



Audit of the Office on Violence Against Women  
Grants Awarded to Inspire Action  
for Social Change,  
Montana City, Montana



21-113

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**SEPTEMBER 2021**

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REDACTED FOR PUBLIC RELEASE

Redactions were made to the full version of this report for privacy reasons. The redactions are contained only in Appendix 4, the awardee's response, and are of individuals' names.



# EXECUTIVE SUMMARY

## **Audit of the Office on Violence Against Women Grants Awarded to Inspire Action for Social Change, Montana City, Montana**

### **Objectives**

The Office on Violence Against Women (OVW) awarded the Inspire Action for Social Change (Inspire Action) three cooperative agreements totaling \$1.9 million for the Training and Technical Assistance Initiative. The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives.

### **Results in Brief**

As a result of our audit, we concluded that Inspire Action accomplished or was making progress to accomplish the grant objectives we tested. Further, we did not identify significant concerns regarding Inspire Action's management of federal financial reports. However, we identified concerns with Inspire Action's progress reports, grant financial management practices, expenditures, and subrecipient oversight. As a result, we identified \$66,510 in questioned costs.

### **Recommendations**

Our report contains 18 recommendations to OVW.

### **Audit Results**

The purposes of the three OVW awards we reviewed were to provide training and technical assistance to OVW grantees nationwide related to supervised visitation and safe exchange services for families with a history of domestic violence. The project period for the awards was from October 2015 through September 2021. As of

December 10, 2020, Inspire Action drew down a cumulative amount of \$1,567,178 for these awards.

### **Program Goals and Accomplishments**

We concluded that Inspire Action accomplished or was making progress to accomplish the grant objectives we tested. As a result of operating remotely during the COVID-19 pandemic, we noted potential future cost savings by continuing to provide certain training and technical assistance remotely.

### **Performance Reports**

We reviewed 24 accomplishments Inspire Action reported in the last 2 progress reports for each of the 3 awards. We noted differences in 10 of the 24 progress report accomplishments selected.

### **Grant Financial Management**

During our testing and review of Inspire Action's policies and procedures, we noted several weaknesses related to Inspire Action's segregation of duties, conflict of interest, and suspension and debarment.

### **Grant Expenditures and Subrecipient Monitoring**

We tested \$227,957 in grant transactions and found that Inspire Action did not provide support for \$8,602 in direct costs, \$31,414 in contractor payments, and \$18,393 in subrecipient costs. Also, Inspire Action expended \$12,393 in unallowable consultant payments and provided no documentation of subrecipient monitoring.

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## Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three cooperative agreements awarded by the Office on Violence Against Women (OVW), Training and Technical Assistance Initiative to Inspire Action for Social Change (Inspire Action), in Montana City, Montana.<sup>1</sup> Inspire Action was awarded three grants totaling \$1,899,729, as shown in Table 1.

Table 1

### Grants Awarded to Inspire Action for Social Change

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2015-TA-AX-K020	OVW	09/28/2015	10/01/2015	09/30/2019	\$ 450,000
2016-TA-AX-K009	OVW	09/14/2016	10/01/2016	09/30/2021	400,000
2017-TA-AX-K028	OVW	09/27/2017	10/01/2017	09/30/2021	1,049,729
Total:					\$1,899,729

Source: OJP Grants Management System (GMS)

Funding through the OVW Training and Technical Assistance Initiative supports OVW grantees and subgrantees nationwide with the expertise and support they need to develop and implement successful state, local, tribal, and campus projects; increase victim safety; and bolster offender accountability. Through grants, OVW supports educational initiatives, conferences, peer-to-peer consultations, and targeted assistance that allow current and potential grantees and subgrantees to learn from experts and one another about how to overcome obstacles and incorporate promising practices in their efforts to address violence against women. In addition, OVW is focused on building the capacity of criminal and civil justice and victim services organizations to respond effectively to domestic violence, dating violence, sexual assault, and stalking and to foster partnerships between organizations that have not traditionally worked together to address violence against women.

## The Grantee

Inspire Action for Social Change (Inspire Action) provides training and technical assistance to OVW grantees on supervised visitation and safe exchange services for families with a history of domestic violence. Inspire Action works collaboratively with partner organizations to create and implement specialized trainings, curricula, and program materials. It is their mission to help individuals, organizations, and communities create long-lasting change for those they serve.

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<sup>1</sup> OVW awards cooperative agreements to states, units of local government, or private organizations at the discretion of the awarding agency. Cooperative agreements are utilized when substantial involvement is anticipated between the awarding agency and the recipient during performance of the contemplated activity. Although this is a cooperative agreement, we will refer to it as a grant throughout the report.

## OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the awardee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

We tested compliance with what we consider to be the most important conditions of the grants. The 2015 and 2017 DOJ Grants Financial Guide and the award documents contain the primary criteria we applied during the audit.

The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

## **Audit Results**

### **Program Performance and Accomplishments**

We reviewed required performance reports and training documentation, and we interviewed Inspire Action officials to determine whether Inspire Action demonstrated adequate progress towards achieving and demonstrated adequate achievement of the programs' goals and objectives. We also reviewed the Progress Reports to determine if the required reports were accurate. Finally, we reviewed Inspire Action's compliance with the special conditions identified in the award documentation.

### **Program Goals and Objectives**

According to the award documentation for Award Number 2015-TA-AX-K020, there were 6 goals of the program, between the original award and its supplement; 4 goals for Award Number 2016-TA-AX-K009, between the original award and its supplement; and 11 goals for Award Number 2017-TA-AX-K028, between the original award and its supplement. For each award, we tested a judgmental sample of objectives, which were listed under each goal.

Figure 1

## Summary of Program Goals

Award Number 2015-TA-AX-K020	Award Number 2016-TA-AX-K009	Award Number 2017-TA-AX-K028
<b>Supplement 00</b> <ul style="list-style-type: none"> <li><u>Goal 1:</u> Conduct two in-person Immersion Training in each grant year to grantees working in a supervised visitation setting with fathers who have been violent with their intimate partners.</li> <li><u>Goal 2:</u> Create an e-learning institute for organizations and programs working with fathers who have been violent with their intimate partners.</li> </ul>	<b>Supplement 00</b> <ul style="list-style-type: none"> <li><u>Goal 1:</u> Develop two-day Children and Youth Immersion training for supervised visitation providers and their partners.</li> <li><u>Goal 2:</u> Pilot three two-day Children and Youth (CY) Immersion trainings.</li> </ul>	<b>Supplement 00</b> <ul style="list-style-type: none"> <li><u>Goal 1:</u> Facilitate a three-month planning process with OVW and other technical assistance (TA) providers for the implementation of proposal to deliver responsive, high quality, "in the moment" technical assistance and training to Justice for Families and Tribal Government grantees providing supervised visitation services.</li> <li><u>Goal 2:</u> Conduct grantee outreach and create tailored TA and training plans for the delivery of visitation services that are grounded in the OVW Guiding Principles.</li> <li><u>Goal 3:</u> Create 3-6 grantee cohorts for the purpose of facilitating meaningful peer support and networking, critical conversations, support, and problem solving.</li> <li><u>Goal 4:</u> Organize 1-2 learning community cohorts with the purpose of addressing current and/or emerging issues within supervised visitation and post separation support for women, men, and children impacted by domestic violence, sexual violence, stalking, child abuse and dating violence.</li> <li><u>Goal 5:</u> Provide individualized TA and training to supervised visitation programs and their community partners.</li> </ul>
<b>Supplement 01</b> <ul style="list-style-type: none"> <li><u>Goal 1:</u> Facilitate three-month planning process with OVW and other technical assistance providers for the implementation of our proposal to provide in-depth supervised visitation Immersion Training to Justice for Families and Tribal Government grantees.</li> <li><u>Goal 2:</u> Provide four in-person Immersion Trainings in each grant year to a total of 135-155 grantees delivering supervised visitation and safe exchange services.</li> <li><u>Goal 3:</u> Adapt and deliver Immersion Training to Tribal programs and communities.</li> <li><u>Goal 4:</u> Provide one to two in-person Native American specific Immersion Training to Tribal programs and communities.</li> </ul>	<b>Supplement 01</b> <ul style="list-style-type: none"> <li><u>Goal 1:</u> Facilitate a three-month planning process with OVW and other technical assistance providers for the implementation of our proposal to provide in-depth supervised visitation CY Immersion Training to JFF Grantees</li> <li><u>Goal 2:</u> Provide 5-6 in-person CY Immersion Training to a total of 100-180 grantees delivering supervised visitation and safe exchange services.</li> </ul>	<b>Supplement 01</b> <ul style="list-style-type: none"> <li><u>Goal 1:</u> conduct a three-month project planning in partnership with OVW, Mending the Sacred Hoop, and other Memorandum of Understanding partners.</li> <li><u>Goal 2:</u> Provide in-depth remote and/or on-site, site-specific Immersion Training and/or tailored TA/site visits to support programming that is grounded in the OVW guiding principles.</li> <li><u>Goal 3:</u> Conduct National Supervised Visitation Immersion Trainings and follow-up support.</li> <li><u>Goal 4:</u> Develop a network of supervised visitation (SV) and safe exchange (SE) providers and community partners for the purpose of facilitating meaningful peer connection and networking to support critical conversations, consultations, and problem-solving sessions.</li> <li><u>Goal 5:</u> Deepen learning that will enhance programs, practices, and policies that support the safety of adult and child survivors.</li> <li><u>Goal 6:</u> Enhance partnerships and meaning collaboration between SV&amp;SE programs, courts, and domestic violence programs.</li> </ul>

Source: OJP GMS



For 2015-TA-AX-K020, an ended award, we reviewed a sample of three objectives to support three Goals related to Inspire Action conducting national trainings, Supervised Visitation Immersion Trainings, and Immersion Trainings specific to Native American and Tribal programs and communities. We reviewed the documentation provided by Inspire Action to support these three objectives and we did not note any indication that Inspire Action had not adequately achieved these sampled objectives.

For 2016-TA-AX-K009 and 2017-TA-AX-K028, both on-going awards, we judgmentally selected a sample of four activities from each award timeline pertaining to technical assistance, training events, and cohort meetings with other stakeholders. We reviewed documentation provided by Inspire Action officials supporting accomplishment of those timeline activities. We noted that eight of the eight timeline activities that we reviewed were accomplished generally within the approved timeline outlined in the program narratives. We also noted that Inspire Action officials, in response to the COVID-19 pandemic, had moved toward conducting training and technical assistance remotely (instead of in-person). As a result of this adjustment, we determined that there was no indication that Inspire Action would not accomplish the goals and objectives of the awards by the end of the award date. Additionally, we noted that conducting training and technical assistance remotely during the COVID-19 pandemic resulted in significantly less travel costs under the grant as well as for OVW grantees that attend these trainings. This resulted in \$40,438 remaining in the travel budgets for 2016-TA-AX-K009 and 2017-TA-AX-K028. We believe potential cost savings to the taxpayer could exist by providing certain future trainings events remotely. Therefore, we recommend that OVW coordinate with Inspire Action to assess which training events should be in-person or remotely in order to maximize taxpayer value.

## **Required Performance Reports**

According to the DOJ Grants Financial Guide, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. In order to verify the information in progress reports, we selected a judgmental sample of 4 performance measures from the 2 most recent reports submitted for each grant for a total sample size of 24. We then traced the items to supporting documentation maintained by Inspire Action officials. According to Inspire Action officials, one of the Co-Executive Director's, is responsible for compiling and submitting progress reports. Once this Co-Executive Director compiles the report it is reviewed and approved by the other Co-Executive director prior to submission. Inspire Action utilizes shared spreadsheets to document and track performance data for the awards. Staff track each type of technical assistance delivered to grantees in a shared spreadsheet, products distributed, trainings and number of participants are documented as well. Additionally, the platforms used for event registration and webinars are used to create reports on the number of participants accessing services. Inspire Action maintains participant lists for all in-person and virtual training events. However, we did not find any written policies and procedures related to performance measurement and outcomes.

Table 2

## Progress Report Testing Results

	Grant	Quantifiable Accomplishments	Not Properly Supported	Inaccurate Reporting
July 1, 2019 to December 31, 2019	2015	Number of technical assistance consultations: 10 Number of information request responses: 3	Information was not complete and didn't include pertinent information such as who received these services	
	2016	Number of technical assistance consultations: 5	Information was not complete and didn't include pertinent information such as who received these services	
	2017	Total national training events provided: 5		Only provided documentation to support one training event
	2017	On site visit: 1	No documentation of site visit provided	
	2017	Number of technical assistance consultations: 255 Number of information request responses: 13	Information was not complete and didn't include pertinent information such as who received these services	
January 1, 2020 to June 30, 2020	2016	Number of technical assistance consultations: 20 Number of information request responses: 2	Information was not complete and didn't include pertinent information such as who received these services	
	2016	Number of national training events provided: 3		Only provided documentation for two training events, the remaining was in support of the 2015 award
	2016	Number of training materials developed or revised: 3		Only provided related to Spanish translations of two pieces of training materials
	2017	Number of training events - national: 59 Number of training events - statewide: 2	Information was not complete and didn't include pertinent information such as who received these services or agendas	

	2017	Number of technical assistance consultations: 395 Number of information request responses: 37	Information was not complete and didn't include pertinent information such as who received these services or agendas	
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Source: OJP GMS and Inspire Action

As shown in Table 2, we noted 7 of the 24 items selected were not properly supported by Inspire Action. Specifically, the supporting documentation did not include pertinent information documenting who received technical assistance or training. For 3 of these 24 items, we noted differences between the reported item and the supporting documentation for these items. The first instance involved the participation of Inspire Action's subrecipient in an OVW site visit of a native tribe. Inspire Action provided email communications involving the subrecipient and OVW coordinating and planning for a site visit but provided no documentation of the site visit. For the second instance, we were only provided support for one training event rather than the five reported training events. For the third item, Inspire Action only provided support for two revisions/developments of training materials, both of which were translations of training materials into Spanish.

