

THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE VIRGIN ISLANDS INSPECTOR GENERAL



AUDIT REPORT

AUDIT OF
LAW ENFORCEMENT PLANNING COMMISSION
VOCA GRANTS AWARDED TO THE
SAFETY ZONE

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GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS
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EXECUTIVE SUMMARY

The following summarizes the major findings resulting from the Audit of Law Enforcement Planning Commission VOCA Grants Awarded to the Safety Zone (AR-04-50-05).

Finding 1: Grant Funding (pages 5 to 6)

- ✓ The Safety Zone did not always comply with the terms of the grant agreement when submitting claims for reimbursements.
- ✓ Reimbursement claims were filed timely; however, for at least one grant, adequate supporting documentation for the claim was not provided.

Finding 2: Grant Reporting (pages 7 to 10)

- ✓ The Safety Zone complied with the terms and conditions for some of the grants received by submitting financial reports and program report.
- ✓ Some monthly reports, however, were not filed timely and did not adequately support the amounts that were claimed.

Finding 3: Grant Monitoring (pages 11 to 13)

- ✓ The Safety Zone did not always respond timely to requests for information made by the LEPC monitors.



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April 11, 2005

Honorable Charles W. Turnbull
Governor of the Virgin Islands
Government House
Kongens Gade
Charlotte Amalie
St. Thomas, VI 00802

Honorable Lorraine L. Berry
President
26th Legislature
Capitol Building
Charlotte Amalie
St. Thomas, VI 00802

Dear Governor Turnbull and Senator Berry:

Attached is the final report of our audit of the Law Enforcement Planning Commission's (LEPC) VOCA Grants awarded to the Safety Zone.

The objectives of the audit were to determine whether: (i) the Safety Zone properly observed the terms and conditions of the funding award by presenting adequate source documentation to support its claims for reimbursement of expenditure previously incurred; (ii) the Financial Reports (FR), and the Programmatic Reports (PR) that were compiled by the Safety Zone and submitted to the LEPC accurately accounted for the usage of the funds that were awarded, and provided reliable statistics relating to the number of victims served, and the type of direct services that were performed; and, (iii) the Safety Zone was prompt in responding to queries and /or recommendations that were raised by the LEPC from its monitoring of the activities of the Safety Zone.

Our audit disclosed that the Safety Zone did not always provide adequate source documentation to support its claims for reimbursement of expenditure relating to disbursement that it had previously incurred. This was particularly evident in the case of Grant # VA-105-97 where LEPC monitors highlighted a number of instances in which the Safety Zone had submitted claims for reimbursement of expenditure relating to certain budgeted items without the support of paid checks to indicate that the items were actually paid for. Additionally, the Safety Zone did not always remit FR's and PR's to the LEPC within the scheduled deadline. The LEPC monitored the activities of the Safety Zone through the medium of the reports that were submitted by the Safety Zone. Based on its monitoring, the LEPC addressed queries and recommendations to the Safety Zone, and

Governor Charles W. Turnbull
Senator Lorraine L. Berry
April 11, 2005
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even arranged training for Safety Zone personnel. The Safety Zone was not always prompt in responding to the queries and recommendations, but nevertheless, there has been a marked improvement in the Safety Zone's presentation of FR's and PR's from one grant to the other.

An exit conference was held with officials of LEPC on November 9, 2004 and Safety Zone officials on November 12, 2004. A draft report was issued to both on January 18, 2005. To date no response or comments to the recommendations made in the report have been received. The additional information needed to close the recommendation is included as Appendix I beginning on page 15.

If you or your staff require additional information, please call me at 774-3388.

Sincerely,



Steven van Beverhoudt, CFE, CGFM
V. I. Inspector General

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INTRODUCTION

BACKGROUND

In 1984, Congress established a funding mechanism for programs at state and local level with the passage of the Victims of Crime Act (VOCA). VOCA provides for the awarding of grants to states and territories for the purpose of compensating, and assisting victims of crime, providing funds for training and technical assistance, and assisting victims of federal crimes. VOCA authorized the formulation of the Final Program Guidelines (Guidelines), which constitute the procedural regulations that provide information on the administration and implementation of the VOCA victim assistance grant program.

