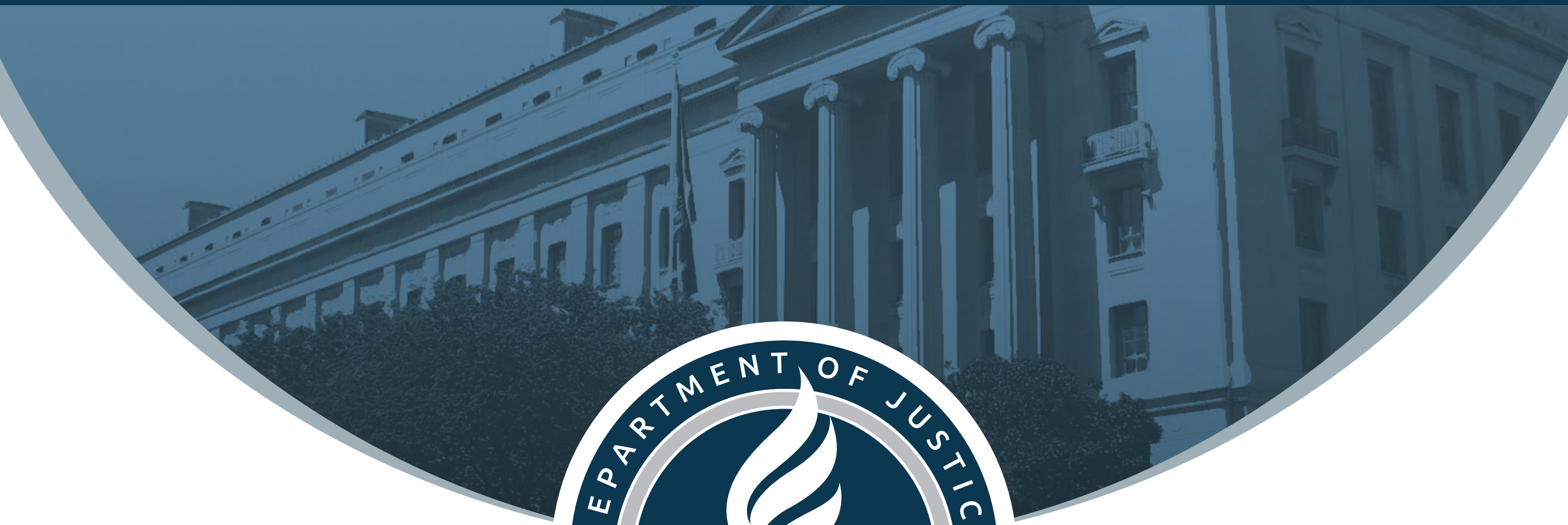

Audit of the Office of Justice Programs Victim Assistance Funds Subawarded by the Nevada Division of Child and Family Services to United Citizens Foundation, Inc., Las Vegas, Nevada

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AUDIT DIVISION

26-078

AUGUST 2026

EXECUTIVE SUMMARY

Audit of the Office of Justice Programs Victim Assistance Funds Subawarded by the Nevada Division of Child and Family Services to United Citizens Foundation, Inc., Las Vegas, Nevada

Background

The U.S. Department of Justice (DOJ) Office of Justice Programs (OJP) provided funds to the Nevada Division of Child and Family Services (Nevada DCFS) to make subawards to support victim assistance programs in the state of Nevada. The Nevada DCFS awarded $937,917 in crime victim assistance funds to United Citizens Foundation, Inc. (UCF), under three subawards in 2023, 2024, and 2025. The purpose of UCF's subawards from the Nevada DCFS was to provide behavioral health services to victims of crime and conduct outreach and community engagement. As of October 2025, the Nevada DCFS had reimbursed UCF for a cumulative amount of $723,231 for the subawards we reviewed.

Audit Objective

The objective of this DOJ Office of the Inspector General audit was to review how UCF used Victims of Crime Act (VOCA) funds to assist crime victims and assess whether it accounted for these funds in compliance with select award requirements, terms, and conditions.

Summary of Audit Results

Program Performance Accomplishments

We concluded that UCF provided behavioral health services to at-risk and vulnerable populations impacted by crime and conducted outreach in Clark County, Nevada. The audit found that all four metrics tested were adequately supported. However, we determined that UCF was not in compliance with program income related requirements because it billed insurance companies for covered care without obtaining prior approval from the Nevada DCFS, as required.

Financial Management

The audit identified several significant deficiencies where UCF's financial management practices need improvement. Specifically, we found unsupported personnel costs, improper cost allocation, retroactive billing, unapplied vendor credits, and undisclosed related-party transactions. Additionally, we found that UCF improperly included rent in its calculation of indirect costs and had provided unallowable expenses as matching costs. In total, we questioned $135,922 in unsupported costs and $229,212 in unallowable costs.

Recommendations

Our report contains 13 recommendations. We provide four recommendations for OJP to help the Nevada DCFS improve its VOCA program administration and nine recommendations for OJP to work with the Nevada DCFS to assist UCF in improving its subaward management and administration. We requested a response to our draft audit report from UCF, the Nevada DCFS, and OJP officials, which can be found in Appendices 3, 4, and 5, respectively. Our analysis of those responses is included in Appendix 6.

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Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of victim assistance funds received by United Citizens Foundation, Inc. (UCF), which is located in Las Vegas, Nevada. The Office of Justice Programs (OJP) Office for Victims of Crime (OVC) provided this funding to the Nevada Division of Child and Family Services (Nevada DCFS), which serves as the state administering agency (SAA) for Nevada and makes subawards to direct service providers. As a direct service provider, UCF received three subawards from the Nevada DCFS totaling $937,917 between July 2023 and June 2026. These funds originated from the Nevada DCFS's fiscal years (FY) 2021, 2022, and 2023 federal grants, as shown in Table 1.

Table 1

Audited Subawards to UCF from the Nevada DCFS

Nevada DCFS Subaward Identifier	OJP Prime Award Number	Project Start Date	Project End Date	Subaward Amount
16575-21-048	15POVC-21-GG-00589-ASSI	07/01/2023	07/31/2024	$371,410
16575-23-041	15POVC-22-GG-00786-ASSI	07/01/2024	06/30/2025	$311,671
16575-23-147	15POVC-23-GG-00456-ASSI	07/01/2025	06/30/2026	$254,836
Total:				**$937,917**

Source: JustGrants, Nevada DCFS

Established by the Victims of Crime Act (VOCA) of 1984, the Crime Victims Fund (CVF) is used to support crime victims through DOJ programs and state and local victim assistance and compensation initiatives.[1] According to OJP's program guidelines, victim assistance services eligible to receive VOCA support must: (1) respond to the emotional, psychological, or physical needs of crime victims, (2) assist victims of crime to stabilize their lives after a victimization, (3) assist victims to understand and participate in the criminal justice system, or (4) restore a measure of safety and security for the victim. Direct service providers receiving VOCA victim assistance subawards thus may provide a variety of support to victims of crime, to include offering help filing restraining orders, counseling in crises arising from the occurrence of crime, crisis intervention, and emergency shelter.

United Citizens Foundation, Inc.

UCF, doing business as Miracle Minds Therapy, is a 501(c)(3) non-profit organization whose mission is to improve behavioral and mental health outcomes for youth, adolescents, and their families in Clark County, Nevada.

[1] The CVF is funded under 34 U.S.C. § 20101 through federal criminal fines, penalties, forfeited bail bonds, gifts, donations, deferred prosecution agreements and non-prosecution agreements, and special assessments. The total amount of funds that the OVC may distribute each year depends upon the amount of CVF deposits made during the preceding years and limits set by Congress.

UCF was founded in 2010 to provide services that are responsive to the community's needs and has been a subrecipient of VOCA grants since 2019. UCF provides behavioral health services to victims of child abuse, domestic violence, and sexual assault, with an emphasis on early identification, engagement in evidence-based treatment, and long-term support. Direct services include individual, group, and family counseling; peer support; care coordination; and substance use counseling. UCF provides services through one school-based center, one community-based center, and telehealth and home-based platforms in Clark County, Nevada.[2] UCF also connects its clients to community resources to address housing, food insecurity, and other social determinants to health that impact recovery.