Overall, we noted material differences in 10 of the 24 progress report accomplishments selected. Based on the results of our analysis, we determined that there were a significant number of measures in our sample that had a material difference between the information reported to OVW and the documentation maintained by Inspire Action officials. Therefore, we recommend that OVW coordinates with Inspire Action to develop policies and procedures that ensure that valid and auditable source documentation is maintained to support program performance and progress reports.

## Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the awards. We evaluated the special conditions for each grant and selected a judgmental sample of the requirements that are significant to performance under the grants and are not addressed in another section of this report. We evaluated five special conditions addressing aspects of training materials and timing of award spending. Based on our sample, we did not identify any instances of Inspire Action violating these additional special conditions we reviewed.

## Grant 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 and to accurately account for funds awarded to them. To assess Inspire Action's financial management of the grants covered by this audit, we conducted interviews with financial staff and Inspire Action officials, examined policy and procedures, and inspected grant documents to determine whether Inspire Action adequately safeguards the grant funds we audited. We also performed testing in the areas that were relevant for the management of this grant, as discussed throughout this report. Based on our review, we concluded that grant financial management related to segregation of duties, suspension and debarment, and conflicts of interest could be improved.

## Separation of Duties

The DOJ Grants Financial Guide defines separation of duties as a key internal control concept that establishes procedures for certain types of financial transaction where no one person is able to execute the entire procedure alone. Inspire Action's Policies and Procedures states that they maintain segregation of duties so that no more than one person is involved in financial activities. The person who authorizes purchases or approves payments will not be the same person who makes the payments, and no person will ever sign a check made out to themselves. Also, approvals for each invoice will be documented via email approval of the approving individual. Finally, the Executive Directors or their designee review and approve all expenditures for activities that have been previously approved by the Board of Directors in a project budget, federal grant budget, or budget revision; all recurring contracts; and all non-budgeted expenditures under \$10,000. During our review we noted discrepancies in separation of duties in the following areas:

- Approvals of expenditures, including payroll for the co-Executive Directors.
- The Bookkeeper has sole full administrative access to the accounting system.
- The Bookkeeper maintains physical control of the checks and has signature authority for checks.
- The Bookkeeper has contracting authority.
- The Bookkeeper performs all financial reconciliations.
- The Bookkeeper is responsible for identifying all financial transactions eligible for the drawdown, and also submitting the drawdown requests.

At the time of our review, the staff of Inspire Action consisted of two co-Executive Directors, and one other employee. Inspire Action contracts its bookkeeping services. During our transaction testing, we noted several instances where one of Inspire Action's co-Executive Directors received invoices, and also approved the invoices for payment without any other individuals involved. There is an increased risk when the same person responsible for approving invoices is also the person who received the invoice. We also noted instances where reimbursements for one co-Executive Director was approved by the other co-Executive Director rather than by someone on the Board of Directors. In one instance, the approving Executive Director approved travel costs for both Executive Directors. Therefore, approving their own expenses. As mentioned in the conflicts of interest section of this report, Inspire Action's Board of Directors will review financial reports but otherwise has no involvement with Inspire Action's financial operations.

A common example of a segregation of duties weakness is when the same individual initiates a payment (writing the check) and authorizes a payment (signing a check). We judgmentally selected two non-consecutive bank reconciliation statements. From these bank statements, we selected a judgmental sample of 15 transactions and reviewed the canceled checks to determine if the checks were recorded in the accounting system (check register), the signature matched the authorizing official, and if there were any abnormalities with checks. We reviewed the canceled check and we noted that transactions matched either the check register and/or the general ledgers for the three awards. We found that the bookkeeper is responsible for preparing checks for payment and financial reporting. We also noted in our transaction

testing that these instances include when the bookkeeper is paid for their own services. The bookkeeper also has check signing authority. Inspire Action officials explained that the co-Executive Directors review and give pre-approval of all payments/check disbursements. Once the review and approval are given for payment, the bookkeeper prepares the check, signs the check, and then disburses the check.

The bookkeeper's signing authority is done with explicit pre-approval for all payments/check disbursements by the Executive Directors and each Executive Director monitors the activity of the organization's financial accounts, can view all transactions, and review all cleared check images. However, there is no policy or procedure outlining or requiring this review. Without proper separation of duties in cash management, improper payments can be made without other Inspire Action officials' knowledge or approval and increases the risk of potential fraud or mismanagement of funds for the awards in the scope of this audit.

We also noted that a significant segregation of duty risk exists as the bookkeeper can also be designated as an executor of contracts while also being the signee for payments/checks. Again, this increases the risk that funds could be dispersed without any intervention from Inspire Action officials.

Due to the internal control weaknesses noted, we determined that segregation of duties in cash management, signature authority, and proper expenditure approval could be improved. Therefore, we recommend that OVW coordinates with Inspire Action to enhance their financial policies and procedures related to separation of duties for: (a) approval of expenditures impacting Inspire Action personnel, (b) cash management, including signature authority for award disbursements, and (c) signature authority for contractual obligations.

## **Conflict of Interest**

According to Inspire Action's policies and procedures, Board Members and each Executive Director are expected to use good judgment, adhere to high ethical standards, and act in such a manner as to avoid any actual or potential conflict of interest. We noted Inspire Action's policies and procedures allow for Board Members who may have specific expertise that would benefit Inspire Action's programs and projects to be compensated as consultants for work related to this expertise and unrelated to board business. The procedures specify that fees must be reasonable for the services rendered and comparable to fees paid to equivalent consultants for the same or similar work. Board Members may not bid on or be considered for contractual work that is sought by the organization through competitive bids. The Board of Directors will not enter into any contract or transaction with one of its Executive Directors or an organization in which an Inspire Action Executive Director is also a director, officer, or legal representative or in some other way has a material financial interest unless it is disclosed or known to the Board of Directors who approves, authorizes, or ratifies the action in good faith by a majority of the directors.

We reviewed the general ledger information that we summarized during our review for suspension and debarment and noted that there were no cumulative payments of \$1,000 or more paid to any member of the Board of Directors. However, we believe that a potential conflict of interest can arise when a Board Member can be compensated as a consultant without any competition. According to the DOJ Grants Financial Guide, non-federal entities are required to use Federal funds in the best interest of the award program and decisions related to these funds must be free of undisclosed personal or organization conflicts of interest, both in fact and appearance. With current procedures in place, we believe these procedures provide risk of organization conflicts of interest when compensating board members for work that could be

performed via competitive bid or other methods. Therefore, we recommend that OVW coordinate with Inspire Action to enhance policies and procedures to address potential organizational conflicts of interest.

## **Suspension and Debarment**

The DOJ Grants Financial Guide states that recipients must not award or permit any award at any level to any party which is debarred or suspended from participation in Federal assistance programs. We noted that Inspire Action's policies and procedures ensure that contracts over \$150,000 are not debarred from receiving government funds. However, these policies and procedures are not compliant with the DOJ Grants Financial Guide, which does not provide a dollar threshold or limit the exclusion to contractors. During our review of accounting records, we found that no contract reached the threshold of Inspire Action's policies. Inspire Action officials had explained that they were not aware of any entity that was suspended or debarred but based on our review of accounting records and Inspire Action's policies and procedures, it does not appear that Inspire Action officials had performed any verification. While our testing did not identify any entities that had been suspended or debarred, we believe Inspire Action's policies and procedures could be enhanced. Therefore, we recommend that OVW coordinate with Inspire Action to enhance their policies and procedures related to verifying that entities awarded government funds are not suspended or debarred.

## **Grant Expenditures**

For Award Numbers 2015-TA-AX-K020, 2016-TA-AX-K009, and 2017-TA-AX-K028, Inspire Action's approved budgets included personnel, fringe benefits, travel, supplies, contractual and other operating costs. For Award Numbers 2016-TA-AX-K009 and 2017-TA-AX-K028, OVW also approved indirect costs. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions. According to the DOJ Grants Financial Guide, an adequate accounting system allows you to maintain documentation to support all receipts. Also, the system should require you to support accounting records with source documentation (e.g. canceled checks, paid bills).

During our analysis, we selected 85 transactions involving direct costs, contractor costs, and subrecipient costs, totaling \$151,916. We also selected 53 personnel costs transactions, totaling \$65,405 and selected 20 indirect costs totaling \$10,636. We reviewed documentation, accounting records, and performed verification testing related to grant expenditures. We selected a total of 158 transactions, totaling \$227,957, consisting of approximately 14 percent of award expenditures. Based on this testing, we recommend that OVW remedy \$72,439 in questioned costs. The following sections describe the results of that testing.

### **Direct Costs**

Of the 85 expenditures in our testing, 30 of them were direct costs categorized as Supplies, Travel, or Other.

### **Unsupported Allocation**

According to the DOJ Grants Financial Guide, where grant recipients work on multiple grant programs or cost activities, documentation must support a reasonable allocation or distribution of costs among specific activities or cost objectives. We identified one transaction, totaling \$3,039 under Award Number 2015-TA-AX-K020, five transactions, totaling \$2,745 under Award Number 2016-TA-AX-K009, and

two transactions, totaling \$1,169 under Award Number 2017-TA-AX-K028, which included expenses for multiple awards, but did not include support for a reasonable allocation of costs among awards. We consider these costs unsupported.

### **Other Unsupported Costs**

We identified one transaction, totaling \$724 under Award Number 2015-TA-AX-K020, one transaction, totaling \$224 under Award Number 2016-TA-AX-K009, and one transaction, totaling \$1,650 under Award Number 2017-TA-AX-K028 that did not include all necessary documentation including incomplete documentation for the purchase of checks and lack of receipts for travel costs. We consider these costs unsupported.

We noted that according to Inspire Action, reimbursements for travel expenses, allowable meals, per diem, or other approved costs will be made only upon the receipt of a properly approved and completed expense reimbursement form. To enable the bookkeeper to allocate expenses to the proper funding source and to record expenditures in the financial records on a timely basis, individuals must submit travel or general reimbursements forms within 60 days of completion of the travel. We identified several travel expenses that did not include the required expense reimbursement form. Therefore, we recommend that OVW coordinate with Inspire Action to ensure that travel reimbursements are not paid until all required forms are submitted and approved.

Overall, we recommend that OVW remedy \$8,602 in unsupported direct costs including \$3,039 under Award Number 2015-TA-AX-K020, \$2,745 under Award Number 2016-TA-AX-K009, and 3 transactions, totaling \$2,819 under Award Number 2017-TA-AX-K028.

### **Unallowable Costs**

We also identified costs that were either not approved in the budget or are unallowable per the DOJ Grants Financial Guide. First, we identified one transaction, totaling \$224 under Award Number 2016-TA-AX-K009 and two transactions, totaling \$1,022 under Award Number 2017-TA-AX-K028 that were not in the approved budget. This included a purchase for another computer for a Co-Executive Director, which had been approved and purchased under Award Number 2015-TA-AX-K020. We also identified unallowable travel costs including: one transaction totaling \$207 under Award Number 2016-TA-AX-K009 for gratuity and one transaction totaling \$184 under Award Number 2017-TA-AX-K028 for an extra day of travel costs. We found that Inspire Action's policies and procedures allowed for gratuity to be paid, which is non-compliance with the DOJ Grants Financial Guide, which states that tips are unallowable. Since Inspire Action's policies and procedures are not in compliance with the DOJ Grants Financial Guide, we recommend that OVW coordinate with Inspire Action to enhance its policy and procedures to ensure compliance with the DOJ Grants Financial Guide as it relates to gratuity. We also recommend that OVW remedy \$1,637 in unallowable costs including \$430 under Award Number 2016-TA-AX-K009, and \$1,207 under Award Number 2017-TA-AX-K028.

### **Contractor Costs**

According to the DOJ Grants Financial Guide, consultants can play an important role in award programs; however, as a recipient or subrecipient, a grantee must ensure that a consultant's work conforms to all



regulations governing a fair consultant selection process, reasonable rates, and specific verifiable work product.

### **Consultant Selection Process**

According to the DOJ Grants Financial Guide, recipients must conduct all procurement transactions in a manner providing full and open competition. The DOJ Grants Financial Guide also states that any arbitrary action in the procurement process is considered restrictive and should not take place.