The primary purpose of these grants is to support the provision of services to victims of crime throughout the nation. The Guidelines define “services” as those efforts that: (i) respond to the emotional and physical needs of crime victims; (ii) assist primary and secondary victims of crime to stabilize their lives after a victimization; (iii) assist victims to understand and participate in the criminal justice system; and, (iv) provide victims of crime with a measure of safety and security, such as boarding-up broken windows, and replacing or repairing locks.

The Law Enforcement Planning Commission (LEPC) is the agency designated by the Governor of the Virgin Islands to administer the VOCA victim assistance grant program. As grantee, the LEPC has sole discretion to contract with local organizations for the provision of the specific services set forth in the VOCA grant agreement, after determining that the routine functions of the organization meet the eligibility requirements for funding under VOCA and the Guidelines. The LEPC disburses grant funds to the contracted organization based on monthly expenditure and performance reports received from that organization. The LEPC is responsible for monitoring the sub-recipient’s activities to evaluate the organization’s compliance with the applicable financial and reporting requirements of VOCA and the Guidelines.

Under the authority of VOCA of 1984, the LEPC, in separate periods of time, approved the following three (3) grants for the St. John Safety Zone, Inc. (Safety Zone) in order to assist that agency in the funding of its operations relating to the victims of crime assistance program.

<u>Sub-grant Nos.</u>	<u>Amount Approved</u>	<u>Grant Period</u>
Award # VA-105-97	\$95,059	01/01/98 to 12/31/98
Award # VA-105-99	\$49,900	11/30/00 to 09/30/01
Award # VA-105-02	\$70,000	10/01/02 to 09/30/03

The Safety Zone is a private not-for-profit organization with offices located in Cruz Bay, St. John. The agency’s mission is dedicated to: (i) the elimination of domestic violence, rape, and sexual assault, through intervention and prevention; (ii) providing shelter and counseling; and, (iii) maintaining a proactive role in advocating change in social attitudes, and in systems which permit and promote such violence and abuses. By virtue of the nature of the services that it provides, the LEPC has determined that the Safety Zone has qualified to be an eligible sub-recipient organization

for funding under VOCA. Accordingly, the Safety Zone's management is responsible for establishing and maintaining an adequate system of accounting and internal controls to ensure compliance with federal funding regulations, and to provide reasonable assurance by way of reports to the LEPC that grant funds are used for the intended purposes.

OBJECTIVES, SCOPE AND METHODOLOGY

We conducted our review in response to a request from the LEPC that, for each of the grants awarded, we specifically examine: (i) the Safety Zone's claims for reimbursement of expenditure; (ii) the services that were provided to victims of crime; (iii) the types of victims served; and, (iv) the timeliness and responsiveness of fiscal and programmatic reports.

We focused our review primarily on the effective funding period of each grant. The objectives of our review were to determine whether: (i) the Safety Zone properly observed the terms and conditions of the funding award by presenting adequate source documentation to support its claims for reimbursement of expenditure previously incurred; (ii) the Financial Reports (FR), and the Programmatic Reports (PR) that were compiled by the Safety Zone and submitted to the LEPC accurately accounted for the usage of the funds that were awarded, and provided reliable statistics relating to the number of victims served, and the type of direct services that were performed; and, (iii) the Safety Zone was prompt in responding to queries and /or recommendations that were raised by the LEPC from its monitoring of the activities of the Safety Zone.

To accomplish our objectives, we examined FR's and PR's compiled by the Safety Zone, together with supporting documentation, such as time-keeping records, cancelled checks, utility bills, and invoices. We summarized and calculated totals for document-supported expenditures incurred for each of the grants. For our assessment of cost allowability, we referred to the Guidelines, and to the cost principles set forth in OMB Circular A-122, Cost Principles for Non-Profit Organizations. We also referred to applicable regulations in 28 CFR 70 (Uniform Administrative Requirements For Grants And Agreements, Including Sub-awards, With Institutions Of Higher Education, Hospitals, And Other Non-Profit Organizations).

