



Audit of the Office on Violence Against Women
Cooperative Agreements Awarded
to Red Wind Consulting, Inc.,
Colorado Springs, Colorado

★ ★ ★

22-047

MARCH 2022

REDACTED FOR PUBLIC RELEASE

Redactions were made to the full version of this report for privacy and proprietary reasons. The redactions remove references to individuals' personal information and to brand names, and are all contained in Appendix 3.



EXECUTIVE SUMMARY

Audit of the Office on Violence Against Women Cooperative Agreements Awarded to Red Wind Consulting, Incorporated, Colorado Springs, Colorado

Objectives

The Office on Violence Against Women (OVW) awarded Red Wind Consulting, Inc. (Red Wind) four cooperative agreements totaling \$3,100,000 for the OVW's training and technical assistance initiative. The objectives of this audit were to determine whether costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the award recipient demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

As a result of our audit, we concluded that Red Wind is making adequate progress towards meeting the goals and objectives of the cooperative agreement awards. In addition, this audit did not identify significant concerns regarding Red Wind's budget management. However, we found several areas for improvement within Red Wind's financial management that would strengthen internal controls and ensure compliance with the DOJ Grants Financial Guide requirements if incorporated. Specifically, we found deficiencies with the accounting system, segregation of duties, Board of Directors' oversight, and lack of formalized policies and procedures related to performance reporting, subrecipient monitoring, indirect costs, drawdowns, and reporting information through the federal financial reports (FFRs). We also identified \$278,374 in questioned costs, including \$229,845 in unsupported excess drawdowns.

Recommendations

Our report contains 11 recommendations to OVW. We requested a response to our draft audit report from Red Wind and the OVW, which can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

The purposes of the four OVW awards we reviewed were to support OVW grantees with the training, expertise, and problem-solving strategies to meet the challenges of addressing sexual assault, domestic violence, dating violence, and stalking. The project period for the awards was from October 2015 through June 2022. As of March 20, 2021, Red Wind drew down a cumulative amount of \$2,228,640 for all the awards we reviewed.

Program Performance and Accomplishments

Based on our review, we verified that Red Wind was adequately making progress in achieving the stated goals and objectives of the awards. We noted that the COVID-19 pandemic continues to affect the programs and travel operations supported by the four awards. Red Wind requested and OVW approved no-cost extensions for all four awards to provide additional time for Red Wind to fully meet the objectives.

Financial Management

We identified concerns related to Red Wind's accounting system, segregation of duties, Board of Directors' oversight, and suspension and debarment verification. In addition, Red Wind did not have policies and procedures to ensure compliance with award requirements for performance reporting, subrecipient monitoring, indirect costs, drawdowns, and FFRs. In fact, for all 52 FFRs we reviewed, the expenditures reported did not match Red Wind's accounting records due to Red Wind's accounting system needing improvement.

Award Expenditures and Drawdowns

We tested 165 transactions and payment records for three different pay periods totaling \$129,573, and we found \$48,529 in net questioned costs. We also determined that Red Wind drew down \$229,845 more than it could support at time of the drawdowns.

Table of Contents

Introduction	4
The Award Recipient.....	1
OIG Audit Approach.....	1
Audit Results	3
Program Performance and Accomplishments.....	3
Program Goals and Objectives.....	3
Required Performance Reports.....	4
Compliance with Special Conditions.....	5
Financial Management.....	5
Red Wind Policies and Procedures.....	6
Red Wind Accounting System.....	6
Review of Prior Audits and Separation of Duties.....	6
Red Wind Board of Directors Oversight.....	7
Suspension and Debarment.....	8
Award Expenditures.....	8
Personnel Costs.....	9
Travel Costs.....	9
Supply and Operations Costs.....	10
Contractor and Subrecipient Costs.....	10
Contractor and Subrecipient Monitoring.....	11
Other Costs.....	12
Indirect Costs.....	13
Budget Management and Control.....	14
Drawdowns.....	14
Federal Financial Reports.....	15
Conclusion and Recommendations	18
APPENDIX 1: Objectives, Scope, and Methodology	20
Objectives.....	20
Scope and Methodology.....	20
Internal Controls.....	21
APPENDIX 2: Schedule of Dollar-Related Findings	22

APPENDIX 3: Red Wind's Response to the Draft Audit Report	23
APPENDIX 4: The Office on Violence Against Women's Response to the Draft Audit Report	50
APPENDIX 5: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report.....	54

Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four cooperative agreements awarded by the Office on Violence Against Women (OVW), under the training and technical assistance initiative to Red Wind Consulting, Inc. (Red Wind) in Colorado Springs, Colorado. Red Wind was awarded four cooperative agreements totaling \$3,100,000, as shown in Table 1.

Table 1

Cooperative Agreements Awarded to Red Wind

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Approved Project Extension	Award Amount
2015-TA-AX-K069	OVW	09/29/2015	10/01/2015	12/31/2021	03/31/2022	\$1,350,000
2017-TA-AX-K023	OVW	09/27/2017	10/01/2017	09/30/2021	06/30/2022	\$800,000
2018-TA-AX-K003	OVW	09/27/2018	10/01/2018	09/30/2021	12/31/2021	\$600,000
2019-TA-AX-K021	OVW	09/26/2019	10/01/2019	09/30/2021	03/31/2022	\$350,000
					Total:	\$3,100,000

Source: Office of Justice Programs Grants Management System

Funding through the OVW’s training and technical assistance initiative supports OVW grantees with the training, expertise, and problem-solving strategies they need to meet the challenges of addressing sexual assault, domestic violence, dating violence and stalking. OVW’s training and technical assistance initiative also offers in-person and online educational opportunities, peer-to-peer consultations, site visits, and tailored assistance for OVW grantees and potential grantees.

The Award Recipient

Red Wind is a nonprofit organization established in 2005. According to its website, Red Wind’s vision is to strengthen Tribal programs and Native organizations’ ability to develop and enhance local responses to domestic violence, sexual assault, and stalking.

OIG Audit Approach

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

We tested compliance with what we consider to be the most important conditions of the awards. The DOJ Grants Financial Guide, the OVW Conference Cost Guidelines, 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, interviewed Red Wind officials, and reviewed award documentation to determine whether Red Wind demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed the progress reports to determine if the required reports were accurate. Finally, we reviewed Red Wind’s compliance with the special conditions identified in the award documentation.

Program Goals and Objectives

The goals and objectives for each of the four awards include distinct deliverables, as shown in Table 2.

Table 2

Summary of Deliverables for Red Wind’s TA Program Awards

Award	Deliverable	Status
<p>2015-TA-AX-K069 Tribal Transitional Housing and Homeless Services Technical Assistance</p> 	Deliver training and technical assistance to OVW Tribal Government Program grantees and potential grantees	In Progress
	Deliver 8-10 webinars	
	Provide 8-10 on-site trainings	
	Provide at least two peer site visits	
	Host a National Tribal Transitional Housing Conference	
	Create and maintain the Tribal Transitional Housing Network	
	Create and design training materials	
	Work cooperatively with OVW on the development and implementation of this project	
<p>2017-TA-AX-K023 Tribal Children and Youth Technical Assistance</p> 	Deliver training and technical assistance to Tribal Governments Program grantees, OVW tribal grantees, partners, and subgrantees	In Progress
	Provide 10-12 webinars	
	Conduct 12-15 on-site trainings	
	Host two national trainings	
	Develop a tribal focused school-based curriculum	
	Participate in Tribal Affairs Divisions (TAD) Technical Assistance events	
	Work cooperatively with OVW on the development and implementation of this project	

2018-TA-AX-K003 Tribal Campus Technical Assistance 	Develop and implement an outreach communication plan to actively engage tribal colleges and universities	In Progress
	Produce summaries describing outreach activities, contacts made, services provided, and the recipient's progress toward assisting tribal colleges and universities in implementing holistic responses and victim services within the campus environment	
	Develop materials for and facilitate 16-18 webinars	
	Host one national sexual assault conference	
	Develop and distribute a tribal campus response manual on holistic responses to sexual assault and other related resource materials	
	Develop a strategy for the provision of an online advocacy training	
	Work cooperatively with OVW in the development and implementation of this project	
2019-TA-AX-K021 Responses for Urban Natives Technical Assistance 	Deliver training and technical assistance to OVW grantees and potential grantees	In Progress
	Hire and maintain one full-time project coordinator for the RUN-TA Project	
	Develop a tool kit to be used by tribal and non-tribal urban agencies/organizations, including during on-site technical assistance and RUN-TA Project training events	
	Conduct on-site technical assistance for six to eight urban locations	
	Provide six to eight interactive webinars	
	Host four to six RUN-TA Project training sessions	
	Work cooperatively with OVW on the development and implementation of this project	

Source: Award Documentation and OIG Analysis

To assess whether Red Wind made adequate progress towards achieving the stated goals and objectives of the awards, we interviewed Red Wind personnel and reviewed documentation on the status of each goal. The ongoing COVID-19 pandemic delayed or hindered Red Wind's ability to complete some goals, specifically those requiring in person on-site trainings and conferences. As a result, Red Wind requested and received a no cost extension for each of the four awards, as shown in Table 1. Based on our review, we found that despite the delays caused by the COVID-19 pandemic, there were no indications that Red Wind was not adequately achieving the stated goals and objectives of the awards.

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 sample of 40 performance measures, consisting of 5 performance measures from the 2 most recent reports submitted for each award. We then traced the items to supporting documentation maintained by Red Wind.

Based on our review, we determined 23 of the 40 performance measures we tested were not properly reported or supported by documentation. Specifically, we identified the following concerns related to the inaccurate or unsupported performance measures.

- For four performance measures reported, Red Wind could not provide support for the number of people trained by job category.
- For one performance measure, Red Wind only reported conducting two of the three webinars conducted during the reporting period.
- For eight performance measures reported, Red Wind could not provide adequate support for the number of Technical Assistance activities, such as consultations, referrals, and information requests.
- For 10 performance measures reported, Red Wind could not provide adequate support for the number of materials it developed and distributed.

Prior to our audit, Red Wind modified its webinar registration forms so webinar attendees now self-select their job position to better track people trained by category. However, we recommend OVW ensure Red Wind develops and implements policies and procedures for tracking and documenting performance measure data to ensure progress reports are accurate and properly supported.

Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the awards. We evaluated the special conditions for each award and selected a judgmental sample of the requirements that are significant to performance under the awards and are not addressed in another section of this report.

For Cooperative Agreement number 2018-TA-AX-K003, we selected special condition number 30, which requires Red Wind to maintain updated contact information in the Grants Management System (GMS) and submit a Grant Adjustment Notice (GAN) if the point of contact changes. For Cooperative Agreement number 2019-TA-AX-K021, we selected special condition number 40, which requires Red Wind to include a specific statement on all materials and publications resulting from award activities. Based on our sample, we did not identify any instances of Red Wind violating the two special conditions we reviewed.

Financial Management

According to the DOJ Grants Financial Guide, all award 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 Red Wind's financial management of the awards covered by this audit, we conducted interviews with financial staff, examined policy and procedures, and inspected award documents to determine whether Red Wind adequately safeguards the award funds we audited. Finally, we performed testing in the areas that were relevant for the management of the awards, as discussed throughout this report.

Red Wind Policies and Procedures

For the awards within the scope of this audit, we reviewed and used Red Wind's 2015 Operating Policies since these policies and procedures were in place and used by Red Wind officials to manage its awards.¹ Generally, we found that Red Wind's 2015 Operating Policies addressed procurements, payroll, and travel. However, as discussed in the following sections of this report, we found Red Wind did not have adequate policies and procedures to ensure basic accounting information was available to record and report on the receipt, obligation, and expenditure of all grant funding. Further, as discussed throughout this report, Red Wind's policies and procedures were not adequate to ensure compliance with essential award requirements, including performance reporting, drawdowns, travel, subrecipient monitoring, indirect costs, and Federal Financial Reports (FFRs).

Red Wind Accounting System

From May 2021 through October 2021, we attempted to obtain complete and accurate accounting records for the awards. We determined that payroll and indirect costs are not tracked in the accounting records for the awards. After several discussions, Red Wind officials went through all of the payroll and indirect supporting documentation, updated the accounting records, and provided us with the updated accounting records for the awards. However, Red Wind officials informed us that the updated accounting records are still not accurate and are missing information. Therefore, we recommend that OVW ensure that Red Wind enhances its accounting system and the accounting policies and procedures to ensure it maintains complete and accurate accounting records for the awards.

The issues related to Red Wind's accounting system, resulted in unallowable salary, excess drawdowns, and inaccurate financial reports, which are discussed in more detail in the Award Expenditures, Drawdown, and Federal Financial Reports sections of this report.

Review of Prior Audits and Separation of Duties

Non-federal entities that receive federal financial assistance are required to comply with the *Single Audit Act of 1984*, as amended. The Single Audit Act requires that recipients of federal funding above a certain threshold to obtain an annual audit of their federal expenditures. During the period covered by our audit, Red Wind was not required to have a Single Audit because its expenditures of federal funds for all awards was less than the minimum threshold of \$750,000 per fiscal year.

However, we reviewed the audits of Red Wind's Financial Statements for fiscal years (FY) 2018 and 2019, and noted that the independent auditor's statement identified material weaknesses in Red Wind's internal controls, including lack of proper Board oversight and segregation of duties.² Specifically, the audit found

¹ In March 2021, Red Wind updated its operating policies. We found that the 2021 Red Wind Operating Policies improved upon some of the separation of duties concerns identified. Specifically, the 2021 Operating Policies separate duties related to financial protocols to two other Red Wind employees and does establish other staff authorized to sign checks and prohibits any Red Wind employee to sign a check made out to themselves. Finally, these new operating policies require the Red Wind Bookkeeper to reconcile bank accounts and submit the reconciled bank statements to the Board of Directors (BOD) Treasurer for review.

² Red Wind's fiscal year is October 1 through September 30.

weaknesses related to segregation of duties in the areas of record keeping, authorizations, control over receivables, access to payment software, control over billing, and check signing.

As shown in Table 3, Red Wind responded to the report recommendations and provided specific actions it proposed for addressing the recommendations. For each action noted, we attempted to determine whether Red Wind had implemented the corrective action. We note the status of each response in Table 3.

Table 3

Status of Prior Audit Recommendations - Segregation of Duties

Response to Recommendation	Status
<ul style="list-style-type: none"> Establish separate access accounts to QuickBooks for three staff members 	Implemented
<ul style="list-style-type: none"> Establish a purchase request form so that all purchases are not going singularly through the Executive Director 	Implemented
<ul style="list-style-type: none"> Provide another staff member with debit card to be used to make purchases 	In Progress
<ul style="list-style-type: none"> Authorize another staff member with check signing authority 	In Progress
<ul style="list-style-type: none"> Perform monthly bank reconciliations and submit the reconciliations to the BOD Treasurer for review 	Implemented/Not Started

Source: Independent Audit Documentation and OIG Analysis

Red Wind Board of Directors Oversight

We also reviewed the Red Wind Board of Director's (BOD) Bylaws and interviewed three Red Wind's BOD members during the course of this audit. Although, the Red Wind BOD Bylaws outline the roles and responsibilities of the BOD officers and other members, during our interviews, we found that the BOD members were generally unaware of their responsibilities. As noted in the audit of Red Wind's Financial Statements for FYs 2018 and 2019, the independent auditor found that Red Wind had not conducted any board meetings or reviewed the accounting records during the years audited, and recommended that meetings are consistently held, and accounting records are reviewed quarterly at the very minimum.