We found in our transaction testing sample that Inspire Action used a number of consultants under the 3 awards in order to achieve grant objectives including: 7 consultants under Award Number 2015-TA-AX-K020, 6 consultants under Award Number 2016-TA-AX-K009, and 11 consultants under Award Number 2017-TA-AX-K028. According to Inspire Action's policy, when feasible and where appropriate, price and rate quotes are obtained, and analysis is made to determine the most economical and practical procurement for the Federal government. We found that Inspire Action did not document competitive selection for these consultants or were competitively selected but there were no price and rate quotes for any procurements. According to Inspire Action many of these consultants were selected based on specialized needs, timeframes, and costs, but did not provide any documentation regarding solicitation, receiving, or awarding bids.

Additionally, according to Inspire Action's policy, if a cost is associated with a service provided by a consultant entering into an agreement with Inspire Action, that consultant is required to provide a fee verification to ensure that the work paid is comparable to that paid by others for similar work. For the 16 contractors we reviewed, Inspire Action provided this form for 5 consultants. According to the DOJ Grants Financial Guide, an adequate accounting system keeps detailed accounting records and documentation to track contracts expensed against the award. The system should require support for accounting records with source documentation, including contract documents. We recommend that OVW coordinate with Inspire Action in order to develop policies and procedures that ensure all contract actions, including solicitation, collection, and selection of bids, are documented and supported.

During our review of contract agreements, we noted that Inspire Action entered into an agreement with its bookkeeper that included language to extend the contract indefinitely, until either party wished to end the contract. Additionally, annual rates would be negotiated. However, these rates were not documented. According to the DOJ Grants Financial Guide, grantees should not allow for, engage in, or facilitate noncompetitive pricing between firms or affiliated companies and also should not require unreasonable time frames for performance. The DOJ Grants Financial Guide also states that any arbitrary action in the procurement process should not take place. We believe that extending a contract for an unspecified amount of time without fixed parameters related to pay is an arbitrary action that is restrictive and not in compliance with the regulations in the DOJ Grants Financial Guide.

To ensure Inspire Action receives the most competitive pricing, we believe Inspire Action could improve its policies related to the procurement of consultants thereby ensuring greater compliance with the DOJ Grants Financial Guide's requirements related to full and open competition. Therefore, we recommend that OVW coordinate with Inspire Action to develop policies and procedures to ensure adequate competition for awarded contracts.



## Transaction Testing

Of the 85 expenditures in our testing, 54 of them were categorized as contractual.<sup>2</sup> Of these transactions we determined that 20 transactions, totaling \$31,414 did not include all necessary documentation per the DOJ Grants Financial Guide, including an agreement, time and efforts report, or verifiable work product. Specifically,

- 7 transactions, totaling \$19,480, were missing agreements
- 14 transactions, totaling \$27,814, did not have adequate detail regarding contractor time and efforts
- 10 transactions, totaling \$7,491, did not have adequate verifiable work products.<sup>3</sup>

Therefore, we consider \$3,502 under Award Number 2015-TA-AX-K020, \$10,805 under Award Number 2016-TA-AX-K009, \$17,106 under Award Number 2017-TA-AX-K028 unsupported. We recommend that OVW remedy \$31,414 in unsupported contractual costs, including \$3,502 under Award Number 2015-TA-AX-K020, \$10,805 under Award Number 2016-TA-AX-K009, \$17,106 under Award Number 2017-TA-AX-K028.

We also noted two transactions totaling \$3,193 under Award Number 2015-TA-AX-K020, one transaction totaling \$4,000 under Award Number 2016-TA-AX-K009, and four transactions, totaling \$5,200 under Award Number 2017-TA-AX-K028, that either consisted of prepayments for services, which is not allowed per the DOJ Grants Financial Guide, payments at a rate in excess of \$650 per day, or for services that should have been allocated to other awards. We determined these costs to be unallowable. Therefore, we recommend that OVW remedy the \$12,393 in unallowable contractual costs including \$3,193 under Award Number 2015-TA-AX-K020, \$4,000 under Award Number 2016-TA-AX-K009, and \$5,200 under Award Number 2017-TA-AX-K028.

Finally, we noted that many invoices did not include invoice dates or were not submitted by consultants within the terms and conditions of the agreements. For example, many of the agreements state that invoices must be submitted 60 days after service. However, consultants submitted invoices for services up to 4 months after providing the services. Consultants also submitted several months of services on one invoice. Accepting invoices not in compliance with contract terms and conditions as well as billing several months of service on one invoice creates challenges for Inspire Action to provide sufficient oversight of consultant performance. Therefore, we believe that Inspire Action could improve its controls over consultant invoicing and payment. We recommend that OVW coordinate with Inspire Action to enhance policy and procedures to ensure all required documentation is obtained and reviewed prior to paying consultant invoices and payments are made in accordance with contract terms and conditions.

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<sup>2</sup> As noted below, this includes five subrecipient transactions totaling \$18,393, under Awards Numbers 2015-TA-AX-K020 and 2017-TA-AX-K028.

<sup>3</sup> This list includes transactions that were missing multiple elements required for a fully supported consultant payment.

## Subrecipient Costs

A subaward is an award made by a pass-through entity to a subrecipient for the purpose of carrying out a portion of the work funded by the pass-through entity's Federal award. The pass-through entity may use any form of legal agreement for making a subaward, including an agreement that the pass-through entity considers a contract. During our testing we noted transactions categorized as contractual that were for an entity that Inspire Action designated as a subrecipient.

## Subrecipient Agreement

According to the DOJ Grants Financial Guide, when a pass-through entity makes an award to a subrecipient, the Federal award information and applicable compliance requirements, including applicable special conditions, must be clearly identified in the subrecipient award agreement. The pass-through entities must ensure subaward documents include the necessary information at the time of the subaward. We reviewed the two contract agreements that Inspire Action entered into with its subrecipient, one under Award Number 2015-TA-AX-K020 for \$21,913 and one under Award Number 2017-TA-AX-K028 for \$14,875. We found that the agreements did not contain the following elements that are required by the DOJ Grants Financial Guide:

- Federal Award Identification;
- Subrecipient's DUNS number;
- Federal Award Identification Number (FAIN);
- Total amount of the Federal Award;
- Federal Award Project Description;
- Catalog of Federal Domestic Assistance (CFDA) number and name;
- Indirect cost rate for the Federal award;
- Appropriate terms and conditions concerning closeout of the subaward.

Additionally, we found one subrecipient agreement included a time-phased milestone plan which the DOJ Grants Financial Guide outlines as a best practice, while the other agreement did not.

Overall, Inspire Action's subrecipient agreements do not include all necessary elements of federal award requirements. Therefore, we recommend that OVW coordinate with Inspire Action to implement policies and procedures to ensure that the Inspire Action's subrecipient agreements contain the proper elements required by the DOJ Grants Financial Guide.

## Subrecipient Monitoring and Oversight

The DOJ Grants Financial Guide states that all pass-through entities are required to monitor their subrecipients. The pass-through entity must have established written policies on subrecipient monitoring and is required to monitor the subrecipient's use of federal funds during the program period. As part of the organization's subrecipient monitoring process, it is important to develop systems, policies, and procedures to ensure reviews are conducted in accordance with award requirements, laws, and regulations. These criteria further states that when no site visit is conducted, the pass-through entity should be familiar with the subrecipient's financial operations and procedures, as well as their maintenance of current financial data such as timesheets, invoices, contracts, and general ledgers.

We reviewed Inspire Action's policy related to subrecipients and found that it did contain some oversight and monitoring procedures. However, Inspire Action officials could not provide evidence that it had completed the proper oversight activities related to its subrecipient, as required by the DOJ Grants Financial Guide. These activities are outlined in Table 3 below.

**Table 3**

### DOJ Subrecipient Monitoring Requirements

DOJ Requirement for Subrecipient Monitoring		Activity Conducted by Inspire Action
1.	Monitor the subrecipient to ensure it adheres to the terms and conditions of the award agreement.	No
2.	Assess the quality of the subrecipient's deliverables or services.	No
3.	If no site visit was conducted, then the pass-through entity should be familiar with the subrecipient's financial operations and procedures as well as maintenance of current financial data such as timesheets, invoices, contracts, and ledgers that tie back to financial reports.	No
4.	Ensure the subrecipient adhered to its single audit requirement.	No
5.	Evaluate the subrecipient's effectiveness at implementing the assigned portions of the award program.	No

Source: DOJ Grants Financial Guide

Some of the mechanisms that may be used to monitor subrecipient activities throughout the year include regular communication with subrecipients, and appropriate inquiries concerning program activities; performing subrecipient site visits to examine financial and programmatic records and observe operations; and reviewing detailed financial and program data and information submitted by the subrecipient.

We found that Inspire Action conducted a preliminary risk assessment of the subrecipient prior to entering into the agreements. Inspire Action found that the risk associated with this subrecipient was low. According to Inspire Action officials, monitoring of the subgrantee occurred through regular meetings, joint work together, and the production of drafts and final deliverables to measure compliance of the terms and conditions and adequate implementation of the agreement terms. Although Inspire Action conducted a

preliminary risk assessment and some monitoring activities, Inspire Action's oversight did not adequately meet the monitoring requirements outlined in Table 4 above.

In addition to the monitoring requirements of the DOJ Grants Financial Guide, under each subrecipient agreement, the subrecipient was required to submit monthly invoices/reports of staff time used to complete the terms and conditions of the agreement including:

- work performed during the invoice/reporting period with a brief reporting of accomplishments or details of any delays, issues, or concerns. and
- the actual cost incurred compared to each budget line item with variances explained.

We reviewed five invoices submitted by the subrecipient and none of the invoices contained this information. Therefore, Inspire Action did not ensure compliance with agreement requirements and missed an opportunity to monitor subrecipient performance.

Additionally, for the months of January and July an additional narrative report was required to be completed and submitted to Inspire Action and was to include:

- a completed Narrative Report describing all accomplishments, lessons learned emerging needs and/or themes during the reporting period and
- a completed Technical Assistance Provided spreadsheet.

We were not provided any documentation to support that the subrecipient had completed these deliverables for either agreement. Again, Inspire Action did not ensure compliance with agreement requirements and missed an opportunity to monitor subrecipient performance.

Overall, we determined that Inspire Action's oversight and monitoring of its subrecipient was inadequate. We recommend that OVW coordinate with Inspire Action to enhance existing policies and procedures to ensure that Inspire Action conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide.

### **Transaction Testing**

As noted previously, Inspire Action officials categorized the costs for subrecipients as contractual. In the accounting records, we identified 11 transactions, totaling \$19,331, under Award Number 2015-TA-AX-K020 and 6 transaction, totaling \$4,893, under Award Number 2017-TA-AX-K028 paid to the subrecipient. Of the 85 expenditures in our testing, 5 transactions, totaling \$18,393, were for subrecipient costs; 3 transactions, totaling \$16,250 from Award Number 2015-TA-AX-K020 and 2 transactions, totaling \$2,143 from Award Number 2017-TA-AX-K028.

According to both agreements, invoices must be submitted monthly, no later than 15 days following the close of the month. If no work is done during a month, a statement must be forwarded indicating no work

was conducted and no invoice will be forwarded for that month. An invoice for the final month of the contract period must be submitted no later than 20 days following completion of the work during the final month. As mentioned previously, these invoices should detail work performed and actual costs incurred compared to each budget line item. For travel expenses, the subrecipient was required to complete a Travel Expense Form and submit the completed invoice and travel reimbursement requests within 30 days of work performed and/or travel completed.

We found that none of the invoices we reviewed contained the required information or were submitted to Inspire Action within the terms of the agreement. For example, invoices lack sufficient details regarding work performed, contained multiple months of service submitted up to 4 months after services were provided, and did not include the Travel Expense Form for travel expenses. As a result of our transaction testing and lack of monitoring and oversight by Inspire Action, we determined that these transactions were unsupported. Therefore, we recommend that OVW remedy the \$18,393 in unsupported subrecipient costs, including \$16,250 from Award Number 2015-TA-AX-K020 and \$2,143 from Award Number 2017-TA-AX-K028.

## Personnel Costs

We noted in our review of the award budgets that each award approved personnel costs, including annual salaries for each Co-Executive Director of over \$120,000 between the three awards. We reviewed information in the OJP Grants Management system and noted that five other grantees that received awards from the same grant solicitation in the same states that the Inspire Action Executive Directors reside. We noted that the average director's salary reported to OVW in the other grant budgets was approximately \$107,889 which is approximately \$13,000 less than the budgeted salaries for each Inspire Action Executive Director. While, we do not make a recommendation, we wanted to note this comparison for OVW officials to consider when awarding other grants under similar solicitations.

We also traced personnel costs to timesheets and verified labor charges to accounting records for each of the pay periods were charged appropriately. We reviewed timesheets, paystubs, and accounting records related to the 6 pay periods we selected for testing. According to Inspire Action's accounting procedures, both time tracking systems of Inspire Action required employees to record each of their daily activities broken down by project (funding source) with the identification of specific activities. Once the employee has completed the recording of their time on a bi-weekly basis, they will electronically submit their timesheets, and their supervisor will review for final approval.