Except for the standard requiring a peer review every three years, we conducted our review in accordance with standards applicable to financial and compliance audits contained in the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide a reasonable basis for our findings and conclusions. Accordingly, we have performed such test of records, and conducted other auditing procedures that were considered necessary under the circumstances. For our assessment of the adequacy of the internal structure of the Safety Zone, we relied on the internal control evaluations that were made by the LEPC, which has oversight responsibilities over the grant-related activities of the Safety Zone.

PRIOR AUDIT COVERAGE

There is no evidence available to indicate that an audit of the Safety Zone's operations had been conducted within the past five (5) years by any other firm. However, as a requirement for VOCA funding, the LEPC, in its capacity as the grantee agency, exercised its rights to monitor the expenditures and activities of the Safety Zone for compliance with the reporting requirements of VOCA and the Guidelines.

AUDIT RESULTS

CONCLUSIONS

As a result of our review, we have concluded that the Safety Zone did not always provide adequate source documentation to support its claims for reimbursement of expenditure relating to disbursement that it had previously incurred. This was particularly evident in the case of Grant # VA-105-97 where LEPC monitors highlighted a number of instances in which the Safety Zone had submitted claims for reimbursement of expenditure relating to certain budgeted items without the support of paid checks to indicate that the items were actually paid for. Additionally, the Safety Zone did not always remit FR's and PR's to the LEPC within the scheduled deadline. The LEPC monitored the activities of the Safety Zone through the medium of the reports that were submitted by the Safety Zone. Based on its monitoring, the LEPC addressed queries and recommendations to the Safety Zone, and even arranged training for Safety Zone personnel. The Safety Zone was not always prompt in responding to the queries and recommendations, but nevertheless, there has been a marked improvement in the Safety Zone's presentation of FR's and PR's from one grant to the other.

FINDING 1: GRANT FUNDING

The Safety Zone did not always comply with the terms of the grant agreement whenever it submitted claims for reimbursement of expenditures that it had incurred for providing direct services to victims of crime. We have found that for each of the grants awarded, the Safety Zone filed timely claims for reimbursements of expenditure it had incurred in providing victim-related services, and the items of expenditure for reimbursement related to the items of expenditure that the LEPC had previously approved in the Safety Zone's line item budget. However, in the case of Grant # VA-105-97, the Safety Zone remitted some claims to the LEPC without source documentation that was adequate to support the disbursements that had previously been incurred.

Background

As an entity requesting grant funding, the Safety Zone was required to file an application with the LEPC that included a line item budget consisting only of costs allowable under the Guidelines, a project narrative, and a statement of assurances. The application process was designed to assist the Safety Zone in planning for the necessary grant expenditures, and to ensure that the expenditures had received the LEPC's prior review and approval for spending limits and for cost allowability.

The LEPC can initiate the funding process by giving an advance to the Safety Zone to begin its victim assistance operations. Further funding required the Safety Zone to account for the use of the advance, and to make a request to the LEPC for reimbursement of additional expenditures that were incurred. Claims for reimbursement must be submitted no more frequently than once a month and no less than once a quarter. The final request for reimbursement must be submitted no later than 45 calendar days after the end of the grant period. Claims must be fully supported by source documentation that were to include, but were not limited to, invoices, bills, receipts, employees' time sheets, contracts for the provision of supplies, equipment, and/or services, and paid checks.

Reimbursement Claims

The LEPC approved and honored all of the claims for expenditure reimbursements in amounts that were substantially equivalent to the amounts that the Safety Zone had requested, and for which adequate supporting documentation had been provided. However, with respect to Sub-Grant #VA-105-97, the LEPC re-adjusted the grant downward from its approved amount of \$95,059, and only honored claims amounting to \$54,742. Our schedule below illustrates the amounts claimed by the Safety Zone on each of the grants, and the amounts reimbursed by the LEPC.

Sub-Grant No.	Funding Approved	Funding Claimed	Claims Audited	Claims Reimbursed
VA-105-97	\$95,059	N/A*	N/A*	\$54,743
VA-105-99	\$49,900	\$44,803	\$44,803	\$45,558
VA-105-02	\$70,000	\$67,450	\$61,209	\$61,209

*We were not able to determine the total funding that the Safety Zone had claimed under Grant #VA-105-97 because neither a closeout report, nor all of the monthly expenditure reports were available for our review.

