



Audit of the Office on Violence Against Women
Cooperative Agreements Awarded to the
Abused Adult Resource Center,
Bismarck, North Dakota

★ ★ ★

22-029

JANUARY 2022



EXECUTIVE SUMMARY

Audit of the Office on Violence Against Women Cooperative Agreements Awarded to the Abused Adult Resource Center, Bismarck, North Dakota

Objectives

The Office on Violence Against Women (OVW) awarded the Abused Adult Resource Center (AARC) three cooperative agreements totaling \$1,439,436 for the Enhanced Training and Services to End Abuse in Later Life Program; the Improving Criminal Justice Responses to Sexual Assault, Domestic Violence, Dating Violence, and Stalking Program; and the Rural Sexual Assault, Domestic Violence, Dating Violence, and Stalking Program. 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 grantee demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

As a result of our audit, we concluded that AARC demonstrated adequate progress towards achieving program goals and objectives. In addition, we did not identify significant concerns regarding AARC's compliance with select special conditions and certain aspects of budget management. However, we identified concerns regarding AARC's written policies and procedures, performance reporting, the use of award funds, drawdowns, and federal financial reports (FFR). We also identified \$33,259 in questioned costs, which included \$29,127 in unsupported questioned costs and \$4,132 in unallowable questioned costs.

Recommendations

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

Audit Results

The purpose of the OVW awards we reviewed was to provide or enhance services for older victims; encourage partnerships between agencies and victim service providers to ensure that sexual assault, domestic violence, dating violence, and stalking are treated as serious violations of criminal law; and to enhance victim safety in rural areas. The project period for the awards was from October 1, 2015 through March 31, 2022. AARC drew down a cumulative amount of \$1,277,196 from the awards we reviewed.

Program Goals and Accomplishments

We reviewed AARC's stated accomplishments for the awards and found no indications that it had not demonstrated adequate progress towards achieving the program goals and objectives. However, we found that AARC reported to OVW 12 performance measures that were inaccurate or unsupported.

Award Financial Management

We found that AARC's policies and procedures did not have specific language regarding indirect costs and System for Award Management verification.

Award Expenditures

We identified \$4,542 in unsupported personnel costs, and \$2,318 in unsupported other direct costs. We also identified \$4,132 in unallowable other direct costs. Additionally, we identified a conflict of interest that was not disclosed to OVW as required.

Drawdowns

We also identified \$22,267 in unsupported drawdowns in excess of award expenditures.

Federal Financial Reports

We found that for all the FFRs we tested, reported expenditures did not match AARC's accounting records.

Table of Contents

Introduction	1
The Grantee	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.....	4
Award Financial Management.....	4
Award Expenditures.....	4
Personnel Costs	5
Contractor Costs.....	5
Other Direct Costs	6
Indirect Costs	6
Budget Management and Control	6
Drawdowns	6
Federal Financial Reports.....	7
Conclusion and Recommendations	8
APPENDIX 1: Objectives, Scope, and Methodology	9
Objectives	9
Scope and Methodology.....	9
Internal Controls.....	10
APPENDIX 2: Schedule of Dollar-Related Findings	11
APPENDIX 3: The Abused Adult Resource Center Response to the Draft Audit Report	12
APPENDIX 4: The Office on Violence Against Women Response to the Draft Audit Report	13
APPENDIX 5: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report	16

Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three cooperative agreements awarded by the Office on Violence Against Women (OVW), under the Enhanced Training And Services to End Abuse in Later Life Program; the Improving Criminal Justice Responses to Sexual Assault, Domestic Violence, Dating Violence, and Stalking Program; and the Rural Sexual Assault, Domestic Violence, Dating Violence, and Stalking Program to the Abused Adult Resource Center (AARC), located in Bismarck, North Dakota. As shown in Table 1, the three cooperative agreements awarded to the AARC totaled \$1,439,436.

