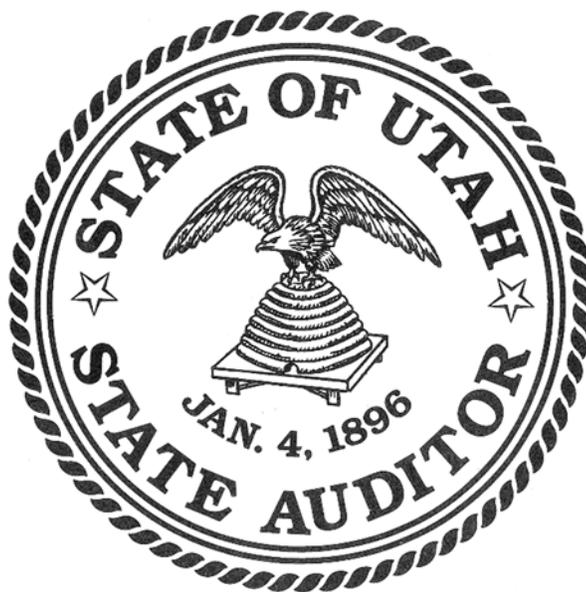


**COMMISSION ON CRIMINAL AND JUVENILE JUSTICE
Utah Office for Victims of Crime**

Single Audit Management Letter
For the Year Ended June 30, 2017

Report No. 17-04



**OFFICE OF THE
STATE AUDITOR**

AUDIT LEADERSHIP:

John Dougall, State Auditor
Hollie Andrus, CPA, Audit Director
Jason Allen, CPA, CFE, Senior Audit Manager

COMMISSION ON CRIMINAL AND JUVENILE JUSTICE

Utah Office for Victims of Crime

**Single Audit Management Letter
FOR THE YEAR ENDED JUNE 30, 2017**

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<u>Finding Type:</u> MW Material Internal Control Weakness MN Material or Possible Material Noncompliance	<u>Applicable To:</u> f Federal Program
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OFFICE OF THE
STATE AUDITOR

SINGLE AUDIT MANAGEMENT LETTER NO. 17-04

November 6, 2017

Mr. Ron Gordon, Executive Director
Commission on Criminal and Juvenile Justice
State Capitol Complex
Senate Building Suite 330
P.O. Box 142330
Salt Lake City, Utah 84114-2330

Dear Mr. Gordon:

This management letter is issued as a result of the Commission on Criminal and Juvenile Justice's (CCJJ's) portion of the statewide federal compliance audit for the year ended June 30, 2017. Our final report on compliance and internal control over compliance issued to meet the reporting requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) will be issued under separate cover. We tested the Crime Victim Assistance program (CFDA # 16.575), administered by the Utah Office for Victims of Crime, as a major program at CCJJ.

In planning and performing our compliance audit of the program, we considered CCJJ's compliance with the applicable types of compliance requirements as described in the *OMB Compliance Supplement* for the year ended June 30, 2017. We also considered CCJJ's internal control over compliance with the types of requirements described above that could have a direct and material effect on the major program in order to determine the auditing procedures that were appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CCJJ's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct on a timely basis noncompliance with a type of compliance requirement of a federal program. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a

federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purposes described in the second paragraph and would not necessarily identify all deficiencies in CCJJ's internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and recommendations as Findings 1 through 3 that we consider to be material weaknesses.

CCJJ's written responses to and Corrective Action Plans for the findings identified in our audit were not subjected to the audit procedures applied in our audit and, accordingly, we express no opinion on them.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing. Accordingly, this communication is not suitable for any other purpose.

We appreciate the courtesy and assistance extended to us by the personnel of CCJJ during the course of our audit, and we look forward to a continuing professional relationship. If you have any questions, please contact me.