In the absence of a complete trail of documentary evidence, we could not determine whether, and when Grant #VA-105-97 was de-obligated or terminated. Management officials at both the LEPC, and the Safety Zone did not provide answers for our enquiries into the circumstances surrounding the status of the grant.

Our schedule below, copied from the Department of Finance's (Finance) accounts payable listing, illustrates all the drawdowns that were made from the grant in favor of the Safety Zone. We have not seen evidence of the Safety Zone requesting reimbursements for funds corresponding in amount to any of the drawdowns that are indicated in our schedule. The first seven (7) monthly expenditure reports relating to this grant were available for our review, and the Safety Zone's cumulative expenditures at 08/31/1998 amounted to \$53,948.

Voucher No.	Invoice No.	Date Paid	Amount Paid
A 77161	A 77161-LEPC-J	02/26/1998	\$15,026
A 89124	A 89124-LEPC-J	04/28/1998	\$13,904
AB 2047	AB2047-LEPC-J	08/13/1998	\$20,000
AG 3073	AG3073-LEPC-J	05/20/1999	\$ 5,813
Total			\$ 54,743

If the date of the first payment (02/26/1998) appropriately fixes the approved starting date of the funding period as 01/01/1998, then the date of the last payment (05/20/1999) indicates that the grant was still liquid for 140 days after its approved ending date (12/31/1998). This means that funding was made available to the Safety Zone even while the grant was in a state of de-obligation. De-obligation would have begun on the 46th day after the end of the approved funding period.

The LEPC remitted sums amounting to \$755 in excess of the amounts that the Safety Zone had actually claimed under Grant #VA-105-99. An official from the LEPC informed us that a request was made to the Safety Zone to make restitution for the excess funding. However, we have not seen any evidence of formal communication with the Safety Zone requesting a repayment of the excess funding.

We found computational errors in the figure, \$67,450 that was presented by the Safety Zone as its cumulative expenditure at the close of Grant # VA-105-02. We have aggregated monthly expenses that were reported by the Safety Zone over the period of the grant, and have derived a figure of \$61,209, which reconciles with the amount of funding that the LEPC allowed for this grant.

Recommendation

We recommend that the Director of the LEPC ensures that every request for reimbursement of expenditure submitted by the Safety Zone be backed by adequate supporting source documentation, and that the LEPC withholds funding for any claim that is not appropriately supported.

FINDING 2: GRANT REPORTING

The Safety Zone properly complied with the terms and conditions under which the grants were awarded by remitting FR's and PR's to the LEPC. For most of the reports relating to grants VA-105-99, and VA-105-02, the Safety Zone accurately accounted for the usage of funds that were received, and provided reliable statistics relating to the nature of direct services, and the number of crime victims to whom those services were rendered. However, some of the monthly expenditure reports were not filed with the LEPC within the scheduled deadline, and in the case of Grant #VA-105-97, source documentation did not adequately support the expenditures that were being claimed for reimbursement.

Background

In accordance with the provisions of the Guidelines, during the funding period of the grant, the Safety Zone was required to report periodically to the LEPC on the usage of the funding, and on the progress of victim-related activities that were undertaken. These reports were intended to serve as survey instruments through which the LEPC can monitor the Safety Zone's compliance with the terms and conditions of the grant. The periodic reports are the FR's, and the PR's that are required to be presented in a specific format at monthly and at quarterly intervals. The monthly report, together with copies of supporting documents, are required to be submitted no later than the 5th of each month, to cover expenditures that had been incurred in the previous calendar month. Quarterly FR's and PR's are required to be submitted by the 30th day following the end of each calendar quarter. At the conclusion of the grant period, the Safety Zone was required to submit final Closeout Reports to the LEPC.

Financial Reports

The Safety Zone did not always remit monthly expenditure reports to the LEPC within the deadline that was recommended by the Guidelines. We have ascertained from our audit evidence that, at some times, the Safety Zone dispatched the monthly expenditure reports to the LEPC in batches, instead of as single reports on a month-by-month basis. The Safety Zone has not denied its non-compliance in this respect. However, it has stated that there was a mutual agreement with the LEPC to file monthly reports together with the request for reimbursements in view of the length of time it takes between the submission of the request and actual funding from Finance.