Table 1

Cooperative Agreement Awarded to AARC

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date	Award Amount
2015-EW-AX-K004	OVW	09/03/2015	10/01/2015	09/30/2019	400,000
2016-WE-AX-0052	OVW	09/13/2016	10/01/2016	11/30/2019	401,611
2018-WR-AX-0001	OVW	09/20/2018	10/01/2018	03/31/2022	637,825
				Total:	\$1,439,436

Source: Office of Justice Programs Grants Management System

Funding through the Enhanced Training and Services to End Abuse in Later Life Program supports projects that take a comprehensive approach to address elder abuse in communities. Funding through the Improving Criminal Justice Responses to Sexual Assault, Domestic Violence, Dating Violence, and Stalking Program encourages partnerships between state, local, and tribal governments, courts, victim service providers, coalitions, and rape crisis centers. Funding through the Rural Sexual Assault, Domestic Violence, Dating Violence, and Stalking Program enhances the safety of rural victims of sexual assault, domestic violence, dating violence, and stalking and supports projects uniquely designed to address and prevent these crimes in rural areas.

The Grantee

AARC is headquartered in Bismarck, North Dakota, and provides emergency support, crisis intervention, temporary shelter, food, counseling, and advocacy to victims of domestic violence and domestic assault.¹

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 grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following

¹ Background information on Abused Adult Resource Center has been taken directly from the organization's website (unaudited).

areas of award management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports (FFR).

We tested compliance with what we consider to be the most important conditions of the awards. The 2015 and 2017 DOJ Grants Financial Guides 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, award documentation, and interviewed AARC officials to determine whether AARC 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 AARC's compliance with the special conditions identified in the award documentation.

Program Goals and Objectives

The goals and objectives for Award Number 2015-EW-AX-K004 included the following:

- Collaborate with the Burleigh County Sheriff's Office, Burleigh County State's Attorney's Office, Bismarck Police Department, North Dakota Attorney General's Office, North Dakota Bureau of Criminal Investigation, and North Dakota Department of Human Services-Aging Services Division to develop a multidisciplinary approach to addressing elder abuse in their community.

The goals and objectives for Award Number 2016-WE-AX-0052 included the following:

- (1) Support one full-time AARC lead advocate, who will provide project oversight; (2) develop a multidisciplinary team to reduce crimes of sexual assault, domestic violence, dating violence, and stalking, with a focus on domestic and dating violence homicides; (3) support one full-time detective from the Mandan Police Department, who will investigate crimes of sexual assault, domestic violence, dating violence, and stalking; (4) provide training to project staff on providing culturally sensitive services for Native American victims; and (5) maintain and enhance the current Sexual Assault Response Team in providing services to sexual assault victims within the City of Mandan.

The goals and objectives for Award Number 2018-WR-AX-0001 included the following:

- (1) Support three victim advocates; (2) provide counseling for victims of domestic and sexual violence; (3) maintain a satellite office on the Standing Rock Indian Reservation for advocates to meet with clients; (4) provide training for staff from the Standing Rock Tribe's Indian Health Services on providing trauma-informed services for victims of domestic and sexual violence; (5) conduct workshops on teen dating violence for elementary and high school students; and (6) support coordinated community response and sexual assault response teams within the service area.

Based on our review, there were no indications that AARC was not adequately achieving the stated goals and objectives of the awards.

Required Performance Reports

According to the 2015 and 2017 DOJ Grants Financial Guides, 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 the performance reports, we selected a sample of 10 performance measures from the 2 most recent reports submitted from each award in our scope, for a total sample size of 30 performance measures. We then traced the items to supporting documentation maintained by AARC.

We determined that of the 30 performance measures tested, 12 were inaccurate or unsupported. Specifically, 10 were either materially under or over reported, and AARC did not maintain supporting documentation for 2 performance measures. As a result, we recommend OVW coordinate with AARC to ensure performance reports submitted are accurate and fully supported.

Compliance with Special Conditions

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

Based on our sample testing, we did not identify any instances of AARC violating the seven special conditions that we reviewed.