Sincerely,



Hollie Andrus, CPA
Audit Director
801-808-0467
handrus@utah.gov

cc: Gary Scheller, Director, Utah Office for Victims of Crime
Christine Watters, Program Manager

FINDINGS AND RECOMMENDATIONS

1. INADEQUATE INTERNAL CONTROLS AND NONCOMPLIANCE WITH FEDERAL CASH MANAGEMENT REQUIREMENTS

Federal Agency: **Department of Justice**

CFDA Number and Title: **16.575 Crime Victim Assistance**

Federal Award Numbers: **2013-VA-GX-0055, 2014-VA-GX-0058, 2015-VA-GX-0063**

Questioned Costs: **\$139,194**

Prior Year Single Audit Report Finding Number: N/A

Pass-through Entity: N/A

Of the 6 cash draw requests tested, 5 draws (83%) did not comply with federal cash management requirements for the Crime Victim Assistance program (CVA) administered by the Utah Office for Victims of Crime (UOVC), a division of the Commission on Criminal and Juvenile Justice. Identified errors include the following:

- a. \$139,194 drawn for expenditures unrelated to the CVA program. (1) A \$76,205 payment to the Utah Department of Public Safety could not be identified as an allowable expenditure for CVA. (2) Expenditures totaling \$48,515 pertained to the Crime Victim Reparations fund rather than the CVA program, according to the State's accounting system (FINET); (3) Expenditures of \$9,968 were duplicated on UOVC's draws spreadsheet, resulting in duplicate reimbursements of these expenditures; and (4) An expenditure of \$4,506 was incorrectly entered on UOVC's draws spreadsheet. We have questioned these costs.
- b. \$13,566 drawn as advances of funds rather than on a reimbursement basis. The related expenditures were recorded in FINET from 3 to 13 weeks after the draw was made. We have not questioned these costs as these subsequent expenditures were in accordance with grant requirements.
- c. \$161,302 drawn up to two months after the related expenditures were recorded in FINET that could have been drawn by UOVC earlier. We have not questioned these costs as they do not result in an interest liability to the Federal Government.
- d. \$36,626 of expenditures recorded in FINET pertaining to the 2013 award were charged to the 2014 award. When UOVC set up a contract in FINET, it miscoded the contract under the fiscal year 2014 award. Because these expenditures were not drawn under the 2014 award, we did not question these costs. However, our review of these expenditures noted that UOVC does not use the expenditures recorded on FINET to calculate its draws. As a result, UOVC draw requests may not be supported by actual costs.

UOVC has not established adequate written policies and procedures for cash draws nor has it established effective internal controls to ensure draw amounts are properly calculated and supported by appropriate, allowable expenditures. 2 CFR 200.303 states "[A] non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the award in compliance with federal statutes, regulations, and the terms and conditions of the federal award." Furthermore,

according to 2 CFR 200.305(b)(1), draws should minimize the time elapsed between the state's payout of funds for federal program purposes and the transfer of funds from the federal agency. Drawing funds from a federal award for expenditures that may not pertain to the federal program may result in disallowed costs that would need to be paid back to the federal agency. Drawing funds that do not minimize the time between the payout of funds by the state and the transfer of funds from the federal agency results in noncompliance with federal cash management requirements.

Recommendation:

We recommend that UOVC:

- **Use expenditures recorded in FINET to calculate draw requests;**
- **Establish written policies and procedures for cash draws;**
- **Establish internal controls over cash management to ensure draws are properly calculated and supported by appropriate, allowable expenditures.**

UOVC's Response:

*UOVC agrees that it can improve upon the internal controls and written policies and procedures which it provided to auditors; primarily by incorporating the first recommendation above. UOVC will provide further explanation under the **Corrective Actions** response on this item. UOVC agrees that by adopting the first recommendation above, clerical errors will be reduced. UOVC does not agree funding was drawn for expenditures unrelated to the CVA program as finding (a) states. Of the \$139,194 in questioned costs identified in the auditors' finding (a), the payment of \$76,205 to the Utah Department of Public Safety supports the state's Victim Notification program and is authorized under a VOCA Assistance Grant awarded to Utah Department of Public Safety. The payment was initiated through an Inter Agency Transfer (IAT), a very rare occurrence, rather than the "normal process" articulated in UOVC's written policy and procedures. The (IAT) was initiated by DPS using FINET 13V112, in error. UOVC did not catch the coding error and subsequently an internal adjustment was made to correct the coding error. The specific grant number in question is 16VOCA74. A payment of \$42,272.20 was made on October 26, 2016 under FINET number 13V112, which was prior to the final closing of the 2013 VOCA award. The balance of grant 16VOCA74, was paid under FINET 15V64. UOVC changed its grant numbering method in its most recent grant allocation/award cycle to help remedy some of this confusion. The \$48,515 was a data entry error, entered in to FINET as coded Compensation rather than Assistance. This error occurred in the midst of an employee transition. Each of the additional amounts itemized and described in audit findings 1(a), (b) and (d) were also data entry errors. Finding 1(b) reflects an additional data entry error. When the payments were originally entered in FINET, there were entry errors on two payments which prevented them from being released and having checks sent from FINET; those payments were "held" but not "rejected". When that was discovered and the errors corrected, it required using the current date in order for the processes for those payments to complete. This certainly created the appearance that the draw was made long before the payments were made, however the expenditures were*

incurred and payments were authorized and were thought to have been processed prior to making the draw to cover them. UOVC has modified its practices to now include routine verification that all payments have completed processing prior to drawing funds to cover them. UOVC feels it is of critical importance to note that each of these errors were detected by UOVC and corrected in FINET or were in the process of being corrected in FINET by UOVC prior to and/or during the audit. UOVC is confident that the adoption of the auditors' recommendation and other corrective actions will remedy the opportunity for future errors of this nature. Additionally, audit finding 1(c) in the amount of \$161,302 reflects a draw of allowable administrative costs from the grant. Past UOVC practices have been to draw those expenses each quarter, which accounts for the two month delay in the draw. UOVC has changed this practice based upon this audit finding and will draw those expenses monthly.

Corrective Action Plan:

- *UOVC's Cash Management for Expenditure and Receipt of Federal Funds Policy is updated and modified to include :*
 1. *Financial Manager to confirm all payments are made an accrued in the appropriate Fiscal Period prior to authorizing payments entered into FINET by Office Specialist*
 2. *All Draw requests are to be calculated on expenditures recorded in FINET*
 3. *All IAT payments are incorporated into the Cash Management procedures*
 4. *Drawdown Specialist shall reconcile "grant payment document" to expenditures recorded in FINET prior to making "draw requests"*
 5. *"Draw request" amounts shall be equal to the sum of related expenditures recorded in FINET as verified by Drawdown Specialist.*
 6. *An additional check-point is added to this process to verify the accuracy of drawdowns. Grant Financial Analyst shall reconcile expenditures recorded in FINET and "drawn amounts" when completing SF-425 Federal Financial Reports at the end of each quarter.*
 7. *Allowable administrative costs shall be "drawn" monthly rather than quarterly*
- *Increased frequency of DOJ Financial Grant Management Training requirements for applicable staff members*
- *UOVC is participating in the development of Utah's enterprise GMS. This will move UOVC from using antiquated paper file grant management processes to a FINET compatible GMS, which will standardize financial and programmatic management and reporting of UOVC's grant systems.*

Contact Person: Gary Scheller, Director UOVC, (801)-238-2362

Anticipated Correction Date: October 16, 2017

2. **INADEQUATE INTERNAL CONTROLS AND NONCOMPLIANCE WITH SUBRECIPIENT MONITORING**

Federal Agency: **Department of Justice**

CFDA Number and Title: **16.575 Crime Victim Assistance**

Federal Award Numbers: **2013-VA-GX-0055, 2014-VA-GX-0058, 2015-VA-GX-0063**

Questioned Costs: N/A

Prior Year Single Audit Report Finding Number: N/A

Pass-through Entity: N/A

UOVC's monitoring of CVA subrecipients failed to comply with federal regulations and UOVC's Monitoring Policies and Procedures. Because UOVC is required to perform desk reviews annually and on-site visits once every three years, we reviewed UOVC's monitoring efforts for the 2013-2015 federal fiscal awards, and noted the following areas where UOVC did not adequately monitor subrecipients:

a. **Inadequate On-Site Monitoring**

For 49 (64%) of the 76 subrecipients, UOVC did not perform and document an on-site visit during the last three years. In addition, UOVC did not adequately follow-up on the 27 site visits which it did perform (see e. below). In accordance with UOVC's Monitoring Policies and Procedures, UOVC should conduct on-site monitoring of all subrecipients at least once every three years or as staffing allows. UOVC should maintain a copy of site visit results and other documents related to compliance. UOVC's applicable written monitoring policies and procedures indicate that site visits are to be conducted once every three years for each subrecipient or as staffing allows. However, starting with federal awards received after August 8, 2016, UOVC is required by 28 CFR 94.106(b) to conduct on-site monitoring of all subrecipients at least once every two years. During fiscal year 2017, there were no subrecipients expending funds from federal awards received after August 8, 2016. However, our testwork brought to light the difficulty in identifying the federal awards that were related to specific subrecipient contracts, which going forward could make it difficult to ensure compliance with 28 CFR 94.106(b). UOVC should ensure that subawards made to subrecipients identify the specific federal award funding the subaward.

b. **Inadequate Desk Audits**

UOVC does not perform annual desk audits to monitor subrecipients in accordance with UOVC's Monitoring Policies and Procedures. None of the 11 subrecipients selected for review had a documented desk audit performed during the last year. Regular desk audits become more critical to ensure a subrecipient is using the subaward for authorized purposes and in accordance with the terms and conditions of the award when other monitoring procedures such as on-site monitoring (see a. above) are not frequently performed.

c. Inadequate Reviews of Subrecipient Audits

UOVC could not provide documentation demonstrating it had reviewed any subrecipients' single audit reports for contracts entered into between 2013 and 2015. UOVC's policy requires personnel to review the subrecipients' information in the federal clearing house but is silent on the documentation of the review.

d. Inadequate Policy and Documentation for Risk Evaluation

UOVC was unable to provide documentation regarding which subrecipients, if any, were considered high risk and what additional or increased action was taken to ensure that the subrecipients comply with federal statutes, regulations, and terms and conditions of the subaward. 2 CFR 200.331(b) requires UOVC to develop and implement a monitoring plan which includes an evaluation of each subrecipient's risk of noncompliance with federal statutes, regulations, and terms and conditions of the subaward. Although UOVC's written monitoring policies and procedures outline high-risk factors, the policies do not specify steps for documenting the evaluations or procedures to be followed when a subrecipient is considered high risk (e.g. provide training and technical assistance, increase frequency of site visits and/or desk audits, etc.).

e. Inadequate Documentation for Follow-up on Deficiencies

We reviewed the documentation for 3 of the 27 subrecipients that had a documented site visit and noted that UOVC identified several issues (findings) for 1 (33%) of the 3 subrecipients. The documented site visit occurred in July 2014; however, UOVC did not document what follow up, if any, was taken to ensure that the subrecipient took timely and appropriate action on all deficiencies. 2 CFR 200.331(d) requires monitoring of subrecipients to include "following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies. . . . detected through audits, on-site reviews, and other means." UOVC should perform and document timely follow up on all deficiencies noted during site visits, desk audits, or subrecipient audit reviews.

UOVC has not established effective internal controls to ensure that monitoring of subrecipients, including follow-up on deficiencies, is timely, documented, and performed in accordance with federal regulations and UOVC's own written policies. These policies are often silent on the documentation of these reviews. Over the last several years, the UOVC experienced employee turnover, and subrecipient monitoring was not a high priority for the office. Because the majority of the Crime Victim Assistance funds is passed through to subrecipients, monitoring of all subrecipients is critical to ensure that these funds are used for authorized purposes and comply with the federal requirements and terms and conditions of the program.

