



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

May 17, 2021

Eric J. Wilson
Deputy Attorney General
Wisconsin Department of Justice
17 West Main Street, 8th Floor
P.O. Box 7857
Madison, WI 53707-7857

VIA: Electronic Mail to Darcey Varese at: varesedl@doj.state.wi.us

Re: Audit Report No.: GR-50-19-003
Report Issue Date: July 31, 2019

Dear Deputy Attorney General Wilson:

Thank you for your responses, including the most recent one, dated January 14, 2021, and various emails, to address the open recommendations and questioned costs cited in the above-referenced audit report for the Wisconsin Department of Justice (WI DOJ). The audit report, which was issued by the U.S. Department of Justice (DOJ), Office of the Inspector General (OIG), Chicago Regional Audit Office, contained 20 recommendations and \$196,499 in questioned costs. To date, the OIG has closed 10 recommendations (Recommendation Numbers 2-5, 8, 10, 13, 15-16, and 20). Based on your responses, in our most recent update response to the OIG, we requested closure of six additional recommendations (Recommendation Numbers 1, 11-12, and 17-19), and \$19,373 in questioned costs. We are awaiting the OIG's final determination of our request. However, additional information is needed to address the remaining open recommendations and questioned costs.

Please be advised that grantees are responsible for ensuring that recommendations related to independent audits and Office of the Inspector General audits are addressed in a timely manner. Grantees with audit report recommendations open for more than one year, or with questioned costs in excess of \$500,000 are designated as high-risk by the U.S. Department of Justice, and may be subject to administrative action such as: increased grant monitoring and reporting; additional special conditions; withholding of Federal grant funds; non-certification of future grant applications; collection of questioned costs through the U.S. Department of Treasury, Treasury Offset Program; or referral to the U.S. Government-Wide Suspension and Debarment List. As of the date of this letter, the audit report has been open for more than one year. In our October 13, 2020 correspondence, we stated that if WI DOJ's response was not adequate to satisfactorily close the remaining open recommendations and questioned costs, the DOJ would proceed with designating WI DOJ as a high-risk grantee. Accordingly, we will proceed with the high-risk designation, and will send separate correspondence to WI DOJ of this designation.

Therefore, within 30 days from the date of this letter, WI DOJ must provide the information detailed below.

6. To remedy \$1,485 of the \$19,162 in questioned costs associated with unsupported subrecipient expenditures (lease costs) that were charged to Grant Number 2016-VA-GA-0065, WI DOJ previously returned the funds to the DOJ. We requested closure of these questioned costs, and are awaiting the OIG's final determination of our request.

To remedy the remaining \$17,677 in questioned costs, WI DOJ provided spreadsheets to document subrecipient salaries and benefits; however, the documents were not adequate to support the questioned costs. Therefore, at minimum, WI DOJ must provide time sheets, payroll journals, and invoices, along with a written detailed explanation of the documents provided, to support the remaining \$17,677 in questioned costs.

Please be advised that this is our third request for documentation to support these costs. Therefore, if adequate documentation cannot be provided, WI DOJ must return the remaining \$17,677 in funds to the DOJ, adjust its grant accounting records to remove the costs, and submit a revised Federal Financial Report (FFR) for Grant Numbers 2015-VA-GX-0052 and 2016-VA-GA-0065.

7. To remedy the \$1,256 in questioned costs, related to unallowable subrecipient lease costs that were charged to Grant Number 2016-VA-GX-0065, WI DOJ stated that the \$1,256 was netted against its drawdown of \$21,973 on October 8, 2019. However, according to the payment history report for this grant, this specific amount was not found on that date.

Please be advised that this is our third request for documentation concerning these costs. Therefore, if WI DOJ does not provide adequate documentation, it must return the \$1,256 in funds to the DOJ, adjust its accounting records to remove the costs, and submit a revised final FFR for Grant Number 2016-VA-GX-0065.

9. To remedy \$2,000 of the \$95,599 in questioned costs related to unsupported administrative costs, that were charged to Grant Number 2015-VA-GX-0052, WI DOJ provided documentation (e.g., invoices and accounting records), to support these costs. Therefore, we requested closure of these questioned costs, and are awaiting the OIG's final determination of our request.