Award Financial Management

According to the 2015 and 2017 DOJ Grants Financial Guides, 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 AARC's financial management of the awards covered by this audit, we conducted interviews with AARC staff, examined policy and procedures, and inspected award documents to determine whether AARC adequately safeguards the award funds we audited. We also reviewed AARC's Single Audit Reports for the years ending December 31, 2015, through December 31, 2019, and did not identify any significant deficiencies or material weaknesses related to the federal awards. Finally, we performed testing in the areas that were relevant for the management of the awards, as discussed throughout this report.

Based on our review, we determined that AARC's policies and procedures did not have specific language regarding indirect costs and System for Award Management (SAM) verification to ensure that none of the individuals or entities paid with award funds have been suspended or debarred. Therefore, we recommend OVW coordinate with AARC to ensure it develops and implements policies and procedures that include specific language regarding indirect costs and SAM verification.

Award Expenditures

For Award Numbers 2015-EW-AX-K004, 2016-WE-AX-0052, and 2018-WR-AX-0001, AARC's approved budgets included personnel, fringe benefits, contractual, and other direct costs. We also noted for Award Number

2016-WE-AX-0052 the approved budget included indirect costs. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a judgmental sample of 91 transactions totaling \$122,804.² We reviewed documentation, accounting records, and performed verification testing related to award expenditures. As discussed in the following sections, we identified \$6,860 in unsupported questioned costs and \$4,132 in unallowable questioned costs. The following sections describe the results of our testing.

Personnel Costs

As part of our sample, we reviewed salary and related fringe benefit transactions for two pay periods charged to Award Numbers 2015-EW-AX-K004 2016-WE-AX-0052, and 2018-TA AX-K008. In total we tested \$29,158 in salaries and fringe benefits to determine if labor charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the awards. Based on our review, we identified \$4,542 in total questioned costs charged to the awards.

Specifically, for Award Number 2018-WR-AX-0001, we determined that AARC did not maintain adequate documentation for eight salary and benefit transactions totaling \$3,088. Additionally, we determined that AARC did not maintain supporting documentation for self-funded unemployment taxes, resulting in an additional \$1,454 in unsupported fringe benefits.

In total, we identified \$4,542 in unsupported personnel costs charged to the awards. Therefore, we recommend that OVW remedy the \$4,542 in unsupported salary and fringe benefits.

Contractor Costs

As part of our sample, we reviewed eight contractor transactions totaling \$47,719 to determine if charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the awards. In addition, we assessed whether the rates, services, and total costs were in accordance with those allowed in the approved budgets. As a result of our testing, we determined that the contractor costs charged to the awards were supported and accurate.

We found that for Award Number 2015-EW-AX-K004, AARC paid a contractor to provide technical assistance. However, based on our review of the relationship between the contractor and AARC, we determined that there appeared to be a conflict of interest. According to AARC, the contractor was involved in applying for DOJ awards, which included developing the award budgets. The 2015 and 2017 DOJ Grants Financial Guides require a recipient to identify any potential conflict of interest issues and disclose them to the awarding agency for specific guidance and advice. In our judgment, the fact that AARC allowed the contractor to assist in the creation of award budgets that resulted in it receiving a financial benefit through consulting agreements for DOJ awards it worked on appears to be a conflict of interest. As a result, we recommend OVW coordinate with AARC to develop policies and procedures to ensure it discloses conflicts of interest.

² 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.

Other Direct Costs

As part of our sample, we reviewed 83 other direct cost transactions, totaling \$45,927 to determine if charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the award. As a result of our testing, we identified \$6,450 in unsupported and unallowable other direct costs charged to the awards.

We identified five transactions totaling \$2,318 in other direct costs that were not supported. Specifically, we identified two transactions related to victim housing lease deposits and three transactions related to travel, for which AARC did not maintain supporting documentation for Award Number 2015-EW-AX-K004 and Award Number 2016-WE-AX-0052. We also identified 23 transactions totaling \$4,132 related to supplies, phone and internet bills, grocery items, vehicle registration renewal, and promotional items, that were not included in the budgets for Award Number 2016-WE-AX-0052 and Award Number 2018-WR-AX-0001.