OIG Audit Approach

The objective of this audit was to review how UCF used the VOCA funds received through three subawards from the Nevada DCFS to assist crime victims and assess whether UCF accounted for VOCA funds in compliance with select award requirements, terms, and conditions. To accomplish this objective, we assessed program performance and accomplishments and financial management.

To gain a further understanding of victim assistance subaward oversight, as well as to evaluate subrecipient performance and administration of VOCA-funded programs, we solicited feedback from Nevada DCFS officials regarding UCF's record of delivering crime victim services, accomplishments, and compliance with the Nevada DCFS award requirements.[3]

We tested compliance with what we considered to be the most important conditions of the subawards. The DOJ Grants Financial Guide; VOCA Guidelines and Final Rule; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Nevada DCFS guidance; and the OVC and SAA award documents contain the primary criteria we applied during this audit.

The results of our analysis are discussed in detail in the following sections of this report. Appendix 1 contains additional information on this audit's objective, scope, and methodology. Appendix 2 presents the audit's Schedule of Dollar-Related Findings.

[2] There were two community-based centers located in the north and southwest areas of Las Vegas, Nevada. Beginning in August 2025, UCF moved all operations to its north Las Vegas location.

[3] As an SAA, the Nevada DCFS is responsible for ensuring that UCF's subaward is used for authorized purposes and in compliance with federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. As such, we considered the results of our audit of victim assistance grants awarded to the Nevada DCFS in performing this separate review. See U.S. Department of Justice (DOJ) Office of the Inspector General (OIG), *Audit of the Office of Justice Programs Office for Victims of Crime Victim Assistance Grants Awarded to the Nevada Department of Health and Human Services, Carson City, Nevada*, Audit Report GR-90-18-002 (March 2018), oig.justice.gov/reports/audit-office-justice-programs-office-victims-crime-victim-assistance-grants-awarded-nevada.

Audit Results

Program Performance and Accomplishments

As established by the VOCA legislation, VOCA subawards are available to subrecipients for the purpose of providing direct services to victims. UCF received VOCA funding from the Nevada DCFS to deliver trauma-informed behavioral health services to victims and families affected by crime-based trauma and to provide advocacy and community outreach to crime victims. We reviewed UCF's standard operating procedures, subaward documentation, and evidence of accomplishments to assess its progress towards providing the services for which it was funded. Overall, we found that UCF provided behavioral health services to victims of crime-based trauma as funded by the audited subawards. However, we found that UCF was not in compliance with VOCA Guidelines related to program income.

Program Implementation

According to the DOJ Grants Financial Guide, recipients of federal awards should maintain a well-designed and tested system of internal controls. The DOJ Grants Financial Guide further defines internal controls as a process designed to provide reasonable assurance regarding the achievement of objectives in: (1) the effectiveness and efficiency of operations, (2) reliability of reporting for internal and external use, and (3) compliance with applicable laws and regulations.

To evaluate UCF's internal controls for victim services, we interviewed UCF's senior officials and personnel, reviewed written policies, and assessed procedures governing the VOCA-funded program. Based on our review, UCF had adequate internal controls to deliver victim services effectively.

We also examined UCF's quarterly performance reports submitted through the OVC's Performance Measurement Tool (PMT), which detailed victim services provided, including the number of individuals served and service occurrences during the reporting period. UCF used a case management system to track services provided to victims. We selected a judgmental sample of two metrics each from one quarterly PMT report under subaward 16575-21-048 and one quarterly PMT report under subaward 16575-23-041, for a total of four metrics, and we compared the selected data points to UCF's associated data reports. We determined that all four reported metrics were adequately supported.

According to the VOCA Guidelines, subrecipients must provide direct services at no charge to victims unless the SAA grants a waiver allowing the subrecipient to generate program income by charging for services.[4] The VOCA Guidelines also state that in determining whether to grant a waiver, the SAA should consider whether charging victims for services is consistent with the project's victim assistance objectives and whether the subrecipient is capable of effectively tracking program income in accordance with financial accounting requirements. A UCF official stated that it did not charge victims directly for any services provided but billed insurance companies for covered care. UCF did not report this to the Nevada DCFS as it

[4] The Uniform Guidance defines program income as gross income earned by the recipient or subrecipient that is directly generated by a supported activity or earned as a result of the federal award during the period of performance, which includes but is not limited to income from fees for services performed.

was unaware that insurance revenue qualified as program income and did not obtain the required waiver from the Nevada DCFS.

Further, we found that the Nevada DCFS lacked subrecipient guidance on handling program income, particularly billing victims' insurance companies. The Nevada DCFS also was not aware it needed to evaluate or approve UCF's program income practices, and an official stated that program income was not common amongst its subrecipients. The Nevada DCFS agreed to revise its policies and procedures to address this gap.

We recommend that OJP work with the Nevada DCFS to ensure UCF's victim assistance subawards comply with award requirements related to program income and providing VOCA-funded direct services to victims at no charge unless otherwise approved. We also recommend that OJP require the Nevada DCFS to establish and implement written policies and procedures related to subrecipient program income, including the need to obtain a waiver when charging for services, and to distribute guidance to its subrecipients.

Program Services

According to the goals of the subawards, UCF was to provide behavioral health and advocacy services to those at-risk and vulnerable populations that are impacted by crime and to conduct community engagement and outreach. We verified these activities through staff interviews, site visits to community-based centers, and review of outreach documentation. Based on our review, we determined that UCF effectively engaged with the community and provided the prescribed services.

Financial Management

According to the DOJ Grants Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records to accurately account for awarded funds. We reviewed subaward documents, examined policies and procedures, conducted interviews, and performed expenditure testing to assess UCF's financial management. Overall, we identified concerns with UCF's fiscal policies, implementation practices, undisclosed agreements with related-parties, unsupported cost allocation methods, improper billing, and incorrect indirect cost calculations.

Fiscal Policies and Procedures

According to the DOJ Grants Financial Guide, award recipients must establish procedures to account for awarded funds separately. We found that UCF used class codes in its accounting system to separate VOCA funds by calendar year instead of subaward period, resulting in funds from two subawards commingled into a calendar year. UCF's policies require that a separate fund be established for each restricted funding source. However, UCF's Fiscal Manager stated that the class codes were set up in that manner to easily pull information by calendar year for its board of directors. We recommend that OJP work with the Nevada DCFS to require UCF to establish and implement controls to ensure compliance with the DOJ Grants Financial Guide requirement to track award funds separately.

Additionally, we found that UCF's accounting records reflected 4 months of reimbursements that exceeded what was received from the Nevada DCFS by $4,569. The UCF Fiscal Manager attributed this issue to awaiting documents from the UCF Grants Manager to reconcile the accounting records. UCF's policies and procedures state that its Fiscal Manager is responsible for preparing or obtaining the materials needed to prepare the general ledger each month, which includes reconciliation of accounts receivable for the month. After our inquiry, UCF provided updated general ledgers; however, 1 month (the oldest of the 4 months with discrepancies) remained unreconciled. The DOJ Grants Financial Guide requires all recipients and subrecipients to accurately account for funds awarded to them. Therefore, we recommend that OJP work with the Nevada DCFS to ensure UCF establishes and implements a control to ensure required monthly reconciliations are performed and the accounting system accurately reflects subaward activity.

Subaward Expenditures and Matching Costs

UCF requested reimbursement from the Nevada DCFS via monthly financial status and request for reimbursement (RFR) report submissions. RFRs are submitted using a standardized workbook designed by the Nevada DCFS and accompanied by supporting documentation, such as invoices and proof of payment. UCF's approved budgets included salaries, fringe benefits (e.g., payroll taxes and employee healthcare costs), operating costs, equipment, and indirect costs. As of October 2025, the Nevada DCFS reimbursed UCF a total of $723,231 in VOCA funds for these expenses related to the three subawards we audited.

We reviewed a sample of UCF transactions to determine whether the costs charged to the projects and paid with VOCA funds were accurate, allowable, supported, and in accordance with the VOCA program requirements. The transactions we reviewed included personnel costs, other direct costs (i.e., operating and equipment costs), and indirect costs. We also reviewed the full universe of matching costs. Based on our testing, we found issues in the areas of personnel costs, other direct costs, indirect costs, and the matching requirement. As a result, we identified $290,553 in net questioned costs.