Table 4

Status of Prior Audit Recommendations - Board of Directors Oversight

Response to Recommendation	Status
<ul style="list-style-type: none"> Develop and provide annual operating budgets to the BOD for review and approval at the end of the year. 	In Progress
<ul style="list-style-type: none"> Submit to the BOD quarterly the reviewed Financial Statements and Budget vs Actual reports; Projection of current and future funding; and In-Kind contributions report. 	Not Started/In Progress
<ul style="list-style-type: none"> The BOD will meet quarterly via Zoom and when it is appropriate to do so will hold an annual meeting/retreat to discuss our work and the work of the BOD. 	In Progress

Source: Independent Audit Documentation and OIG Analysis

In December 2021, the Executive Director provided an update to the BOD oversight recommendations. According to the Executive Director, Red Wind was in the process of drafting the operating budget and expects it to be submitted to the BOD by January 2022. The Executive Director also stated that the review of the financial statements had stalled due to the COVID-19 pandemic, but she had reached out to determine the status of the BOD review. In addition, reporting on budget vs. actual expenditures, and current and future funding projections will be included in the next operating budget submission. Further, the Executive Director stated that in January 2022, Red Wind planned to work with the BOD to schedule its first quarter meeting, and at that time would develop a schedule for future meetings.

Suspension and Debarment

The DOJ Grants Financial Guide requires that agencies establish and implement procedures to ensure that federal assistance is not awarded to entities that are prohibited from receiving Federal funds. Those procedures should include a System for Award Management (SAM) verification to ensure that none of the individuals or entities paid with award funds have been suspended or debarred. We determined that Red Wind's policies and procedures did not have specific SAM verifications. Additionally, we found that Red Wind does not utilize the SAM database to ensure that none of its new and existing employees, contractors, consultants, or vendors have been suspended or debarred. According to the Executive Director, in 2020 Red Wind started checking subrecipients in SAM, but still does not check SAM for employees or contractors.

Based on our review of Red Wind's policies and procedures, and its prior Financial Statement audits, we recommend that OVW coordinate with Red Wind to enhance its policies and procedures related to segregation of duties and include specific language regarding SAM verification of employees, subrecipients, and contractors. We also recommend that OVW coordinate with Red Wind to ensure that it updates and enforces the Board of Directors Bylaws.

Award Expenditures

For Cooperative Agreement Numbers 2015-TA-AX-K069, 2017-TA-AX-K023, 2018-TA-AX-K003, and 2019-TA-AX-K021, Red Wind's approved budgets included personnel, fringe benefits, travel, supplies, contracts, other, and 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. From October 1, 2015, through March 31, 2021, Red Wind expended \$2,024,152, or 65 percent of the \$3,100,000 awards total. Our sample included 165 transactions and 3 different pay periods totaling \$129,573, or 6 percent of the total expended award funding.³ We reviewed documentation, accounting records, and performed verification testing related to award expenditures. As a result of our testing, we recommend that OVW remedy \$48,529 in net expenditure questioned costs as discussed in the following sections and shown in Table 5 below.⁴

³ 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.

⁴ The total expenditure questioned costs of \$81,129 includes \$32,600 in costs that were questioned for more than one reason, resulting in net questioned costs of \$48,529, as show in Appendix 2 of this report.

Table 5

Red Wind Expenditure Testing Questioned Costs Summary

Expenditure Type	Unsupported Questioned Costs	Unallowable Questioned Costs	Total Questioned Costs	Duplicate Questioned Costs	Net Questioned Costs
Personnel Costs	0	\$2,963	\$2,963	0	\$2,963
Direct Costs	\$42,141	\$36,026	\$78,166	\$32,600	\$45,566
Indirect Costs	0	0	0	0	0
Total:	\$42,141	\$38,989	\$81,129	\$32,600	\$48,529

Source: OIG Analysis

Personnel Costs

According to the budget for each award, funds were approved for salaries and fringe benefit costs such as FICA and Medicare, health insurance, workers compensation, and unemployment compensation. We judgmentally selected three pay periods for payroll testing: January 16, 2016 through January 31, 2016; November 1, 2018 through November 15, 2018; and May 16, 2020 through May 31, 2020. We selected these three pay periods to ensure adequate coverage of all four awards and to reflect timekeeping procedure changes throughout the life of the awards. For each of the selected pay periods, we compared the paystubs to hours reflected on timesheets and rates approved in award budgets. We identified differences between hours paid and hours on timesheets and between rates paid and rates approved in the award budgets. We also identified two positions that were not included in specific approved award budgets, but had time charged to the awards. Additionally, as discussed previously in the Separation of Duties subsection, we determined the Executive Director signed her husband’s timesheet and he signed her timesheet in 2016. The Executive Director also approved her own timesheet in 2020. Based on our analysis, we identified \$1,966 in unallowable salaries under Cooperative Agreement Number 2015-TA-AX-K069; and \$997 in unallowable salaries under Cooperative Agreement Number 2018-TA-AX-K003. As a result, we recommend OVW remedy the total of \$2,963 in unallowable salaries charged to the awards.

Travel Costs

According to the DOJ Grants Financial Guide, travel costs must be reasonable and in accordance with the organization’s established travel policy. In absence of an established travel policy, the organization must comply with the Federal Travel Regulations. However, the DOJ awarding agency reserves the right to determine the reasonableness of an organization’s travel policy.

According to its travel policies and procedures, Red Wind will reimburse staff and consultants for travel related expenses, which are reasonably and necessarily incurred in performing services under the awards. Red Wind requires a receipt or other similar and appropriate written evidence to substantiate expenses submitted for reimbursement. These receipts or other similar and appropriate written evidence shall provide for the nature of the expense, such as lodging, meals, vehicle rental, and fuel purchases. Red Wind requires the use of the GSA published federal rate for lodging and meal per diem. Red Wind policies and procedures further state that reimbursement for local transportation, such as a shuttle service, taxi, or bus incurred by staff and consultants performing services under the awards is also reimbursable. Car rentals must be approved in advance of travel by the Executive Director and any mileage charged by Red Wind staff

and consultants using their personal vehicle is reimbursable at the current federal published rate. Any mileage for long distances in lieu of air travel must be approved in advance at a comparable rate for airfare.

Based on our review of the accounting records, we determined that Red Wind charged 557 transactions, totaling \$133,109 in staff travel and meeting costs. As a result, we judgmentally selected reviewed 28 of these transactions totaling \$12,011 for testing.

We identified 10 transactions, totaling \$2,312 in unallowable, unsupported, and erroneous travel expenditures. Specifically, we found:

- Two transactions totaling \$383 in unallowable cancelation fees charged to Cooperative Agreement Numbers 2015-TA-AX-K069 and 2017-TA-AX-K023, respectively.
- Six transactions totaling \$729 in unallowable expenditures for lodging in which Red Wind staff or consultants were reimbursed in excess of the GSA published federal rate for lodging.
- One transaction totaling \$691 for lodging for which Red Wind could not provide the required supporting documentation.
- One transaction for \$510 in lodging that Red Wind officials informed us was erroneously charged to Cooperative Agreement Number 2015-TA-AX-K069.

As a result of these findings, we recommend the OVW remedy \$1,622 in unallowable costs and \$691 in unsupported staff travel costs charged to the awards.

Supply and Operations Costs

Based on our review of the accounting records, we determined that Red Wind charged 1,392 transactions, totaling \$125,277 in supplies and operations costs. As a result, we judgmentally selected as part of our transaction testing, 62 transactions totaling \$15,342. Based on the results of our testing, there were no issues identified with the supply and operations costs.

Contractor and Subrecipient Costs

Based on our review of the accounting records, we determined that Red Wind charged 118 transactions, totaling \$89,590 in contractor and subrecipient costs. As part of our transaction testing, we judgmentally selected 37 transactions totaling \$48,451. Red Wind charged several different contractor expenses to the awards, including contractor fees, subrecipient fees, and contractor and subrecipient travel. During our testing we noted transactions categorized as contractual that Red Wind designated as subrecipients. In total, we identified \$40,850 in unsupported and \$32,405 in unallowable contractor and subrecipient questioned costs, including:

- \$40,850 in unsupported contractor and subrecipient expenditures for which Red Wind did provide the required time and effort reports, performance/progress reports, monthly invoices or other

supporting documentation to determine whether payments made to contractors or subrecipients were allowable, supported, and properly allocated in compliance with award requirements.

- \$32,030 in unallowable contractor and subrecipient expenditures that were not included in the award budgets or that were in excess of budgeted amounts.
- \$375 in unallowable cancellation fees.

We also found Red Wind paid \$400 to a contractor to speak at an event. Red Wind classified this expense as a contract, but there was not an associated contract for the contractor. In addition, based on the invoice Red Wind provided to support this expenditure, the contractor spoke for less than an hour and was paid nearly five times the allowable \$81.25 per hour amount as outlined in the DOJ Financial Guide. We did not take exception to this expense because we believe that the contractor was paid for additional preparation time and travel. However, as previously discussed, Red Wind should ensure it retains proper records to support its expenses such as a detailed contract or invoice.

As a result of these findings, we recommend the OVW remedy \$40,850 in unsupported and \$32,405 in unallowable contractor and subrecipient questioned costs charged to the awards.

Contractor and Subrecipient Monitoring

According to the DOJ Grants Financial Guide, time and effort reports are required for contractors, and direct recipients and subrecipients are obligated to adequately account for, track, or support transactions such as personnel costs, contracts, indirect cost rates, matching funds, program income, or other sources of revenue. The DOJ Grants Financial Guide also states that the pass-through entities must review financial and performance reports submitted by the subrecipient and the pass-through entity should require performance/progress reports and supporting documentation with monthly invoices. The performance reports should discuss: (1) milestones achieved/to be achieved, (2) any significant problem, issues, or concerns, (3) timely accomplishments and delays, and (3) actual cost incurred compared to each budget line item with variances explained.

In addition, the pass-through entity must have established written policies on subrecipient monitoring, as described in 2 C.F.R. § 200.331. 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. This criterion 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. The DOJ Grants Financial Guide also explains that 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.

As previously mentioned, Red Wind does not require time and effort reports, performance/progress reports, or monthly invoices from its contractors or subrecipients. According to the Red Wind Executive Director, the contractors Red Wind works with have been chosen based on their understanding/experience of tribal issues, and subject matter expertise and are approved by OVW. In addition, we found Red Wind does not document the contract or subrecipient procurement process. We reviewed all the contracts and subrecipient contracts awarded under each cooperative agreement and determined that 19 of the 33 contractors and subrecipients were paid more than the budget/contract allowed. We also found that there were no formal subrecipient monitoring policies and procedures, there were no on-site visits conducted of subrecipients, and Red Wind did not ensure that the required audits were performed, nor did they become familiar with the financial operations of each subrecipient.

Overall, we determined that there is no formal written contracting or subrecipient policies or procedures other than the resulting contracts nor are there any monitoring policies and procedures. In addition, we determined that Red Wind's segregation of duties for contracting and subrecipients are not adequate and most of the process falls on the Executive Director, which increases the risk of fraud, waste, and abuse. Therefore, we recommend that OVW require Red Wind to develop and implement formal written policies and procedures to ensure that Red Wind's contractor and subrecipient agreements contain the proper elements and Red Wind conducts adequate oversight and monitoring of its contractors and subrecipients as outlined in the DOJ Grants Financial Guide.

Other Costs

Based on our review of the accounting records, we determined that Red Wind charged 1,330 transactions, totaling \$125,444 in other direct costs. The other direct costs consist of business expenses, communications, facilities and equipment, office lease, program activities, and other transactions. We judgmentally selected 38 other direct transactions totaling \$20,911. Overall, we noted eight transactions, totaling \$1,999 related to unallowable, unsupported, and erroneous other direct costs. Specifically, we found

- Six transactions, totaling \$2,758 in which we identified \$1,288 in unallowable excess office lease expenditures charged to the awards.
- One transaction totaling \$600 related to the fee for purchasing resource booth at a convention. We are questioning this transaction both as unsupported and unallowable. From the documentation provided, this was a virtual conference and there was no evidence that Red Wind participated in or had a booth at the conference. Additionally, we also consider this expenditure as unallowable due to the fact it was not in the budget.
- One transaction totaling \$111 related to storage space which was erroneously charged to Cooperative Agreement Number 2018-TA-AX-K003.

As a result of these findings, we recommend the OVW remedy \$1,999 in unallowable and \$600 in unsupported costs charged to the awards.

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. According to the DOJ Grants Financial Guide, recipients that have never had an approved Federal indirect cost rate may either negotiate an indirect cost rate with their cognizant Federal agency or elect to charge a de minimis rate of 10 percent of modified total direct costs. Red Wind officials elected to charge the de minimis rate of 10 percent of modified total direct costs as its basis for calculating its indirect costs.

According to the DOJ Grants Financial Guide, an adequate accounting system should collect and report financial data for planning, controlling, measuring, and evaluating direct and indirect costs. However, as stated previously, Red Wind officials did not track indirect costs per award and did not record indirect costs in its accounting system. Instead, Red Wind officials explained that the indirect cost amounts and the basis used to calculate those amounts were calculated on hard copy drawdown documentation for each award. After several discussions with Red Wind officials regarding the indirect cost amounts charged to the awards, Red Wind officials began going through the hard copy records and adjusting their accounting records to document and account for the indirect costs charged to each award. Ultimately, Red Wind officials provided us with updated accounting records that included the indirect cost amounts.

As shown in Table 6, in order to obtain an overall understanding of indirect costs charged to each award, we reviewed the indirect cost amounts charged each year for each award and in total. Based on our analysis for all awards as of March 31, 2021, with the exception of Cooperative Agreement Number 2015-TA-AX-K069, we determined that the total indirect cost amounts exceeded the allowable 10 percent limit.

Table 6

Verification of Total Indirect Costs for All Awards as of March 31, 2021

Expenditure Type	2015-TA-AX-K069	2017-TA-AX-K023	2018-TA-AX-K003	2019-TA-AX-K021
Indirect Expenses	\$65,094	\$42,315	\$45,865	\$15,350
Allowable Indirect	\$97,226	\$40,973	\$32,834	\$13,805
Excess Indirect %	(3.30%)	0.33%	3.97%	1.12%
Overclaimed Indirect:	\$0	\$1,342	\$13,031	\$1,545

Source: OIG Analysis

We discussed our findings with Red Wind officials and found Red Wind does not have formal policies and procedures for tracking and accounting for indirect costs, and Red Wind officials believe that there may still be some indirect costs that it has not accounted for. As a result, we recommend that OVV ensure that Red Wind develop and implement policies and procedures to properly account for the indirect costs charged, including the basis used to calculate those amounts. Additionally, Red Wind and OVV should monitor the indirect costs charged to the awards to ensure that Red Wind does not exceed the de minimis rate of 10 percent for indirect costs at the conclusion of the award.

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 Award Modification 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 award expenditures to the approved budgets to determine whether Red Wind 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

As previously stated, 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 more funds than federal expenditures, the unused funds must be returned to the awarding agency. Red Wind's 2015 Operating Policies that were effective between 2015 and March 2021 includes some policies and procedures related to the roles and responsibilities for performing drawdowns, as well as a discussion outlining the difference between reimbursements and advances. However, those policies and procedures were removed in Red Wind's 2021 Operating Policies, effective March 2021, and the revised document does not include any specific policies or procedures related to drawdowns. To assess whether Red Wind managed award receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. Table 7 shows the total amount drawn down for each award as of March 20, 2021.