In total, we identified, \$2,318 in unsupported and \$4,132 in unallowable other direct costs charged to the awards. Therefore, we recommend that OVW remedy the \$2,318 in unsupported other direct questioned costs. We also recommend that OVW remedy \$4,132 in unallowable other direct questioned costs.

Indirect Costs

Indirect costs are costs of an organization that are not readily assignable to a specific project but are necessary to the operation of the organization and the performance of the project. We did not identify any issues related to the indirect costs.

Budget Management and Control

According to the 2015 and 2017 DOJ Grants Financial Guides, 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 award recipient must initiate a Grant Adjustment Notice (GAN) for a budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total award amount.

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

Drawdowns

According to the 2015 and 2017 DOJ Grants Financial Guides, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. As of May 7, 2021, AARC had drawn down a total of \$1,277,196 from the awards in our scope.

To assess whether AARC managed award receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. We found the drawdowns were generally supported for award number 2018-WR-AX-0001. However, we identified drawdowns in excess of expenditures totaling \$6,805 for Award Number 2015-EW-AX-K004 and \$15,462 for Award Number 2016-WE-AX-0052. Therefore, we recommend that OVW remedy the \$22,267 in unsupported questioned costs related to excess drawdowns.

Federal Financial Reports

According to the 2015 and 2017 DOJ Grants Financial Guides, 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 the AARC submitted accurate FFRs, we compared the four most recent reports to the AARC's accounting records for the awards in our scope.

As shown in Table 2, we found that none of the FFRs we tested matched AARC's accounting records for quarterly or cumulative expenses for the awards.

Table 2

FFR Accuracy

Report Dates	Quarterly Expenditures Difference (Qtr. Exp. per GL – Qtr. Exp. per FFR)	Cumulative Expenditures Difference Per GL (Cumulative Exp. per GL – Cumulative Exp. per FFR)
Award Number: 2015-EW-AX-K004		
10/1/2018 – 3/31/2018	(\$1,139)	\$33,958
1/1/2019 – 3/31/2019	(\$11,921)	\$22,036
4/1/2019 – 6/30/2019	\$36,129	\$58,166
7/1/2019 – 9/30/2019	\$45,847	\$104,013
Award Number 2016-WE-AX-0052		
1/1/2019 – 3/31/2019	\$4,363	(\$23,771)
4/1/2019 – 6/30/2019	(\$21,710)	(\$45,481)
7/1/2019 – 9/30/2019	\$4,189	(\$41,292)
10/1/2019 – 11/30/2019	(\$3,232)	(\$44,525)
Award Number 2018-WR-AX-0001		
4/1/2020 – 6/30/2020	\$9,244	(\$24,780)
7/1/2020 – 9/30/2020	\$363,347	\$338,567
10/1/2020 – 12/30/2020	\$50,101	\$388,668
1/1/2021 – 3/31/2021	(\$410,605)	(\$21,938)

Source: Office of Justice Programs Grants Management System and AARC financial records.

For Award Number 2018-WR-AX-0001, AARC stated that during the transition from GMS to JustGrants, it was instructed to ensure its cumulative expenditures were correctly reported. As a result, AARC incorrectly adjusted out all of the expenditures previously reported and then adjusted the expenditures back in at a later time, which may have resulted in the large deviations noted above. However, as stated previously, none of the FFRs we tested matched AARC's accounting records for the report period. Therefore, we recommend OVW coordinate with AARC to ensure FFRs submitted are accurate and fully supported.

Conclusion and Recommendations

As a result of our audit testing, we conclude that AARC demonstrated adequate progress towards achieving the awards' stated goals and objectives. Additionally, we did not identify significant issues regarding AARC's compliance with select special conditions and certain aspects of budget management. However, we found that AARC did not comply with essential award conditions related to performance reports, the use of award funds, federal financial reports, drawdowns, and policies and procedures. As a result, we provide seven recommendations to AARC to address these deficiencies.