Personnel Costs

The largest cost area for which UCF received reimbursement was personnel costs, which accounted for $544,080 (approximately 75 percent) of the $723,231 reimbursed by the Nevada DCFS for the audited subawards. We judgmentally sampled 3 non-consecutive months of salaries totaling $77,326, and 1 month of fringe benefits totaling $2,372.

OJP's "Time and Effort Best Practices for VOCA-Funded Personnel" (Best Practices) states: "Where employees work on multiple activities or cost objective, a distribution of their salaries or wages may be supported by personnel activity reports or equivalent documentation which meets the standards: (a) they must reflect an after the fact distribution of the actual activity of each employee, (b) they must account for the total activity for which each employee is compensated, (c) they must be certified by the employee and approved by a supervisor with firsthand knowledge of the work performed, and (d) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards."

Both the Nevada DCFS and UCF's policies emphasize the importance of accurate timekeeping and require employee timesheets to be reviewed and approved by the supervisors, with the Nevada DCFS further requiring hours match paystubs. We found that personnel transactions tested lacked signed activity-based timesheets. Instead, timesheets contained italicized printed names as signatures, without the actual or digital signatures or date stamps. Without signed timesheets certifying hours worked, we could not validate the time worked on the subaward to ensure that the final amount charged to a federal award is accurate, allowable, properly allocated, and is based on actual time worked. We also found that in 12 of the 114 personnel transactions tested, timesheet hours did not match payroll data. Although the timesheets and RFR documentation were to be reviewed before submission, a UCF official could not explain 11 of those instances.

One month before the audit, UCF implemented a new process to require ink signatures. We reviewed timesheets under this new policy and found that both the employee and supervisor signed the timesheets. However, we also found two instances where the timesheet hours did not match payroll data, and the UCF official could not explain one of those instances.

Because the personnel costs we reviewed could not be supported due to the absence of employee and supervisory validation and did not always match payroll data, we question $79,698 in personnel costs as unsupported. We recommend that OJP work with the Nevada DCFS to ensure UCF establishes and implements adequate controls over time and effort reporting and related payroll charges, such as ensuring timesheets match payroll data. We also recommend that OJP and the Nevada DCFS remedy $79,698 in unsupported personnel costs.

Other Direct Costs

To test other direct costs charged to the subawards, we judgmentally selected a sample of six transactions from UCF's accounting records to include supplies, advertising, equipment, software, and rent, totaling $41,191. This sample, representing approximately 39 percent of all other direct costs, included one transaction from the 2024 subaward and five transactions from the 2025 subaward. These six transactions included a total of 143 individual expenditures. To perform verification testing of these expenditures, we reviewed accounting records and available supporting documentation. We found that UCF did not comply with guidance and policies and procedures in several areas.

- Allocation – We determined that UCF did not allocate costs in accordance with its fiscal policies, which require allocation based on the ratio of each program's salaries to total salaries.[5] A UCF official stated that rent and other costs were allocated based on the approved budget, which were based on the projected activities, including VOCA-related services. However, UCF did not provide any documentation to support its allocation methodology. Additionally, we found inconsistency in the allocation of direct costs, with some costs charged at 30 percent to VOCA and others at 100 percent, particularly from an online retailer. The Uniform Guidance requires that costs be allocated to the projects based on the proportional benefit or be allocated based on a reasonable documented basis. The inconsistent allocation methodology resulted in an inequitable share of program costs charged to the VOCA grants. We recommend that OJP work with the Nevada DCFS to ensure UCF establishes and implements a control to adhere to its written fiscal policies and procedures for allocating costs to VOCA grants. Further, because the allocation methodology used for other direct costs could not be adequately supported, we also question $41,191 as unsupported. As a result, we recommend that OJP and the Nevada DCFS remedy $41,191 in unsupported other direct costs.

[5] UCF's other funding sources included a federal mental health block grant, Clark County agreements, and private funding.

- **Retroactive Billing** – We found that UCF retroactively billed $30,221 in operating costs and $979 in equipment costs. In March 2025, the Nevada DCFS amended the FY 2025 subaward to add to its budget operating and equipment costs, but the amendment did not clearly indicate the effective date of change. We found that after March 2025, UCF retroactively billed for costs that occurred between July 2024 and February 2025. The Nevada DCFS's Grant Instructions and Requirements (GIRS) requires that budget amendments be made prior to expending funds for non-budgeted categories. UCF officials believed that they were allowed to bill for prior costs that were later approved in the amendment but was unable to provide documentation of such approval from the Nevada DCFS. According to a Nevada DCFS official, changes to a subaward made through an approved amendment will take effect on the date of approval and subrecipients will not be permitted to retroactively request reimbursements for expenses in the revised categories. However, the Nevada DCFS official acknowledged that this requirement was not explicit in its policy and amendment documentation to clearly indicate the effective date of change and the prohibition of retroactive billing to prevent unapproved charges. We recommend that OJP require the Nevada DCFS to enhance its policy and amendment documentation to clearly indicate the effective date of change and the prohibition of retroactive billing. We also recommend that OJP and the Nevada DCFS remedy $31,200 in unallowable retroactively billed costs.

- **Vendor Credits** – We found that UCF did not apply vendor credits in its RFRs when credits or discounts were received. According to the Uniform Guidance, discounts, rebates, or allowances received related to allowable costs must be credited to the award either as a cost reduction or cash refund. Additionally, the GIRS require that an allowable cost to the grant be net of any rebates or credits. We determined that $192 in credits should have been applied. A UCF official stated they expected the amount requested on the RFR to be net of credits and acknowledged that the credits were not applied properly. We consider this amount de minimis; therefore, we do not question the costs related to the credits not applied. However, we recommend that OJP work with the Nevada DCFS to ensure UCF establishes and implements a control to ensure compliance with the DOJ Grants Financial Guide requirement related to crediting discounts, rebates, or allowances received.

- **Conflicts of Interest** – We found that UCF did not have proof of payment for 6 monthly rent transactions, comprising $21,408 of the total $32,468 in rent costs we tested. These payments were made by a management company owned by UCF's Chief Executive Officer (CEO) under a contract agreement for management services and leasing two community-based centers. Although rent was approved in the budget, the contract costs associated with this agreement were neither proposed nor approved in the budget for any of the audited subawards. Prior to the contract agreement, UCF rented the space directly from a leasing company, also owned by the CEO. A Nevada DCFS official stated that they were not aware of either the contract agreement or leasing from a related party. The Nevada DCFS requires all subrecipients to submit a signed GIRS form to confirm that the subrecipient is fully aware of and agrees to comply with all program and financial requirements and terms and conditions outlined in the GIRS. According to the GIRS, an Ethics and Disclosure Agreement or Statement and a Conflict-of-Interest Disclosure or Statement is required for all board members, leadership, employees, and contractors. Although UCF's CEO signed these documents for each subaward, UCF did not provide the Nevada DCFS with the required disclosures or alternative documentation disclosing the related-party transactions. The documents that UCF's CEO signed specified that subawards may be terminated for failure to disclose a conflict of interest. We recommend that OJP work with the Nevada DCFS to ensure UCF's conflicts of interest and related-party transactions are properly disclosed, as required by the GIRS. We also recommend that OJP require that the Nevada DCFS adequately considers the implications of UCF's less-than-arms-length arrangements for potential future expenditures. Lastly, we consider the total rent costs paid under the audited awards to be unallowable due to the undisclosed conflict of interest and recommend that OJP and the Nevada DCFS remedy $89,911 in unallowable rent costs.[6]

Indirect Costs

UCF used the Uniform Guidance-allowed de minimis rate of 10 percent in FY 2024 and FY 2025 subawards. In March 2025, the Nevada DCFS amended the FY 2025 subaward indirect cost rate from 10 percent to 15 percent.[7] UCF continued to use the de minimis rate of 15 percent in the FY 2026 subaward. To test indirect costs charged to the subaward, we calculated UCF's allocable indirect costs for each fiscal year and compared it to UCF's accounting records. We tested 100 percent of indirect costs charged to the audited subawards, totaling $74,051.