Table 7

Amount Drawn Down for Each Award as of March 20, 2021

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
2015-TA-AX-K069	\$1,350,000	03/31/2022	\$1,114,582	\$235,418
2017-TA-AX-K023	\$800,000	06/30/2022	\$462,765	\$337,235
2018-TA-AX-K003	\$600,000	12/31/2021	\$484,207	\$115,793
2019-TA-AX-K021	\$350,000	03/31/2022	\$167,087	\$182,913
Total:	\$3,100,000		\$2,228,640	\$871,360

Source: JustGrants and OIG Analysis

We found significant deficiencies related to Red Wind's drawdown requests. First, as noted in the previous section on Grant Expenditures, we identified questioned costs during our testing of individual expenditures charged to the awards. Additionally, we determined Red Wind did not limit its drawdowns to the minimum funds needed for disbursements or reimbursements to be made immediately or within 10 days as required by the DOJ Grants Financial Guide. During our review of Red Wind's drawdowns, we determined seven of the eight sampled individual drawdowns did not reconcile to the expenditures in the accounting system. Additionally, the cumulative amounts drawn down through March 20, 2021, on each of the awards exceeded

the expenditures recorded in the accounting system for the same time period. Table 8 shows the difference between the amount drawn down and the expenditures recorded in the accounting system as of March 20, 2021.

Table 8

Drawdowns and Expenditures for Each Award as of March 20, 2021

Award Number	Amount Drawn Down	Expenditures per Accounting Records	Excess Funds Drawn Down
2015-TA-AX-K069	\$1,114,582	\$1,035,933	\$78,649
2017-TA-AX-K023	\$462,765	\$446,747	\$16,017
2018-TA-AX-K003	\$484,207	\$368,099	\$116,108
2019-TA-AX-K021	\$167,087	\$148,016	\$19,071
Total:	\$2,228,640	\$1,998,795	\$229,845

Source: JustGrants and OIG Analysis

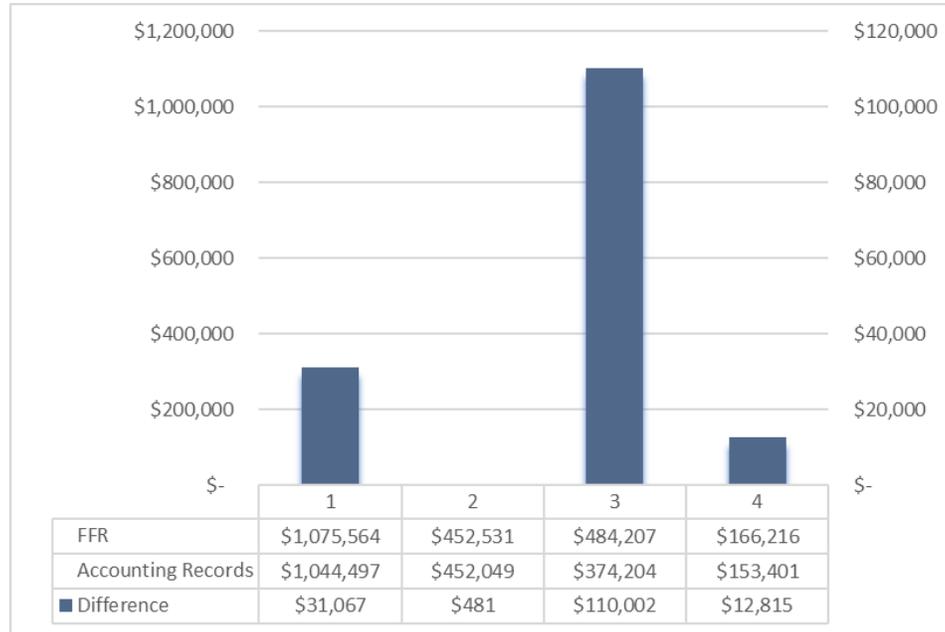
Red Wind officials stated that some of the difference could be due to an amount deducted from each drawdown for taxes. However, Red Wind did not provide enough information to determine if or what the effect would be. As discussed in previous sections, we believe Red Wind's accounting system to be inadequate as it does not include all expenditures which we believe contributed to the differences between drawdowns and expenditures. As a result of the concerns we identified, we recommend that OVW ensure that Red Wind implement policies and procedures documenting its drawdown process. Additionally, we recommend that OVW remedy the unsupported costs of \$229,845 for excess funds drawn down through March 20, 2021.

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 Red Wind submitted accurate FFRs, we first compared the four most recent reports to Red Wind's accounting records for each award. However, after finding errors and discrepancies between the GMS and JustGrants FFR data and finding that indirect expenses were originally not included in the accounting detail, we expanded the FFR review to include all 52 FFRs submitted for all awards.

Figure

Federal Financial Report Accuracy



Source: OIG Analysis

We found that Red Wind overreported the FFRs by \$154,366 when compared to Red Wind’s accounting records for each award, as shown in the Figure above.⁵ Specifically, the quarterly and cumulative expenditures reported did not equal the accounting records for any of the reports. The Red Wind Executive Director provided a document that was sent to OVW detailing a reporting error within FFR Report 5 for Cooperative Agreement Number 2015-TA-AX-K069.⁶ We discussed these differences with Red Wind officials, although Red Wind officials could not specifically identify the cause of the differences but speculated that the differences could be due to not all indirect costs were included, the fringe benefit amounts being incorrect, not broken down by award, or not included previously.

As discussed in previous sections, the DOJ Grants Financial Guide states that an adequate accounting system must support financial reporting that is accurate, current, complete, and compliant with all financial reporting requirements of the award or subaward. We found that Red Wind’s accounting system to be inadequate as it does not include all expenditures which we believe contributed to the submission of inaccurate FFR reports. We also found that Red Wind’s policies for financial management did not include written procedures for preparing and completing the required FFRs. Specifically, we found that the Red Wind Executive Director handles all financial aspects of the awards including completing the FFRs. In our judgment, the lack of formal written FFR policies and procedures increases the risk that completing and submitting FFRs may not be performed consistently or accurately if staffing or other changes take place.

⁵ During our review, we also found that the FFRs did not identify any program income for any award.

⁶ The amounts within the figure above reflect the error corrected, but the updated FFRs were never resubmitted.

Therefore, we recommend that OWW work with Red Wind to develop formal written FFR policies and procedures to ensure accurate FFRs are submitted. In addition, we recommend that OWW require Red Wind to correct and resubmit, as necessary, any inaccurate FFRs for awards that are still ongoing.

Conclusion and Recommendations

As a result of our audit testing, we conclude that Red Wind demonstrated adequate progress towards achieving the awards' stated goals and objectives. Further, we did not identify significant issues regarding Red Wind's management of the award budgets. However, we found several areas for improvement within Red Wind's financial management to incorporate stronger internal controls. Specifically, we found deficiencies with the accounting system, segregation of duties, BOD oversight, and lack of formalized policies and procedures related to performance reporting, subrecipient monitoring, indirect, drawdowns, and reporting information through the FFRs. We also identified concerns with Red Wind's expenditures, contractor and subrecipient monitoring, drawdowns, and FFRs. As a result, we identified \$278,374 in net questioned costs. We provide 11 recommendations to Red Wind to address these deficiencies.

We recommend that OVW:

1. Ensure Red Wind develops and implements policies and procedures for tracking and documenting performance measure data to ensure progress reports are accurate and properly supported.
2. Ensure that Red Wind enhances its accounting system and the accounting policies and procedures to ensure that it maintains complete and accurate accounting records for the awards.
3. Coordinate with Red Wind to enhance its policies and procedures related to segregation of duties and include specific language regarding SAM verification of employees, subrecipients, and contractors.
4. Ensure Red Wind updates and enforces the BOD Bylaws.
5. Remedy \$81,129 in expenditure questioned costs, including:
 - a. \$2,963 in unallowable salary costs.
 - b. \$691 in unsupported and \$1,622 in unallowable expenditures related to staff travel costs.
 - c. \$40,850 in unsupported and \$32,405 in unallowable contractor and subrecipient questioned costs.
 - d. \$600 in unsupported and \$1,999 in unallowable other direct questioned costs.
6. Require Red Wind to develop and implement formal written policies and procedures to ensure that Red Wind's contractor and subrecipient agreements contain the proper elements and Red Wind conducts adequate oversight and monitoring of its contractors and subrecipients as outlined in the DOJ Grants Financial Guide.

7. Ensure that Red Wind develop and implement policies and procedures to properly account for the indirect costs charged, including the basis used to calculate those amounts.
8. Ensure that Red Wind implement policies and procedures documenting its drawdown process.
9. Remedy the \$229,845 of unsupported costs for excess funds drawn down through March 20, 2021.
10. Work with Red Wind to develop formal written FFR policies and procedures to ensure accurate FFRs are submitted.
11. Require Red Wind to correct and resubmit, as necessary, any inaccurate FFRs for awards that are still ongoing.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the award recipient demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of award 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 cooperative agreements awarded to Red Wind under the OVW technical assistance program. OVW awarded \$1,350,000 for 2015-TA-AX-K069, \$800,000 for 2017-TA-AX-K023, \$600,000 for 2018-TA-AX-K003, and \$350,000 for 2019-TA-AX-K021, and as of March 20, 2021, had drawn down \$2,228,640 of the total funds awarded. Our audit concentrated on, but was not limited to October 2015, the award date for 2015-TA-AX-K069, through November 2021, the last day of our audit work. The COVID-19 pandemic along with an inability to complete any travel activities adversely affected Red Wind's ability to complete award deliverables and in September 2021, Red Wind was approved for no-cost extensions for all awards. In addition, as a result of the COVID-19 pandemic response, we performed our audit fieldwork exclusively in a remote manner.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of Red Wind's activities related to the audited awards. We performed sample-based audit testing for award 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 awards 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 and JustGrants as well as Red Wind'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 Red Wind to provide assurance on its internal control structure as a whole. Red Wind's management is responsible for the establishment and maintenance of internal controls in accordance with 2 C.F.R. § 200. Because we do not express an opinion on the Red Wind's internal control structure as a whole, we offer this statement solely for the information and use of Red Wind and OVW.⁷

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

Internal Control Components & Principles Significant to the Audit Objectives
Control Activity Principles
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.
Information & Communication Principles
Management should use quality information to achieve the entity's objectives.

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

⁷ 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	2015-TA-AX- K069	2017-TA-AX- K023	2018-TA-AX- K003	2019-TA-AX- K021	Amount	Page
Questioned Costs:						
Unallowable Salary Expense	\$1,966	\$ -	\$997	\$ -	\$2,963	10
Unallowable Travel Costs	791	264	81	486	1,622	11
Unallowable Contractor/ Subrecipient Costs	980	1,800	29,250	375	32,405	12
Unallowable Other Costs	<u>331</u>	<u>-</u>	<u>1,090</u>	<u>578</u>	<u>1,999</u>	13
Unallowable Costs	\$4,068	\$2,064	\$31,418	\$1,439	\$38,989	
Unsupported Travel Costs	\$691	\$ -	\$ -	\$ -	\$691	11
Unsupported Contractor/ Subrecipient Costs	5,150	6,450	29,250	-	40,850	12
Unsupported Other Costs	-	-	600	-	600	13
Excess Drawdowns	<u>78,649</u>	<u>16,017</u>	<u>116,108</u>	<u>19,071</u>	<u>229,845</u>	16
Unsupported Costs	\$84,490	\$22,467	\$145,958	\$19,071	\$217,986	
<i>Gross Questioned Costs⁸</i>	<i>\$88,558</i>	<i>\$24,531</i>	<i>\$177,375</i>	<i>\$20,510</i>	<i>\$310,974</i>	
Less Duplicate Questioned Costs ⁹	<u>(950)</u>	<u>(1,800)</u>	<u>(29,850)</u>	-	<u>(32,600)</u>	
Net Questioned Costs	\$87,608	\$22,731	\$147,525	\$20,510	\$278,374	
TOTAL DOLLAR-RELATED FINDINGS					<u>\$278,374</u>	

⁸ **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.

⁹ Some costs were questioned for more than one reason. The total expenditure questioned costs identified during this audit were \$81,129 (total questioned costs of \$310,974 less excess drawdowns costs of \$229,845). However, the net expenditure questioned costs of \$48,529 do not include any duplicate questioned cost amounts related to \$32,000 in contractor/subrecipient costs and \$600 in other costs that were questioned as both unsupported and unallowable. In order for these costs to be remedied, both reasons for questioning these costs will need to be addressed.

APPENDIX 3: Red Wind's Response to the Draft Audit Report



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

Re: AUDIT OF THE OFFICE OF JUSTICE PROGRAMS AND OFFICE ON VIOLENCE AGAINST WOMEN COOPERATIVE AGREEMENTS AWARDED TO RED WIND CONSULTING, INC., COLORADO SPRINGS, COLORADO.

Introduction:

Red Wind Consulting, Inc., is a 501 (C)(3) nonprofit organization created in August 2005 in response to the increasing needs of Tribal and Native specific programs to develop Indigenous responses to domestic violence, sexual assault, dating violence, and stalking. Red Wind Consulting is committed to working with Tribal and Native specific programs to ensure that Indigenous solutions are incorporated in our thinking and responses to end violence against Native survivors.

Since 2005, Red Wind has participated in several grant programs including the Office of Violence Against Women, State funders, and several Foundational funders. With each grant and cooperative agreement awarded, Red Wind intends to adhere to all grant financial and programmatic requirements as each award requires, as well as adhering to local, state, and federal laws. Red Wind has continually improved upon, implemented, and executed best practices to the best of our ability.

Red Wind was awarded four cooperative agreements from the Office of Violence Against Women within the Technical Assistance Initiative in which Red Wind Consulting Incorporated agreed to provide targeted technical assistance to grantees and targeted audiences. Some grantees are also funded under the Tribal Governments Grant Program.

2015-TA-AX-K069: Tribal Transitional Housing and Homeless Services for American Indian and Alaska Native Survivors Awarded September 29th, 2015.
Red Wind helps grantees with policy/protocol development, putting in place operational structures, basic advocacy skills and developing strategies to different circumstances that occur. Activities include one-to-one consultation, resource identification, and problem solving via phone or video conference (as requested); webinars; onsite transitional housing or emergency shelter facilitated meetings/Work Sessions; peer site visits for tribal programs to visit existing programs and learn from their work; and a bi-annual National Tribal Transitional Housing and Emergency Shelter Conference.

2017-TA-AX-K023: Children and Youth Technical Assistance Awarded September 27th, 2017.
Red Wind provides technical assistance and training to assist grantees in working with Children and Youth by: providing a framework for providing advocacy responses to children and youth exposed to violence and youth victims; conducting education and outreach; building meaningful responses that build on protective factors and systems engagement; developing and enhancing responses to teens and tweens; and responding in ways to protect the bond between the non-offending parent and strengthening a child's resiliency.

2018-TA-AX-K003: Tribal College Campus Technical Assistance Awarded September 27th, 2018.



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

Red Wind provides training and technical assistance to all tribal colleges and universities developing and/or implementing a holistic response to sexual assault. Our technical assistance includes: 1-to-1 assistance tailored to the needs of the tribal campus; national sexual assault conference for Tribal colleges and universities; webinars covering relevant topics; on-site visits providing planning, developing strategies, assisting with developing holistic and culturally specific sexual assault response on campus; and development of materials to support the Tribal Campus work.

2019-TA-AX-K021: Improving Responses for American Indian and Alaska Native Populations Residing in Urban Locations Awarded September 27th, 2018.

Red Wind provides training and technical assistance on improving victim services and justice responses for American Indian and Alaska Native populations residing within urban areas with a focus on addressing the unique challenges experienced by Native victims and improving coordination and service provision between both non-tribal and tribal organizations. Red Wind provides customized training and technical assistance: 1-to-1 assistance tailored to the needs of an urban program; facilitated work sessions; assistance providing planning, developing strategies, and growing program's culturally centered response for urban Native victims of domestic violence, sexual violence, dating violence and stalking; and development of materials to support the urban Native response.