During our review we noted a control discrepancy related to timesheet approvals. We noted that each of Inspire Action's two Executive Directors would approve the other's timesheet. As mentioned previously, Inspire Action officials explained that their Board of Directors would review financial reports but did not approve transactions. According to the DOJ Grants Financial Guide, separation of duties is a key internal control concept that establishes procedures for certain types of financial transactions where no one person is able to execute the entire procedure alone. We believe that for proper separation of duties, a board member should be responsible to approving timesheets submitted by the Executive Directors instead of each director approving the other's timesheets. Therefore, as mentioned in the Separation of Duties section of this report, we had recommended that OVW coordinate with Inspire Action to improve their financial policies and procedures related to separation of duties for expenditures impacting other Inspire Action personnel. Other than the discrepancy related to documented approval, we did not note any other discrepancies related to the sampled pay periods in our review.

## Indirect Costs

Indirect costs are costs of an organization that are not readily assignable to a particular project, but are necessary to the operation of the organization and the performance of the project. After review of the grant budgets, we noted that the supplements for awards 2016-TA-AX-K009 and 2017-TA-AX-K028 included approval for indirect costs at the de minimis rate of 10 percent. Through our review of the award general ledgers for 2016-TA-AX-K009 and 2017-TA-AX-K028 we found that indirect costs were charged to the award starting in September and October 2019 respectively. We found that the cumulative indirect cost expenditures were less than the amount allowed based on the cumulative direct costs and approved indirect cost rates.

Rather than charging to the awards indirect costs based on a percentage of direct costs, Inspire Action charged actual costs to the awards including rent, accounting expenses, and telephone expenditures. Therefore, similar to our transaction testing, we selected a sample of 10 indirect cost transactions for each award (20 expenditures total). While the expenses were within the scope of the awards and supported by appropriate documentation, we did note that Inspire Action officials did not provide documentation pertaining to the appropriate approval of these transactions. Therefore, as mentioned previously in the Segregation of Duties section, we identified issues with approvals and made a recommendation. Finally, we noted that one consultant paid for computer repairs was paid \$123.75 per hour, which is more than the allowable \$81.25 per hour as outlined in the DOJ Grants Financial Guide. While the total amount paid over the allowable rate was immaterial, we believe Inspire Action could improve its internal controls to ensure consultants are paid within the allowable rates per the DOJ Grants Financial Guide. Therefore, we recommend that OVW coordinate with Inspire Action to develop policies and procedures to ensure that consultants are paid within the allowable rates outlined in the DOJ Grants Financial Guide.

## Budget Management and Control

According to the DOJ Grants Financial Guide, the recipient is responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for each award. Additionally, the grant recipient must initiate a Grant Adjustment Notice (GAN) for a budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total award amount.

We compared grant expenditures to the approved budgets to determine whether Inspire Action transferred funds among budget categories in excess of 10 percent. We determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent.

## Drawdowns

According to the DOJ Grants Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. As a small organization with limited funding beyond its DOJ awards, Inspire Action operated on an advance method of draws since inception in 2008. As of July 2020, Inspire Action was able to shift from an advance draw method to a reimbursement drawdown of funds. The drawdown process starts with the notification from the co-directors to the bookkeeper that expenses have been approved for reimbursement. The bookkeeper is responsible for identifying all financial transactions eligible for the drawdown including

proper funding source allocation. The bookkeeper then submits the drawdown requests. As of December 10, 2020, Inspire Action had drawn down \$450,000 for Award Number 2015-TA-AX-K020, \$382,319 for Award Number 2016-TA-AX-K009, and \$734,860 Award Number for 2017-TA-AX-K028. To assess whether Inspire Action managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records.

Since Inspire Action began drawing down funds on a reimbursement basis, we did not identify significant deficiencies related to the recipient's process for developing drawdown requests. However, we identified deficiencies and questioned costs related to compliance of individual expenditures with grant rules. We address those deficiencies in the Grant Expenditures section in this report.

## **Federal Financial Reports**

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether Inspire Action submitted accurate FFRs, we compared the four most recently submitted reports to Inspire Action's accounting records for each grant.

We found that the FFRs did not match Inspire Action's accounting records for Award Numbers 2015-TA-AX-K020, 2016-TA-AX-K009, and 2017-TA-AX-K028. However, we determined that the differences were not material and therefore do not offer a recommendation.

## Conclusion and Recommendations

As a result of our audit testing, we concluded that Inspire Action did not adhere to all of the award requirements we tested but accomplished or was making progress to accomplish the grant objectives we tested. Further, we did not identify significant issues regarding Inspire Action's management of federal financial reports. As a result of operating remotely during the COVID-19 pandemic, we noted potential future cost savings by continuing to provide certain training and technical assistance remotely. We also identified concerns with Inspire Action's progress reports, grant financial management practices, expenditures, and subrecipient oversight. As a result, we identified \$66,510 in net questioned costs. We provide 18 recommendations to Inspire Action to address these deficiencies.

We recommend that OVW:

1. Coordinate with Inspire Action to assess which individual training events should be in person or remotely in order to maximize taxpayer value.
2. Coordinate with Inspire Action to develop policies and procedures to ensure that valid and auditable source documentation is maintained to support program performance and progress reports.
3. Coordinate with Inspire Action to enhance their financial policies and procedures related to separation of duties for: (a) approval of expenditures involving Inspire Action personnel, (b) signature authority for award disbursements, and (c) signature authority for contractual obligations.
4. Coordinate with Inspire Action to enhance policies and procedures to address potential organizational conflicts of interest.
5. Coordinate with Inspire Action to enhance their policies and procedures related to verifying that entities awarded government funds are not suspended or debarred.
6. Coordinate with Inspire Action to ensure that travel reimbursements are not paid until all required forms are submitted and approved.
7. Remedy \$8,602 in unsupported direct costs including \$3,039 under Award Number 2015-TA-AX-K020, \$2,745 under Award Number 2016-TA-AX-K009, and 3 transactions, totaling \$2,819 under Award Number 2017-TA-AX-K028.
8. Coordinate with Inspire Action to enhance its policy and procedures to ensure compliance with the DOJ Grants Financial Guide as it relates to gratuity.
9. Remedy \$1,637 in unallowable direct costs including \$430 under Award Number 2016-TA-AX-K009, and \$1,207 under Award Number 2017-TA-AX-K028.



10. Coordinate with Inspire Action in order to develop policies and procedures that ensure all contract actions, including solicitation, collection, and selection of bids, are documented and supported.
11. Coordinate with Inspire Action to develop policies and procedures to ensure adequate competition for awarded contracts.
12. Remedy \$31,414 in unsupported contractual costs, including \$3,502 under Award Number 2015-TA-AX-K020, \$10,805 under Award Number 2016-TA-AX-K009, \$17,106 under Award Number 2017-TA-AX-K028.
13. Remedy the \$12,393 in unallowable contractual costs including \$3,193 under Award Number 2015-TA-AX-K020, \$4,000 under Award Number 2016-TA-AX-K009, and \$5,200 under Award Number 2017-TA-AX-K028.
14. Coordinate with Inspire Action to enhance policy and procedures to ensure all required documentation is obtained and reviewed prior to paying consultant invoices and payments are made in accordance with contract terms and conditions.
15. Coordinate with Inspire Action to implement policies and procedures to ensure that the Inspire Action's subrecipient agreements contain the proper elements required by the DOJ Grants Financial Guide.
16. Coordinate with Inspire Action to enhance existing policies and procedures to ensure that Inspire Action conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide.
17. Remedy \$18,393 in unsupported subrecipient costs, including \$16,250 from Award Number 2015-TA-AX-K020 and \$2,143 from Award Number 2017-TA-AX-K028.
18. Coordinate with Inspire Action to develop policies and procedures to ensure that consultants are paid within the allowable rates outlined in the DOJ Grants Financial Guide.

# **APPENDIX 1: Objectives, Scope, and Methodology**

## **Objectives**

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether the awardee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

## **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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This was an audit of OVW grants awarded to the Inspire Action for Social Change (Inspire Action) under the Training and Technical Assistance Initiative. OVW awarded \$450,000 for Award Number 2015-TA-AX-K020, \$400,000 for Award Number 2016-TA-AX-K009, and \$1,049,729 for Award Number 2017-TA-AX-K028, and as of December 10, 2020, had drawn down \$1,567,178 of the total funds awarded. Our audit concentrated on, but was not limited to September 28, 2015, the award date for Award Number 2015-TA-AX-K020, through June 2021, the last day of our audit work. We noted that Award Number 2015-TA-AX-K020 reached the end of its award period on September 30, 2019 and was closed as of January 27, 2020. As a result of the COVID-19 pandemic response, we performed our audit fieldwork exclusively in a remote matter.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of Inspire Action's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll, fringe benefit, and indirect charges, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The DOJ Grants Financial Guide and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System as well as Inspire Action'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 objectives. We did not evaluate the internal controls of Inspire Action for Social Change to provide assurance on its

internal control structure as a whole. Inspire Action for Social Change's management is responsible for the establishment and maintenance of internal controls in accordance with the DOJ Grants Financial Guide. Because we do not express an opinion on the Inspire Action for Social Change's internal control structure as a whole, we offer this statement solely for the information and use of the Inspire Action for Social Change and the Office on Violence Against Women.<sup>4</sup>

In planning and performing our audit, we identified the following internal control components and underlying internal control principles as significant to the audit objective(s):

Internal Control Components & Principles Significant to the Audit Objectives
<b>Control Activity Principles</b>
Management should design control activities to achieve objectives and respond to risks.
Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
Management should implement control activities through policies.
<b>Information &amp; Communication Principles</b>
Management should use quality information to achieve the entity's objectives.

We assessed the design, implementation, and operating effectiveness of these internal controls and identified deficiencies that we believe could affect the Inspire Action for Social Change's ability to effectively and efficiently operate, to correctly state financial and/or performance information, and to ensure compliance with laws and regulations. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

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<sup>4</sup> 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	Amount	Page
<b>Questioned Costs:</b>		
Unsupported Direct Costs	\$ 8,602	11
Unsupported Contractor Costs	31,414	13
Unsupported Subrecipient Costs	<u>18,393</u>	16
Unsupported Costs	\$58,409	
Unallowable Direct Costs	\$ 1,637	11
Unallowable Contractor Costs	12,393	13
Unallowable Costs	\$14,029	
<i>Gross Questioned Costs<sup>5</sup></i>	<i>\$72,438</i>	
Less Duplicate Questioned Costs <sup>6</sup>	<u>(5,928)</u>	
<b>Net Questioned Costs<sup>7</sup></b>	<b>\$66,510</b>	
<b>TOTAL DOLLAR-RELATED FINDINGS</b>	<b><u>\$66,510</u></b>	

<sup>5</sup> **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.

<sup>6</sup> Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which includes \$4,963 in contractor travel costs and \$966 in supply costs that were both unallowable and unsupported.

<sup>7</sup> Throughout this report, differences in the total amounts are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded.

## APPENDIX 3: The Office on Violence Against Women Response to the Draft Audit Report



U.S. Department of Justice

Office on Violence Against Women

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Washington, DC 20530

August 20, 2021

### MEMORANDUM

TO: David M. Sheeren  
Regional Audit Manager

FROM: Nadine M. Neufville *NMN*  
Deputy Director, Grants Development and Management

Erin Lorah *EL*  
Acting Associate Director, Grants Financial Management Unit

Rodney Samuels *RS*  
Audit Liaison/Staff Accountant

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grant Awarded to the Inspire Action for Social Change, Montana City, Montana

This memorandum is in response to your correspondence dated July 9, 2021, transmitting the above Draft Audit Report for the Inspire Action for Social Change (Inspire Action). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains 18 recommendations with \$66,510 of Questioned Costs. OVW is committed to addressing and bringing the open recommendations identified by your office to a close as quickly as possible. The following is our analysis of each recommendation.

**1. Coordinate with Inspire Action to assess which individual training events should be in person or remotely in order to maximize taxpayer value.**

Concur: OVW will work with Inspire Action to evaluate which individual training events should be in person or remotely in order to maximize taxpayer value.

The Financial Policies and Procedures provided on August 3, 2021, do not specify the necessary steps taken to determine which individual training events should be in person or remotely in order to maximize taxpayer value.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grant Awarded to the Inspire Action for Social Change, Montana City, Montana

**2. Coordinate with Inspire Action to develop policies and procedures to ensure that valid and auditable source documentation is maintained to support program performance and progress reports.**

Concur: OVW will work with Inspire Action to ensure that they update their policies and procedures to include processes that demonstrate valid and auditable source documentation is maintained to support program performance and progress reports.

The Financial Policies and Procedures provided on August 3, 2021, does not specify that Inspire Action enhanced its processes to demonstrate that valid and auditable source documentation is maintained to support program performance and progress reports.

**3. Coordinate with Inspire Action to enhance their financial policies and procedures related to separation of duties for: (a) approval of expenditures involving Inspire Action personnel, (b) signature authority for award disbursements, and (c) signature authority for contractual obligations.**

Concur: OVW will work with Inspire Action to ensure that they update their policies and procedures to include processes that demonstrate separation of duties for: (a) approval of expenditures involving Inspire Action personnel, (b) signature authority for award disbursements, and (c) signature authority for contractual obligations.

The Financial Policies and Procedures provided on August 3, 2021, does not demonstrate that Inspire Action has implemented policies and procedures that adequately address segregation of duties for (a) approval of expenditures involving Inspire Action personnel, (b) signature authority for award disbursements, and (c) signature authority for contractual obligations.