Although we found UCF charged indirect costs within the total approved budgeted amounts, we found that the indirect costs calculations—both in the budget and in the charged amounts—inappropriately included rent costs in the modified total direct costs (MTDC), its indirect cost base. According to the Uniform Guidance, MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and, if applicable, the portion of each subaward in excess of $50,000. UCF recorded rent under the operating costs category, which is an appropriate cost category for rent. However, we noted that the Nevada DCFS provided its subrecipients with workbook tools for submitting budget narratives and RFRs, and these tools were formulated to include all direct costs in the MTDC. We asked the Nevada DCFS officials whether they were aware of UCF's non-compliance, and a Nevada DCFS official stated that they had previously identified issues related to rent being included in the indirect cost calculation and addressed them as they arose through the RFR review process. When we brought this issue to UCF, a UCF official stated they did not know this occurred and accepted that UCF had made a mistake. As a result of the improper calculations, UCF overcharged indirect costs by $12,419 across the three subawards, and we recommend that OJP and the Nevada DCFS remedy $12,419 in unallowable indirect costs due to UCF's inclusion of rent in the MTDC. Additionally, because the Nevada DCFS's workbook tools are used by more subrecipients, we recommend that OJP require the Nevada DCFS to ensure its tools appropriately calculate MTDC in accordance with Uniform Guidance requirements.

Moreover, as a result of the questioned personnel and other direct costs discussed in the sections above, we calculated the related indirect costs and present them in Table 2 below.

[6] We question $32,468 in rent costs included in our sample, plus $57,443 of the other reimbursed rent costs, for a total of $89,911 in rent costs paid with VOCA.

[7] In 2024, the Uniform Guidance increased the de minimis rate threshold from 10 percent of modified total direct cost to 15 percent. The change applied to those award actions under the awards taken on or after October 1, 2024.

Table 2

Questioned Indirect Costs Associated with Questioned Direct Costs

Description	Questioned Direct Costs	Associated Indirect Costs
Unsupported Personnel Costs	$79,698	$9,051
Unsupported Other Direct Costs	$41,191	$5,982
Unsupported Indirect Costs		15,033
Unallowable Retroactively Billed Costs[a]	$31,200	$6,240
Unallowable Rent	$89,911	$11,524
Unallowable Indirect Costs		17,764
Total Questioned Indirect Costs		**$32,797**

Source: Analysis DOJ OIG

[a] This incudes overbilled indirect costs of $1,560. UCF applied the 15-percent de minimis rate to the retroactively billed operating and equipment costs although these costs were incurred when the 10-percent rate was in effect.

We recommend that OJP and the Nevada DCFS remedy $15,033 in unsupported indirect costs. We also recommend that OJP and the Nevada DCFS remedy $17,764 in unallowable indirect costs.

Matching Requirement

The VOCA Guidelines generally require that subrecipients match 20 percent of each subaward unless OVC has waived this requirement. The purpose of this requirement is to increase the amount of resources available to VOCA projects, prompting subrecipients to obtain independent resources to leverage federal funding and encourage local investment and engagement in VOCA-funded projects. Match contributions must come from non-federal sources and can be either cash or in-kind match.[8] The SAA has primary responsibility for ensuring subrecipient compliance with the matching requirements.

To review the provision of matching funds, we tested the entire universe of match transactions, comprised of 3 months of rent and personnel costs, totaling $77,918 from the 2025 subaward.[9] To perform verification testing of these expenditures, we reviewed accounting records and available supporting documentation. We determined that the personnel costs and rent costs provided as match were costs incurred under the contract agreement mentioned in the Other Directs Costs report section above. As discussed, the Nevada DCFS was not aware of the related-party transactions. Therefore, we question $77,918 in matching costs as unallowable. We recommend that OJP and the Nevada DCFS remedy $77,918 in unallowable match costs.

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[8] In-kind match contributions may include donations of expendable equipment, office supplies, workshop or classroom materials, workplace, or the value of time contributed by those providing integral services to the funded project.

[9] The match requirement on the FY 2024 subaward was waived due to the national emergency declared under the National Emergencies Act and under the requirements of Public Law No. 117-27. FY 2026 subaward was ongoing at the time of the audit.

Conclusion and Recommendations

UCF provided behavioral health services to at-risk and vulnerable populations in Nevada. However, we found that UCF needs to enhance its written policies and procedures to ensure compliance with the DOJ Grants Financial Guide and compliance with award requirements related to program income, reconciliations, and proper disclosure of its conflicts of interest and related-party transactions. We questioned $229,212 as unallowable because these costs were either paid under the unapproved related-party transactions or incorrectly calculated. We further questioned $135,922 as unsupported because UCF could not support the personnel hours and allocation of certain other direct costs. Lastly, we determined that the Nevada DCFS should enhance its guidance related to calculating indirect costs and the effective date and prohibition of retroactive billing in subaward amendments. We provide 13 recommendations to OJP to work with the Nevada DCFS to address these deficiencies.

We recommend that OJP work with the Nevada DCFS to:

1. Ensure UCF's victim assistance subawards comply with award requirements related to program income and providing VOCA-funded direct services to victims at no charge unless otherwise approved.

2. Require UCF to establish and implement controls to ensure compliance with the DOJ Grants Financial Guide requirement to track award funds separately.

3. Ensure UCF establishes and implements a control to ensure required monthly reconciliations are performed and the accounting system accurately reflects subaward activity.

4. Ensure UCF establishes and implements adequate controls over time and effort reporting and related payroll charges, such as ensuring timesheets match payroll data.

5. Ensure UCF establishes and implements a control to adhere to its written fiscal policies and procedures for allocating costs to VOCA grants.

6. Ensure UCF establishes and implements a control to ensure compliance with the DOJ Grants Financial Guide requirement related to crediting discounts, rebates, or allowances received.

7. Ensure UCF's conflicts of interest and related-party transactions are properly disclosed, as required by the GIRS.

8. Remedy $135,922 in unsupported costs.

9. Remedy $229,212 in unallowable costs.

We recommend that OJP:

10. Require the Nevada DCFS to establish and implement written policies and procedures related to subrecipient program income, including the need to obtain a waiver when charging for services, and to distribute guidance to its subrecipients.

11. Require the Nevada DCFS to enhance its policy and amendment documentation to clearly indicate the effective date of change and the prohibition of retroactive billing.

12. Require the Nevada DCFS adequately considers the implications of UCF's less-than-arms-length arrangements for potential future expenditures.

13. Require the Nevada DCFS to ensure its tools appropriately calculate MTDC in accordance with Uniform Guidance requirements.

APPENDIX 1: Objective, Scope, and Methodology

Objective

The objective of this audit was to review how United Citizens Foundation, Inc. (UCF) used the Victims of Crime Act (VOCA) funds received through three subawards from the Nevada Division of Child and Family Services (Nevada DCFS) to assist crime victims and assess whether it accounted for VOCA funds in compliance with select award requirements, terms, and conditions. To accomplish this objective, we assessed program performance and accomplishments and grant financial management.

Scope and Methodology

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.

This was an audit of three subawards to UCF. These subawards, totaling $937,917, were funded by the Nevada DCFS from primary VOCA grants 15POVC-21-GG-00589-ASSI, 15POVC-22-GG-00786-ASSI, and POVC-23-GG-00456-ASSI awarded by the Office of Justice Programs (OJP) Office for Victims of Crime (OVC). As of October 2025, the Nevada DCFS had reimbursed UCF $723,231 in subaward funds.

Our audit concentrated on, but was not limited to, the period of July 2023 through August 2025. The Department of Justice (DOJ) Grants Financial Guide; the VOCA Guidelines and Final Rule; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Nevada DCFS guidance; and the OVC and Nevada DCFS award documents contain the primary criteria we applied during the audit.

To accomplish our objective, we tested compliance with what we considered to be the most important conditions of UCF's activities related to the audited subawards. Our work included conducting interviews with UCF's financial staff, examining policies and procedures, and reviewing subaward documentation and financial records. We performed sample-based audit testing for subaward expenditures and match contributions. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the subawards reviewed. This nonstatistical sample design did not allow projection of the test results to the universe from which the samples were selected.