Based on our examination of the FR's and PR's, we have determined that the Safety Zone accurately accounted for the usage of funds that it had received under each of the VOCA grants. All the reports showed that, except in a few instances, the Safety Zone kept its expenditures within the spending limits that were imposed by the line item grant budget that had previously been approved by the LEPC. The table below illustrates the line item budget that the LEPC approved for each of the grants.

Approved Budget Category	Approved Budget For Grant Number VA-105-97	Approved Budget For Grant Number VA-105-99	Approved Budget For Grant Number VA-105-02
Personnel	\$66,000	\$42,500	\$54,080
Equipment	\$ 3,930	\$ 700	-0-
Fringe Benefits	\$ 5,049	\$ 3,251	\$ 4,461
Supplies	\$ 4,000	\$ 300	\$ 250
Professional Services	-0-	-0-	-0-
Travel	\$ 4,835	\$ 400	\$ 2,524
Other*	\$10,645	\$ 2,349	\$ 6,718
Utilities	\$ 600	\$ 400	\$ 367
Youth Zone Rent	-0-	-0-	-0-
Total	\$95, 059	\$49, 900	\$70, 000

* "Other" includes the rental expense for the Safety Zone's premises at Cruz Bay, St. John. The LEPC assumes funding responsibility for approximately 1/3 of the cost. It also assumes funding responsibility for 1/3 of the cost of electricity and telephone, which are included in the item "Utility".

Accounting System

The Safety Zone utilized a computerized financial accounting system (QuickBooks) to keep track of transactions that were funded by grant monies, and it compiled its financial reports with the aid of this system of accounting. The Safety Zone retained the source documentation that supported the disbursement transactions that were undertaken under each of the grants, and submitted copies of the documentation to the LEPC to support its claims for expenditure reimbursement. However, as earlier reported, its documentary support for some disbursements was not always adequate. The table below illustrates the actual expenditures that the Safety Zone has included in its Financial Closeout (Annual) report for each of the grants.

Approved Budget Category	Actual Expenditures For Grant Number VA-105-97!	Actual Expenditures For Grant Number VA-105-99	Actual Expenditures For Grant Number VA-105-02
Personnel	N/A	\$34,660	\$54,080
Equipment	N/A	\$ 405	-0-
Fringe Benefits	N/A	\$ 3,513*	\$ 4,461
Supplies	N/A	\$ 512*	\$ 250
Professional Svc.	N/A	-0-	-0-
Travel	N/A	\$ 439*	\$ 1,525
Other	N/A	\$ 2,231	\$ 6,718
Utilities	N/A	\$ 343	\$ 366
Youth Zone Rent	N/A	\$ 2,700	-0-
Total	N/A	\$44,803	\$ 67,450

* The asterisks indicate the items for which actual expenditure exceeded the budgeted limits.

! A closeout report was not available for Grant #VA-105-97.

Reconciling Closeout Expenditures

We tested the accuracy of the Safety Zone's Closeout expenditures for each of the grants by deriving our own audited figures from other expenditure reporting documents such as the monthly expenditure reports, the request for funds, and the paid checks, bills and invoices. We derived our

audited figures by aggregating the expenditures on: (a) the monthly fiscal reports; (b) the request for funds; (c) the paid checks, bills, and invoices that were issued as supporting documentation.

As illustrated in our schedule below, we found that the total expenditure reported in the Safety Zone’s closeout report for Grant #VA-105-2002 exceeded the expenditure that we aggregated from other reporting documents by \$6,241. A Safety Zone official has stated that she stands by the figure that had been reported. However, that officer has not provided us with the evidence of claims that were made that are equivalent to the variance that has resulted from our computation. In the case of Grant VA-105-97, a closeout report was not available for our review. There were seven (7) monthly expenditure reports that were reviewed by the LEPC monitor, and were also available for our review of this grant. Based on these reports, the Safety Zone’s cumulative expenditure to 08/31/1998 amounted to \$53,948. The actual total funding that was received under this grant amounted to \$ 54,743.