Recommendation:

We recommend that UOVC implement internal controls to ensure that UOVC properly performs and documents its monitoring of subrecipients. We recommend that awards to

subrecipients clearly identify the federal award funding the subaward to ensure compliance with applicable monitoring requirements. We also recommend UOVC perform and document the following:

- a. On-site monitoring for each subrecipient in accordance with UOVC Monitoring Policies and Procedures for federal awards received prior to August 8, 2016 or at least once every two years in accordance with 28 CFR 106(b) for awards received after August 8, 2016;**
- b. Desk audits for each subrecipient at least annually;**
- c. Reviews of subrecipient single audits;**
- d. Evaluations to assess high-risk subrecipients and the appropriate actions to be taken when a high-risk subrecipient is identified.**
- e. Follow-up of deficiencies identified through on-site monitoring, desk audits, and/or subrecipient audit reviews.**

UOVC's Response:

UOVC agrees that internal controls can be improved and provides here within Corrective Actions to incorporate the listed recommendations. UOVC is appreciative of the opportunity to clarify that past Site Visits and Audits conducted by DOJ/ OVC and DOJ/OIG of UOVC and UOVC VOCA grant subrecipients, have not concluded that UOVC has been noncompliant with their requirements on these issues. UOVC does not agree that it has been noncompliant with OVC guidelines, or UOVC established guidelines. UOVC grant management staff spends an extensive amount of time working very closely with grant recipients. UOVC requires attendance of grant training conducted by UOVC, prior to submitting a grant application as a condition of eligibility. UOVC provides Grant Management Training to subrecipients to increase subrecipient understanding of and compliance with complex grant management issues. UOVC understands and greatly values the importance of Site Visits, monitoring, reviewing and risk evaluation in the grant management processes. UOVC recognizes that recent significant increases in available VOCA funding require an equally significant increase in all aspects of the management of that funding. UOVC also acknowledges that monitoring and auditing activities that are not memorialized or otherwise properly documented cannot be verified, evaluated or considered.

Accordingly, UOVC commits to incorporating the above recommendations in the following Corrective Actions.

Corrective Action Plan:

- UOVC will clearly indicate in each revision of its current Monitoring Policies to which grants or award years the specific policy applies*
- UOVC will, when making revisions to any current or future Monitoring Policy to incorporate changes in federal or other applicable non-UOVC guideline, clearly indicate in those revisions to which specific grants or award years the revised policy applies*

- *UOVC will appropriately document all Site Visit, Desk Audit and Monitoring activities*
- *UOVC will thoroughly document the follow-up and resolution of found deficiencies of any subrecipient*
- *UOVC will enter its correspondence regarding monitoring in the state's GMS for each subrecipient when each such activity occurs.*
- *UOVC has utilized the recent increase in VOCA funding to hire additional grant management staff.*
- *UOVC has hired a Grant Financial Analyst/Monitor, a Grant Programmatic Monitor, and an additional full-time VOCA Grant Analyst.*
- *UOVC Grant Programmatic Monitor has updated and revised and greatly expanded UOVC Program Monitoring Guide and schedules, to comply with recommendations (a) through (e)*
- *UOVC Grant Programmatic Monitor has incorporated more detailed definitions of "Site Review" and "Desk Audits to assure all aspects of such are appropriately incorporated in the processes*
- *All UOVC grant management staff have recently completed the required DOJ Financial Grant Management Training*
- *UOVC is participating in the development of Utah's enterprise GMS. This will move UOVC from antiquated paper file grant management processes to a FINET compatible automated web based electronic GMS which will standardize financial and programmatic management and reporting of UOVC's grant systems. This system will greatly enhance the ability, reliability and most importantly, efficiency and transparency of UOVC's management and documentation of its audit, review, monitoring and assessing activities*

Contact Person: Gary Scheller, Director UOVC, (801)-238-2362

Anticipated Correction Date: October 31, 2017

3. INADEQUATE INTERNAL CONTROLS OVER FINANCIAL/PERFORMANCE REPORTING AND MATCHING/EARMARKING REQUIREMENTS

Federal Agency: **Department of Justice**

CFDA Number and Title: **16.575 Crime Victim Assistance**

Federal Award Numbers: **2013-VA-GX-0055, 2014-VA-GX-0058, 2015-VA-GX-0063**

Questioned Costs: N/A

Prior Year Single Audit Report Finding Number: N/A

Pass-through Entity: N/A

We selected for review three financial reports and one performance report submitted during fiscal year 2017 and noted the following internal control issues and inaccuracies in the submitted reports:

Federal Financial Reports (SF-425)

- a. All three financial reports sampled were prepared and certified by the same individual without another individual reviewing the reports prior to submission. An individual other than the individual preparing the reports should review the reports for accuracy. This lack of separation of duties results from not having proper procedures or other compensating controls in place to verify the accuracy of the reports before they are submitted.
- b. These financial reports are prepared using information taken from an internal UOVC Grant Management System (GMS) and not information taken directly from FINET (the State's financial accounting system). While UOVC indicated that the GMS is reconciled to FINET on a monthly basis, we identified the following inaccuracies as we traced the reported amounts to FINET.
- The "Federal Share of Expenditures" (line 10e) on the final report for the 2013-VA-GX-0055 (2013) award was overstated by \$102,245 when compared to FINET. This difference was caused by a clerical error when the UOVC coded expenditures in FINET as part of the 2014 award instead of the 2013 award. We have not questioned costs as UOVC did not draw against the 2014 award for these expenditures.
 - The "Federal Share of Expenditures" (line 10e) on the September 30, 2016 quarterly report for the 2014-VA-GX-0058 (2014) award was overstated by \$16,917 when compared to FINET.
 - The "Federal Share of Expenditures" (line 10e) on the December 31, 2016 quarterly report for the 2015-VA-GX-0063 (2015) award was overstated by \$204,753 when compared to what was recorded in FINET for this award.
 - The "Total recipient share required" (line 10i) reported on the 2013 award's final report and on the 2014 award's September 30, 2016 quarterly report was reported as non-cumulative amounts instead of cumulative amounts as required for this report. The reported amounts should have been, \$1,018,692 instead of \$0 for the 2013 award and \$814,966 instead of \$286,114 for the 2014 award.
 - The "Recipient share of expenditures" (line 10j) on the reports for the 2014 and 2015 awards were reported as \$1,075,963 and \$378,464, respectively. The amounts for this line, as indicated on the UOVC spreadsheet used to track subrecipient match amounts, indicate that the reported match amounts should have been \$1,077,456 for the 2014 award and \$385,832 for the 2015 award, a difference of \$1,493 and \$7,368, respectively.
 - All three reports reported negative amounts ranging from (\$11,456) to (\$1,102,911) on the "Remaining recipient share to be provided" (line 10k), all which should have been reported as \$0 in accordance with the instructions for the SF-425 reports since line 10j was greater than 10i.
 - Line 7 for two of the three reports indicated the reports were prepared on the "accrual" basis of accounting. Based on our comparison to the accounting system and transaction

activity after the reports' quarter ends, the reports were prepared on the "cash" basis of accounting.

The amounts on the federal financial reports should agree to FINET since FINET contains the accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards. These errors occurred because UOVC does not use expenditures recorded on FINET to prepare the reports and does not have an adequate understanding of reporting guidelines.

Performance Report

- c. UOVC does not have controls in place to ensure the accuracy of the information reported on the UT Annual State Performance Report (PMT).
- The information reported on the PMT report is mainly provided by subrecipients entering their own information on the PMT system and is used to ensure critical matching and earmarking requirements are met. UOVC should either obtain and reconcile supporting documentation from the subrecipients to the reported amounts or perform other procedures to validate the accuracy of the reported amounts and other performance measures submitted by the subrecipients.
 - In addition, UOVC erroneously indicated on the PMT report for the federal fiscal year ended September 30, 2016 that no administrative funds were expended under any award during this reporting period. However, our review of UOVC expenditures recorded on FINET indicated that UOVC had administrative expenditures during this period that should have been reported.
 - The information provided by subrecipients on the PMT report includes the reporting of expenditures for the 20 percent matching requirement and for various earmarking percentage requirements, including a 30 percent minimum earmarking for priority categories of crime victims (i.e. sexual assault, spousal abuse, and child abuse), a 10 percent minimum earmarking for previously underserved victims of violent crimes, and a 5 percent maximum earmarking for administration and training expenditures. The PMT report indicated that UOVC met these various matching and earmarking percentages; however, because we were unable to verify the accuracy of the reported amounts due to lack of supporting documentation at UOVC or other evidence substantiating the reported information, we were unable to determine whether UOVC actually met each of these earmarking requirements and were unable to verify the values placed on in-kind and volunteer matching contributions.