**4. Coordinate with Inspire Action to enhance policies and procedures to address potential organizational conflicts of interest.**

Concur: OVW will work with Inspire Action to ensure that they update their policies and procedures to include processes that addresses potential organizational conflicts of interest.

The Financial Policies and Procedures provided on August 3, 2021, does not adequately address that Inspire Action has implemented policies and procedures that adequately addresses potential organizational conflicts of interest.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grant Awarded to the Inspire Action for Social Change, Montana City, Montana

**5. Coordinate with Inspire Action to enhance their policies and procedures related to verifying that entities awarded government funds are not suspended or debarred.**

Concur: OVW will work with Inspire Action to ensure that they update their policies and procedures to include processes verifying that entities awarded government funds are not suspended or debarred.

The Financial Policies and Procedures provided on August 3, 2021, does not adequately address that Inspire Action has implemented policies and procedures verifying that entities awarded government funds are not suspended or debarred.

**6. Coordinate with Inspire Action to ensure that travel reimbursements are not paid until all required forms are submitted and approved.**

Concur: OVW will work with Inspire Action to ensure that they update their policies and procedures to include processes demonstrating that travel reimbursements are not paid until all required forms are submitted and approved.

The Financial Policies and Procedures provided on August 3, 2021, does not demonstrate that Inspire Action has implemented policies and procedures that adequately address travel reimbursements are not paid until all required forms are submitted and approved.

**7. Remedy \$8,602 in unsupported direct costs including \$3,039 under Award Number 2015-TA-AX-K020, \$2,745 under Award Number 2016-TA-AX-K009, and 3 transactions, totaling \$2,819 under Award Number 2017-TA-AX-K028.**

Concur: OVW will work with Inspire Action to ensure that they remedy the \$8,602 in unsupported direct costs including \$3,039 under Award Number 2015-TA-AX-K020, \$2,745 under Award Number 2016-TA-AX-K009, and 3 transactions, totaling \$2,819 under Award Number 2017-TA-AX-K028.

**8. Coordinate with Inspire Action to enhance its policy and procedures to ensure compliance with the DOJ Grants Financial Guide as it relates to gratuity.**

Concur: OVW will work with Inspire Action to ensure that they update their policies and procedures to ensure compliance with the DOJ Grants Financial Guide as it relates to gratuity.

The Financial Policies and Procedures provided on August 3, 2021, does not specify that Inspire Action enhanced its policy and procedures to ensure compliance with the DOJ Grants Financial Guide as it relates to gratuity.



MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grant Awarded to the Inspire Action for Social Change, Montana City, Montana

**9. Remedy 1,637 in unallowable direct costs including \$430 under Award Number 2016-TA-AX-K009, and \$1,207 under Award Number 2017-TA-AX-K028.**

Concur: OVW will work with Inspire Action to ensure that they remedy the \$1,637 in unallowable direct costs including \$430 under Award Number 2016-TA-AX-K009 and \$1,207 under Award Number 2017-TA-AX-K028.

**10. Coordinate with Inspire Action in order to develop policies and procedures that ensure all contract actions, including solicitation, collection, and selection of bids, are documented and supported.**

Concur: OVW will work with Inspire Action to ensure that they update their policies and procedures demonstrating all contract actions, including solicitation, collection, and selection of bids, are documented and supported.

The Financial Policies and Procedures provided on August 3, 2021, does not adequately address that Inspire Action has implemented policies and procedures addressing all contract actions, including solicitation, collection, and selection of bids, are documented and supported.

**11. Coordinate with Inspire Action to develop policies and procedures to ensure adequate competition for awarded contracts.**

Concur: OVW will work with Inspire Action to ensure that they update their policies and procedures to ensure adequate competition for awarded contracts.

The Financial Policies and Procedures provided on August 3, 2021, does not adequately address that Inspire Action has implemented policies and procedures to ensure adequate competition for awarded contracts.

**12. Remedy \$31,414 in unsupported contractual costs, including \$3,502 under Award Number 2015-TA-AX-K020, \$10,805 under Award Number 2016-TA-AX-K009, \$17,106 under Award Number 2017-TA-AX-K028.**

Concur: OVW will work with Inspire Action to ensure that they remedy the \$31,414 in unsupported contractual costs, including \$3,502 under Award Number 2015-TA-AX-K020, \$10,805 under Award Number 2016-TA-AX-K009, and \$17,106 under Award Number 2017-TA-AX-K-028.

**13. Remedy the \$12,393 in unallowable contractual costs including \$3,193 under Award Number 2015-TA-AX-K020, \$4,000 under Award Number 2016-TA-AX-K009, and \$5,200 under Award Number 2017-TA-AX-K028.**



MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grant Awarded to the Inspire Action for Social Change, Montana City, Montana

Concur: OVW will work with Inspire Action to ensure that they remedy the \$12,393 in unallowable contractual costs subrecipient costs under Award Number 2015-TA-AX-K020 and \$4,000 under Award Number 2017-TA-AX-K028, and \$5,200 under Award Number 2017-TA-AX-K-028.

**14. Coordinate with Inspire Action to enhance policy and procedures to ensure all required documentation is obtained and reviewed prior to paying consultant invoices and payments are made in accordance with contract terms and conditions.**

Concur: OVW will work with Inspire Action to ensure that they update their policies and procedures to ensure all required documentation is obtained and reviewed prior to paying consultant invoices and payments are made in accordance with contract terms and conditions.

The Financial Policies and Procedures provided on August 3, 2021, does not adequately address that Inspire Action has implemented policies and procedures to ensure all required documentation is obtained and reviewed prior to paying consultant invoices and payments are made in accordance with contract terms and conditions.

**15. Coordinate with Inspire Action to implement policies and procedures to ensure that the Inspire Action's subrecipient agreements contain the proper elements required by the DOJ Grants Financial Guide.**

Concur: OVW will work with Inspire Action to ensure that they update their policies and procedures to ensure that the Inspire Action's subrecipient agreements contain the proper elements required by the DOJ Grants Financial Guide.

The Financial Policies and Procedures provided on August 3, 2021, does not specify that Inspire Action enhanced its policy and procedures to ensure that the Inspire Action's subrecipient agreements contain the proper elements required by the DOJ Grants Financial Guide.

**16. Coordinate with Inspire Action to enhance existing policies and procedures to ensure that Inspire Action conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide.**

Concur: OVW will work with Inspire Action to ensure that they update their policies and procedures to ensure that Inspire Action conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide.

The Financial Policies and Procedures provided on August 3, 2021, does not adequately address that Inspire Action has implemented policies and procedures to ensure that Inspire Action conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grant  
Awarded to the Inspire Action for Social Change, Montana City, Montana

**17. Remedy \$18,393 in unsupported subrecipient costs, including \$16,250 from Award Number 2015-TA-AX-K020 and \$2,143 from Award Number 2017-TA-AX-K028.**

Concur: OVW will work with Inspire Action to ensure that they remedy the \$16,250 in unsupported subrecipient costs under Award Number 2015-TA-AX-K020 and \$2,143 from Award Number 2017-TA-AX-K028.

**18. Coordinate with Inspire Action to develop policies and procedures to ensure that consultants are paid within the allowable rates outlined in the DOJ Grants Financial Guide.**

Concur: OVW will work with Inspire Action to ensure that they update their policies and procedures to ensure that consultants are paid within the allowable rates outlined in the DOJ Grants Financial Guide.

The Financial Policies and Procedures provided on August 3, 2021, does not adequately address that Inspire Action has implemented policies and procedures to ensure that consultants are paid within the allowable rates outlined in the DOJ Grants Financial Guide.

We appreciate the opportunity to review and comment on the draft report. If you have any questions or require additional information, please contact Rodney Samuels at (202) 514-9820.

cc Louise M. Duhamel, Ph.D.  
Acting Director, Internal Review and Evaluation Office, Audit Liaison Group  
Justice Management Division

Julie Aldrich  
Grant Program Specialist  
Office on Violence Against Women

Mychal Sterling  
Grants Financial Analyst  
Office on Violence Against Women

Virginia Baran  
Program Manager  
Office on Violence Against Women

Thelma Bailey  
Program Assistant  
Office on Violence Against Women

## APPENDIX 4: The Inspire Action Response to the Draft Audit Report<sup>8</sup>



August 3, 2021

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Assistant Regional Audit Manager  
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Office of the Inspector General  
Denver Regional Audit Office  
1120 Lincoln Street, Suite 1500  
Denver, CO 80203

██████████  
Auditor  
Department of Justice  
Office of the Inspector General  
Denver Regional Audit Office  
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Re: Formal Response to the Draft Audit Report

Dear ██████████ and ██████████:

Thank you for the opportunity to respond to the "Draft Audit Report - Audit of the Office on Violence Against Women Cooperative Agreements Awarded to Inspire Action for Social Change." We are glad to see you were able to establish that "Inspire Action accomplished or was making progress to accomplish the grant objectives you tested and the audit did not identify significant concerns regarding Inspire Action's management of award budgets, drawdowns, and federal financial reports."

We offer the following responses to your written draft report for consideration:

In the **"Program Goals and Objectives"** section, some of the listed program goals and objectives are not an accurate reflection of the terms of the Cooperative Agreements Inspire Action for Social Change entered into with the

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<sup>8</sup> Attachments to this response were not included in this final report.



## Inspire Action for Social Change

Department of Justice, Office on Violence Against Women. We have attached a complete list of each award and the corresponding terms and conditions of these awards. We respectfully request the report contain an accurate reflection of activities Inspire Action for Social Change was funded to provide.

In response to the “**Grant Expenditures**” section, as granted during the exit conference, Inspire Action was allowed to submit additional details regarding each of the identified questioned costs for your review. Prior to submitting this formal response, Inspire Action submitted additional supporting documentation for each of the questioned costs outlined in this report. We believe the supporting documentation provided provides clear evidence of each of the questioned costs.

In response to the “**Conclusion and Recommendations**” section, Inspire Action is respectfully submitting the following responses for consideration:

1. Coordinate with Inspire Action to assess which individual training events should be in person or remotely in order to maximize taxpayer value.

Inspire Action for Social Change will continue to work cooperatively with OVW in the planning, development, and implementation of any project activity to determine the most appropriate delivery method and ensure Inspire Action can meet the terms and conditions of any federal award and meet the expectation of the cooperative agreement to enhance and expand the supervised visitation and safe exchange capacity of Justice for Families and Tribal Government Program grantees in the most efficient and effective manner possible while ensuring Inspire Action continues to be fiscally prudent in its service delivery.

2. Coordinate with Inspire Action to develop policies and procedures to ensure that valid and auditable source documentation is maintained to support program performance and progress reports.

Inspire Action respectfully wishes to challenge this finding. Inspire Action maintains valid and auditable source documentation that is used to support program performance and progress reports. Inspire Action staff

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utilizes several methods and documentation sources that are used to produce semi-annual reports. These methods include:

1. TA and training tracking spreadsheet
2. Staff timesheets with grant-coded activity logs
3. Inspire Action website analytics report
4. Video conference service activity reports
5. Staff calendars
6. Electronic project-related documents and notes
7. Inspire Action's comprehensive internal record of all training and support activities coded by each grant award
8. Event-based registrations coded by each grant award

Inspire Action utilizes and maintains each of these methods to gather the necessary and required progress reporting elements. These sources of documentation are maintained in Inspire Action's shared electronic drive and then utilized to complete the necessary elements of the semi-annual reports. In response to the OIG's suggestion, reports didn't include pertinent information, including those who received services. Inspire Action acknowledges the recipient of the TA was not included on the tally tracking form. This form only contained the information required to compile the final number for the actual report. Despite not having this detail included in the tally documentation, Inspire Action does maintain all the information regarding who received services in each of the staff calendars and electronically in a shared drive with all of the personal grantee notes taken during consultation sessions. When compiling the semi-annual reports, this level of detail is not a required element of the progress report, so it was not reproduced in the document used to make the final report tally. Inspire Action has implemented single-source tracking in its new electronic time tracking program, so this information can now be accessed in one place. Despite not needing the details of the individual who received services to complete the report, this information will now be

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## Inspire Action for Social Change

contained in the tally documentation. This new system will further improve our auditable source of documentation. Inspire Action notes that the forms initially submitted to the OIG did not have the name of the grantee receiving services. Now, moving forward, the source documentation will be maintained in one report.