Please find our response to the audit findings below.



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

Program Goals and Objectives:

To assess whether Red Wind made adequate progress towards achieving the stated goals and objectives of the awards, we interviewed Red Wind personnel and reviewed documentation on the status of each goal. The ongoing COVID-19 pandemic has delayed or hindered Red Wind's ability to complete some goals, specifically those requiring in person on-site trainings and conferences. As a result, Red Wind requested and was granted a no cost extension for each of the four awards, as shown in Table 1. Based on our review, we found that despite the delays caused by the COVID-19 pandemic, there were no indications that Red Wind was not adequately achieving the stated goals and objectives of the awards.

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 sample of 40 performance measures, consisting of 5 performance measures from the 2 most recent reports submitted for each award. We then traced the items to supporting documentation maintained by Red Wind.

Based on our review, we determined 23 of the 40 performance measures we tested, were not properly reported or supported by documentation. Specifically, we identified the following concerns related to the inaccurate or unsupported performance measures.

- For four performance measures reported, Red Wind could not provide support for the number of people trained by job category.
- For one performance measure, Red Wind only reported conducting two of the three webinars conducted during the reporting period.
- For eight performance measures reported, Red Wind could not provide adequate support for the number of Technical Assistance activities, such as consultations, referrals, and information requests.
- For 10 performance measures reported, Red Wind could not provide adequate support for the number of materials it developed and distributed.

Prior to our audit, Red Wind began including a space for webinar attendees to self-select their job position. However, we recommend OVW ensure Red Wind develops and implements policies and procedures for tracking and documenting performance measure data to ensure progress reports are accurate and properly supported.

Red Wind agrees with OIG on the importance of accurate data collection, retention, and reporting. In response to the findings above, Red Wind has planned, built new policy and protocol, and implemented new practices since the beginning of the OIG audit in 2021:

- *Red Wind has implemented adding self-reporting job titles that match required reporting selections within all training, webinar, and conference registrations. This*



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

data is stored individually per each activity and collated for the six-month reporting period for each grant.

- *Red Wind has improved its tracking and retention systems for webinars that are accessible to the entire programmatic technical assistance team across all grants. This new system will eliminate any communication errors as staff are building and reviewing reports before submission.*
- *Red Wind has consulted with VAWA MEI for technical assistance regarding reporting and best practices in defining technical assistance activities such as consultations, referrals, and information requests. Red Wind has a collaborative triage like response built for all incoming TA requests and contact following the request. We believed to be tracking it appropriately, however confusion became clearer during the explanation of data to the OIG. The guidance and information helped Red Wind create an understanding across our technical assistance grants for more accurate data tracking regarding activities within our request triage system.*
- *Since the switch to Just Grants and the COVID-19 complications of going fully remote, Red Wind has built and implemented a new system to track materials distributed both in person and electronically to improve data. This new system is across all grants and is tracked similarly, with the intention that all grants have the most accurate and reliable source documentation for reporting. There are still significant issues with collecting materials developed and approved that were not imported over during the Just Grants switch.*

Compliance with Special Conditions:

Special conditions are the terms and conditions that are included with the awards. We reviewed the special conditions for each award and selected a judgmental sample of the requirements that are significant to performance under the awards and are not addressed in another section of this report.

For Cooperative Agreement number 2018-TA-AX-K003, we selected special condition number 30, which requires Red Wind to maintain updated contact information in the Grants Management System (GMS) and submit a Grant Adjustment Notice (GAN) if the point of contact changes.

For Cooperative Agreement number 2019-TA-AX-K021, we selected special condition number 40, which requires Red Wind to include a specific statement on all materials and publications resulting from award activities. *Based on our sample, we did not identify any instances of Red Wind violating the two special conditions we reviewed.*

Red Wind Policies and Procedures:

For the awards within the scope of this audit, we reviewed and used Red Wind's 2015 Operating Policies since these policies and procedures were in place and used by Red Wind officials to manage its awards. Generally, we found that Red Wind's 2015 Operating Policies addressed procurements, payroll, and travel. However, as discussed in the following



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

sections of this report, we found Red Wind did not have adequate policies and procedures to ensure basic accounting information was available to record and report on the receipt, obligation, and expenditure of all grant funding. Further, as discussed throughout this report, Red Wind's policies and procedures were not adequate to ensure compliance with essential award requirements, including performance reporting, drawdowns, travel, subrecipient monitoring, indirect costs, and Federal Financial Reports (FFRs).

Red Wind Accounting System:

From May 2021 through October 2021, we attempted to obtain complete and accurate accounting records for the awards. We determined that payroll and indirect costs are not tracked in the accounting records for the awards. After several discussions, Red Wind officials went through all of the payroll and indirect supporting documentation, updated the accounting records, and provided us with the updated accounting records for the awards. However, Red Wind officials informed us that the updated accounting records are still not accurate and are missing information. Therefore, we recommend that OVW ensure that Red Wind enhances its accounting system and the accounting policies and procedures to ensure it maintains complete and accurate accounting records for the awards.

The issues related to Red Wind's accounting system, resulted in unallowable salary, excess drawdowns, and inaccurate financial reports, which are discussed in more detail in the Award Expenditures, Drawdown, and Federal Financial Reports sections of this report.

Red Wind disagrees with the findings related to our accounting system.

- *Our accounting system is currently in [REDACTED], a system we have adapted to track all grant funds for several grant programs across our operations and responses. This audit included four of those several grants. Requests were made as the audit occurred. Red Wind would receive requests for data in separate emails at different times and Red Wind staff did it's best to meet the OIG requests as completely and accurately before deadlines outlined. Our systems, at the time, did not create a report with all payroll and indirect in one report. However, this data was being tracked in several reports that we collected data from to report for our financial purposes. For these reasons, Red Wind disagrees with the findings regarding our accounting system.*
- *During the audit process, as noted above, we began to shift our practices to meet the request of reports with all data included per grant. At this time, Red Wind is working towards best practices and building the capacity to pull all data on one report as expected. Red Wind is also procuring a new accounting system that is better built for non-profits and managing several funding sources with different budget, financial, and data collection requirements. Through these changes, we expect to strengthen our financial oversight and practices as well as meet auditor and funder requests in the future.*



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
 Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

Review of Prior Audits and Separation of Duties:

Non-federal entities that receive federal financial assistance are required to comply with the *Single Audit Act of 1984*, as amended. The Single Audit Act requires that recipients of federal funding above a certain threshold to obtain an annual audit of their federal expenditures. During the period covered by our audit, Red Wind was not required to have a Single Audit because its expenditures of federal funds for all awards was less than the minimum threshold of \$750,000 per fiscal year.

However, we reviewed the audits of Red Wind's Financial Statements for fiscal years (FY) 2018 and 2019 and noted that the independent auditor's statement identified material weaknesses in Red Wind's internal controls, including lack of proper Board oversight and segregation of duties. Specifically, the audit found weaknesses related to segregation of duties in the areas of record keeping, authorizations, control over receivables, access to payment software, control over billing, and check signing.

As shown in Table 3, Red Wind responded to the report recommendations and provided specific actions it proposed for addressing the recommendations. For each action noted, we attempted to determine whether Red Wind had implemented the corrective action. We note the status of each response in Table 3.

Table 3
 Status of Prior Audit Recommendations - Segregation of Duties

Response to Recommendation	Status
• Establish separate access accounts to QuickBooks for three staff members	Implemented
• Establish a purchase request form so that all purchases are not going through singularly through the Executive Director	Implemented
• Provide another staff member with debit card to be used to make purchases	In Progress
• Authorize another staff member with check signing authority	In Progress
• Perform monthly bank reconciliations and submitted to the BOD Treasurer for review	Implemented/ Not Started

Red Wind agrees with the finding with our needs as an organization to strengthen internal controls as weaknesses were outlined in single audits for year 2018 and 2019 as noted above.

- *Red Wind has grown significantly in the past 5 years and has worked to build internal controls as staff were hired and systems expanded. At this time as noted in Table 3*



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

above, we have implemented separation of duties regarding access accounts to our accounting system, establishing a request form, and system for purchases.

- *As of the audit, however not noted above, one check signer, the Tribal Campus Coordinator, existed outside the Executive Director, but this staff had moved out of state. With this change, Red Wind has added another check signer, the Technical Assistance Operations Coordinator, that is local and can respond to the needs for check signing and purchasing. Providing another staff member with a debit card to be used for purchases as well as reconciliation submitted to the BOD treasurer for review remain "In Progress" as we are actively building structures, systems, and communication to complete these tasks during the pandemic.*
- *Once all processes, protocols, and communication with staff and BOD are solidified, Red Wind will update and implement a new written operating policies manual.*

Red Wind Board of Directors Oversight:

We also reviewed the Red Wind Board of Director's (BOD) Bylaws and interviewed three Red Wind's BOD members during the course of this audit. Although, the Red Wind BOD Bylaws outline the roles and responsibilities of the BOD officers and other members, during our interviews, we found that the BOD members were generally unaware of their responsibilities. As noted in the audit of Red Wind's Financial Statements for FYs 2018 and 2019, the independent auditor found that Red Wind had not conducted any board meetings or reviewed the accounting records during the years audited, and recommended that meetings are consistently held, and accounting records are reviewed quarterly at the very minimum.

In December 2021, the Executive Director provided an update to the BOD oversight recommendations. According to the Executive Director, Red Wind is in the process of drafting the operating budget and expects it to be submitted to the BOD by January 2022. The Executive Director also stated that the review of the financial statements has stalled due to the COVID-19 pandemic but has reached out to determine the status of the BOD review. In addition, reporting on budget vs. actual expenditures, and current and future funding projections will be included in the next operating budget submission. The Executive Director stated that in January 2022, Red Wind would be working with the BOD to schedule its first Quarter meeting, and at that time would develop a schedule for future meetings.

Red Wind agrees with strengthening the roles and responsibilities of the BOD.

- *We want to acknowledge that the members of the BOD are also encountering much of the same trauma our staff is due to the COVID-19 pandemic and much of the progress has been dependent on ability to meet, discuss, and build new policies virtually. Red Wind is working towards the timelines set for operational budgets and quarterly meetings with the BOD as well as protocols for the financial staff to submit reports for review. The Executive Director was meeting with the BOD more regularly after the 2018 and 2019 single audits outlined the*



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

need for more regular communication and meeting, but again, due to the pandemic, these regular meetings have slowed. Current BOD bylaws are being reviewed and updated during planning meetings with the BOD.

Suspension and Debarment:

The DOJ Grants Financial Guide requires that agencies establish and implement procedures to ensure that federal assistance is not awarded to entities that are prohibited from receiving Federal funds. Those procedures should include a System for Award Management (SAM) verification to ensure that none of the individuals or entities paid with award funds have been suspended or debarred. We determined that Red Wind's policies and procedures did not have specific SAM verifications. Additionally, we found that Red Wind does not utilize the SAM database to ensure that none of its new and existing employees, contractors, consultants, or vendors have been suspended or debarred. According to the Executive Director, in 2020 Red Wind started checking subrecipients in SAM, but still does not check SAM for employees or contractors.

Based on our review of Red Wind's policies and procedures, and its prior Financial Statement audits, we recommend that OVW coordinate with Red Wind to enhance its policies and procedures related to segregation of duties and include specific language regarding SAM verification of employees, subrecipients, and contractors. We also recommend that OVW coordinate with Red Wind to ensure that it updates and enforces the Board of Directors Bylaws.

Red Wind agrees that prior to 2020, we did not use the SAM database to ensure none of our new and existing contractors, employees, consultants, or vendors had been suspended or debarred.

- *As noted above, we did begin in 2020 to ensure sub-recipients were not suspended or debarred. During the audit, the Executive Director, began to use the SAM database to ensure any new contractors, consultants, and employees were not suspended or debarred. During the draft of our new operation policies, a SAM database policy will be implemented before any funding is spent to employees, contractors, consultants, vendors, and sub-recipients. Red Wind would like to request any recommendations and resources OVW offers to help us build this policy and implementation needs to best practice standards.*

Award Expenditures:

For Cooperative Agreement Numbers 2015-TA-AX-K069, 2017-TA-AX-K023, 2018-TA-AX-K003, and 2019-TA-AX-K021, Red Wind's approved budgets included personnel, fringe benefits, travel, supplies, contracts, other, and 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. From October 1, 2015 through March 31, 2021, Red Wind expended \$2,024,152, or 65 percent of the \$3,100,000



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

awards total. Our sample included 165 transactions and three different pay periods totaling \$129,573, or 6 percent of the total expended award funding. We reviewed documentation, accounting records, and performed verification testing related to award expenditures. As a result of our testing, we recommend that OVW remedy \$48,529 in net expenditure questioned costs as discussed in the following sections and shown in Table 5 below.

Please find Red Wind's response under each subcategory below.

Personnel Costs:

According to the budget for each award, funds were approved for salaries and fringe benefit costs like FICA and Medicare, health insurance, workers compensation, and unemployment compensation. We judgmentally selected three pay periods for payroll testing: January 16, 2016 through January 31, 2016; November 1, 2018 through November 15, 2018; and May 16, 2020 through May 30, 2020. We selected these three pay periods to ensure adequate coverage of all four awards and to reflect timekeeping procedure changes throughout the life of the awards. For each of the selected pay periods, we compared the paystubs to hours reflected on timesheets and rates approved in award budgets. We identified differences between hours paid and hours on timesheets and between rates paid and rates approved in the award budgets. We also identified two positions that were not included in specific approved award budgets, but had time charged to the awards. Additionally, as discussed previously in the Separation of Duties subsection, we determined the Executive Director signed her husband's timesheet and he signed her timesheet in 2016. The Executive Director also approved her own timesheet in 2020. Based on our analysis, we identified \$1,966 in unallowable salaries under Cooperative Agreement Number 2015-TA-AX-K069; and \$997 in unallowable salaries under Cooperative Agreement Number 2018-TA-AX-K003. As a result, we recommend OVW remedy the total of \$2,963 in unallowable salaries charged to the awards.

Red Wind agrees with several of OIG statements above related to personnel costs and its procedures and protocols in the past. However, Red Wind disagrees with the need to remedy \$2,963.

- *As noted, time submitted by the Executive Director was approved by the Administrative and Logistics position that existed at Red Wind in 2016, when Red Wind had 4-5 staff. This position was held by [REDACTED] husband. As soon as Red Wind recognized this protocol as problematic, protocols were shifted. The shift for attestation outside the relationship occurred with internal controls as Red Wind grew. The expectation became that the BOD was to attest to both the Executive Director's and the Admin and Logistics' time to remove any conflict. As of 2018, the BOD has approved the Executive Director's time.*
- *In 2019, Red Wind shifted to online time tracking, submission, and approval through QuickBooks Time. This enables Red Wind's management to monitor and approve*



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

staff's hours in real time. We recognize the need for attestation beyond just submission of hours and require each staff to attest to their time at the close of each pay period. Red Wind will implement a system of two signatures for the Executive Director's time during the attestation and approval process moving forward. This will include a member of the BOD as previously outlined as well as a staff that works directly with the Executive Director.