We recommend that OVW:

1. Coordinate with AARC to ensure performance reports submitted are accurate and fully supported.
2. Coordinate with AARC to ensure it develops and implements policies and procedures that include specific language regarding indirect costs and SAM verification.
3. Remedy \$6,860 in unsupported questioned costs related to \$4,542 in unsupported salary and fringe benefit personnel costs, and \$2,318 in unsupported other direct costs.
4. Coordinate with AARC to remedy \$4,132 in unallowable questioned other direct costs.
5. Coordinate with AARC to ensure it develops policies and procedures to ensure it discloses conflicts of interest.
6. Remedy the \$22,267 in unsupported questioned costs related to excess drawdowns.
7. Coordinate with AARC to ensure FFRs submitted are accurate and fully supported.

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 grantee 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 Office on Violence Against Women (OVW) cooperative agreements awarded to the Abused Adult Resource Center (AARC) under the Rural Sexual Assault, Domestic Violence, Dating Violence, and Stalking Program, Enhanced Training and Services to End Abuse in Later Life Program, and Improving Criminal Justice Responses to Sexual Assault, Domestic Violence, Dating Violence, and Stalking Grant Program. Through Award Number 2015-EW-AX-K004, Award Number 2016-WE-AX-0052, and Award Number 2018-WR-AX-0001, AARC was awarded \$1,439,436. As of May 7, 2021, AARC had drawn down a total of \$1,277,196 of the total funds awarded. Our audit concentrated on, but was not limited to September 3, 2015, the award date for Award Number 2015-EW-AX-K004, through October 12, 2021, the last day of our audit work. 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 AARC's activities related to the audited awards. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit 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 2015 and 2017 DOJ Grants Financial Guides and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from the Office of Justice Program's Grants Management System, as well as AARC'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 AARC to provide assurance on its internal control structure as a whole. AARC'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 AARC's internal control structure, we offer this statement solely for the information and use of AARC and OVW.³

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

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.

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

³ 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	Award Number	Amount	Page
Questioned Costs:			
Unsupported Personnel Costs	2015-EW-AX-K004	\$708	5
Unsupported Personnel Costs	2016-WE-AX-0052	\$417	5
Unsupported Personnel Costs	2018-WR-AX-0001	\$3,417	5
Unsupported Other Direct Costs	2015-EW-AX-K004	1,100	6
Unsupported Other Direct Costs	2016-WE-AX-0052	1,218	6
Unsupported Drawdown Costs	2015-EW-AX-K004	6,805	7
Unsupported Drawdown Costs	2016-WE-AX-0052	<u>15,462</u>	7
Unsupported Costs		\$29,127	
Unallowable Other Direct Costs	2016-WE-AX-0052	2,806	6
Unallowable Other Direct Costs	2018-WR-AX-0001	<u>1,326</u>	6
Unallowable Costs		\$4,132	
TOTAL DOLLAR-RELATED FINDINGS⁴		<u>\$33,259</u>	

⁴ **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.

APPENDIX 3: The Abused Adult Resource Center Response to the Draft Audit Report



A B U S E D
A D U L T
R E S O U R C E
C E N T E R

December 3, 2021

"Restoring hope. Building futures. Changing lives."

1. Coordinate with AARC to ensure performance reports submitted are accurate and fully supported.
 - a. Executive Director will approve all performance reports prior to submission.
2. Coordinate with AARC to ensure it develops and implements policies and procedures that include specific language regarding indirect costs and SAM verification.
 - a. AARC has implemented an indirect cost allocation process that is applied proportionately across the organization.
3. Remedy \$6,860 in unsupported questioned costs related to \$4,542 in unsupported salary and fringe benefit personnel costs, and \$2,318 in unsupported other direct costs.
 - a. AARC has implemented a new payroll and accounting system that will ensure costs are accurately recorded before being drawn from a grant.
4. Coordinate with AARC to remedy \$4,132 in unallowable questioned other direct costs.
 - a. AARC has broadened the grant language to allow such costs are required to achieve the grant missions. This along with the newly implemented accounting software will ensure accurate reporting.
5. Coordinate with AARC to ensure it develops policies and procedures to ensure it discloses conflicts of interest.
 - a. Currently working to establish a policy and procedure to ensure any/all conflicts of interest are identified and disclosed.
6. Remedy the \$22,267 in unsupported questioned costs related to excess drawdowns.
 - a. AARC has implemented a new accounting system that will ensure expenses are not billed to grants twice. The new system will include a function of separation of duties so the same staff member isn't entering data and reconciling data.
7. Coordinate with AARC to ensure FFRs submitted are accurate and fully supported.
 - a. Executive Director will review and approve all FFRs prior to submission.