Expenditure	Grant # VA-105-97	Grant # VA-105-99	Grant # VA-105-2002
Closeout Report	N/A	\$44,803	\$67,450
Audited	N/A	\$44,803	\$61,209

Programmatic Reports

We have ascertained from our audit evidence that, for each of the grants awarded, the Safety Zone has submitted quarterly, and closeout PR’s to the LEPC. In our tabulation below, we have illustrated some of the statistics that were presented in the closeout PR for Grant #VA-105-2002. We have verified that the statistics that were recorded on the PR’s were captured from a reliable source of information that the Safety Zone maintains at its office for victims of crime.

Client Information

The Director of the Safety Zone, who is also a practicing psycho-therapist, has confirmed that her clientele includes both crime and non-crime victims. She has stated that she records client appointments in a “Day Planner”, and utilizes a code to distinguish between crime victims and non-crime victims. She has captured detailed information on clients in soft cover files, which are stored in a filing cabinet whose keys are in the custody of the Director.

The Director utilizes a variety of codes to differentiate between the types of crime victims for whom direct services were provided. She claims that the purpose of the code is to preserve the privacy of the victim and the information that was collected on the victim. We witnessed while the Director counted stored information in order to reconcile a sample of the statistical details that were recorded on the closeout PR’s relating to Grant # VA-105-02. The Director was very cooperative as she allowed us to browse sensitive information in the files of the clients. She did, however, express her concerns about not being informed of the audit by the LEPC.

Type Of Victimization	Number of Primary Victims	Type of Services Provided	Number of Victims Receiving Services - Primary Victims
Child Physical Abuse	4	-	-
Child Sexual Abuse	18	Crisis Counseling	43
DUI/DWI/ Crashes	-	Follow-up	185
Domestic Violence	95	Therapy	93
Adult Sexual Assault	14	Group Treatment/Support	12
Elder Abuse	-	Shelter/Safe House	7
Adults Molested As Children	24	Information/Referral	1,031
Survivors Of Homicide Victims	19	Criminal Justice Support/Advocacy	59
Robbery	10	Emergency Financial Assistance	-
Assault	12	Emergency Legal Advocacy	12
Other	-	Assistance in Filing Compensation Claims	-
	-	Personal Advocacy	41
	-	Telephone Contact Info/Referral	157
	-	Other	-
Total	196	Total	1,642*

*Our audited figure for the total number of Primary victims receiving services is 1,640.

Recommendations

We recommend that the Director of the LEPC:

1. Instruct the Director of the Safety Zone to create a document in which would be recorded the meaning of the codes that are currently used to identify each type of victim of crime, and each type of service rendered. The document would be securely stored and made available only to persons who are authorized to make an independent verification of the statistics relating to types of victims of crime and types of services rendered.

2. Inform the Director of the Safety Zone of any impending audit that would involve access and use of the facilities and the documents of the Safety Zone for evidence gathering purposes.

FINDING 3: GRANT MONITORING

The Safety Zone failed to promptly respond to requests that were made by LEPC monitors for the provision of adequate source documentation to support claims that had been submitted by the Safety Zone for expenditure reimbursement.

Safety Zone officials have stated that LEPC monitors persist in communicating the same query and/or recommendation long after they had responded, with the result that they have found themselves sending the same document over and over again to the LEPC.

Background

The Guidelines require that the LEPC monitor the activities of the Safety Zone in order to ensure that it meets the performance goals, the administrative standards, and the financial reporting requirements established by VOCA. The monitors would assess whether: (i) the documentation adequately supported expenditures that were incurred for the performance of direct services to victims of crime; and, (ii) the claims were for expenditures that were reasonable and allowable, as determined by the cost principles prescribed in the Guidelines. Grant monitoring could take the form of on-site visits, office-based grant reviews, alleged non-compliance reviews, and audit resolution.

The Guidelines state that VOCA grant funds that are not obligated within 45 calendar days of the end of the grant period become de-obligated thereafter. 28 CFR 70.22 (h) notes that funding payments may be withheld from a sub-recipient during the funding period if the sub-recipient has failed to comply with the project objectives, the terms and conditions of the award, or the award's reporting requirements.

Queries

As a result of their performance and financial monitoring activities, LEPC monitors communicated a significant number of queries and/or recommendations to the Safety Zone, mainly on the subject of supporting source documentation, which the monitors found to be either inadequate or incomplete. We have noted the following examples of queries that were raised by the LEPC based on their monitoring of financial and performance reports that were submitted by the Safety Zone.