- *As outlined, the Executive Director erroneously approved their own timesheet in 2020 due to COVID emergency procedures. Red Wind will review and correct this timesheet with approvals and signatures.*
- *We disagree with the need to remedy costs outlined as unallowable. We view title changes and pay rate changes as normal and expected with the exponential growth Red Wind has experienced. Title changes occur as growth within positions change, but employees remain doing the work as agreed on Cooperative Agreements. Budgets are formulated to include payrate changes expected for the grant period. Within budget limits, as outlined in this audit as unproblematic, Red Wind can shift up to 10% of line-item budgets around without OVW oversight or approval. If Red Wind management find staff to be doing an exceptional job, or the cost-of-living changes, Red Wind reserves the right to move funds around to compensate employees.*

Travel Costs:

According to the DOJ Grants Financial Guide, travel costs must be reasonable and in accordance with the organization's established travel policy. In absence of an established travel policy, the organization must comply with the Federal Travel Regulations. However, the DOJ awarding agency reserves the right to determine the reasonableness of an organization's travel policy.

According to its travel policies and procedures, Red Wind will reimburse staff and consultants for travel related expenses, which are reasonably and necessarily incurred in performing services under the awards. Red Wind requires a receipt or other similar and appropriate written evidence to substantiate expenses submitted for reimbursement. These receipts or other similar and appropriate written evidence shall provide for the nature of the expense, such as lodging, meals, vehicle rental, and fuel purchases. Red Wind requires the use of the GSA published federal rate for lodging and meal per diem. Red Wind policies and procedures further state that reimbursement for local transportation, such as a shuttle service, taxi, or bus incurred by staff and consultants performing services under the awards is also reimbursable. Car rentals must be approved in advance of travel by the Executive Director and any mileage charged by Red Wind staff and consultants using their personal vehicle is reimbursable at the current federal published rate. Any mileage for long distances in lieu of air travel must be approved in advance at a comparable rate for airfare.



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

Based on our review of the accounting records, we determined that Red Wind charged 557 transactions, totaling \$133,109 in staff travel and meeting costs. As a result, we judgmentally selected reviewed 28 of these transactions totaling \$12,011 for testing.

We identified 10 transactions, totaling \$2,312 in unallowable, unsupported, and erroneous travel expenditures. Specifically, we found:

- 2 transactions totaling \$383 in unallowable cancellation fees charged to Cooperative Agreement Numbers 2015-TA-AX-K069 and 2017-TA-AX-K023, respectively.

The first transaction of \$200 is a change fee for travel for attendance to the Tribal Summit for the grant 2015-TA-AX-K069. Red Wind agrees to remedy this flight change fee by covering costs and refunding grant funds with unrestricted income.

The second transaction from grant 2017-TA-AX-K023 of \$183 was refunded to Red Wind via [REDACTED] when the ticket purchased was cancelled. Red Wind Disagrees with the conclusion to remedy this \$183 as it was out of our ability and control to reuse this money as the training providers did not reschedule the training and the COVID-19 pandemic caused refunded ticket money to expire before our ability to travel was deemed safe.

- *The training provider for the conference had a date and location change, and then was put on hold during planning, but these changes and notifications occurred after the ticket was purchased for air travel. Red Wind intended to use these funds in the future, but the training was never rescheduled, and travel halted due to the COVID-19 pandemic and caused the funds with [REDACTED] to expire.*
- 6 transactions totaling \$729 in unallowable expenditures for lodging in which Red Wind staff or consultants were reimbursed in excess of the GSA published federal rate for lodging.
- **Red Wind disagrees that these costs are unallowable as the federal GSA rates were met while attending the NGO in Portland, Oregon in 2020.**
 - *Per several OVW Cooperative Agreements, Red Wind had to attend the NGO in Portland, Oregon in February of 2020. Each of the 6 transactions in question are related to this trip and staff that traveled for this purpose, some are for the same staff who share responsibilities across several grant funding sources. The [REDACTED] Hotel receipts show that we were charged \$157 for the room rate, the federal GSA approved rate for Portland, Oregon in February 2020. Charges over this \$157 per night were taxes and tourist assessment fees that are outside of Red Wind's control and assessed by the hotel automatically for every night of the*



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

stay. Taxes were \$20.88 per night and tourist assessment fees were \$3.14 per night.

- 1 transaction totaling \$691 for lodging for which Red Wind could not provide the required supporting documentation.
Red Wind disagrees with the unallowable and supported determination of the \$691 charge.
 - *The charge in question is for \$691 an OVW TAP's meeting in which Red Wind Staff, [REDACTED], [REDACTED], and [REDACTED] traveled on two different TA Cooperative Agreements funded through OVW. [REDACTED] and [REDACTED] traveled via our 2015-TA-AX-K069 grant and [REDACTED] through our 2017-TA-AX-K023 grant. This is noted and properly allocated according to documentation and accounting records. [REDACTED] (incorrectly spelled as [REDACTED] in the OIG notes) as noted in the questioning of this cost, did not travel to this meeting.*
- 1 transaction for \$510 in lodging that Red Wind officials informed us was erroneously charged to Cooperative Agreement Number 2015-TA-AX-K069.
Red Wind agrees to remedy this cost as unallowable and will remedy the \$510 in question.
 - *The \$510 in question for lodging was erroneously charged to Cooperative Agreement Number 2015-TA-AX-K069. Documentation on the receipt and supporting documentation supports that this was an error in accounting. The funds have been moved into the correct source within our accounting system.*

As a result of these findings, we recommend the OVW remedy \$1,622 in unallowable costs and \$691 in unsupported travel costs charged to the awards.

Red Wind agrees with conclusions to remedy \$710 in charges as listed above.

Red Wind disagrees with conclusions to remedy \$1,603 as we have appropriate supporting documentation and are justified in these costs being charged to respective Cooperative Agreements as listed above.

Supply and Operations Costs:

Based on our review of the accounting records, we determined that Red Wind charged 1,392 transactions, totaling \$125,277 in supplies and operations costs. As a result, we judgmentally selected as part of our transaction testing, 62 transactions totaling \$15,342.

Based on the results of our testing, there were no issues identified with the supply and operations costs.



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

Contractor and Subrecipient Costs:

Based on our review of the accounting records, we determined that Red Wind charged 118 transactions, totaling \$89,590 in contractor and subrecipient costs. As part of our transaction testing, we judgmentally selected 37 transactions totaling \$48,451. Red Wind charged several different contractor expenses to the awards, including contractor fees, subrecipient fees, and contractor and subrecipient travel. During our testing we noted transactions categorized as contractual that Red Wind designated as subrecipients. In total, we identified \$40,850 in unsupported and \$32,405 in unallowable contractor and subrecipient questioned costs, including:

- \$40,850 in unsupported contractor and subrecipient expenditures for which Red Wind did provide the required time and effort reports, performance/progress reports, monthly invoices or other supporting documentation to determine whether payments made to contractors or subrecipients were allowable, supported, and properly allocated in compliance with award requirements.

While we acknowledge the need for official documents time and effort reporting, Red Wind disagrees with this finding of \$40,850 in unsupported contractor and subrecipient expenditures and believes we were justified in payments made to contractors, consultant, vendors, and sub-recipients in samples audited.

- *Red Wind at minimum had invoices submitted by contractors outlining the work completed as they requested payment. Red Wind also has documentation such as Conference Request Forms, Agendas, and retained documentation of completed work to prove the work was completed by contractors and subrecipients before payments were made. Invoices submitted for payment often outlined hours worked and tasks completed as well as a review and signature of the Project Coordinator who was managing the Cooperative Agreement at the time, or the Executive Director, whom has oversight of all Red Wind projects. Since the OIG audit, Red Wind has set in place time and effort reporting requirements and is in process of building more extensive progress reporting with sub recipients.*
- \$32,030 in unallowable contractor and subrecipient expenditures that were not included in the award budgets or that were in excess of budgeted amounts.
- **While we acknowledge the need for official documentation outside invoices, Red Wind disagrees with \$32,030 in unallowable contractor and subrecipient expenditures.**
 - *All contractors and payments were within limits set by OVW and approved by OVW prior to the work being completed. Budgets were updated and contractors had appropriate documentation via invoices and communications with Project Coordinators to complete required work. As noted above, Red Wind has since implemented Time and Effort reports for all contractors as*



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

well as is in the process of implementing more extensive progress reporting for all sub-recipients.

- \$375 in unallowable cancellation fees.
- **Red Wind Agrees to reconcile this amount within unrestricted funds due to the DOJ not funding any fines, penalties, and judgements.**
 - *According to our contracted captioning services, if an event was cancelled outside a 24-hour window of the event, Red Wind is still responsible for the fees associated with the training. The trainer for this event had a family emergency and we had to cancel the event after the 24-hour window for cancellation as set by our contract with the captioning service. Red Wind will appreciate a conversation with OVW to discuss how to continue providing accessible accommodation to participants while addressing the human needs of presenters so there is it can be set up without consequence to Red Wind.*

We also found Red Wind paid \$400 to a contractor to speak at an event. Red Wind classified this expense as a contract, but there was not an associated contract for the contractor. In addition, based on the invoice Red Wind provided to support this expenditure, the contractor spoke for less than an hour and was paid nearly five times the allowable \$81.25 per hour amount as outlined in the DOJ Financial Guide. We did not take exception to this expense because we believe that the contractor was paid for additional preparation time and travel. However, as previously discussed, Red Wind should ensure it retains proper records to support its expenses such as a detailed contract or invoice.

Red Wind disagrees with the finding of \$400 and believe we are justified in the payment of the contractor.

- *During conferences and training, Red Wind seeks a Traditional Opener and Traditional Closer, which is usually one person for both the Opening and Closing, for the event to open, be held, and close in positive and good way. We view this service as vital to the work we do. This service goes beyond just speaking at the event during the beginning and the end of the conference and extends to preparation, planning with Red Wind Staff, gathering of materials, and then presenting the prayers during the Traditional Opening and Traditional Closing of a conference. Red Wind also does not contract with the Traditional Opening and Closer until the week of the event due to seeking someone local to the area of the conference and within Traditional standards of providing a Traditional Opening and Closing for the conference. This practice has been in place since the beginning of Red Wind offering conferences on Native Specific issues and topics. This practice is also held by the Tribal Affairs Division and several other TA providers when presenting on Native Specific issues or topics. Prior to the conference, the Traditional Opener and Closer is budgeted in the Conference Request Form as "TBD" or to be determined and is approved before the conference during its planning phase. The amount paid to the Traditional Opener and Traditional Closer in question, was pre-approved during the Conference Request*

14

Embracing Our Indigenous Strength and Beauty



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

form via OVW. Red Wind has a receipt that was collected upon payment stating services rendered with a signature from the contractor on site of the conference.

As a result of these findings, we recommend the OVW remedy \$40,850 in unsupported and \$32,405 in unallowable contractor and subrecipient questioned costs charged to the awards.

Red Wind agrees with conclusions to remedy \$375 in charges as listed above.

Red Wind disagrees with conclusions to remedy \$72,880 as we have appropriate supporting documentation and feel we are justified in these costs being charged to respective Cooperative Agreements as listed above.

Contractor and Subrecipient Monitoring:

According to the DOJ Grants Financial Guide, time and effort reports are required for contractors and direct recipients and subrecipients are obligated to adequately account for, track, or support transactions such as personnel costs, contracts, indirect cost rates, matching funds, program income, or other sources of revenue. The DOJ Grants Financial Guide also states that the pass-through entities must review financial and performance reports submitted by the subrecipient and the pass-through entity should require performance/progress reports and supporting documentation with monthly invoices. The performance reports should discuss: (1) milestones achieved/to be achieved, (2) any significant problem, issues, or concerns, (3) timely accomplishes and delays, and (3) actual cost incurred compared to each budget line item with variances explained.

In addition, the pass-through entity must have established written policies on subrecipient monitoring, as described in 2 C.F.R. § 200.331. 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. This criterion 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. The DOJ Grants Financial Guide also explains that 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.

As previously mentioned, Red Wind does not require time and effort reports, performance/progress reports, or monthly invoices from its contractors or subrecipients.



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

According to the Red Wind Executive Director, the contractors Red Wind works with have been chosen based on their understanding/experience of tribal issues, and subject matter expertise and are approved by OVW. In addition, we found Red Wind does not document the contract or subrecipient procurement process. We reviewed all the contracts and subrecipient contracts awarded under each cooperative agreement and determined that 19 of the 33 contractors and subrecipients were paid more than the budget/contract allowed. We also found that there were no formal subrecipient monitoring policies and procedures, there were no on-site visits conducted of subrecipients, and Red Wind did not ensure that the required audits were performed, nor did they become familiar with the financial operations of each subrecipient.

Overall, we determined that there is no formal written contracting or subrecipient policies or procedures other than the resulting contracts nor are there any monitoring policies and procedures. In addition, we determined that Red Wind's segregation of duties for contracting and subrecipients are not adequate and most of the process falls on the Executive Director, which increases the risk of fraud, waste, and abuse. Therefore, we recommend that OVW require Red Wind to develop and implement formal written policies and procedures to ensure that Red Wind's contractor and subrecipient agreements contain the proper elements and Red Wind conducts adequate oversight and monitoring of its contractors and subrecipients as outlined in the DOJ Grants Financial Guide.

Red Wind disagrees with statements that our duties to ensure the required time and effort reports, performance/progress reports, or monthly invoices from its contractors or subrecipients are met.

- *While we have not required Time and Effort Reports in the past, it has always been a practice to collect documentation via invoices from our contractors and subrecipients prior to payment. To better our practices moving forward, we have implemented the requirement of Time and Effort reports for all contractors.*

Red Wind agrees with statements that formal written policies and procedures are needed for the procurement and monitoring of contractors and sub-recipients as well as the need to strengthen our internal controls.

- *Since the audit, Red Wind has begun drafting these policies and procedures as well as started the process of mapping out internal controls and assigning them to staff members outside the Executive Director to decrease the risk of fraud, waste, and abuse and increase oversight of processes at Red Wind. Red Wind would like to request any recommendations and resources OVW offers to help us build this policy and implementation needs to best practice standards.*

Other Costs:

Based on our review of the accounting records, we determined that Red Wind charged 1,330 transactions, totaling \$125,444 in other direct costs. The other direct costs consist of business expenses, communications, facilities and equipment, office lease, program



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

activities, and other transactions. We judgmentally selected 38 other direct transactions totaling \$20,911. Overall, we noted 8 transactions, totaling \$1,999 related to unallowable, unsupported, and erroneous other direct costs. Specifically, we found

- 6 transactions, totaling \$2,758 in which we identified \$1,288 in unallowable excess office lease expenditures charged to the awards.
- **Red Wind Disagrees with the \$1,288 in unallowable excess office lease expenditures because we remained within budget for the year by following OVW's guidance pertaining to actual time worked for staff FTE's.**
 - *Through guidance provided by OVW, our office lease charges monthly should not be a stagnant cost but should fluctuate based on hours worked by staff and their monthly FTE percentages. Red Wind has used this guidance to build a report form that helps us determine monthly FTE's per staff member and charge Cooperative Agreements appropriately for items determined to be direct costs. While budgeted amounts are stagnant, Red Wind fluctuates depending on the work required monthly across several grants. Monthly amounts were calculated by taking the budget and dividing by months of the year. Therefore, with staff hour fluctuations and our application of FTE percentages based on actual hours worked that month, some months seemed to be over budgeted "monthly amounts" while others are seemed to be under "monthly amounts".*
- 1 transaction totaling \$600 related to the fee for purchasing resource booth at a convention. We are questioning this transaction both as unsupported and unallowable. From the documentation provided, this was a virtual conference and there was no evidence that Red Wind participated in or had a booth at the conference. Additionally, we also consider this expenditure as unallowable due to the fact it was not in the budget.
Red Wind disagrees with the need to remedy the \$600 for the virtual booth fee as it was approved, within budget, and attended.
 - *This conference was to be held virtually due to the COVID-19 pandemic. The resource booth for Cooperative Agreement number 2018-TA-AX-K003, was held and attended as part of outreach to Tribal College Campuses nationally. This purchase was made with the debit card the Tribal Campus Coordinator has with Red Wind and was approved by the Executive Director. The Tribal College Campus Coordinator built and submitted a virtual booth for this conference. They had trouble logging into the event but was in attendance when log in issues were resolved.*
- 1 transaction totaling \$111 related to storage space which was erroneously charged to Cooperative Agreement Number 2018-TA-AX-K003.
Red Wind agrees to remedy the \$111.