During our audit, we obtained information from DOJ's JustGrants System, as well as UCF's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems were verified with documentation from other sources.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objective. We did not evaluate the internal controls of UCF to provide assurance on its internal control structure as a whole. UCF's management is responsible for the establishment and maintenance of internal controls in accordance with Office of Management and Budget Circular A-123 and 2 C.F.R. § 200. Because we do not express an opinion on UCF's internal control structure as a whole, we offer this statement solely for the information and use of UCF, the Nevada DCFS, and OJP.[10]

In planning and performing our audit, we identified internal control components and underlying internal control principles as significant to the audit objective. Specifically, we assessed the design and implementation of UCF's policies and procedures. We also tested the implementation and operating effectiveness of specific controls over subaward execution and compliance with laws and regulations in our audit scope.

The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to those internal control components and underlying principles that we found significant to the objective of this audit, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

[10] This restriction is not intended to limit the distribution of this report, which is a matter of public record.

APPENDIX 2: Schedule of Dollar-Related Findings

Description	OJP Prime Number	Nevada DCFS	Amount	Page
Questioned Costs:				
Retroactively billed operating costs	15POVC-22-GG-00786-ASSI	16575-23-041	$30,221	7
Retroactively billed equipment costs	15POVC-22-GG-00786-ASSI	16575-23-041	979	7
Rent from related-party transactions	15POVC-21-GG-00589-ASSI	16575-21-048	39,247	8
Rent from related-party transactions	15POVC-22-GG-00786-ASSI	16575-23-041	42,815	8
Rent from related-party transactions	15POVC-23-GG-00456-ASSI	16575-23-147	7,849	8
Indirect costs from rent inclusion in MTDC	15POVC-21-GG-00589-ASSI	16575-21-048	4,710	8
Indirect costs from rent inclusion in MTDC	15POVC-22-GG-00786-ASSI	16575-23-041	6,475	8
Indirect costs from rent inclusion in MTDC	15POVC-23-GG-00456-ASSI	16575-23-147	1,234	8
Associated indirect costs of retroactively billed costs	15POVC-22-GG-00786-ASSI	16575-23-041	4,680	9
Associated indirect costs from rent	15POVC-21-GG-00589-ASSI	16575-21-048	3,925	9
Associated indirect costs from rent	15POVC-22-GG-00786-ASSI	16575-23-041	6,422	9
Associated indirect costs from rent	15POVC-23-GG-00456-ASSI	16575-23-147	1,177	9
Indirect costs due to higher rate applied	15POVC-22-GG-00786-ASSI	16575-23-041	1,560	9
Match	15POVC-22-GG-00786-ASSI	16575-23-041	77,918	9
Unallowable Costs			$229,212	
Personnel costs	15POVC-21-GG-00589-ASSI	16575-21-048	$43,619	6
Personnel costs	15POVC-22-GG-00786-ASSI	16575-23-041	14,454	6
Personnel costs	15POVC-23-GG-00456-ASSI	16575-23-147	21,625	6
Other direct costs	15POVC-21-GG-00589-ASSI	16575-21-048	3,925	6
Other direct costs	15POVC-22-GG-00786-ASSI	16575-23-041	37,266	6
Associated indirect costs from personnel costs	15POVC-21-GG-00589-ASSI	16575-21-048	4,362	8
Associated indirect costs from personnel costs	15POVC-22-GG-00786-ASSI	16575-23-041	1,445	8
Associated indirect costs from personnel costs	15POVC-23-GG-00456-ASSI	16575-23-147	3,244	8
Associated indirect costs from other direct costs	15POVC-21-GG-00589-ASSI	16575-21-048	392	8
Associated indirect costs from other direct costs	15POVC-22-GG-00786-ASSI	16575-23-041	5,590	8
Unsupported Costs			$135,922	

Gross Questioned Costs[11]			*$365,134*	
Less Duplicate Questioned Costs[12]			(74,581)	
Net Questioned Costs			**$290,553**	
TOTAL DOLLAR-RELATED FINDINGS			$290,553	

[11] **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, the provision of supporting documentation, or contract ratification, where appropriate.

[12] Some costs were questioned for more than one reason. Net questioned costs exclude $74,581 in duplicate costs, which stemmed from other direct costs that were both unallowable and unsupported.

APPENDIX 3: United Citizens Foundation, Inc. Response to the Draft Report

miracle minds
therapy
your neighborhood
Certified Community Behavoiar
Health Center

July 1, 2026

David Gaschke
Regional Audit Manager
San Francisco Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
90 7th Street
San Francisco, CA 94103

RE: Draft Audit Report-Audit of the Office of Justice Programs Victim Assistance Funds Subawarded by the Nevada Division of Child and Family Services to the United Citizens Foundation

Dear Mr. Gaschke,

United Citizens Foundation ("UCF") hereby responds to the findings of the VOCA audit performed by the Office of the Inspector General ("OIG") for the fiscal years 2023-2025.

This response is directed to those findings which resulted in a recommended corrective action and/or to remedy questioned costs.

<u>Recommendation #1</u>

- **Recommendation**: Ensure UCF's victim assistance subawards comply with award requirements related to program income and providing VOCA-funded direct services at no charge unless otherwise approved.

- **Response**: UCF concurs with the recommendation but does not agree there was program income. This issue was raised because intake paperwork for some clients showed Medicaid or private insurance as the "primary insurance" and VOCA as the "secondary insurance." OIG interpreted this as an indication that UCF was billing Medicaid and/or private insurance for services that were funded by VOCA. However, that was not the case.

During the intake process, all clients complete a VOCA questionnaire to determine whether they qualify for grant funds, but UCF treats the grant as a payer of last resort. Therefore, if a client who is otherwise qualified for VOCA funding presents themselves as being covered by Medicaid or private insurance, those funding sources are prioritized ahead of VOCA.

Clients who have Medicaid or private insurance are served outside the VOCA program, and any services rendered to those clients are billed solely to Medicaid or their private insurance (UCF does not bill VOCA for these services, or collect co-pays from the clients). Likewise, the recipients of those services are not reported to DCFS as VOCA clients.

The reason VOCA is listed as a secondary payment source is to notify staff that the client is eligible for VOCA funding if their insurance can't be verified, or if they suffer a loss of coverage. In those instances, the client would be treated as part of the VOCA program.

Recommendation #2

- **Recommendation**: Require UCF to establish and implement controls to ensure compliance with the DOJ Grants Financial Guide requirement to track award funds separately.

- **Response**: UCF concurs with this recommendation. UCF has taken steps to revise how funds are tracked in the accounting system and will work with Nevada DCFS to remedy.

Recommendation #3

- **Recommendation**: OJP should work with the Nevada DCFS to ensure UCF establishes and implements a control to ensure required monthly reconciliations are performed and the accounting system accurately reflects subaward activity.

- **Response**: UCF concurs with this recommendation. During the audit, UCF's accounting records reflected 4 months of reimbursements that exceeded what was received from the Nevada DCFS by a total of $4,569. After this issue was highlighted by OIG, UCF provided updated general ledgers that reconciled three of the discrepancies. As of this writing, UCF has reconciled all four discrepancies and implemented new policies to ensure that moving forward the reconciliations occur on a timely basis each month.

Recommendation #4

- **Recommendation**: Ensure UCF establishes and implements adequate controls over time and effort reporting and related payroll charges, such as ensuring timesheets match payroll data.

- **Response**: UCF concurs with this recommendation. UCF has taken steps to improve personnel reporting and will work with Nevada DCFS to remedy.

Recommendation #5

- **Recommendation**: Ensure UCF establishes and implements a control to adhere to its written fiscal policies and procedures for allocating costs to VOCA grants.

- **Response**: UCF concurs with this recommendation. UCF has taken steps to improve allocation of costs and will work with Nevada DCFS to remedy.

Recommendation #6

- **Recommendation**: Ensure UCF establishes and implements a control to ensure compliance with the DOJ Grants Financial Guide requirement related to crediting discounts, rebates, or allowances received.

- **Response**: UCF concurs with the recommendation and has taken steps to ensure these items are treated appropriately when charged to grants. UCF will work with Nevada DCFS to remedy.

Recommendation #7

- **Recommendation**: Ensure UCF's conflicts of interest and related party transactions are properly disclosed, as required by the GIRS.

