciate the opportunity to review and comment on the draft report. If you have any questions or require additional information, please contact Rodney Samuels of my staff at (202) 514-9820.

cc: Kotora Padgett  
Accounting Officer  
Office on Violence Against Women (OVW)

Richard P. Theis  
Assistant Director  
Audit Liaison Group  
Justice Management Division

Myrta Charles  
Program Specialist  
Office on Violence Against Women

Omar Mohammed  
Program Specialist  
Office on Violence Against Women

**VIRGINIA DEPARTMENT OF CRIMINAL JUSTICE SERVICES  
RESPONSE TO REPORT RECOMMENDATIONS**

June 30, 2010

Mr. Troy M. Meyer  
Regional Audit Manager  
US Department of Justice  
Office of the Inspector General  
1300 North 17th Street  
Arlington, VA 22209

Dear Mr. Meyer:

I am writing in response to the findings in the draft audit report of May 24, 2010 and amended on June 18, 2010 on the Office on Violence Against Women (OVW) Services, Training, Officers and Prosecution grant program awarded to the Virginia Department of Criminal Justice Services (DCJS).

We have reviewed and prepared a response to each of the noted findings. The findings we do not dispute are related to the distribution of funds among the required categories and the return of unspent, un-obligated funds. Both of these items are from the Federal FY2008 grant.

**A. Did not meet the required distribution amount of funding for law enforcement agencies and prosecutors' office.**

We attempted to make grants in the law enforcement and prosecution categories during the first year of the grant cycle and had three unexpected occurrences: one sub-grantee in the law enforcement category failed to reapply, one sub-grantee in the law enforcement category did not accept their award and one sub-grantee in the prosecution category declined their award. This left a balance in the law enforcement and prosecution categories. DCJS awarded funding for a training initiative in the law enforcement category to further spend down the law enforcement allocation, but those initiatives were not implemented. A balance was left in these categories at the end of the grant period.

In the second year of the two-year grant cycle, DCJS received word about STOP Recovery Act Funding. Intensive work was done subsequently with the state planning team and with the Virginia Association of Chiefs of Police, the Virginia Sheriffs' Association and the Commonwealth's Attorneys' Services Council to stimulate new applications for both regular STOP funding and Recovery Act STOP funding.

We were successful in this effort and can report that all funds in all categories have been awarded for the current two-year cycle and for the Recovery Act allocation.

**B. De-Obligate unspent Federal FY2008 STOP funds not spent that were not distributed to grantees.**

We were unable to distribute these funds to grantees and these funds will be returned.

**C. Finalize risk-based grant monitoring policy.**

The Department is in the process of reviewing the final draft of our risk-based grant monitoring policy and should have it implemented in the first month of state FY2011. As a note, the policy has been used on a trial run basis for the past three months. We have made adjustments to the tool during this period. Overall we believe it will enhance our grant monitoring capabilities.

**D. DCJS should implement a time tracking system to account for time spent working on the STOP program.**

DCJS will implement a time accounting system in July 2010 for the start of state FY2011. All employees paid from federal funds will complete a time record. STOP administrative costs will be allocated based on these time accounting reports.

**E. Remedy: Unsupported salary and fringe benefit costs, \$140,821; unsupported other direct costs, \$18,732; unsupported indirect costs, \$41,946.**

We believe the personnel and non-personnel services costs to support the Federal FY2008 and 2009 STOP grants covered by the audit are supported with the documentation we have gathered from that period. While we have acknowledged that we do not have time sheets covering this period, we do have other significant documentation, including staff activity reports, meeting minutes, e-mail and phone logs, and grant progress reports to support these expenditures. We believe this documentation, because of its' detail, provides sufficient documentation of the work we have performed in effectively managing the STOP program.

Attached are staff activity reports for the STOP program covering the time period of the audit. These employee activity reports contain information related to their work on the STOP program, as well as the other programs that they were assigned. The information in the activity reports shows clearly that there was a significant amount of work being performed on a weekly basis in support and oversight of the STOP grant program. Additionally, the work was ongoing throughout the time periods covered by the audit. We believe this is clear documentation of the work being performed on the STOP grant program and that it supports our contention that the charges we made to the administrative portion of the grants were appropriate and allowable under the program.