17

Embracing Our Indigenous Strength and Beauty



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

- *Red Wind maintains two storage spaces and agrees that the charge for this storage unit of \$111 was erroneously charged to Cooperative Agreement Number 2018-TA-AX-K003.*

As a result of these findings, we recommend the OVW remedy \$1,999 in unallowable and \$600 in unsupported costs charged to the awards.

Red Wind agrees with the need to remedy \$111 in a charge made to the Cooperative Agreement Number 2018-TA-AX-K003.

Red Wind disagrees with the need to remedy the \$2,488 in remaining unallowable and unsupported costs as we believe we have enough supporting documentation to justify the costs as well as OVW guidance for our process with Office Lease FTE calculations.

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. According to the DOJ Grants Financial Guide, recipients that have never had an approved Federal indirect cost rate may either negotiate an indirect cost rate with their cognizant Federal agency or elect to charge a de minimis rate of 10 percent of modified total direct costs. Red Wind officials elected to charge the de minimis rate of 10 percent of modified total direct costs as its basis for calculating its indirect costs.

According to the DOJ Grants Financial Guide, an adequate accounting system should collect and report financial data for planning, controlling, measuring, and evaluating direct and indirect costs. However, as stated previously, Red Wind officials did not track indirect costs per award nor were indirect costs recorded in its accounting system. Instead, Red Wind officials explained that the indirect cost amounts and the basis used to calculate those amounts were calculated on hard copy drawdown documentation for each award. After several discussions with Red Wind officials regarding the indirect cost amounts charged to the awards, Red Wind officials began going through the hard copy records and adjusting their accounting records to document and account for the indirect costs charged to each award. Ultimately, Red Wind officials provided us with new accounting records that included the updated indirect cost amounts.

As shown in Table 6, in order to obtain an overall understanding of indirect costs charged to each award, we reviewed the indirect cost amounts charged each year for each award and in total. Based on our analysis for all awards as of March 31, 2021, with the exception of Cooperative Agreement Number 2015-TA-AX- K069, we determine that the total indirect cost amounts exceeded the allowable 10 percent limit.

We discussed our findings with Red Wind officials and found Red Wind does not have formal policies and procedures for tracking and accounting for indirect costs and Red



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

Wind officials believe that there may still be some indirect costs that it has not accounted for. As a result, we recommend that OVW ensure that Red Wind develop and implement policies and procedures to properly account for the indirect costs charged, including the basis used to calculate those amounts. Additionally, because the awards are still on-going RedWind and OVW should monitor the indirect costs charged to the awards to ensure that Red Wind does not exceed the de minimis rate of 10 percent for indirect costs at the conclusion of the award.

Red Wind disagrees that we exceeded the allowable 10% de minimis for our Cooperative Agreements but would like to request any recommendations and resources OVW offers to help us build this policy and implementation needs to best practice standards.

- *Red Wind had documentation for indirect costs and was allocating them within the accounting system. However, when a report was pulled for a specific Cooperative Agreement as OIG requested, these charges were not included as our accounting system tracks grants and Cooperative Agreements per class. It is also important to note that indirect costs were not allowable for Red Wind until 2018 and the audit extended beyond this. As the drawdown, which included indirect costs, occurred we would subtract the 10% for indirect costs and credit them separately in the accounting system. These indirect costs were directly included in our budgets attached with each drawdown. Our indirect account was in a different class for tracking but was indeed tracked by grant or Cooperative Agreement. To review the indirect credits from drawdowns, a separate report was needed. Of the 8 samples reviewed, each indirect cost was a line item of the drawdown instead of its own expense to the grant and credit to the indirect account. QuickBooks had limitations on showing these per Cooperative Agreement as requested by the OIG. Due to this, Red Wind financial staff rebuilt most of this indirect system within a week and resubmitted documentation to meet the required deadlines.*
- *Since the OIG audit began, it was requested everything be put on one report showing all expenses for the Cooperative Agreements. This means all indirect charges had to be moved over into the same class with its matching Cooperative Agreement. Therefore, as noted above, Red Wind staff began to make the shift so that all charges were on one report. This was done via journal entries. Red Wind is still in processing of moving all indirect costs to all grant locations and will remedy any overcharges found as we discovered when accounting, we must only move over 9.9% of drawdowns to remain within budget for indirect costs.*

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



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
 Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

actual expenditures or outlays with budgeted amounts for each award. Additionally, the grant recipient must initiate a Grant Award Modification (GAM) 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 award expenditures to the approved budgets to determine whether Red Wind 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:

As previously stated, 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 more than federal expenditures, unused funds must be returned to the awarding agency. Red Wind’s 2015 Operating Policies that was effective between 2015 and March 2021 includes some policies and procedures related to the roles and responsibilities for performing drawdowns, as well as a discussion outlining the difference between reimbursements and advances. However, those policies and procedures were removed in Red Wind’s 2021 Operating Policies, effective March 2021, and does not include any specific policies or procedures related to drawdowns. To assess whether Red Wind managed award receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. Table 7 shows the total amount drawn down for each award as of March 20, 2021.

Table 7

Amount Drawn Down for Each Award as of March 20, 2021

Award Number	Total Award	Award Period End Date	Amount Drawn Down	Amount Remaining
2015-TA-AX-K069	\$1,350,000	03/31/2022	\$1,114,582	\$235,418
2017-TA-AX-K023	\$800,000	06/30/2022	\$462,765	\$337,235
2018-TA-AX-K003	\$600,000	12/31/2021	\$484,207	\$115,793
2019-TA-AX-K021	\$350,000	03/31/2022	\$167,087	\$182,913
Total:	\$3,100,000		\$2,228,640	\$871,360

We found significant deficiencies related to Red Wind’s drawdown requests. First, as noted in the previous section on Grant Expenditures, we identified questioned costs during our testing of individual expenditures charged to the awards. Additionally, we determined Red Wind did not limit its drawdowns to the minimum funds needed for disbursements or



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

reimbursements to be made immediately or within 10 days as required by the DOJ Grants Financial Guide. During our review of Red Wind's drawdowns, we determined seven of the eight sampled individual drawdowns did not reconcile to the expenditures in the accounting system.

Red Wind disagrees with findings stated above, as we did limit drawdowns to the minimum funds needed for disbursements or reimbursements.

- *At Red Wind, the Executive Director currently manages all budgets and drawdowns. With each drawdown completed, there is a budget outlining how the money is intended to be spent within the 10-day requirement. These budgets and drawdowns are then shared with the financial department at Red Wind for oversight. These budgets are attached with each draw down and included in the retention of records. The budgets included with drawdowns were provided to OIG.*

Additionally, the cumulative amounts drawn down through March 20, 2021, on each of the awards exceeded the expenditures recorded in the accounting system for the same time period. Table 8 shows the difference between the amount drawn down and the expenditures recorded in the accounting system as of March 20, 2021.

Red Wind neither agrees or disagrees with this finding as we are working on reconciling accounts as outlined above and below in order to obtain final numbers. We would like to work closely with OVW to remedy any questioned, unsupported, or unallowable costs and request any recommendations and resources OVW offers to help us strengthen policy and procedure needs to meet best practice standards.

- *Red Wind acknowledges there is confusion between draw downs, budgets, and totaling numbers. As staff, we are unsure how each of the total for each grant number are obtained and therefore struggle to respond to each amount directly.*
- *In the past, as noted by OIG, our accounting system was not linked to our staff's paid time off, other fringe costs, and payroll. Before the audit, we were doing these calculations outside of the accounting system via other tracking forms and applications that we used to report. Red Wind agrees with the OIG that we could not and did not accurately reflect in our accounting system. We could accurately track and bring together totals, however, understand this is not up to standards requested or expected.*
- *Since the OIG audit began and requested this information from Red Wind, Red Wind Staff has been working towards building the hours worked, FTE splits in fringe, and PTO to allocate correctly in our accounting system, so that all expenses to any grant and Cooperative Agreement appear in one report. Red Wind staff also worked diligently and carefully to provide the OIG with updated information as we discovered this gap and worked to remedy it during the auditing process.*
- *In one instance regarding excessive drawdowns for one of our Cooperative Agreements, the Executive Director was on travel and during this period of travel struggled to gain internet due to the internet reception in a rural area. In this instance, she over reported erroneously on an FFR, and immediately notified OVW*



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
 Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

via our grant manager. OVW provided guidance moving forward and Red Wind continued these notes in FFRs moving forward as advised. Some documentation, such as memos and notes on FFRs, were not imported in the legacy documentation brought into Just Grants from GMS and cannot be obtained by Red Wind.

Table 8

Award Number	Amount Drawn Down	Expenditures per Accounting Records	Excess Funds Drawn Down
2015-TA-AX-K069	\$1,114,582	\$1,035,933	\$78,649
2017-TA-AX-K023	\$462,765	\$446,747	\$16,017
2018-TA-AX-K003	\$484,207	\$368,099	\$116,108
2019-TA-AX-K021	\$167,087	\$148,016	\$19,071
Total:	\$2,228,640	\$1,998,795	\$229,845

Drawdowns and Expenditures for Each Award as of March 20, 2021

Red Wind officials stated that some of the difference could be due to an amount deducted from each drawdown for taxes. However, Red Wind did not provide enough information to determine if or what the effect would be. As discussed in previous sections, we believe Red Wind's accounting system to be inadequate as it does not include all expenditures which we believe contributed to the differences between drawdowns and expenditures.

Red Wind agrees that it did not provide enough information to determine the total costs to the OIG as we did not realize at the time it was not included in our reports provided. We have built a report for review by OVW. We would also like to work closely with OVW to reconcile these accounts and to request resources OVW offers to help us strengthen policy and procedure needs to meet best practice standards.

- Each drawdown from April 2019 to September 2019 had a Tax Levy issued from the US Department of the Treasury, Bureau of the Fiscal Service (Fiscal Service) for account number 220336935601201409. This documentation was provided, however the letters from the Department fail to outline total amounts for each Cooperative Agreement. Red Wind has compiled this data and included it below:
 - 2015-TA-AX-K069 \$22,827.46
 - 2017-TA-AX-K023 \$5,677.04
 - 2018-TA-AX-K003 \$16,253.96
- Each drawdown was automatically assessed and withdrew from for 15% of its total by the US Department of the Treasury, Bureau of the Fiscal Service (Fiscal Service) until the account's debt of tax levy was met. In QuickBooks, like our payroll, it was classed via an account entitled "Withheld liability" and in class payroll. This means, each deduction from the drawdown, even though being tracked via grant, was a line



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

item deducted from the total drawdown, but not displaying on each report via Class (how we track each grant and Cooperative Agreement). Since the audit, we have identified and actively implemented the changes in the system.

As a result of the concerns we identified, we recommend that OVW ensure that Red Wind implement policies and procedures documenting its drawdown process. Additionally, we recommend that OVW remedy the unsupported costs of \$229,845 for excess funds drawn down through March 20, 2021.

Red Wind agrees that there is a need for implementation of policies and procedures that improve our accounting records with drawdowns and its processes, and we would like to work closely with OVW to gather resources OVW offers to help us strengthen policy and procedure needs to meet best practice standards.

Red Wind neither agrees nor disagrees with unsupported costs of \$229,845 outlined by the OIG as we are in process of reconciling accounts to reach final numbers for this audit period.

- *We want to acknowledge there is a need to finalize and review all documentation and would like work closely with OVW to remedy any questioned, unsupported, or unallowable costs at the conclusion of our work with this audit period. We also would like to request any recommendations and resources OVW offers to help us strengthen policy and procedure needs to meet best practice standards.*

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 Red Wind submitted accurate FFRs, we first compared the four most recent reports to Red Wind's accounting records for each award. However, after finding errors and discrepancies between the GMS and JustGrants FFR data and finding out that indirect expenses were originally not included in the accounting detail, we expanded the FFR review to include all 52 FFRs submitted for all awards.

We found that Red Wind overreported the FFRs by \$154,366 when compared to Red Wind's accounting records for each award, as shown in the Figure above. Specifically, the quarterly and cumulative expenditures reported did not equal the accounting records for any of the reports. The Red Wind Executive Director provided a document that was sent to OVW detailing a reporting error within FFR Report 5 for Cooperative Agreement Number 2015-TA-AX-K069. We discussed these differences with Red Wind officials, although Red Wind officials could not specifically identify the cause of the differences but speculated that the



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

differences could be due to not all indirect costs were included, the fringe benefit amounts being incorrect, not broken down by award, or not included previously.

As discussed in previous sections, the DOJ Grants Financial Guide states that an adequate accounting system must support financial reporting that is accurate, current, complete, and compliant with all financial reporting requirements of the award or subaward. We found that Red Wind's accounting system to be inadequate as it does not include all expenditures which we believe contributed to the submission of inaccurate FFR reports. We also found that Red Wind's policies for financial management did not include written procedures for preparing and completing the required FFRs. Specifically, we found that the Red Wind Executive Director handles all financial aspects of the awards including completing the FFRs. In our judgment, the lack of formal written FFR policies and procedures increases the risk that completing and submitting FFRs may not be performed consistently or accurately if staffing or other changes take place.

Therefore, we recommend that OVW work with Red Wind to develop formal written FFR policies and procedures to ensure accurate FFRs are submitted. In addition, we recommend that OVW require Red Wind to correct and resubmit, as necessary, any inaccurate FFRs for awards that are still ongoing.

Red Wind agrees and acknowledges the need for accurate FFRs to our funders and understands there are differences in reporting discovered by the OIG.

- In some cases, we were aware of the reporting being incorrect as documented by our Executive Director and as discussed with OVW staff. Moving forward, Red Wind will build an operating policy for FFRs and proceed to build an internal control of FFRs involving the Financial Coordinator and the financial department. However, per the OIG recommendation, at this time we are unable to and cannot correct and resubmit due to the new system not importing all data and the ability to resubmit previous FFRs. As noted, Red Wind is unaware of how final numbers were obtained and are left to speculate that reporting numbers are not matching due to the need of indirect costs, the tax levy 15% debited from drawn downs for a period in 2019, paid time off, and other fringe be included in our accounting system and not just in our outside tracking systems. Red Wind is working to reconcile and remedy these differences and would like to work with OVW closely to ensure our past reports are corrected as well as accurately reported moving forward.*



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

Conclusion and Recommendations:

As a result of our audit testing, we conclude that Red Wind demonstrated adequate progress towards achieving the awards' stated goals and objectives. Further, we did not identify significant issues regarding Red Wind's management of the award budgets. However, we found several areas for improvement within Red Wind's financial management to incorporate stronger internal controls. Specifically, we found deficiencies with the accounting system, segregation of duties, BOD oversight, and lack of formalized policies and procedures related to performance reporting, subrecipient monitoring, indirect, drawdowns, and reporting information through the FFRs. We also identified concerns with Red Wind's expenditures, contractor and subrecipient monitoring, drawdowns, and FFRs. As a result, we identified \$278,374 in net questioned costs. We provide 11 recommendations to Red Wind to address these deficiencies.