- **Response**: UCF concurs with this recommendation but does not agree with OIG's factual findings or analysis of UCF's handling of the questioned transactions. UCF handled related party transactions and resolved conflicts of interest in the manner prescribed for nonprofits by the Nevada Attorney General. GIR-25-29(4)(a)(6) creates an obligation on the part of grant subrecipients to disclose conflicts of interest, but does not specify to whom, in what manner, or when disclosures should be made. UCF complied with grant requirements by disclosing the lease agreements and management agreement with Miracle Minds Therapy, LLC to DCFS during VOCA audits, both orally and by providing DCFS with copies of independent audit reports prepared by Velez Hardy, which describe the related party transactions in detail.

  Furthermore, with respect to the management agreement, as the agreement does not create any opportunity for the CEO or any other person to benefit from the relationship between UCF and Miracle Minds, no conflict of interest was created.

Recommendation #8

- **Recommendation**: Remedy $135,992 in unsupported costs.

- **Response**: UCF concurs and will work with Nevada DCFS to reconcile and remedy unsupported costs, if any are identified.

Recommendation #9

- **Recommendation**: Remedy $229,212 in unallowable costs.

- **Response**: UCF concurs and will work with Nevada DCFS to reconcile and remedy unallowable costs, if any are identified.

UCF appreciates the opportunity to respond to the draft report and remains committed to full compliance with all federal and state grant requirements. UCF has already implemented, or is in the process of implementing, enhanced financial, documentation, and compliance controls to strengthen its grant administration practices. UCF respectfully requests that OJP and DCFS consider the explanations and supporting documentation provided herein when issuing the final report. If you have any questions or require additional information, please contact John Wickett, Chief Operating Officer at john@mmtnv.org or me directly.

Sincerely,

Ash Mirchandani
Chief Executive Officer
United Citizens Foundation
ash@mmtnv.org

Cc: Kimberly Abbot
Administrator
Nevada Division of Child and Family Services

John Wickett
Chief Operating Officer
United Citizens Foundation

APPENDIX 4: The Nevada Division of Child and Family Services Response to the Draft Report

Joe Lombardo
Governor

Laura Rich
Director

DEPARTMENT OF HUMAN SERVICES
DIVISION OF CHILD AND FAMILY SERVICES
Helping people. It's who we are and what we do.

Kimberly Abbott
Administrator

July 10, 2026

David J. Gaschke
Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General
San Francisco Regional Audit Office

Dear Mr. Gaschke,

This letter is in response to the draft audit report issued by the U.S. Department of Justice, Office of the Inspector General to the Nevada Division of Child and Family Services (DCFS) on June 15, 2026. The audit covered Subaward Numbers 16575-21-048, 16575-23-041 and 16575-23-147 made by DCFS to United Citizens Foundation, Inc. (UCF) under the Office of Justice Programs' Office for Victims of Crime, Victims of Crime Act (VOCA) Crime Victims Fund (CVF) Grant Award Numbers 15POVC-21-GG-00589-ASSI, 15POVC-22-GG-00786-ASSI and POVC-23-GG-00456-ASSI. The report included thirteen (13) recommendations, with which the Division of Child and Family Services concurs.

Recommendation 1: The DCFS concurs with the recommendation. The DCFS will ensure that UCF provides evidence that it is providing Victims of Crime Act-funded direct services to victims at no charge unless otherwise approved in compliance with award requirements related to program income, no later than November 10, 2026.

Recommendations 2-6: The DCFS concurs with the recommendation. The DCFS will ensure that UCF establishes and implements controls for the identified policies and procedures, including documentation of dissemination to staff and staff training, no later than November 10, 2026.

Recommendation 7: The DCFS concurs with the recommendation. The DCFS Services will ensure UCF understand the Grant Instructions and Requirements required disclosures of conflicts of interest, or potential conflicts, and proper disclosures of related party transactions by all board members, leadership, employees, and contractors, and provide evidence of the understanding no later than November 10, 2026.

Recommendation 8: The DCFS concurs with the recommendation. The DCFS will ensure UCF remedies $135,922* in unsupported costs, no later than December 15, 2026.

Recommendation 9: The DCFS concurs with the recommendation. The DCFS will ensure UCF remedies $229,212* in unsupported costs no later than December 15, 2026.
(*As noted in the Office of Inspector General's Draft Report Appendix 2, the net amount of Recommendations 8 and 9 is $290,553.)

1350 S. Jones Blvd, Suite 220 ● Las Vegas, Nevada 89146
702-486-6118 ● dcfs.nv.gov

Recommendation 10: The DCFS concurs with the recommendation. The DCFS will establish and implement written policies and procedures related to subrecipient program income, including the need to obtain a waiver when charging for services, and provide evidence of distribution of the guidance to its subrecipients no later than December 15, 2026.

Recommendation 11: The DCFS concurs with the recommendation. The DCFS will enhance its policy and amendment documentation to clearly indicate the effective date of change and the prohibition of retroactive billing no later than December 15, 2026.

Recommendation 12: The DCFS concurs with the recommendation. The DDCFS will adequately consider the implications of UCF's less-than-arms-length arrangements for potential future expenditures, no later than December 15, 2026.

Recommendation 13: The DCFS concurs with the recommendation. The DCFS will ensure its tools appropriately calculate the Modified Total Direct Cost in accordance with Uniform Guidance requirements no later than December 15, 2026.

Sincerely,

K Abbott

Kimberly Abbott
Administrator, Division of Child and Family Services

cc: Elaine Chui, Assistant Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General

Melonie Threatt, Acting Team Leader, Audit Coordination Branch
Audit and Review Division
Office of Audit, Assessment, and Management
Office of Justice Programs

Shadine Janković, Audit Liaison Specialist, Audit Coordination Branch
Audit and Review Division
Office of Audit, Assessment, and Management
Office of Justice Programs

Mandi Davis, Deputy Administrator
Division of Child and Family Services

Ash Mirchandani
Chief Executive Officer, United Citizens Foundation, Inc.

John Wickett, Chief Operating Officer
United Citizens Foundation, Inc.

APPENDIX 5: The Office of Justice Programs Response to the Draft Report

U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, DC 20531

July 14, 2026

MEMORANDUM TO: David J. Gaschke
Regional Audit Manager
San Francisco Regional Audit Office
Office of the Inspector General

FROM: LeToya A. Johnson, CPA
Acting Deputy Director
Audit and Review Division

LeToya A. Johnson

Digitally signed by LETOYA JOHNSON
Date: 2026.07.14 13:39:23 -04'00'

SUBJECT: Response to the Draft Report, *Audit of the Office of Justice Programs Victim Assistance Grant Funds, Subawarded by the Nevada Division of Child and Family Services to United Citizens Foundation, Inc., Las Vegas, Nevada*

This memorandum is in reference to your correspondence dated June 15, 2026, transmitting the above-referenced draft audit report for the United Citizens Foundation, Inc. (UCF). UCF received subaward funds from the Nevada Division of Child and Family Services (Nevada DCFS), under the Office of Justice Programs' (OJP), Office for Victims of Crime (OVC), Victims of Crime Act (VOCA), Victim Assistance Formula Grant Program, Grant Numbers 15POVC-21-GG-00589-ASSI, 15POVC-22-GG-00786-ASSI, and 15POVC-23-GG-00456-ASSI. We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **13** recommendations and **$290,553**[1] in net questioned costs. The following is the OJP's analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. **We recommend that OJP work with the Nevada DCFS to ensure UCF's victim assistance subawards comply with award requirements related to program income and providing VOCA-funded direct services to victims at no charge unless otherwise approved.**

   OJP agrees with this recommendation. We will coordinate with Nevada DCFS to obtain UCF's written policies and procedures implemented to ensure that its victim assistance

[1] Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amounts.

subawards comply with award requirements related to program income and provides VOCA-funded direct services to victims at no charge unless otherwise approved.

2. **We recommend that OJP work with the Nevada DCFS to require UCF to establish and implement controls to ensure compliance with the DOJ Grants Financial Guide requirement to track award funds separately.**

   OJP agrees with this recommendation. We will coordinate with Nevada DCFS to obtain UCF's written policies and procedures implemented to ensure compliance with the Department of Justice (DOJ) Grants Financial Guide requirement to track award funds separately.