(1) By correspondence addressed to the Safety Zone, dated 11/08/1998, the LEPC monitor queried the following matters relating to Grant # VA-105-97. The Safety Zone had submitted the following as transactions for expenditure reimbursement:

- ✓ Time and attendance records for three (3) employees, but there were no supporting checks to indicate that the wages were actually paid.
- ✓ A check paid to one (1) employee, but no supporting time and attendance records.

- ✓ Fringe Benefits deducted for FICA purposes, but no supporting check to indicate actual payment to the appropriate authority.
- ✓ Salaries charged to the grant, but not supported by time sheets.
- ✓ Personnel expenses for wages paid to five employees were recorded on the monthly expenditure report as \$5,199, but checks totaling \$6,333 were paid to the employees and submitted for reimbursement.

We saw evidence in the form of a copy of a check that represented a lump-sum payment of FICA deductions to the taxation authority on behalf of Safety Zone employees. We could not ascertain whether there were other responses from the Safety Zone to the monitor's queries, because the document trail on this grant was not complete.

(2) By correspondence addressed to the Safety Zone, dated 09/18/03, the LEPC monitor queried the Safety Zone's non-submission of the following documents relating to Grant # VA-105-02, whose funding period was due to end on 09/30/03:

- ✓ The project evaluation instrument which was due 45 days following the signing of the award.
- ✓ The Safety Zone's operating budget.
- ✓ A copy of the current lease agreement with the letter head of the landlord attached.
- ✓ Monthly and quarterly program and fiscal reports that were not submitted since April.

We saw no evidence of a written response by the Safety Zone in records maintained by LEPC. However, the Safety Zone must have complied because we found the stated documents among those we received from the LEPC and used for the purpose of our review. At a meeting with officials from the Safety Zone, we were provided with copies of written responses, though unsigned, to some of LEPC's queries.

(3) The LEPC monitor delivered to us time and attendance records for two employees who were paid wages for the period 07/10/02 to 07/26/02 under DVSA Outreach-St. John. The monitor alleged that the Safety Zone had submitted time and attendance records for reimbursement of wages paid to the same two employees for the same period under VOCA.

The monitor did not produce evidence to support the allegation, and Safety Zone officials stated that time and attendance records were not prepared for the two individuals because at the time specified they were not employed under the VOCA program.

Recommendations

We recommend that the Director of the LEPC:

1. Instruct the Safety Zone to provide timely written responses to queries and recommendations that are raised by LEPC monitors as a means of acknowledging that there was a review, and action was taken to address issues that were raised by the monitors.
2. Undertake more on-site monitoring of the Safety Zone's operations, which would present opportunities for closer scrutiny of the Safety Zone's operations, provide technical assistance, and help to resolve problems and issues as they arise.

ADDITIONAL INFORMATION NEEDED TO CLOSE RECOMMENDATIONS

Recommendation Number and Status

Additional information Needed

Finding 1:

1-1. Unresolved

Provide a copy of the plan to ensure that reimbursement claims are adequately supported.

Finding 2:

2-1. Unresolved

Provide a copy of the instructions to Safety Zone to develop an audit trail to ensure the adequate count of clients served.

2-2. Unresolved

Provide documentation to show that procedures have been developed to timely inform grant recipients of pending audits.

Finding 3:

3-1. Unresolved

Provide documentation to show that the Safety Zone has been instructed to timely respond to queries.

3-2. Unresolved

Provide a copy of the plan to do more on-site visits.

OFFICIAL REPORT DISTRIBUTION

Virgin Islands Government

Office of the Governor	3
Office of the Lieutenant Governor	1
Law Enforcement Planning Commission	1
Department of Finance	1
Office of Management and Budget	1
Department of Justice	1
26 th Legislature	15
Legislative Post Auditor	1
Virgin Islands Delegate to Congress	1

United States Government

Office of Inspector General, Department of the Interior	1
Office of the United States Attorney, Department of Justice	1
Federal Bureau of Investigation, Department of Justice	1

Other

Safety Zone	1
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