We recommend that OVW:

1. Ensure Red Wind develops and implements policies and procedures for tracking and documenting performance measure data to ensure progress reports are accurate and properly supported.
2. Ensure that Red Wind enhances its accounting system and the accounting policies and procedures to ensure that it maintains complete and accurate accounting records for the awards.
3. Coordinate with Red Wind to enhance its policies and procedures related to segregation of duties and include specific language regarding SAM verification of employees, subrecipients, and contractors.
4. Ensure Red Wind updates and enforces the BOD Bylaws.
5. Remedy \$81,129 in expenditure questioned costs, including:
 - a. \$2,963 in unallowable salary costs.
 - b. \$691 in unsupported and \$1,622 in unallowable expenditures related to staff travel costs.
 - c. \$40,850 in unsupported and \$32,405 in unallowable contractor and subrecipient questioned costs.
 - d. \$600 in unsupported and \$1,999 in unallowable other direct questioned costs.
6. Require Red Wind to develop and implement formal written policies and procedures to ensure that Red Wind's contractor and subrecipient agreements contain the proper elements and Red Wind conducts adequate oversight and monitoring of its contractors and subrecipients as outlined in the DOJ Grants Financial Guide indirect costs charged, including the basis used to calculate those amounts.



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

7. Ensure that Red Wind implement policies and procedures documenting its drawdown process.
8. Remedy the \$229,845 of unsupported costs for excess funds drawn down through March 20, 2021.
9. Work with Red Wind to develop formal written FFR policies and procedures to ensure accurate FFRs are submitted
10. Require Red Wind to correct and resubmit, as necessary, any inaccurate FFRs for awards that are still ongoing.

Conclusion:

We acknowledge that being audited is an experience to learn and grow our practices, capacity, and knowledge. We appreciate the information shared and look forward to strengthening our policies and protocols alongside OVW to enhance our work. We feel it is important that we mention we were confident in our practice's pre-audit. We have gained knowledge to strengthen and expand our capacity throughout the process and are committed to move that forward. As technical assistance providers for grantees nationally, we intend to carry our learning experience into all future technical assistance planning sessions. We understand there is always more to be learned and there is always room to grow, so we would like to understand and correct anything in depth so that the expertise we are passing onward is comprehensive and accurate.

During the audit, it became clear that as a Native organization with Indigenous structures and responses, Red Wind was misunderstood or misinterpreted in some of our policies and protocols. Throughout the audit process, some issues arose where Red Wind had gained OVW guidance and approval for practices that were culturally and linguistically appropriate, trauma-informed, and victim centered that were not completely understood during the auditing process. With these misunderstandings in mind, Red Wind was founded on things that we believe were justified and supported by OVW. Due to this realization as an organization, we recommend OIG and The Tribal Affairs Division work together to provide culturally appropriate sensitivity training to prevent these issues from arising in future audits of culturally specific programs.

This is an excerpt from a White House publication in 2021 regarding the Improving Public Safety and Criminal Justice for Native Americans and Addressing the Crisis of Missing or Murdered Indigenous People. The excerpt acknowledges the importance of culturally and linguistically appropriate, trauma-informed and victim centered strategies that Red Wind works towards daily to meet the needs of Tribal grantees and Native-specific Programs as we support Indigenous based solutions throughout the United States. "The Secretary of the Interior, consulting with the Attorney General and the Secretary of HHS, as appropriate, shall evaluate the effectiveness of existing technical assistance and judicial support services for Tribes to provide community-based conflict resolution, as well as culturally and linguistically appropriate, trauma-informed, and victim-centered strategies, including traditional healing services and healing courts, and shall identify and make improvements as needed. The



3578 Hartsel Drive, E-368, Colorado Springs, CO 80920
Tel: (833) 719-9463 | Fax: (866) 804-6305 | www.red-wind.net

Secretary of the Interior shall report to the President within 180 days of the date of this order describing the evaluation findings and the improvements implemented.”¹

As an organization thriving within the pandemic, we would like to acknowledge that Red Wind has had many challenges due to the COVID-19 pandemic. Our staff faced a variety of emergency health crises, death, and the constant trauma impact of COVID-19. Staff lost critical support systems within their communities, within their children’s daily routines with homeschooling, as well as significant losses of family and friend social structures. The hardships caused by COVID-19 are immeasurable and still ongoing.

Shifting fully remote proved somewhat of a challenge. Our offices were closed in March 2020 for safety precautions regarding COVID-19, but we were operational virtually within a week. Our offices remain closed and our staff almost fully remote. However, we creatively built new policies and protocols to track our processes at a distance as well as manage our daily operations. As the audit occurred still relatively early in the pandemic, Red Wind was still in processing of this major change and shifting infrastructure to both accommodate staff needs as well as funder’s programmatic and financial requirements. Due to COVID-19 restrictions, the audit process was completed virtually via email and Zoom. Red Wind staff did their best to ensure complete and accurate information as it was requested and within the deadlines outlined.

The further we engaged in the process of the OIG audit, we found some gaps within our planning and implementation since it had occurred so quickly and in such an unknown time. Adjusting some of our processes mid-audit, as encouraged, caused some confusion between the auditors and both our finance and programmatic teams. Both the virtual process and shifts of practice mid-audit compounded and caused confusion and more hardship. There were also requests that our data as reported previously be re-recorded differently and provided to the auditors. Through the hardships, however, Red Wind still successfully met programmatic and financial requirements for our funders as well as deadlines and requirements set by OIG auditors.

Red Wind continues to strive for best practices while meeting the unique needs of survivors, Tribes, our staff, and overall program requirements. Red Wind recognizes the need to improve upon policies and procedures and is looking forward to working with OVW and the OIG to address gaps and remedy findings as addressed within the audit.

¹ <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/11/15/executive-order-on-improving-public-safety-and-criminal-justice-for-native-americans-and-addressing-the-crisis-of-missing-or-murdered-indigenous-people/> section 5.

APPENDIX 4: The Office on Violence Against Women's Response to the Draft Audit Report



U.S. Department of Justice

Office on Violence Against

Women
Washington, DC, 20530

February 15, 2022

MEMORANDUM

TO: David M. Sheeren
Regional Audit Manager

THROUGH: Sherriann Moore *SEM*
Deputy Director, Grants Development and Management

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

FROM: Rodney Samuels *RS*
Audit Liaison/Staff Accountant

SUBJECT: Draft Audit Report - Audit of the Office on Violence Against Women Grants Awarded to Red Wind Consulting, Inc., Colorado Springs, Colorado

This memorandum is in response to your correspondence dated January 13, 2022, transmitting the above draft audit report for Red Wind Consulting, Inc. (Red Wind), Colorado Springs, Colorado. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains eleven recommendations with \$278,374 in net 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 OVW recommendation.

1. Ensure Red Wind develops and implements policies and procedures for tracking and documenting performance measure data to ensure progress reports are accurate and properly supported.

Concur: OVW will coordinate with Red Wind to ensure that they develop and implement policies and procedures for tracking and documenting performance measure data to ensure progress reports are accurate and properly supported.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women Grants Awarded to Red Wind Consulting, Inc.

2. **Ensure that Red Wind enhances its accounting system and the accounting policies and procedures to ensure that it maintains complete and accurate accounting records for the awards.**

Concur: OVW will coordinate with Red Wind to ensure that they enhance its accounting system and the accounting policies and procedures to ensure that it maintains complete and accurate accounting records for the awards.

3. **Coordinate with Red Wind to enhance its policies and procedures related to segregation of duties and include specific language regarding SAM verification of employees, subrecipients, and contractors.**

Concur: OVW will coordinate with Red Wind to enhance its policies and procedures related to segregation of duties and include specific language regarding SAM verification of employees, subrecipients, and contractors.

4. **Ensure Red Wind updates and enforces the BOD Bylaws.**

Concur: OVW will coordinate with Red Wind to ensure that they update and enforce the BOD Bylaws.

5. **Remedy \$81,129 in expenditure questioned costs, including:**

- a. **\$2,963 in unallowable salary costs.**
- b. **\$691 in unsupported and \$1,622 in unallowable expenditures related to staff travel costs.**
- c. **\$40,850 in unsupported and \$32,405 in unallowable contractor and subrecipient questioned costs.**
- d. **\$600 in unsupported and \$1,999 in unallowable other direct questioned costs.**

Concur: OVW will coordinate with Red Wind to ensure that they remedy \$81,129 in expenditure questioned costs, including:

- a. \$2,963 in unallowable salary costs.
- b. \$691 in unsupported and \$1,622 in unallowable expenditures related to staff travel costs.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women Grants Awarded to Red Wind Consulting, Inc.

- c. \$40,850 in unsupported and \$32,405 in unallowable contractor and subrecipient questioned costs.
- d. \$600 in unsupported and \$1,999 in unallowable other direct questioned costs.

6. Require Red Wind to develop and implement formal written policies and procedures to ensure that Red Wind's contractor and subrecipient agreements contain the proper elements and Red Wind conducts adequate oversight and monitoring of its contractors and subrecipients as outlined in the DOJ Grants Financial Guide.

Concur: OVW will coordinate with Red Wind to ensure that they develop and implement formal written policies and procedures to ensure that its contractor and subrecipient agreements contain the proper elements and Red Wind conducts adequate oversight and monitoring of its contractors and subrecipients as outlined in the DOJ Grants Financial Guide.

7. Ensure that Red Wind develop and implement policies and procedures to properly account for the indirect costs charged, including the basis used to calculate those amounts.

Concur: OVW will coordinate with Red Wind to ensure that they develop and implement policies and procedures to properly account for the indirect costs charged, including the basis used to calculate those amounts.

8. Ensure that Red Wind implements policies and procedures documenting its drawdown process.

Concur: OVW will coordinate with Red Wind to ensure that they implement policies and procedures documenting its drawdown process.

9. Remedy the \$229,845 of unsupported costs for excess funds drawn down through March 20, 2021.

Concur: OVW will coordinate with Red Wind to ensure that they remedy the \$229,845 of unsupported costs for excess funds drawn down through March 20, 2021.

10. Work with Red Wind to develop formal written FFR policies and procedures to ensure accurate FFRs are submitted.

Concur: OVW will work with Red Wind to develop formal written FFR policies and procedures to ensure accurate FFRs are submitted.

11. Require Red Wind to correct and resubmit, as necessary, any inaccurate FFRs for awards that are still ongoing.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women Grants Awarded to Red Wind Consulting, Inc.

Concur: OVW will coordinate with Red Wind to ensure it corrects and resubmits, as necessary, any inaccurate FFRs for awards that are still ongoing.

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

Regina Madison
Program Specialist
Office on Violence Against Women

Darla Nolan
Program Specialist
Office on Violence Against Women

Thelma Bailey
Program Assistant
Office on Violence Against Women

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

The OIG provided a draft of this audit report to the Office on Violence Against Women (OVW) and Red Wind Consulting, Inc. (Red Wind). Red Wind's response is incorporated in Appendix 3 and the OVW response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OVW concurred with our recommendations, and as a result, the status of the audit report is resolved. Red Wind agreed with six recommendations, did not agree with one recommendation, and did not state whether it agreed or disagreed with three recommendations. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Analysis of Red Wind's Response

In Appendix 3, pages 48 through 49, Red Wind stated that as a Native organization with Indigenous structures and responses, Red Wind felt misunderstood or misinterpreted in some of its policies and protocols. Red Wind stated some issues arose where Red Wind had received OVW guidance and approval for practices that were culturally and linguistically appropriate, trauma-informed, and victim-centered and that were not completely understood by the OIG during the auditing process. Red Wind further stated that it believed actions it took that resulted in OIG findings were previously supported and approved by OVW. Red Wind also recommended that the OIG and OVW work together to provide culturally appropriate sensitivity training to prevent these issues from arising in future audits of culturally specific programs. We considered Red Wind's perspective in finalizing this report and discussed this feedback with OVW. While we regret that Red Wind felt misunderstood, following the receipt of Red Wind's response, we confirmed with OVW that OVW did not approve Red Wind to follow any alternative practices that did not conform to the requirements in the award documentation and the DOJ Grants Financial Guide, which were the basis for our findings.

Recommendations for OVW:

- 1. Ensure Red Wind develops and implements policies and procedures for tracking and documenting performance measure data to ensure progress reports are accurate and properly supported.**

Resolved. OVW concurred with our recommendation. OVW stated in its response it will coordinate with Red Wind to ensure that it develops and implements policies and procedures for tracking and documenting performance measure data to ensure progress reports are accurate and properly supported. As a result, this recommendation is resolved.

Red Wind agreed on the importance of accurate data collection, retention, and reporting. In its response Red Wind stated it planned, built new policy and protocol, and implemented new practices since our audit began in 2021. Red Wind reiterated that it now includes a self-reporting job title for all training, webinar, and conference registrations that it coincides with progress reporting selections. Additionally, Red Wind stated it has improved its tracking and retention systems for webinars that are accessible to the programmatic technical assistance team which should eliminate communication errors between team members. Red Wind stated it consulted the Violence Against

Women Act Measuring Effectiveness Initiative (VAWA MEI) for technical assistance related to reporting and best practices in defining technical assistance activities. Based on the guidance and information provided by VAWA MEI Red Wind created an understanding across the technical assistance grants for more accurate data tracking. Lastly, since transitioning to JustGrants and operating fully remote due to the COVID-19 pandemic, Red Wind stated it has built a new system to track materials distributed both in person and electronically. Red Wind also stated it is still having significant issues with collecting materials developed and approved within Grant Management System (GMS) that were not imported to JustGrants.

This recommendation can be closed when we receive documentation that Red Wind has developed and implemented written policies and procedures that outline in detail the steps required of employees to properly track and report all information that is included in the required progress reports.

2. Ensure that Red Wind enhances its accounting system and the accounting policies and procedures to ensure that it maintains complete and accurate accounting records for the awards.

Resolved. OVW concurred with our recommendation. OVW stated in its response it will coordinate with Red Wind to ensure that they enhance its accounting system and the accounting policies and procedures to ensure that it maintains complete and accurate accounting records for the awards. As a result, this recommendation is resolved.

Red Wind disagreed with our recommendation. In its response, Red Wind explained that it received requests for data in separate emails at different times and Red Wind staff did its best to meet the OIG requests as completely and accurately before deadlines outlined. Red Wind also stated that its systems, at the time, did not create a report that included all payroll and indirect costs in one report. Red Wind explained that the data was being tracked in several reports that Red Wind collected data from it used to report its for financial reporting purposes. According to the DOJ Grants Financial Guide, which the OIG based its findings, an accounting system should account for all receipts, expenditures, and obligations of federal funds. As stated in the body of the report, the OIG worked with Red Wind for 5 months to obtain a complete and accurate accounting records for each grant and in the end, Red Wind acknowledged that the final accounting records it provided were still not complete or accurate. Since Red Wind could not produce complete and accurate accounting records for the awards, the OIG believes Red Wind's accounting system is not adequate. Nevertheless, Red Wind stated in its response that it is working towards best practices and building the capacity to pull all data on one report. Red Wind is also procuring a new accounting system that is better built for non-profits and managing several funding sources with different budget, financial, and data collection requirements. Red Wind explained through those changes, it expects to strengthen the financial oversight and practices as well as meet audit and funding agency requests in the future.

This recommendation can be closed when we receive evidence that Red Wind enhanced its accounting system and accounting policies and procedures.

3. Coordinate with Red Wind to enhance its policies and procedures related to segregation of duties and include specific language regarding SAM verification of employees, subrecipients, and

contractors.

Resolved. OVW concurred with our recommendation. OVW stated in its response it will coordinate with Red Wind to enhance its policies and procedures related to segregation of duties and include specific language regarding SAM verification of employees, subrecipients, and contractors. As a result, this recommendation is resolved.