3. **We recommend that OJP work with the Nevada DCFS to ensure UCF establishes and implements a control to ensure required monthly reconciliations are performed and the accounting system accurately reflects subaward activity.**

   OJP agrees with this recommendation. We will coordinate with Nevada DCFS to obtain UCF's written policies and procedures implemented to ensure required monthly reconciliations are performed and the accounting system accurately reflects subaward activity.

4. **We recommend that OJP work with the Nevada DCFS to ensure UCF establishes and implements adequate controls over time and effort reporting and related payroll charges, such as ensuring timesheets match payroll data.**

   OJP agrees with this recommendation. We will coordinate with Nevada DCFS to obtain UCF's written policies and procedures implemented to ensure adequate controls over time and effort reporting and related payroll charges, such as ensuring timesheets match payroll data.

5. **We recommend that OJP work with the Nevada DCFS to ensure UCF establishes and implements a control to adhere to its written fiscal policies and procedures for allocating costs to VOCA grants.**

   OJP agrees with this recommendation. We will coordinate with Nevada DCFS to obtain UCF's written policies and procedures implemented to adhere to its written fiscal policies and procedures for allocating costs to VOCA grants.

6. **We recommend that OJP work with the Nevada DCFS to ensure UCF establishes and implements a control to ensure compliance with the DOJ Grants Financial Guide requirement related to crediting discounts, rebates, or allowances received.**

   OJP agrees with this recommendation. We will coordinate with Nevada DCFS to obtain UCF's written policies and procedures implemented to ensure compliance with the DOJ Grants Financial Guide requirement related to crediting discounts, rebates, or allowances received.

7. **We recommend that OJP work with the Nevada DCFS to ensure UCF's conflicts of interest and related-party transactions are properly disclosed, as required by the GIRS.**

   OJP agrees with this recommendation. We will coordinate with Nevada DCFS to obtain evidence that UCF's conflicts of interest and related-party transactions are properly disclosed, as required by the Grant Instructions and Requirements (GIRS).

8. **We recommend that OJP work with the Nevada DCFS to remedy $135,922 in unsupported costs.**

   OJP agrees with this recommendation. We will coordinate with Nevada DCFS to remedy the $135,922 in unsupported costs.

9. **We recommend that OJP work with the Nevada DCFS to remedy $229,212 in unallowable costs.**

   OJP agrees with this recommendation. We will coordinate with Nevada DCFS to remedy the $229,212 in unallowable costs.

10. **We recommend that OJP require the Nevada DCFS to establish and implement written policies and procedures related to subrecipient program income, including the need to obtain a waiver when charging for services, and to distribute guidance to its subrecipients.**

    OJP agrees with this recommendation. We will coordinate with Nevada DCFS to obtain written policies and procedures related to subrecipient program income, including the need to obtain a waiver when charging for services, and to distribute guidance to its subrecipients.

11. **We recommend that OJP require the Nevada DCFS to enhance its policy and amendment documentation to clearly indicate the effective date of change and the prohibition of retroactive billing.**

    OJP agrees with this recommendation. We will coordinate with Nevada DCFS to obtain enhanced written policies and procedures implemented to clearly indicate the effective date of change and the prohibition of retroactive billing.

12. **We recommend that OJP require the Nevada DCFS adequately considers the implications of UCF's less-than-arms-length arrangements for potential future expenditures.**

    OJP agrees with this recommendation. We will coordinate with Nevada DCFS to obtain evidence that it adequately considered the implications of UCF's less-than-arms-length arrangements for potential future expenditures.

13. **We recommend that OJP require the Nevada DCFS to ensure its tools appropriately calculate MTDC in accordance with Uniform Guidance requirements.**

OJP agrees with this recommendation. We will coordinate with Nevada DCFS to obtain written policies and procedures implemented to ensure its tools appropriately calculate the modified total direct costs (MTDC) in accordance with Uniform Guidance requirements.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact me by email at LeToya.Johnson@usdoj.gov or by phone on (202) 353-5744.

cc: Maureen A. Henneberg
Deputy Assistant Attorney General
Office of Justice Programs

Katherine Darke Schmitt
Acting Director
Office for Victims of Crime

Nathanial Kenser
Acting Deputy General Counsel
Office of Justice Programs

Phillip Merkle
Acting Director
Office of Communications

Rachel Johnson
Chief Financial Officer
Office of Justice Programs

Louise Duhamel
Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

Jorge L. Sosa
Director, Office of Operations – Audit Division
Office of the Inspector General

OJP Executive Secretariat
Control Number OCOM002199

APPENDIX 6: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report

The U.S. Department of Justice Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP), Nevada Division of Child and Family Services (Nevada DCFS), and United Citizens Foundation, Inc. (UCF). OJP's response is incorporated in Appendix 3, the Nevada DCFS's response is incorporated in Appendix 4, and UCF's response is incorporated in Appendix 5 of this final report. In response to our draft report, OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. The Nevada DCFS and UCF concurred with our recommendations. The following provides the OIG analysis of these responses and summary of actions necessary to close the report.

Recommendations for OJP to work with the Nevada DCFS to:

1. **Ensure UCF's victim assistance subawards comply with award requirements related to program income and providing VOCA-funded direct services to victims at no charge unless otherwise approved.**

   Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Nevada DCFS to obtain UCF's written and implemented policies and procedures to ensure that its victim assistance subawards comply with award requirements related to program income and that UCF provides VOCA-funded direct services to victims at no charge unless otherwise approved.

   The Nevada DCFS concurred with our recommendation and stated that it will ensure that UCF provides evidence that it is providing VOCA-funded direct services to victims at no charge unless otherwise approved in compliance with award requirements related to program income. The Nevada DCFS provided a completion date of no later than November 10, 2026.

   UCF concurred with this recommendation but disagreed on the existence of its program income. UCF also explained how it handled clients financially (i.e. when VOCA funds were used to support services). However, the Uniform Guidance defines program income as gross income earned by the recipient or subrecipient that is directly generated by a supported activity or earned as a result of the federal award during the period of performance, which includes but is not limited to income from fees for services performed. As we state in our report, we found that UCF did not report to the Nevada DCFS billings that it made to insurance companies and did not obtain the required waiver from the Nevada DCFS to bill insurance companies.

   Therefore, this recommendation can be closed when we receive evidence that UCF's victim assistance subawards comply with award requirements related to program income and providing VOCA-funded direct services to victims at no charge unless otherwise approved.

2. **Require UCF to establish and implement controls to ensure compliance with the DOJ Grants Financial Guide requirement to track award funds separately.**

   Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Nevada DCFS to obtain UCF's written and implemented policies and procedures to ensure compliance with the DOJ Grants Financial Guide requirement to track award funds separately.

   The Nevada DCFS concurred with our recommendation and stated that it will ensure that UCF establishes and implements controls for the identified policies and procedures, including documentation of dissemination to staff and staff training. The Nevada DCFS provided a completion date of no later than November 10, 2026.

   UCF concurred with this recommendation and stated that it has taken steps to revise its tracking of funds in its accounting system.

   This recommendation can be closed when we receive evidence that OJP, in coordination with the Nevada DCFS, has confirmed that UCF has established and implemented controls to ensure compliance with the DOJ Grants Financial Guide requirement to track award funds separately.

3. **Ensure UCF establishes and implements a control to ensure required monthly reconciliations are performed and the accounting system accurately reflects subaward activity.**

   Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Nevada DCFS to obtain UCF's written and implemented policies and procedures to ensure required monthly reconciliations are performed and the accounting system accurately reflects subaward activity.

   The Nevada DCFS concurred with our recommendation and stated that it will ensure that UCF establishes and implements controls for the identified policies and procedures, including documentation of dissemination to staff and staff training. The Nevada DCFS provided a completion date of no later than November 10, 2026.

   UCF concurred with this recommendation. UCF stated that, as of the date of its response to the draft report, it had reconciled all four discrepancies and implemented new policies to ensure that future reconciliations occur on a timely basis each month. Additionally, UCF stated it implemented new policies to ensure that, moving forward, the reconciliations occur on a timely basis each month.