Cordially,

Michelle Erickson
Executive Director

PO Box 5003 • Bismarck, ND 58502-5003

Office: 701-222-8370 • Fax: 701-323-9399
24-Hr. Crisis: Toll Free: 1-866-341-7009
www.abusedadultresourcecenter.com



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



U.S. Department of Justice

Office on Violence Against Women

Washington, DC, 20530

December 20, 2021

MEMORANDUM

TO: David M. Sheeren
Regional Audit Manager

THROUGH: Nadine M. Neufville *KBM for NMN*
Deputy Director, Grants Development and Management

Erin Lorah *EML*
Acting Deputy Director, Grants Financial Management Unit

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

SUBJECT: Draft Audit Report - Audit of the Office on Violence Against Women Grants Awarded to the Abused Adult Resource Center, Bismarck, North Dakota

This memorandum is in response to your correspondence dated November 9, 2021 transmitting the above draft audit report for the Abused Adult Resource Center (AARC), Bismarck, North Dakota. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains seven recommendations with \$33,259 in total 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. Coordinate with AARC to ensure performance reports submitted are accurate and fully supported.

Concur: OVW will coordinate with AARC to ensure that it develops policies and procedures to ensure performance reports are accurate and fully supported.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women Grants Awarded to the Abused Adult Resource Center

2. Coordinate with AARC to ensure that it develops and implements policies and procedures that include specific language regarding indirect costs and SAM verification.

Concur: OVW will coordinate with AARC to ensure that it develops and implements policies and procedures that include specific language regarding indirect costs and SAM verification.

3. Remedy \$6,860 in unsupported questioned costs related to \$4,542 in unsupported salary and fringe benefit personnel costs, and \$2,318 in unsupported other direct costs.

Concur: OVW will coordinate with AARC to remedy the \$6,860 in unsupported questioned costs related to \$4,542 in unsupported salary and fringe benefit personnel costs, and \$2,318 in unsupported other direct costs.

4. Coordinate with AARC to remedy \$4,132 in unallowable questioned other direct costs.

Concur: OVW will coordinate with AARC to remedy the \$4,132 in unallowable questioned other direct costs.

5. Coordinate with AARC to ensure it develops policies and procedures to ensure it discloses conflicts of interest.

Concur: OVW will coordinate with AARC to ensure it develops policies and procedures to ensure it discloses conflicts of interest.

6. Remedy the \$22,267 in unsupported questioned costs related to excess drawdowns.

Concur: OVW will coordinate with AARC to remedy the \$22,267 in unsupported questioned costs related to excess drawdowns.

7. Coordinate with AARC to ensure FFRs submitted are accurate and fully supported.

Concur: OVW will coordinate with AARC to ensure it develops policies and procedures to ensure FFRs submitted are accurate and fully supported.

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.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women Grants Awarded to the Abused Adult Resource Center

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

Janice Green
Program Specialist
Office on Violence Against Women

Amanda Wilson
Program Specialist
Office on Violence Against Women

Charlotte Turpin
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 Abused Adult Resource Center (AARC) and the Office on Violence Against Women (OVW) for review and official comment. AARC's response is incorporated in Appendix 3, and OVW's 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. AARC did not specifically state whether it agreed with the recommendations; however, it provided proposed corrective actions that address each of the recommendations. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations for OVW:

- 1. Coordinate with AARC to ensure performance reports submitted are accurate and fully supported.**

Resolved. OVW concurred with our recommendation and stated in its response that it will coordinate with AARC to ensure that it develops policies and procedures to ensure performance reports are accurate and fully supported.