To remedy \$18,405 of the remaining \$93,599 in questioned costs, related to unsupported pension obligation bond costs that were charged to Grant Number 2015-VA-GX-0052, WI DOJ provided documentation to support Wisconsin's allocation of pension obligation bond costs. We forwarded this documentation to the OIG for review. The OIG stated that the documentation provided by WI DOJ is related to how the debt payments were allocated to state agencies, including WI DOJ. The OIG further stated that the WI DOJ should describe their methodology in more detail, and provide additional documentation

of the methodology Wisconsin used in its calculations of pension obligation bond costs, to determine whether these costs comply with the criteria established in the memorandum issued by the Office of Management and Budget, dated January 31, 1994, that WI DOJ provided as part of its support. Accordingly, WI DOJ must provide the additional support.

To remedy the remaining \$75,194 in questioned costs, related to rent costs (\$47,386) and personnel costs (\$27,808), that were charged to Grant Number 2015-VA-GX-0052, WI DOJ must provide additional documentation (payroll records and general ledger report) to adequately support these costs.

Please be advised that this is our third request for documentation to support these costs. Therefore, if adequate documentation cannot be provided, WI DOJ must return the remaining \$93,599 in funds to DOJ, adjust its accounting records to remove the costs, and submit a revised FFR for Grant Number 2015-VA-GX-0052.

14. To remedy \$15,888 of the \$80,482 in questioned costs, related to unsupported subrecipient matching costs under Grant Number 2015-VA-GX-0052, WI DOJ provided documentation (e.g., payroll records, times cards, and position descriptions), to support the unfunded VOCA eligible positions that were used as matching costs. As such, we requested closure of these questioned costs, and are awaiting the OIG's final determination of our request.

To remedy the remaining \$64,594 in questioned costs, related to unsupported subrecipient matching costs associated with Grant Numbers 2015-VA-GX-0052 and 2016-VA-GX-0065, WI DOJ must provide adequate documentation to support these costs.

Please be advised this is our third request for documentation to support these costs. Therefore, if adequate documentation cannot be provided, and WI DOJ's subrecipients failed to meet their matching requirements under these awards, WI DOJ may be required to return Federal funds to the DOJ, to offset the unmet matching requirements.

Please provide this matter your immediate attention. A written response is due to me within 30 days from the date of this letter at the following email address:

U.S. Department of Justice
Office of Justice Programs
Office of Audit, Assessment, and Management
Audit and Review Division
Attention: Donna Hamilton
Email: Donna.Hamilton@ojp.usdoj.gov

For all funds returned to OJP, please remit payment to the U.S. Department of Justice, via electronic funds transfer, using Automated Clearing House (ACH) or Fed Wire, and include the applicable award number(s) and Audit Report Number GR-50-19-003, in an email to OJP's Office of the Chief Financial Officer (OCFO) at ACRBelectronictransfer@ojp.usdoj.gov (see Attachment 2). The OCFO will assign a staff accountant to assist you through this process.

Thank you in advance for your cooperation. If you have any questions, please contact me at (202) 305-7483.

Sincerely,

Donna Hamilton

Donna Hamilton
Audit Liaison Specialist, Audit Coordination Branch
Audit and Review Division

Attachment

cc: Jeffery A. Haley
Deputy Director, Audit and Review Division
Office of Audit, Assessment and Management

Katherine Darke Schmitt
Acting Director
Office for Victims of Crime

Kathrina S. Peterson
Deputy Director
Office for Victims of Crime

Catherine Pierce
Senior Advisor
Office for Victims of Crime

James Simonson
Associate Director for Operations
Office for Victims of Crime

Joel Hall
Associate Director, State Victim Resource Division
Office for Victims of Crime

cc: Jalila Sebbata
Grants Management Specialist
Office for Victims of Crime

Charlotte Grzebien
Deputy General Counsel

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cc: Cindy Grady
Director of Grant Programs
Wisconsin Department of Justice
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