   This recommendation can be closed when we receive evidence that OJP, in coordination with the Nevada DCFS, has confirmed that UCF has reconciled all 4 months with discrepancies and established and implemented a control to ensure required monthly reconciliations are performed and the accounting system accurately reflects the subaward activity.

4. **Ensure UCF establishes and implements adequate controls over time and effort reporting and related payroll charges, such as ensuring timesheets match payroll data.**

   Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Nevada DCFS to obtain UCF's written and implemented policies and procedures to ensure adequate controls over time and effort reporting and related payroll charges, such as ensuring timesheets match payroll data.

   The Nevada DCFS concurred with our recommendation and stated that it will ensure that UCF establishes and implements controls for the identified policies and procedures, including documentation of dissemination to staff and staff training. The Nevada DCFS provided a completion date of no later than November 10, 2026.

   UCF concurred with this recommendation and stated it has taken steps to improve personnel reporting, as well as to work with the Nevada DCFS to remedy this recommendation.

   This recommendation can be closed when we receive evidence that OJP, in coordination with the Nevada DCFS, confirmed that UCF has established and implemented adequate controls over time and effort reporting and related payroll charges, such as ensuring timesheets match payroll data.

5. **Ensure UCF establishes and implements a control to adhere to its written fiscal policies and procedures for allocating costs to VOCA grants.**

   Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Nevada DCFS to obtain UCF's written and implemented policies and procedures to adhere to its written fiscal policies and procedures for allocating costs to VOCA grants.

   The Nevada DCFS concurred with our recommendation and stated that it will ensure that UCF establishes and implements controls for the identified policies and procedures, including documentation of dissemination to staff and staff training. The Nevada DCFS provided a completion date of no later than November 10, 2026.

   UCF concurred with this recommendation and stated it has taken steps to improve its allocation of costs and will work with the Nevada DCFS to remedy the recommendation.

   This recommendation can be closed when we receive evidence that OJP, in coordination with the Nevada DCFS, confirmed that UCF has established and implemented a control to adhere to its written fiscal policies and procedures for allocating costs to VOCA grants.

6. **Ensure UCF establishes and implements a control to ensure compliance with the DOJ Grants Financial Guide requirement related to crediting discounts, rebates, or allowances received.**

   Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Nevada DCFS to obtain UCF's written and implemented policies and procedures to ensure compliance with the DOJ Grants Financial Guide requirement related to crediting discounts, rebates, or allowances received.

The Nevada DCFS concurred with our recommendation and stated that it will ensure that UCF establishes and implements controls for the identified policies and procedures, including documentation of dissemination to staff and staff training. The Nevada DCFS provided a completion date of no later than November 10, 2026.

UCF concurred with this recommendation and stated it has taken steps to ensure that these items are treated appropriately when charged to grants. UCF also stated that it will work with Nevada DCFS to remedy this recommendation.

This recommendation can be closed when we receive evidence that OJP, in coordination with the Nevada DCFS, confirmed that UCF has established and implemented a control to ensure compliance with the DOJ Grants Financial Guide requirement related to crediting discounts, rebates, or allowances received.

7. **Ensure UCF's conflicts of interest and related-party transactions are properly disclosed, as required by the Grant Instructions and Requirements (GIRS).**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Nevada DCFS to obtain evidence that UCF's conflicts of interest and related-party transactions are properly disclosed, as required by the GIRS.

The Nevada DCFS concurred with our recommendation and stated that it will ensure that UCF understands the Grant Instructions and Requirements require disclosures of conflict of interest or potential conflicts, as well as proper disclosures of related-party transactions by all board members, leadership, employees, and contractors. The Nevada DCFS also stated it will provide evidence of this no later than November 10, 2026.

UCF concurred with the recommendation but stated it did not agree with the OIG findings or analysis of UCF's handling of the questioned transactions. UCF stated that it followed guidance for nonprofits by the Nevada Attorney General. However, UCF's Chief Executive Officer signed the GIRS, which certifies the UCF Chief Executive Officer's understanding that adherence to the requirements is a condition of the award. It also affirms his commitment to responsible stewardship of awarded funds and programmatic compliance, including proper notification of, and obtaining Nevada DCFS's prior approval of, potential conflicts of interest or related-party transactions. As we state in our report, we found that UCF did not provide the Nevada DCFS with the required conflict of interest disclosures or alternative documentation disclosing related-party transactions.

This recommendation can be closed when we receive evidence that OJP, in coordination with the Nevada DCFS, confirmed that UCF has properly disclosed its conflicts of interest and related-party transactions, as required by the GIRS.

8. **Remedy $135,922 in unsupported costs.**

   Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Nevada DCFS to remedy the $135,922 in unsupported costs.

   The Nevada DCFS concurred with our recommendation and stated that it will ensure UCF remedies $135,922 in unsupported costs, no later than December 15, 2026.

   UCF concurred with the recommendation and stated that it will work with the Nevada DCFS to reconcile and remedy unsupported costs, if any are identified.

   This recommendation can be closed when we receive evidence that OJP has remedied the $135,922 in unsupported costs.

9. **Remedy $229,212 in unallowable costs.**

   Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Nevada DCFS to remedy the $229,212 in unallowable costs.

   The Nevada DCFS concurred with our recommendation and stated that it will ensure UCF remedies $229,212 in unallowable costs, no later than December 15, 2026.

   UCF concurred with the recommendation and stated that it will work with the Nevada DCFS to reconcile and remedy unallowable costs, if any are identified.

   This recommendation can be closed when we receive evidence that OJP has remedied the $229,212 in unallowable costs.

Recommendations for OJP:

10. **Require the Nevada DCFS to establish and implement written policies and procedures related to subrecipient program income, including the need to obtain a waiver when charging for services, and to distribute guidance to its subrecipients.**

    Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Nevada DCFS to obtain written policies and procedures related to subrecipient program income, including the need to obtain a waiver when charging for services, and to distribute guidance to its subrecipients.

    The Nevada DCFS concurred with our recommendation and stated that it will establish and implement written policies and procedures related to subrecipient program income, including the need to obtain a waiver when charging for services, and will distribute guidance to its subrecipients.

The Nevada DCFS also stated it will provide evidence of distribution to its subrecipients no later than December 15, 2026.

This recommendation can be closed when we receive evidence that the Nevada DCFS has established and implemented written policies and procedures related to subrecipient program income, including the need to obtain a waiver when charging for services, and to distribute guidance to its subrecipients.

11. **Require the Nevada DCFS to enhance its policy and amendment documentation to clearly indicate the effective date of change and the prohibition of retroactive billing.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Nevada DCFS to obtain enhanced written policies and procedures implemented to clearly indicate the effective date of change and the prohibition of retroactive billing.

The Nevada DCFS concurred with our recommendation and stated that it will enhance its policy and amendment documentation to clearly indicate the effective date of change and the prohibition of retroactive billing, no later than December 15, 2026.

This recommendation can be closed when we receive evidence that the Nevada DCFS has enhanced its policy and amendment documentation to clearly indicate the effective date of change and the prohibition of retroactive billing.

12. **Require the Nevada DCFS adequately considers the implications of UCF's less-than-arms-length arrangements for potential future expenditures.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Nevada DCFS to obtain evidence that it adequately considered the implication of UCF's less-than-arms length arrangements for potential future expenditures.

The Nevada DCFS concurred with our recommendation and stated that it will adequately consider the implications of UCF's less-than-arms-length arrangements for potential future expenditures, no later than December 15, 2026.

This recommendation can be closed when we receive evidence that the Nevada DCFS has adequately considered the implications of UCF's less-than-arms-length arrangements for potential future expenditures.

13. **Require the Nevada DCFS to ensure its tools appropriately calculate modified total direct costs (MTDC) in accordance with Uniform Guidance requirements.**

Resolved. OJP agreed with our recommendation. OJP stated in its response that it will coordinate with the Nevada DCFS to obtain written and implemented policies and procedures to ensure Nevada DCFS tools appropriately calculate the MTDC in accordance with Uniform Guidance requirements.

The Nevada DCFS concurred with our recommendation and stated that it will ensure its tools appropriately calculate the MTDC in accordance with Uniform Guidance requirements by December 15, 2026.

This recommendation can be closed when we receive evidence that the Nevada DCFS tools appropriately calculate MTDC in accordance with Uniform Guidance requirements.