In response to each of the identified concerns outlined in the draft audit report on Page 6, Table 2, Inspire Action requests consideration of the following information:

Grant	Accomplishments	Not Unsupported	Inaccurate Reporting
July 1 - December 31, 2019	2015	Number of technical assistance consultations: 10 Number of information request responses: 3  <b>Response:</b> Inspire submitted updated forms to OIG on July 30, 2021, which details who received services.	
	2016	Number of technical assistance consultations: 5  <b>Response:</b> Inspire submitted updated forms to OIG on July 30, 2021, which details who received services.	
	2017	Total national training events provided: 5	Only provided documentation to support 1 training event:  <b>Response:</b> Inspire Action respectfully wishes to challenge

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## Inspire Action for Social Change

				this finding. On July 30, 2021, Inspire Action resubmitted the documentation related to each of the five trainings to OIG for consideration.
	2017	On site visit: 1	<p>No documentation of site visit provided:</p> <p><b>Response:</b> Inspire Action respectfully wishes to challenge this finding and has submitted additional documentation on July 30, 2021, to OIG. The submitted documentation includes the site visit schedule and pre-site visit letter from Inspire Action's OVW program manager to the site.</p>	
	2017	<p>Number of technical assistance consultations: 255</p> <p>Number of information request responses: 13</p>	<p>Information was not complete and didn't include pertinent information like who received these services.</p> <p><b>Response:</b> Inspire Action has remedied the lack of source details moving forward with the introduction of an electronic reporting tracking system, which now allows Inspire Action to capture the required elements for the final tally on the actual report and details of who received those services in one report instead of multiple internal methods.</p>	
January 1, 2020-J	2016	Number of technical assistance	Information was not complete and didn't include pertinent information like who received	

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## Inspire Action for Social Change

une 30, 2020		consultations: 20 Number of information request responses: 2	these services  <b>Response:</b> Inspire Action has submitted updated forms to OIG on July 30, 2021, which includes details on who received services.	
	2016	Number of national training events provided: 3		Only provided documentation for 2 training events, the remaining was in support of the 2015 award.  <b>Response:</b> Inspire Action respectfully wishes to challenge this finding and has resubmitted documentation for the three events that were funded and specific to our 2016 award. It appears that OIG has identified a training that was provided to a grantee in New York as a deliverable of another award. If Inspire Action has correctly identified this training that OIG has tagged to support the 2015 award, it is not a correct award assignment. The training was approved, provided, and reported on under our 2016-TA-AX-K009 award. The focus of this approved training was to support this site in gaining a better understanding of the experiences of children exposed to violence in a supervised visitation setting. Due to the focus of this grantee training request on infants, children, and youth it was

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## Inspire Action for Social Change

				approved, categorized, and reported as a 2016-TA-AX-K009 deliverable. Inspire Action uploaded supporting documents to OIG on July 30, 2021, with additional clarification.
	2016	Number of training materials developed or revised: 3		Only provided related to Spanish translations of two pieces of training materials  <b>Response:</b> Inspire Action respectfully wishes to challenge this finding and has resubmitted the three products produced by Inspire Action to OIG on July 30, 2021.
	2017	Number of training events - national: 59 Number of training events - statewide: 2	Information was not complete and didn't include pertinent information like who received these services or agendas  <b>Response:</b> Inspire Action respectfully wishes to challenge this finding and has resubmitted the documentation related to the 59 national training events and two statewide events. One or more of the following forms of documentation have been made available to OIG on July 30, 2021, for review and consideration for each event: Zoom participants log with participants and/or the presentation for the event. The only exception is for Inspire	

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			<p>Action's Strategy and Support Drop-in calls. Prior to April 2020, Inspire Action no longer has access to the Zoom call logs from these calls. Inspire Action did not realize Zoom changed the amount of time a call log was available to paid subscription users and therefore lost access to this source documentation. Since learning of this new limitation with our conference service, Inspire Action has enhanced its procedure to download the call logs for each zoom event and now internally maintains each of the logs as an auditable source of documentation for those weekly Strategy and Support Drop-in calls. The additional materials for OIG consideration were provided on July 30, 2021.</p> <p>In addition, Inspire Action respectfully wishes to challenge the finding of missing agendas. Agendas would not be produced to conduct a grantee consultation.</p>	
	2017	<p>Number of technical assistance consultations: 395</p> <p>Number of information request</p>	<p>Information was not complete and didn't include pertinent information like who received these services or agendas.</p> <p><b>Response:</b> Inspire Action has</p>	

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## Inspire Action for Social Change

		responses: 37	remedied the lack of source details moving forward with the introduction of an electronic reporting tracking system, which now allows Inspire Action to capture the required elements for the final tally on the actual report and details of who received those services in one report instead of multiple methods. In addition, Inspire Action respectfully wishes to challenge the finding of missing agendas. Agendas would not be produced to conduct a grantee consultation.	
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Inspire Action will work with OVW to enhance any additional policies and procedures that will further assist Inspire Action in improving its existing valid and auditable sources of documentation.

Inspire Action also wishes to have the chart and narrative section on pages 6 & 7 of the draft report reflect any concurrence with this additional information and clarification provided to clarify this finding.

3. Coordinate with Inspire Action to enhance their financial policies and procedures related to separation of duties for: (a) approval of expenditures involving Inspire Action personnel, (b) signature authority for award disbursements, and (c) signature authority for contractual obligations.

In response to this finding, Inspire Action is submitting the following information for consideration:

(a) Inspire Action enhanced and added clarity to its financial policies

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## Inspire Action for Social Change

related to the separation of duties for approval of expenditures. The Board approved this policy enhancement on July 22, 2021.

(b) Inspire Action enhanced and added clarity to its financial policies related to the signature authority for award disbursements. The Board approved this policy enhancement on July 22, 2021.

(c) To date, there have been no instances where the bookkeeper has been designated as an executor of any contracts held by Inspire Action for Social Change and has not had an incident where this would be necessary. Inspire Action has formally removed the signature authority for contractual obligations from its policies in response to the concern of having such authority in place. The Board voted on the removal of this policy on July 22, 2021.

#### 4. Coordinate with Inspire Action to enhance policies and procedures to address potential organizational conflicts of interest.

Inspire Action would like it noted that there had been no instances of any conflict of interest by any board member of Inspire Action for Social Change. To date, there have been no instances where a board member has been compensated as a consultant to conduct work for Inspire Action. Despite not having an existing or past conflict of interest, based on the identified recommendation by OIG, Inspire Action has formally removed this policy to eliminate the possibility of compensating any Board Members for any work to avoid the possibility of any future potential conflicts of interest. The Board approved this change on July 22, 2021.

#### 5. Coordinate with Inspire Action to enhance their policies and procedures related to verifying that entities awarded government funds are not suspended or debarred.

Despite Inspire Action for Social Change not entering into any contracts with any individual or entity that have been debarred or suspended from receiving government funds, Inspire Action for Social Change has enhanced its policies and procedures related to verifying entities awarded government funds are not suspended or debarred and eliminated the

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required threshold of ensuring contractors are not debarred or suspended from receiving government funds. This change was approved by the Board on July 22, 2021.

6. Coordinate with Inspire Action to ensure that travel reimbursements are not paid until all required forms are submitted and approved.

Inspire Action respectfully wishes to challenge this finding. Inspire Action has not processed a reimbursement request without an internal reimbursement form included in such submissions. The four instances OIG identified as not having a reimbursement form included were not accurate. Inspire Action has previously provided clear documentation supporting the use of our internal reimbursement form with each submission in question. The submission of this supporting documentation was originally provided to OIG at their request in December 2020 and was again provided to OIG on July 27, 2021. Inspire Action has two internal reimbursement forms. The "Employee Reimbursement Form" and the "Employee Travel Reimbursement Form." Both of these forms are acceptable internal forms to use for reimbursement submissions. Inspire Action created and specifically utilizes the "Employee Travel Reimbursement Form" to support employees in completing their POST travel reimbursement requests. The four identified costs identified by OIG were for reimbursement of expenses employees paid for before travel occurred (e.g., airline tickets). If an employee wishes to be reimbursed for expenses incurred before travel, Inspire allows this request to be submitted using the Employee Reimbursement Form.

Inspire Action also wishes to have the narrative section on page 11 of the draft report reflect any concurrence with this additional information and clarification provided to clear this finding.

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7. Remedy \$8,602 in unsupported direct costs including \$3,039 under Award Number 2015-TA-AX-K020, \$2,745 under Award Number 2016-TA-AX-K009, and 3 transactions, totaling \$2,819 under Award Number 2017-TA-AX-K028.

During the exit conference, OIG granted permission to Inspire Action to submit additional details regarding each of the identified questioned costs for their further review. On July 27, prior to submitting this formal response, Inspire Action submitted the additional supporting documentation for each of the questioned costs outlined in this report. We believe the supporting documentation provides clear evidence of each of the questioned costs. We would hope this clears this finding and the corresponding narrative found on page 11 of these questioned costs. Should the additional documentation not result in a conclusion that there was evidence of each questioned cost, we would respectfully challenge this finding.

Inspire Action also further questions that statement made on page 11 of the draft report indicating the "lack of receipts for travel costs." Inspire Action is unaware of any identified questioned cost or instance where this would be an accurate statement.

8. Coordinate with Inspire Action to enhance its policy and procedures to ensure compliance with the DOJ Grants Financial Guide as it relates to gratuity.

Inspire Action for Social Change added clarity to its current gratuity policy to ensure federal funds are not used to reimburse employees or consultants for gratuity costs incurred while traveling. The Board approved this policy clarification on July 22, 2021.

Inspire Action will work with OVW to enhance its policy related to paying gratuity as it relates to doing business with vendors. Inspire Action recognizes some businesses may include non-negotiable surcharges, also

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known as gratuity, to their costs. Inspire Action is aware that many of these costs are non-negotiable with such businesses and automatically built into their costs. Inspire Action is working with OVW to ensure compliance with federal guidelines when such required costs are associated with doing business with some vendors.

9. Remedy 1,637 in unallowable direct costs including \$430 under Award Number 2016-TA-AX-K009, and \$1,207 under Award Number 2017-TA-AX-K028.

During the exit conference, OIG granted permission to Inspire Action to submit additional details regarding each of the identified questioned costs for review. On July 27, 2021, before submitting this formal response, Inspire Action submitted additional supporting documentation for each of the questioned costs outlined in this report to OIG. We believe this additional supporting documentation provides clear evidence of each of the questioned costs and would hope this clears this finding and the corresponding narrative section of these questioned costs. Should the additional documentation not result in a conclusion that there was evidence of each questioned cost, we would respectfully challenge this finding.

10. Coordinate with Inspire Action in order to develop policies and procedures that ensure all contract actions, including solicitation, collection, and selection of bids, are documented and supported.

Inspire Action added clarity and enhanced its current policies to ensure that bids' solicitation, collection, and selection are documented and supported. The Board approved these policy enhancements on July 22, 2021.

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11. Coordinate with Inspire Action to develop policies and procedures to ensure adequate competition for awarded contracts.

Inspire Action added clarity and enhanced its current policies to ensure adequate competition for any awarded contracts. The Board approved these policy enhancements on July 22, 2021.

12. Remedy \$31,414 in unsupported contractual costs, including \$3,502 under Award Number 2015-TA-AX-K020, \$10,805 under Award Number 2016-TA-AX-K009, \$17,106 under Award Number 2017-TA-AX-K028.

During the exit conference, OIG granted permission to Inspire Action to submit additional details regarding each of the identified questioned costs for review. On July 27, 2021, before submitting this formal response, Inspire Action submitted additional supporting documentation for each of the questioned costs outlined in this report. We believe this additional supporting documentation provides clear evidence of each of the questioned costs. We hope this clears this finding and the corresponding narrative section of these questioned costs. Should the additional documentation not result in a conclusion that there was evidence of each questioned cost, we would respectfully challenge this finding.

13. Remedy the \$12,393 in unallowable contractual costs including \$3,193 under Award Number 2015-TA-AX-K020, \$4,000 under Award Number 2016-TA-AX-K009, and \$5,200 under Award Number 2017-TA-AX-K028

During the exit conference, OIG granted permission to Inspire Action to submit additional details regarding each of the identified questioned costs for review. On July 27, 2021, prior to submitting this formal response, Inspire Action submitted additional supporting documentation for each of the questioned costs outlined in this report. We believe this additional supporting documentation provides clear evidence of each of the questioned costs. We would hope this clears this finding and the

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corresponding narrative section of these questioned costs. Should the additional documentation not result in a conclusion that there was evidence of each questioned cost, we would respectfully challenge this finding.

14. Coordinate with Inspire Action to enhance policy and procedures to ensure all required documentation is obtained and reviewed prior to paying consultant invoices and payments are made in accordance with contract terms and conditions.

Inspire Action added clarity and enhanced its current policies to ensure all required documentation is obtained and reviewed prior to paying consultant invoices and payments are made in accordance with the contract terms and conditions. Inspire Action further enhanced its consultant agreement template to support these changes. The Board approved these policy changes on July 22, 2021.

15. Coordinate with Inspire Action to implement policies and procedures to ensure that the Inspire Action's subrecipient agreements contain the proper elements required by the DOJ Grants Financial Guide.

Inspire Action for Social Change clarified the current policy regarding utilizing subrecipients and added seven identified missing elements in Inspire Action's "Subrecipient Agreement Template." The Board approved this policy clarification and the updated Subrecipient Agreement on July 22, 2021. Inspire Action is currently working with OVW to receive further guidance on adding details to support the compliance with the one additional missing element: "appropriate terms and conditions concerning closeout of the subaward." Once guidance is received from OVW on the

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details required for this element, Inspire Action will add this clarity to the current policy and "Subrecipient Agreement Template."

16. Coordinate with Inspire Action to enhance existing policies and procedures to ensure that Inspire Action conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide.