AARC did not agree or disagree with our recommendation but stated in its response that the Executive Director will approve all performance reports prior to submission.

This recommendation can be closed when we receive documentation showing that AARC has developed and implemented policies and procedures that include specific language requiring the Executive Director to approve all performance reports prior to submission to ensure that performance reports submitted are accurate and fully supported.

- 2. Coordinate with AARC to ensure it develops and implements policies and procedures that include specific language regarding indirect costs and SAM verification.**

Resolved. OVW concurred with our recommendation and stated in its response that it will coordinate with AARC to ensure that it develops and implements policies and procedures that include specific language regarding indirect costs and SAM verification.

AARC did not agree or disagree with our recommendation but stated in its response that they have implemented an indirect cost allocation process that is applied proportionately across the organization.

This recommendation can be closed when we receive documentation showing that AARC has developed and implemented policies and procedures that include specific language regarding the indirect cost allocation process and SAM verification.

- 3. Remedy \$6,860 in unsupported questioned costs related to \$4,542 in unsupported salary and fringe benefit personnel costs, and \$2,318 in unsupported other direct costs.**

Resolved. OVW concurred with our recommendation and stated in its response that it will coordinate with AARC to remedy the \$6,860 in unsupported questioned costs related to \$4,542 in

unsupported salary and fringe benefit personnel costs, and \$2,318 in unsupported other direct costs.

AARC did not agree or disagree with our recommendation but stated in its response that they have implemented a new payroll and accounting system that will ensure costs are accurately recorded before being drawn from a grant.

This recommendation can be closed when we receive documentation showing that OVW has remedied the \$6,860 in unsupported questioned costs related to \$4,542 in unsupported salary and fringe benefit personnel costs, and \$2,318 in unsupported other direct costs.

4. Coordinate with AARC to remedy \$4,132 in unallowable questioned other direct costs.

Resolved. OVW concurred with our recommendation and stated in its response that it will coordinate with AARC to remedy the \$4,132 in unallowable questioned other direct costs.

AARC did not agree or disagree with our recommendation but stated in its response that they have broadened the grant language to allow such costs are required to achieve the grant missions. AARC also stated that this along with the newly implemented accounting software will ensure accurate reporting.

This recommendation can be closed when we receive documentation showing that OVW has remedied the \$4,132 in unallowable questioned other direct costs.

5. Coordinate with AARC to ensure it develops policies and procedures to ensure it discloses conflicts of interest.

Resolved. OVW concurred with our recommendation and stated in its response that it will coordinate with AARC to ensure it develops policies and procedures to ensure it discloses conflicts of interest.

AARC did not agree or disagree with our recommendation but stated in its response that they are currently working to establish policies and procedures to ensure all conflicts of interest are identified and disclosed.

This recommendation can be closed when we receive documentation showing that AARC has developed and implemented policies and procedures to ensure all conflicts of interest are identified and disclosed.

6. Remedy the \$22,267 in unsupported questioned costs related to excess drawdowns.

Resolved. OVW concurred with our recommendation and stated in its response that it will coordinate with AARC to remedy the \$22,267 in unsupported questioned costs related to excess drawdowns.

AARC did not agree or disagree with our recommendation but stated in its response that they have implemented a new accounting system that will ensure expenses are not billed to grants twice. AARC also stated that the new system will include a function of separation of duties, so the same staff member isn't entering data and reconciling data.

This recommendation can be closed when we receive documentation showing that OWW has remedied the \$22,267 in unsupported questioned costs related to excess drawdowns.

7. Coordinate with AARC to ensure FFRs submitted are accurate and fully supported.

Resolved. OWW concurred with our recommendation and stated in its response that it will coordinate with AARC to ensure it develops policies and procedures to ensure FFRs submitted are accurate and fully supported.

AARC did not agree or disagree with our recommendation but stated in its response that the Executive Director will review and approve all FFRs prior to submission.

This recommendation can be closed when we receive documentation showing that AARC has developed and implemented policies and procedures that include specific language requiring the Executive Director to review and approve all FFRs prior to submission to ensure the information reported is accurate and fully supported.