Inaccurate information on the performance report, whether provided to UOVC by the subrecipients or reported by UOVC, could permit program purposes and performance measures to be missed and not detected and could potentially affect future program funding.

Recommendation:

We recommend that UOVC:

- **Implement internal controls to ensure that financial and performance reports are prepared in an accurate manner. Such a control would typically include a review by an individual other than the preparer.**
- **Reconcile the financial and performance reports to FINET and/or other appropriate supporting documentation to ensure their accuracy in accordance with applicable reporting instructions.**
- **Prepare the financial reports using the expenditures recorded in FINET.**
- **Obtain and reconcile subrecipients' supporting documentation to amounts reported on the PMT or perform other procedures to validate the accuracy of the amounts reported.**

UOVC's Response:

*UOVC partially agrees and will detail the **Corrective Actions** to enhance internal controls to remedy those parts of the findings. UOVC has confirmed with the State Auditor's office that the amounts detailed in finding 3(b) are accounted for in subsequent (SF-425) Federal Financial Reports and balanced at year end. UOVC has and will continue to consult with the State Auditor's Office to further adopt policies and procedures to assure that SF-425 Federal Financial Reports are accurately completed and reported and amounts can be balanced to expenditures recorded in FINET. Recipients are not able to adjust the selection of the options of "cash" or "accrual" in GMS after the initial report has been filed. UOVC has notified the Grant manager for Award Number 2015-VA-GX-0063 that line 7 on the SF-425 report is reporting "cash" basis, when it should be corrected to "Accrual." She will make the necessary changes and update. UOVC respects the importance of the accurate completion and submission of Federal Financial Reports and remains committed to making the needed changes to assure this occurs.*

UOVC agrees that reconciliation and validation of grant recipients' performance measures reported in the federal GMS are critical. DOJ/OVC developed and launched a greatly expanded PMT operation, database and requirements mid September 2015 with the required implementation date of October 1, 2015. The program had several failures and required numerous revisions and was taken off-line for extended periods of time. UOVC has worked closely with subrecipients, DOJ/OVC and with and through our National Association to correct and overcome the system's pitfalls and still collect the required information. UOVC recognizes performance measures and reporting of activity are critical measures of program successes. UOVC takes the success of funded programs very seriously. All grant awards are based upon very specific and very clearly defined goals and objectives. Subrecipients' funded activities are heavily monitored, including the routine scrutiny of performance reports reflective of the established goals and objectives.

Corrective Action Plan:

- *UOVC created a Grant Financial Analyst position in the fall of 2016 to enhance the financial tracking and management of UOVC grant programs.*
- *UOVC Grant Financial Analyst implemented Federal Financial Report (FFR) Policy and Procedures effective date: 01/03/2017*
- *UOVC Federal Financial Report (FFR) Policy and Procedures will be updated and expanded to include:*
 - a. *FFRs shall be prepared using expenditures paid or accrued during the appropriate quarterly fiscal period.*
- *UOVC will expand and enhance its monitoring activities to include verification of PMT reported activities*
- *Increased VOCA funding has allowed UOVC to expand staff numbers to provide for increased interaction with grant recipients*
- *UOVC is participating in the development of Utah's enterprise GMS. This will move UOVC from antiquated paper file grant management processes to a FINET compatible automated electronic GMS which will standardize financial and programmatic management and reporting of UOVC's grant systems.*

Contact Person: Gary Scheller, Director UOVC, (801)-238-2362

Anticipated Correction Date: October 16, 2017

AUDITOR'S CONCLUDING REMARK

We, the auditors, acknowledge that UOVC has disagreed with some of the issues noted in our findings; however, because the corrective actions outlined by UOVC address the concerns raised in our findings and recommendations, we will not issue any further remarks related to the disagreements noted in UOVC's responses.