Inspire Action respectfully wishes to challenge this finding. Inspire Action has entered into a subrecipient relationship with only one organization for a period totaling 13 months in the entirety of this organization's existence. During this time-limited subrecipient relationship, Inspire Action actively worked to ensure the subaward was being used for the authorized purpose and complied with the federal program and grant requirements, laws, regulations, and the subaward performance goals were achieved. Inspire Action developed systems, policies, and procedures in compliance with the Department of Justice, Grants Financial Guide. Inspire Action followed these systems to ensure subrecipient reviews and monitoring were conducted. As indicated in the Department of Justice, Grants Financial Guide:

*"The pass-through entity should evaluate the subrecipient's risk of non-compliance with Federal statutes, regulations and terms and conditions of the subaward for purposes of determining the appropriate monitoring."*

and

*"The methods of monitoring may vary; some of the factors to be considered in determining the nature, timing, and extent of monitoring are as follows:*

- *Subrecipient's prior experience with the same or similar subawards;*
- *Results of previous audits;*

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- *Whether the subrecipient has new personnel or a new or substantially changed system;*
- *The extent and results of Federal awarding agency monitoring.”*

Inspire Action conducted a pre-award risk assessment and noted the following in our pre-award risk assessment:

- Inspire Action reviewed our internal questions for review and found no indication of risk for XXX organization (intentional omission of this organization's name).
- Inspire Action has knowledge of the following 1) XXX has experience with the same or similar work AND is a current DOJ/OVW TA grant recipient, 2) XXX has held multiple past DOJ/OVW TA awards, 3) Inspire Action co-executive directors have worked with the staff of this organization for a number of years on similar projects.
- Inspired Action staff reviewed past audit history for XXX, which revealed no findings.
- Inspire Action has been informed XXX has had no significant changes to their organization (new personnel or a new or substantially changed system.)

At the conclusion of our internal review, Inspire Action determined XXX falls into a low-risk category. Inspire Action entered into a subrecipient agreement and required XXX to attest to its compliance and sign each of the required DOJ compliance and disclosure requirements.

During the entire time-limited subrecipient agreement period, Inspire Action worked closely with XXX to ensure compliance and completion of the term and conditions of the agreement, that the deliverables were produced in accordance with the expectations of the award, and ensured the effectiveness of XXX at implementing the assigned deliverables of the agreement.

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In addition to Inspire Action's oversight and monitoring, OVW remained in close communication with Inspire Action, received regular updates on this subrecipient's progress, and reviewed the deliverables. Upon completion of the deliverables of the award, Inspire Action submitted the deliverables for review, and OVW successfully and formally approved each one.

Inspire Action denies they were negligent in their duties to effectively monitor this subrecipient to ensure the compliance and successful delivery of the agreement and award deliverables and, as detailed above, disagrees with the statement Inspire Action failed to conduct the five monitoring requirements outlined by OIG in Table 3 of the draft audit report. Inspire Action also wishes to have the narrative section on pages 13-16 of the draft report reflect any concurrence with this additional information and clarification provided to clear this finding.

17. Remedy \$18,393 in unsupported subrecipient costs, including \$16,250 from Award Number 2015-TA-AX-K020 and \$2,143 from Award Number 2017-TA-AX-K028

During the exit conference, OIG granted permission to Inspire Action to submit additional details regarding each of the identified questioned costs for review. On July 27, 2021, before submitting this formal response, Inspire Action submitted additional supporting documentation for each of the questioned costs outlined in this report. We believe this additional supporting documentation provides clear evidence of each of the questioned costs and would hope this clears this finding and the corresponding narrative section of these questioned costs. Should the additional documentation not result in a conclusion that there was evidence of each questioned cost, we would respectfully challenge this finding.

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## Inspire Action for Social Change

18. Coordinate with Inspire Action to develop policies and procedures to ensure that consultants are paid within the allowable rates outlined in the DOJ Grants Financial Guide.

Inspire Action would like it noted there had been two circumstances when a consultant was paid more than the allowable rate of \$81.25/hour. The first circumstance involved paying a computer technician \$110/hour for a total of 2.25 hours of work. This was a circumstance where Inspire Action was experiencing a serious computer malfunction and required immediate and onsite support to remedy the situation. This was the rate of the computer technician, and this rate was not negotiable. Due to the rural area Inspire Action is located in, there are very limited computer technicians available that meet the organization's service needs. OVW has been informed of the situation, and a retroactive GAM requesting approval of the costs has been submitted.

The second circumstance involved paying for simultaneous live interpreting services during virtual training sessions. The rate for this service was \$93.75/hour. Inspire Action initially received this grantee accessibility accommodation request two business days prior to the need to have this accommodation in place. Inspire Action worked quickly and diligently to ensure this accommodation could be met. Inspire Action staff secured the recommendation of this service provider by one of our OVW TA grant partners. In addition to this recommendation, Inspire Action also determined this service provider had previously been vetted, used, and recommended by other OVW funded TA providers, particularly those who focus on providing meaningful access to grantees. Inspire Action specifically had the rate reviewed by two other OVW TA providers, who verified that the rate quoted for these services was accurate and the market price for such services. Our OVW program specialist was informed of this accessibility need at the time of the grantee request and approved the need to move forward in securing the required services. A retroactive GAM has been submitted.

Inspire Action has consulted with OVW on this issue; now that JustGrants is functional, Inspire Action has submitted GAMs for retroactive approval

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of these costs. In the case of an emergency, moving forward, Inspire Action, in consultation with OVW, has established that Inspire Action will notify the Program Specialist by email as to why a request is being made without sufficient notice. Inspire Action has adapted its policy to be in alignment with this newly established practice.

Inspire Action would like to thank you for the opportunity to respond to each of the draft findings, recommendations, and questioned costs. We hope you find our corrective actions, explanations, and supporting documentation acceptable to remedy the draft findings.

Sincerely,

*Beth McNamara*

Beth McNamara  
Co-executive Director  
Inspire Action for Social Change

*Jennifer Rose*

Jennifer Rose  
Co-executive Director  
Inspire Action for Social Change

Attachments (4):

- (1) Terms of the Cooperative Agreements Under Awards  
2015-TA-AX-K020, 2016-TA-AX-K009, and 2017-TA-AX-K028
- (2) \*Inspire Action Financial Policies (Updated)
- (3) \*Inspire Action Subrecipient Agreement Template
- (4) Inspire Action Subrecipient Questionnaire & Required Forms

\*Inspire Action wishes to request the attachment not be provided in the public-facing distribution of this document.

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cc: Julie Aldrich  
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Office on Violence Against Women

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## APPENDIX 5: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Report

The OIG provided a draft of this audit report to the Office on Violence Against Women (OVW) and the Inspire Action for Social Change (Inspire Action). The OVW's response is incorporated in Appendix 3 and Inspire Action's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, the OVW concurred with our recommendations, and as a result, the status of the audit report is resolved. Inspire Action did not state whether it concurred with any of the 18 recommendations. However, in its response, Inspire Action challenged three of our findings related to three recommendations, stating that the documentation provided or processes in place were sufficient. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

### Recommendation that OVW:

1. **Coordinate with Inspire Action to assess which individual training events should be in person or remotely in order to maximize taxpayer value.**

**Resolved.** The OVW concurred with our recommendation. The OVW stated that it will work with Inspire Action to evaluate which individual training events should be in person or remotely in order to maximize taxpayer value. OVW also stated that the Financial Policies and Procedures provided by Inspire Action did not specify the necessary steps taken to determine which individual training events should be in person or remotely in order to maximize taxpayer value. As a result, this recommendation is resolved.

Inspire Action officials neither agreed or disagreed with our recommendation and stated in its response that Inspire Action would continue to work cooperatively with OVW in the planning, development and implementation of any project activity to determine the most appropriate delivery method and meet the terms and conditions of any federal award.

This recommendation can be closed when we receive evidence that OVW has coordinated with Inspire Action to assess each individual training event to determine if it should be held in person or remotely in order to maximize taxpayer value.

2. **Coordinate with Inspire Action to develop policies and procedures to ensure that valid and auditable source documentation is maintained to support program performance and progress reports.**

**Resolved.** The OVW concurred with our recommendation. The OVW stated in its response that it will work with Inspire Action to update its policies and procedures to include processes that demonstrate valid and auditable source documentation is maintained to support program performance and progress reports. OVW also stated that the Financial Policies and Procedures provided by Inspire Action did not specify that Inspire Action enhanced its processes to demonstrate that valid and auditable source documentation is maintained to support program performance and progress reports. As a result, this recommendation is resolved.

Inspire Action officials challenged our finding, stating that they do maintain valid and auditable source documentation to support program performance and progress reports. They stated that staff use several methods and documentation sources to produce the progress reports including technical assistance and training tracking spreadsheets, staff timesheets, a website analytics report, and video conference services activity reports. However, as detailed in our report, we found that these spreadsheets did not include all relevant information, such as which entity received services. Inspire Action explained in its response that it will now track details of the individual who receipted services and also introduced an electronic reporting tracking system, which now allows Inspire Action to capture the required elements for the final number of technical assistance consultations on the actual report and details of who received those services in one report instead of multiple internal methods. Also included in their response, Inspire Action officials provided revised spreadsheets and additional documentation. We still noted differences between supporting documentation and the progress report information, which, therefore, supports our conclusion that progress reports are not adequately supported. Ultimately, in its response, Inspire Action stated that it will work with OVW to enhance any additional policy and procedures that will further assist Inspire Action in improving its existing valid and auditable sources of documentation.

This recommendation can be closed when we receive evidence that OVW has coordinated with Inspire Action to develop policies and procedures that ensure that valid and auditable source documentation is maintained to support program performance and progress reports.

**3. Coordinate with Inspire Action to enhance its financial policies and procedures related to separation of duties for: (a) approval of expenditures involving Inspire Action personnel, (b) signature authority for award disbursements, and (c) signature authority for contractual obligations.**

**Resolved.** The OVW concurred with our recommendation. Inspire Action neither agreed nor disagreed with our recommendation and stated in its response that it updated its policies and procedures in response to our recommendation.

The OVW stated in its response that it will work with Inspire Action to update its policies and procedures to include separation of duties for: (a) approval of expenditures involving Inspire Action personnel, (b) signature authority for award disbursements, and (c) signature authority for contractual obligations. OVW also stated that the Financial Policies and Procedures provided by Inspire Action did not demonstrate that Inspire Action has implemented policies and procedures that adequately address segregation of duties. As a result, this recommendation is resolved.

This recommendation can be closed when we receive evidence that OVW has coordinated with Inspire Action to develop policies and procedures related to separation of duties for: (a) approval of expenditures involving Inspire Action personnel, (b) signature authority for award disbursements, and (c) signature authority for contractual obligations.

**4. Coordinate with Inspire Action to enhance policies and procedures to address potential organizational conflicts of interest.**

**Resolved.** The OVW concurred with our recommendation. Inspire Action neither agreed or disagreed with our recommendation and stated in its response that it updated its policies and procedures in response to our recommendation.

The OVW stated in its response that it will work with Inspire Action to ensure that it updates its policies and procedures to include processes that addresses potential organizational conflicts of interest. OVW also stated that the Financial Policies and Procedures provided by Inspire Action did not adequately address that Inspire Action had implemented policies and procedures that adequately addresses potential organizational conflicts of interest. As a result, this recommendation is resolved.

This recommendation can be closed when we receive evidence that OVW has coordinated with Inspire Action has to enhance policies and procedures to address potential organizational conflicts of interest.

**5. Coordinate with Inspire Action to enhance its policies and procedures related to verifying that entities awarded government funds are not suspended or debarred.**

**Resolved.** The OVW concurred with our recommendation. The OVW stated in its response that it will work with Inspire Action to update its policies and procedures to include processes verifying that entities awarded government funds are not suspended or debarred. OVW also stated that the Financial Policies and Procedures provided by Inspire Action did not adequately address that Inspire Action had implemented policies and procedures verifying that entities awarded government funds are not suspended or debarred. As a result, this recommendation is resolved.

Inspire Action neither agreed or disagreed with our recommendation and stated in its response that it updated its policies and procedures in response to our recommendation. We reviewed these policies and procedures and it requires entities which Inspire Action intends to enter into an agreement or contract to verify and provide proof that it has not been suspended or debarred from receiving government funds. We believe that this does not adequately address our recommendation because it does not address what actions Inspire Action takes to verify suspended or debarred information, only adding requirements for outside entities entering into a contract or agreement with Inspire Action. Additionally, OVW believes that these changes are not adequate, therefore, additional information is needed in order to close this recommendation.

This recommendation can be closed when we receive evidence that OVW has coordinated with Inspire Action has to enhance its policies and procedures to ensure Inspire Action officials verify that outside entities are not suspended or debarred.

6. **Coordinate with Inspire Action to ensure that travel reimbursements are not paid until all required forms are submitted and approved.**

**Resolved.** The OVW concurred with our recommendation. The OVW stated in its response that it will work with Inspire Action to update its policies and procedures to include processes demonstrating that travel reimbursements are not paid until all required forms are submitted and approved. OVW also stated that the Financial Policies and Procedures provided by Inspire Action did not demonstrate that Inspire Action had implemented policies and procedures that adequately address travel reimbursements not be paid until all required forms are submitted and approved. As a result, this recommendation is resolved.