Red Wind agreed that as an organization it needs to strengthen internal control weaknesses as outlined in the 2018 and 2019 financial statement audit. Red Wind explained it has grown significantly in the past 5 years and has worked to build internal controls as staff were hired and systems expanded. As stated in this report, Red Wind has implemented separation of duties regarding access accounts to the accounting system, established a request form, and a system for purchases. Red Wind stated in its response that one check signer existed outside of the Executive Director, but that staff member moved out of the state. With the change, Red Wind has added another check signer who is local and can respond to the needs for check signing and purchasing. Providing another staff member with a debit card to be used for purchases as well as reconciliation submitted to the BOD treasurer for review remains "In Progress" as Red Wind is actively building structures, systems, and communication to complete the tasks during the COVID-19 pandemic. Red Wind also stated that once all the processes, protocols, and communication with staff and the BOD are solidified, Red Wind will update and implement a new written operating policies manual. In addition, Red Wind stated that during the draft of the new operation policies, a SAM database verification policy will be implemented before any funding is spent to employees, contractors, consultants, vendors, and subrecipients. Red Wind also requested any recommendations and resources OVW has to offer to help Red Wind build the policy and implementation needs to best practice standards.

This recommendation can be closed when we receive evidence that Red Wind enhanced its policies and procedures related to segregation of duties and the SAM verification.

4. Ensure Red Wind updates and enforces the BOD Bylaws.

Resolved. OVW concurred with our recommendation and stated in its response it will coordinate with Red Wind to ensure that they update and enforce the BOD Bylaws. As a result, this recommendation is resolved.

Red Wind agreed with strengthening the roles and responsibilities of the BOD. Red Wind acknowledged that the members of the BOD also encountered much of the same trauma as Red Wind staff due to the COVID-19 pandemic and much of the progress has been dependent on the ability to meet, discuss, and build new policies virtually. Red Wind also stated it is working towards the timelines set for operational budgets and quarterly meetings with the BOD as well as protocols for the financial staff to submit reports for review. Additionally, the Red Wind Executive Director was meeting with the BOD more regularly after the 2018 and 2019 financial statement audits outlined the need for more regular communication and meeting, but due to the pandemic the regular meetings have slowed. Also, Red Wind stated in its response, that the current BOD bylaws are being reviewed and updated during planning meetings with the BOD.

This recommendation can be closed when Red Wind demonstrates that it has updated and is enforcing the BOD bylaws.

5. Remedy \$81,129 in expenditure questioned costs, including:

a. \$2,963 in unallowable salary costs.

Resolved. OVW concurred with our recommendation. OVW stated in its response it will coordinate with Red Wind to ensure that they remedy the questioned costs. As a result, this recommendation is resolved.

Red Wind disagreed with the need to remedy costs questioned as unallowable. In its response Red Wind stated it viewed title changes and pay rate changes as normal and expected with the exponential growth Red Wind has experienced. It added that budgets are formulated to include payrate changes expected for the grant period and Red Wind could shift costs between categories up to 10 percent without OVW oversight or approval.

However, costs for two positions were charged to awards that were not originally included in the award budgets. We believe this constitutes a change in scope which requires a grant adjustment as required by the DOJ Grants Financial Guide. Additionally, in one case, time worked by the director of another program not subject to our audit was charged to two awards under audit, and the hours were not supported by that employee's timesheet.

This recommendation can be closed when we receive evidence that OVW has remedied the \$2,963 in unallowable salary costs.

b. \$691 in unsupported and \$1,622 in unallowable expenditures related to staff travel costs.

Resolved. OVW concurred with our recommendation and stated in its response it will coordinate with Red Wind to ensure that \$691 in unsupported and \$1,622 in unallowable expenditures related to staff travel costs are remedied. As a result, this recommendation is resolved.

Red Wind agreed to remedy \$710 in unallowable staff travel costs but disagreed with the remaining \$912 unallowable and the \$691 of unsupported travel costs. Specifically, Red Wind agreed to remedy a \$200 change fee and a \$510 erroneously charged cost. However, in its response, Red Wind stated that \$183 flight fee was refunded when the trip for a conference was canceled and the training was never rescheduled, and travel halted due to the COVID-19 pandemic and caused the funds with Southwest to expire. Due to the unforeseen circumstances of the COVID-19 pandemic and explanation provided, the non-refundable flight fee voucher would most likely have been used for another trip. As a result, we remedied the \$183 related to staff travel costs.

Red Wind disagreed with \$729 in unallowable staff travel expenses related to lodging and

stated in its response that the GSA federal rates were accurate and followed. After reviewing the response and the receipts, we determined that Red Wind used the correct federal rate for lodging. As a result, we remedied the \$729 in staff travel expenses.

Red Wind also disagreed with a \$691 unsupported lodging transaction and stated in its response the transaction was for an OVW meeting in which several staff attended on for the 2015-TA-AX-K069 award and another staff member attended for the 2017-TA-AX-K023 award. The OIG did review all the transactions relating to the meeting attended by several Red Wind staff members and found all transactions except one to be allowable and supported. The transaction in question was not supported by appropriate documentation and according to the notes in the accounting records it was attended by the staff member that Red Wind stated did not attend the OVW meeting.

This recommendation can be closed when we receive documentation that OVW has remedied the remaining \$691 in unsupported and \$710 in unallowable staff travel questioned costs.

c. \$40,850 in unsupported and \$32,405 in unallowable contractor and subrecipient questioned costs.

Resolved. OVW concurred with our recommendation and stated in its response it will coordinate with Red Wind to ensure that \$40,850 in unsupported and \$32,405 in unallowable contractor and subrecipient questioned costs are remedied. As a result, this recommendation is resolved.

Red Wind disagreed with the \$40,850 in unsupported and the \$32,030 in unallowable contractor and subrecipient expenditures. In its response, Red Wind acknowledged the need for official documents time and effort reporting and the need for official documentation outside of invoices. Red Wind also stated that at a minimum it had invoices submitted by contractors outlining the work completed as they requested payment. Red Wind continued by stating it has documentation such as conference request forms, agendas, and retained documentation of completed work to prove the work was completed by contractors and subrecipients before payments were made. Invoices submitted for payment often outlined hours worked and tasks completed as well as a review and signature of the Executive Director or the Project Coordinator who was managing the award at that time. In addition, Red Wind stated all contractors and payments were within limits set by OVW and approved by OVW prior to the work being completed. Budgets were updated and contractors had appropriate documentation via invoices and there was communication with Red Wind staff. We found during our review that most invoices did not detail the work completed and all of the subrecipients and many consultants were not included in the approved budgets. In addition, according to the DOJ Grants Financial Guide, time and effort reports are required for consultants and performance/progress reports and supporting documentation with monthly invoices are required for subrecipients. Nevertheless, Red Wind stated in its response, since the OIG audit, it has set in place time and effort reporting requirements and is in the process of building more extensive progress reporting with

subrecipients.

Red Wind agreed to reconcile the \$375 in unallowable cancelation fees due to the DOJ not funding any fines, penalties, and judgements. Red Wind also stated in its response that it would appreciate a conversation with OVW to discuss how to continue providing accessible accommodation to participants while addressing the human needs of presenters so it can be set up without consequence to Red Wind.

In its response, Red Wind stated it disagreed with the of \$400 related to a contractor speaking at an event. However, as stated in the report, we did not take exception to this expense because we believe that the contractor was paid for additional preparation time and travel.

This recommendation can be closed when we receive documentation that OVW has remedied the \$40,850 in unsupported and \$32,405 in unallowable contractor and subrecipient questioned costs.

d. \$600 in unsupported and \$1,999 in unallowable other direct questioned costs.

Resolved. OVW concurred with our recommendation and stated in its response it will coordinate with Red Wind to ensure that \$600 in unsupported and \$1,999 in unallowable other direct questioned costs are remedied. As a result, this recommendation is resolved.

Red Wind agreed to remedy \$111 unallowable other direct costs and disagreed with the need to remedy the \$600 in unsupported and \$1,888 in unallowable direct costs. Red Wind stated in its response that it believes it has enough supporting documentation to justify the costs as well as OVW guidance for the process with Office Lease full-time equivalent (FTE) calculations. Specifically, Red Wind stated through guidance provided by OVW, Red Wind's office lease monthly charges monthly should not be a stagnant cost but should fluctuate based on hours worked by staff and their monthly FTE percentages. Red Wind used this guidance to build a report form that helps determine monthly FTEs per staff member and charge the Cooperative Agreements appropriately for items determined to be a direct cost. Red Wind also stated that while budgeted amounts are stagnant, Red Wind's allocations to the awards fluctuate depending on the work required monthly across several grants. Monthly amounts were calculated by taking the budget and dividing by months of the year. Therefore, with staff hour fluctuations and our application of FTE percentages based on actual hours worked that month, some months seemed to be over budgeted "monthly amounts" while others seemed to be under "monthly amounts". While reviewing the office lease expenditures charged to the awards, we only questioned the amounts when it exceeded the budgeted amounts.

Red Wind disagreed with the need to remedy the \$600 for the virtual booth fee and stated in its response that it was approved, within budget, and attended. Red Wind also stated that the conference was held virtually due to the COVID-19 pandemic and the resource booth for Cooperative Agreement number 2018-TA-AX-K003, was held and attended as part of

outreach to Tribal College Campuses nationally. This purchase was made with the debit card the Tribal Campus Coordinator has with Red Wind and was approved by the Executive Director. The Tribal College Campus Coordinator built and submitted a virtual booth for this conference. They had trouble logging into the event but was in attendance when log in issues were resolved. During the audit, Red Wind provided an invoice for the non-profit/educational institution/tribe booth and the virtual convention schedule. From the documentation provided there was no evidence that Red Wind attended or presented at the convention and the convention was not listed on the budget.

This recommendation can be closed when we receive documentation that OVW has remedied the \$600 in unsupported and \$1,999 in unallowable other direct questioned costs.

- 6. Require Red Wind to develop and implement formal written policies and procedures to ensure that Red Wind's contractor and subrecipient agreements contain the proper elements and Red Wind conducts adequate oversight and monitoring of its contractors and subrecipients as outlined in the DOJ Grants Financial Guide.**

Resolved. OVW concurred with our recommendation. OVW stated in its response it will coordinate with Red Wind to ensure they develop and implement formal written policies and procedures to ensure that its contractor and subrecipient agreements contain the proper elements and Red Wind conducts adequate oversight and monitoring of its contractors and subrecipients as outlined in the DOJ Grants Financial Guide. As a result, this recommendation is resolved.

Red Wind agreed that formal written policies and procedures are needed for the procurement and monitoring of contractors and subrecipients as well as the need to strengthen its internal controls. Within its response, Red Wind stated it has begun drafting the policies and procedures as well as started the process of mapping out internal controls and assigning them to staff members outside of the Executive Director to decrease the risk of fraud, waste, and abuse and increase oversight of processes at Red Wind. Red Wind also requested any recommendations and resources OVW can offer to help build the policy and implementation needs to best practice standards.

This recommendation can be closed when we receive documentation supporting that Red Wind developed and implemented policies and procedures ensuring that Red Wind's contractor and subrecipient agreements contain the proper elements and Red Wind conducts adequate oversight and monitoring of its contractors and subrecipients as outlined in the DOJ Grants Financial Guide.

- 7. Ensure that Red Wind develop and implement policies and procedures to properly account for the indirect costs charged, including the basis used to calculate those amounts.**

Resolved. OVW concurred with our recommendation. OVW stated in its response it will coordinate with Red Wind to ensure they develop and implement policies and procedures to properly account for the indirect costs charges, including the basis used to calculate those amounts. As a result, this recommendation is resolved.

Red Wind did not agree or disagree with this recommendation, but in its response, Red Wind

requested any resources and recommendations from OVW to help build the indirect policies and implement best practice standards. Furthermore, in its response, Red Wind disagreed that it exceeded the allowable 10 percent de minimis rate and goes into detail on how it did not exceed the 10 percent. We found, within the exception of one award, the awards did exceed the allowable 10 percent rate. However, we understood that the awards were not concluded and therefore did not make a recommendation or question any of the indirect costs, but we do believe it would be beneficial if Red Wind and OVW monitor the indirect costs charged to ensure that the 10 percent rate is not exceeded.

This recommendation can be closed when we receive documentation supporting that Red Wind developed and implemented policies and procedures to properly account for the indirect costs charged, including the basis used to calculate those amounts.

8. Ensure that Red Wind implement policies and procedures documenting its drawdown process.

Resolved. OVW concurred with our recommendation. OVW stated in its response it will coordinate with Red Wind to ensure that they implement policies and procedures documenting its drawdown process. As a result, this recommendation is resolved.

Red Wind agreed that there is a need for implementation of policies and procedures that improve the accounting records with drawdowns and its processes. Red Wind plans to work with OVW to gather resources to help strengthen Red Wind's policies and procedures to meet best practice standards.

This recommendation can be closed when we receive documentation that Red Wind has developed and implemented policies and procedures documenting its drawdown process.

9. Remedy the \$229,845 of unsupported costs for excess funds drawn down through March 20, 2021.

Resolved. OVW concurred with our recommendation. OVW stated in its response it will coordinate with Red Wind to ensure that they remedy the \$229,845 of unsupported costs for excess funds drawn down through March 20, 2021. As a result, this recommendation is resolved.

Red Wind neither agreed nor disagreed with unsupported costs of \$229,845. In its response Red Wind stated it did not provide enough information during the audit to determine the total costs because Red Wind initially thought the total costs were included in reports provided. Additionally, Red Wind explained that each drawdown was automatically assessed a 15 percent fee to fulfill a tax levy issued by the U.S. Department of Treasury.

This recommendation can be closed when we receive documentation that OVW has remedied the \$229,845 in unsupported costs for excess funds drawn down.

10. Work with Red Wind to develop formal written FFR policies and procedures to ensure accurate FFRs are submitted.

Resolved. OVW concurred with our recommendation and stated in its response it will work with Red Wind to develop formal written FFR policies and procedures to ensure accurate FFRs are submitted. As a result, this recommendation is resolved.

Red Wind agreed and acknowledged the need for accurate FFRs. Red Wind stated in its response that it will build an operating policy for FFRs and proceed to build an internal control of FFRs involving the Financial Coordinator and the financial department.

This recommendation can be closed when we receive documentation that Red Wind developed FFR policies and procedures.

11. Require Red Wind to correct and resubmit, as necessary, any inaccurate FFRs for awards that are still ongoing.

Resolved. OVW concurred with our recommendation and stated in its response it will coordinate with Red Wind to ensure it corrects and resubmits, as necessary, any inaccurate FFRs for awards that are still ongoing. As a result, this recommendation is resolved.

In its response, Red Wind did not state specifically whether it agreed with the recommendation. However, Red Wind stated it understands there are differences in reporting discovered by the OIG. Red Wind reiterated in some cases, it was aware of the reporting being incorrect as documented by the Executive Director and as discussed with OVW staff. Per the recommendation, Red Wind is unable to and cannot correct and resubmit due to the new system not importing all data and the ability to resubmit previous FFRs. Additionally, Red Wind stated in its response it is unaware of how final numbers were obtained and are left to speculate that reporting numbers are not matching due to the need of indirect costs, the tax levy 15 percent debited from drawdowns for a period in 2019, paid time off, and other fringe included in our accounting system and not just in our outside tracking systems. Red Wind also stated it is working to reconcile and remedy these differences and would like to work with OVW closely to ensure the past reports are corrected as well as accurately reported moving forward.

This recommendation can be closed when we receive evidence of any inaccurate FFRs have been corrected and resubmitted.