

Being Prepared for an Audit

Grant audits ensure that state and federal funds awarded to advance criminal justice initiatives are expended in accordance with contract terms and affirm that key deliverables are met. Audits may also deter and detect fraud, waste, and abuse.

The DCJS Office of Audit Services (OAS) Grant Contract Unit reviews contract documentation to provide assurance that state and federal funds awarded for criminal justice initiatives are expended in accordance with federal and state laws and comply with contract terms. OAS auditors can identify expenditures which should not have been charged against grant funds, either because the costs were not eligible for reimbursement according to the terms of the contract, or because otherwise eligible expenses were not sufficiently documented to evidence the costs had actually been incurred.

Grantees should be especially mindful of the following topics, as they frequently arise in the course of routine grant contract audits:

Fiscal Preparation

- Expenses should be maintained in a separate ledger which exclusively records grant program expenditures as approved in the grant contract budget or an approved budget reallocation.
- Voucher packages (fiscal cost report, detailed itemization form, and claim for payment) should be submitted timely each quarter, and should be signed by the Grant Fiscal Officer indicating that the information submitted is accurate and reconciles with agency accounting records.
- Any required backup or supporting documentation should match corresponding accounting records and be available for review. This includes all documentation of milestone achievements for any contracts that are performance based.

Specific Budget Category Considerations

Personal Service

- Grantees must maintain time/effort recording systems in which all grant related time and effort is either certified quarterly for full-time grant employees, or by maintaining time sheets signed by both employees and supervisors attesting to actual time worked on the grants for part-time grant employees. Supporting documentation such as signed time cards or electronic time sheets with activity specific codes are required.
- Grantees must notify DCJS in writing of any change in the number, title, job duties or rate of remuneration of project staff which changes the Personal Service Project Budget line by 10 percent or less. Any change in the number, title, job duties or rate of remuneration of project staff which changes the Project Budget line by more than 10 percent must be approved in writing by DCJS prior to implementation. The Grantees must also agree to provide DCJS with resumes and other supporting documentation upon request.

- Grantees are not permitted to reallocate funds between Personal Service and Non-Personal Service budget categories without the prior approval of DCJS. A grant amendment setting forth the proposed reallocation must be approved by DCJS via the Grants Management System (GMS) before the next voucher and/or fiscal cost report will be approved.

Fringe Benefits

- Grantees should document actual fringe rate/benefit based on the percent FTE (full time equivalency) of each employee charged to the grant.

Consultants

- Grantees must maintain copies of signed agreements--sometimes referred to as Memorandum of Understanding (MOU) or Letter of Agreement (LOA)-- single/sole source justification documents approved by DCJS, and written consultant agreements with each consultant(s) included in a grant budget. Each agreement should be signed by both parties and reflect a time of service that is within the contract budget period.

Equipment

- Equipment purchases need to comply with all procurement rules and guidelines. Please see contract language for specific dollar thresholds. Any equipment purchases of more than \$500 should be recorded in the Equipment Module in GMS. Items should be tagged with inventory stickers and recorded on an agency inventory report form.

Supplies, Travel, All Other

- Any supply purchases made with grant funds should be accurately documented on agency accounting records. If metro cards or gift cards are purchased for participants, grantees are required to keep a log of all purchases, including but not limited to: the amount of the gift card, the recipient of each card, the date, and the purpose of the card.
- Indirect administrative expenses may be claimed at the federally approved rate, if applicable, unless a limit is specified in the DCJS grant solicitation. If no federally approved rate exists, actual expenses should be recorded.
- Staff not working on the grant project cannot be reimbursed for travel expenses. All reimbursement for mileage should be logged and records accessible. Grantees should indicate the date of travel, starting mileage, ending mileage, and the current, federally approved reimbursement rate for per diem or mileage incurred for grant related travel. Approval for all out of state travel must be requested in advance, in writing, on agency letterhead to OPDF and approved in writing by DCJS before being undertaken.

- If space is rented and charged to a grant, grantee must maintain a copy of the rental agreement and document the square footage and rate of rent or the approved accounting method by which rent was calculated. Units of local government are not allowed to charge rent to a grant.

Other Considerations

- If the agency is required to follow Minority and Women-owned Business Enterprise (MWBE) rules, all MWBE related expenses should reconcile with agency accounting records.
- If the grant is federally funded, civil rights training completion certificates should be on file with DCJS.
- Equal Employment Opportunity (EEO) policies should be posted and visible.
- All project records and documentation must be maintained for a period of six years beyond the end date of the contract period.

While taking these steps will not guard against or exempt an agency from an audit, these steps can help to ensure that adequate internal controls are in place and provide reasonable assurance that contract activity is accurate, allowable, and properly allocated.