Inspire Action officials challenged our finding, stating that they provided documentation to support the submission of reimbursement requests. After reviewing we noted that there was no signed approval for these reimbursement forms, demonstrating the travel reimbursement process was still not sufficiently completed. Additionally, OVW believes that these changes are not adequate, therefore, additional information is needed in order to close this recommendation.

This recommendation can be closed when we receive documentation indicating that policies and procedures have been put in place to ensure that travel reimbursements are not paid until all required forms are submitted and approved by appropriate Inspire Action personnel.

7. **Remedy \$8,602 in unsupported direct costs including \$3,039 under Award Number 2015-TA-AX-K020, \$2,745 under Award Number 2016-TA-AX-K009, and 3 transactions, totaling \$2,819 under Award Number 2017-TA-AX-K028.**

**Resolved.** The OVW concurred with our recommendation. The OVW stated in its response that it will work with Inspire Action to remedy the \$8,602 in unsupported direct costs including \$3,039 under Award Number 2015-TA-AX-K020, \$2,745 under Award Number 2016-TA-AX-K009, and 3 transactions, totaling \$2,819 under Award Number 2017-TA-AX-K028. As a result, this recommendation is resolved.

Inspire Action neither agreed nor disagreed with our recommendation and stated in its response that it provided additional documentation to remedy these costs. We reviewed that documentation and found that little to no new documentation from what was previously provided prior to the issuance of our draft report was submitted to properly remedy these questioned costs. Specifically, this documentation was not sufficient to support direct cost allocations to the various awards for or travel costs.

This recommendation can be closed when we receive evidence that OVW has remedied the \$8,602 in unsupported direct costs including \$3,039 under Award Number 2015-TA-AX-K020, \$2,745 under Award Number 2016-TA-AX-K009, and 3 transactions, totaling \$2,819 under Award Number 2017-TA-AX-K028.

**8. Coordinate with Inspire Action to enhance its policy and procedures to ensure compliance with the DOJ Grants Financial Guide as it relates to gratuity.**

**Resolved.** The OVW concurred with our recommendation. The OVW stated in its response that it will work with Inspire Action to update its policies and procedures to ensure compliance with the DOJ Grants Financial Guide as it relates to gratuity. OVW also stated that the Financial Policies and Procedures provided by Inspire Action did not specify that Inspire Action enhanced its policy and procedures to ensure compliance with the DOJ Grants Financial Guide as it relates to gratuity. As a result, this recommendation is resolved.

Inspire Action neither agreed nor disagreed with our recommendation and stated in its response that it updated its policies and procedures in response to our recommendation. We reviewed these policies and procedures and it requires for gratuities for miscellaneous travel costs (tips, etc.) to be paid using non-federal funds. The response also states that Inspire Action will work with OVW to enhance its policies related to paying gratuity to vendors as a cost of doing business. However, according to the DOJ Grants Financial Guide, all tips and gratuities are unallowable regardless of whether gratuities are included as a cost of doing business. As such, we believe that the updated policy and procedures does not adequately address our recommendation. Additionally, OVW believes that these changes are not adequate, therefore, additional information is needed in order to close this recommendation.

This recommendation can be closed when we receive evidence that Inspire Action has coordinated with OVW to ensure its policy and procedures to ensure compliance with the DOJ Grants Financial Guide as it relates to gratuities.

**9. Remedy \$1,637 in unallowable direct costs including \$430 under Award Number 2016-TA-AX-K009, and \$1,207 under Award Number 2017-TA-AX-K028.**

**Resolved.** The OVW concurred with our recommendation. The OVW stated in its response that it will work with Inspire Action to ensure that it remedies the \$1,637 in unallowable direct costs including \$430 under Award Number 2016-TA-AX-K009, and \$1,207 under Award Number 2017-TA-AX-K028. As a result, this recommendation is resolved.

Inspire Action neither agreed or disagreed with our recommendation and stated in its response that it provided additional documentation to remedy these costs. We reviewed the documentation and found that little to no new documentation from what was previously provided prior to the issuance of our draft report was submitted to properly remedy these questioned costs. Specifically, these expenditures were not in an approved budget or were not allowed per the DOJ Grants Financial Guide.

This recommendation can be closed when we receive evidence that OVW has remedied the \$1,637 in unallowable direct costs including \$430 under Award Number 2016-TA-AX-K009, and \$1,207 under Award Number 2017-TA-AX-K028.

**10. Coordinate with Inspire Action in order to develop policies and procedures that ensure all contract actions, including solicitation, collection, and selection of bids, are documented and supported.**

**Resolved.** The OVW concurred with our recommendation. Inspire Action neither agreed nor disagreed with our recommendation and stated in its response that it updated its policies and procedures in response to our recommendation.

The OVW stated in its response that it will work with Inspire Action to ensure that it updates its policies and procedures demonstrating all contract actions, including solicitation, collection, and selection of bids, are documented and supported. OVW also stated that the Financial Policies and Procedures provided by Inspire Action did not adequately address that Inspire Action had implemented policies and procedures addressing all contract actions, including solicitation, collection, and selection of bids, are documented and supported. As a result, this recommendation is resolved.

This recommendation can be closed when we receive evidence that OVW has coordinated with Inspire Action to develop policies and procedures that ensure all contract actions, including solicitation, collection, and selection of bids, are documented and supported.

**11. Coordinate with Inspire Action to develop policies and procedures to ensure adequate competition for awarded contracts.**

**Resolved.** The OVW concurred with our recommendation. Inspire Action neither agreed nor disagreed with our recommendation and stated in its response that it updated its policies and procedures in response to our recommendation.

The OVW stated in its response that it will work with Inspire Action to update its policies and procedures to ensure adequate competition for awarded contracts. OVW also stated that the Financial Policies and Procedures provided by Inspire Action did not adequately address that Inspire Action had implemented policies and procedures to ensure adequate competition for awarded contracts. As a result, this recommendation is resolved.

This recommendation can be closed when we receive evidence that OVW has coordinated with Inspire Action to develop policies and procedures that ensure adequate competition for awarded contracts.

**12. Remedy \$31,414 in unsupported contractual costs, including \$3,502 under Award Number 2015-TA-AX-K020, \$10,805 under Award Number 2016-TA-AX-K009, \$17,106 under Award Number 2017-TA-AX-K028.**

**Resolved.** The OVW concurred with our recommendation. The OVW stated in its response that it will work with Inspire Action to remedy the \$31,414 in unsupported contractual costs, including \$3,502 under Award Number 2015-TA-AX-K020, \$10,805 under Award Number 2016-TA-AX-K009, \$17,106 under Award Number 2017-TA-AX-K028. As a result, this recommendation is resolved.



Inspire Action neither agreed or disagreed with our recommendation and stated in its response that it provided additional documentation to remedy these costs. We reviewed the documentation and found documentation for 5 transactions totaling \$4,038 may adequately remedy our questioned costs. We will coordinate with OVW to determine whether it believes this documentation is sufficient.

This recommendation can be closed when we receive evidence that OVW has remedied the \$31,414 in unsupported contractual costs, including \$3,502 under Award Number 2015-TA-AX-K020, \$10,805 under Award Number 2016-TA-AX-K009, \$17,106 under Award Number 2017-TA-AX-K028.

**13. Remedy the \$12,393 in unallowable contractual costs including \$3,193 under Award Number 2015-TA-AX-K020, \$4,000 under Award Number 2016-TA-AX-K009, and \$5,200 under Award Number 2017-TA-AX-K028.**

**Resolved.** The OVW concurred with our recommendation. The OVW stated in its response that it will work with Inspire Action to remedy the \$12,393 in unallowable contractual costs including \$3,193 under Award Number 2015-TA-AX-K020, \$4,000 under Award Number 2016-TA-AX-K009, and \$5,200 under Award Number 2017-TA-AX-K028. As a result, this recommendation is resolved.

Inspire Action neither agreed or disagreed with our recommendation and stated in its response that it provided additional documentation to remedy these costs. We reviewed the documentation and found that little to no new documentation from prior to the issuance of our draft report was submitted that properly remedied these questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied the \$12,393 in unallowable contractual costs including \$3,193 under Award Number 2015-TA-AX-K020, \$4,000 under Award Number 2016-TA-AX-K009, and \$5,200 under Award Number 2017-TA-AX-K028.

**14. Coordinate with Inspire Action to enhance policy and procedures to ensure all required documentation is obtained and reviewed prior to paying consultant invoices and payments are made in accordance with contract terms and conditions.**

**Resolved.** The OVW concurred with our recommendation. Inspire Action neither agreed nor disagreed with our recommendation and stated in its response that it updated policies and procedures in response to our recommendation.

The OVW stated in its response that it will work with Inspire Action to update its policies and procedures to ensure all required documentation is obtained and reviewed prior to paying consultant invoices and payments are made in accordance with contract terms and conditions. OVW also stated that the Financial Policies and Procedures provided by Inspire Action did not adequately address that Inspire Action had implemented policies and procedures to ensure all required documentation is obtained and reviewed prior to paying consultant invoices and payments are made in accordance with contract terms and conditions. As a result, this recommendation is resolved.

This recommendation can be closed when we receive evidence that OVW has coordinated with Inspire Action to enhance policy and procedures to ensure all required documentation is obtained and reviewed prior to paying consultant invoices and payments are made in accordance with contract terms and conditions.

**15. Coordinate with Inspire Action to implement policies and procedures to ensure that the Inspire Action's subrecipient agreements contain the proper elements required by the DOJ Grants Financial Guide.**

**Resolved.** The OVW concurred with our recommendation. Inspire Action neither agreed nor disagreed with our recommendation and stated in its response that it updated policies and procedures in response to our recommendation.

The OVW stated in its response that it will work with Inspire Action to ensure that it updates policies and procedures to ensure that the Inspire Action's subrecipient agreements contain the proper elements required by the DOJ Grants Financial Guide. OVW also stated that the Financial Policies and Procedures provided by Inspire Action did not specify that Inspire Action had enhanced its policies and procedures to ensure that the Inspire Action's subrecipient agreements contain the proper elements required by the DOJ Grants Financial Guide. As a result, this recommendation is resolved.

This recommendation can be closed when we receive evidence that OVW has coordinated with Inspire Action to implement policies and procedures to ensure that the Inspire Action's subrecipient agreements contain the proper elements required by the DOJ Grants Financial Guide.

**16. Coordinate with Inspire Action to enhance existing policies and procedures to ensure that Inspire Action conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide.**

**Resolved.** The OVW concurred with our recommendation. The OVW stated in its response that they will work with Inspire Action to ensure that they update their policies and procedures to ensure that Inspire Action conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide. OVW also stated that the Financial Policies and Procedures provided by Inspire Action did not adequately address that Inspire Action had implemented policies and procedures to ensure that Inspire Action conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide. As a result, this recommendation is resolved.

Inspire Action officials challenged our finding, stating that they actively worked to ensure the subaward was being used for the authorized purpose and complied with the federal program and grant requirements, laws, and regulations. However, as stated in our report, Inspire Action officials provided no documentation to support the monitoring of the subrecipient, as required in the DOJ Grants Management Guide. Additionally, OVW believes that these changes are not adequate, therefore, additional information is needed in order to close this recommendation.

This recommendation can be closed when we receive evidence indicating that OVW has coordinated with Inspire Action to enhance its existing policies and procedures to ensure that it conducts adequate oversight and monitoring of its subrecipients as outlined in the DOJ Grants Financial Guide.

**17. Remedy \$18,393 in unsupported subrecipient costs, including \$16,250 from Award Number 2015-TA-AX-K020 and \$2,143 from Award Number 2017-TA-AX-K028.**

**Resolved.** The OVW concurred with our recommendation. The OVW stated in its response that it will work with Inspire Action to remedy the \$18,393 in unsupported subrecipient costs, including \$16,250 from Award Number 2015-TA-AX-K020 and \$2,143 from Award Number 2017-TA-AX-K028. As a result, this recommendation is resolved.

Inspire Action neither agreed nor disagreed with our recommendation and stated in its response that it provided additional documentation to remedy these costs. We reviewed the documentation and found that little to no new documentation from prior to the issuance of our draft report was submitted to properly remedy these questioned costs.

This recommendation can be closed when we receive evidence that OVW has remedied the \$18,393 in unsupported subrecipient costs, including \$16,250 from Award Number 2015-TA-AX-K020 and \$2,143 from Award Number 2017-TA-AX-K028.

**18. Coordinate with Inspire Action to develop policies and procedures to ensure that consultants are paid within the allowable rates outlined in the DOJ Grants Financial Guide.**

**Resolved.** The OVW concurred with our recommendation. Inspire Action neither agreed or disagreed with our recommendation and stated in its response that it updated its policies and procedures in response to our recommendation.

The OVW stated in its response that it will work with Inspire Action to ensure that it updates policies and procedures to ensure that consultants are paid within the allowable rates outlined in the DOJ Grants Financial Guide. OVW also stated that the Financial Policies and Procedures provided by Inspire Action did not adequately address that Inspire Action had implemented policies and procedures to ensure that consultants are paid within the allowable rates outlined in the DOJ Grants Financial Guide. As a result, this recommendation is resolved.

This recommendation can be closed when we receive evidence that OVW has coordinated with Inspire Action to develop policies and procedures to ensure that consultants are paid within the allowable rates outlined in the DOJ Grants Financial Guide.