We have also attached phone and e-mail logs from this time period as additional detail and documentation of our activities in direct support of our responsibilities of the STOP program.

The STOP annual report is yet another piece of information to support our work on the program. We submit this report annually to document what we have done the previous year to operate the program in compliance with the program rules and guidelines. The information in this report is derived from the grants, training and technical assistance we provide in support of the VSTOP program.

The overhead costs charged to the STOP grant were also questioned in the draft audit report. The acceptance of these charges seems to be related to a timesheet or other time keeping process. As we have said, we do not have timesheets to document the time spent by staff in support of the grant and we are instituting a time keeping system for state FY2011, which begins on July 1, 2010. The overhead charges are based on the number of staff paid from the project code we use to manage the administrative portion of the grant. The information cited above; staff activity reports, meeting minutes, phone and e-mail logs, and STOP program annual reports, all document our work in support of the grant program. We believe the process of charging agency overhead expenses based on those individuals paid from the grant is a documented, consistent and reasonable way of allocating overhead expenses across the agency's various lines of business. It will be further documented with the addition of the time keeping system.

In conclusion, we believe we have been good stewards of these funds and have, since its' inception, run a very effective STOP grant program. The evidence of our efforts is clear; we solicit and award grant funding to support successful local programs, we provide training programs to grantees. We provide technical assistance to grantees and we monitor the grants to ensure compliance with the program. All of this happens because agency staff is performing these duties throughout the year. We have a good working relationship with the federal Office on Violence Against Women and, to our knowledge, they are supportive of the way we operate the STOP program. Our STOP program administrator has been called upon by OVW to mentor and train new STOP state administrators and participate on national committees working on best practices in the areas of domestic violence protective orders and sexual assault services. We have acknowledged that having a time accounting system is needed to better track staff time charged to grants and are implementing one. But our strength in operating a good and effective grant program, as demonstrated by our grantees' performance and the services they provide, is the most accurate test of our overall effort.

The documentation we have cited is being sent under separate cover to John Manning as an e-mail attachment. If you have any questions, please contact John Colligan at (804) 786-4961.

Sincerely,

Garth L. Wheeler  
Director

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

The OIG provided a draft of this audit report to the Office on Violence Against Women (OVW) and the Virginia Department of Criminal Justice Services (DCJS). The responses are incorporated respectively as Appendices III and IV of this final report. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

### Summary of Actions Necessary to Close the Report

- 1. Resolved.** The OVW concurred our recommendation to ensure that the DCJS: (1) finalizes its risk-based monitoring policy to identify high-risk subgrantees, and (2) subsequently schedules monitoring reviews so that identified high-risk subgrantees receive adequate oversight. This recommendation can be closed when the OVW provides evidence that the DCJS is finalizing its risk-based policy and schedules monitoring reviews for subgrantees that have been designated as high-risk.
- 2. Resolved.** The OVW concurred with our recommendation to remedy: (1) \$140,821 in unsupported salary and fringe benefit costs; (2) \$18,732 in unsupported other direct costs; and (3) \$41,946 in unsupported indirect costs. Considering the federal grant allocation requirements cited in the report, this recommendation can be closed when the OVW provides documentation that supports or otherwise remedies \$201,499 in unsupported DCJS administrative costs.
- 3. Resolved.** The OVW concurred with our recommendation to ensure that the DCJS implements a procedure that requires employees to track time spent on projects and allocates future STOP salary costs based on these activity reports. This recommendation can be closed when the OVW provides documentation showing that the DCJS has implemented such an employee time tracking system.

4. **Resolved.** The OVW concurred with our recommendation to deobligate \$83,429 in FY 2008 STOP award funds that have not been used to make the required amount of subgrants to law enforcement agencies and prosecutor offices. This recommendation can be closed when the OVW provides documentation showing that it has deobligated or otherwise remedied \$83,429 in FY 2008 STOP award funds that the DCJS did not allocate to required subgrantee categories.
  
5. **Resolved.** The OVW concurred with our recommendation to deobligate \$11,963 in FY 2008 STOP award funds that the DCJS had not spent or otherwise made available to STOP program subgrantees. This recommendation can be closed when the OVW provides documentation showing that it has deobligated \$11,963 in unspent DCJS STOP program funds.