



Audit of the Office on Violence Against
Women and Office of Justice Programs
Grants Awarded to the Mi'kmaq Nation,
Presque Isle, Maine



AUDIT DIVISION

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EXECUTIVE SUMMARY

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Objectives

The Office on Violence Against Women (OVW) and the Office of Justice Programs (OJP) awarded the Mi'kmaq Nation five grants totaling \$4,359,339 for the Tribal Governments Program, Tribal Victim Services Set-Aside Program, and Tribal Delinquency Prevention Program. The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

We found that the Mi'kmaq Nation demonstrated adequate progress towards accomplishing its program goals and objectives and did not identify significant concerns regarding the Mi'kmaq Nation's federal financial reports. However, we identified a total of \$33,322 in questioned costs associated with issues related to budget management, indirect costs, and excess cash-on-hand. We also identified areas for improvement with progress reporting, completing all required background checks, property management, consultant procurement, and documenting personnel and fringe benefit costs.

Recommendations

Our report contains 14 recommendations for OVW and OJP. We requested a response to our draft audit report from the Mi'kmaq Nation, OVW, and OJP, which can be found in Appendices 3, 4, and 5, respectively. Our analysis of those responses is included in Appendix 6.

Audit Results

The purposes of the five OVW and OJP grants we reviewed were to support victims and provide programs to tribal youth. The project periods spanned from October 2015 through September 2025. The tribe drew down a cumulative amount of \$2,928,548 for the grants.

Program Goals and Accomplishments

The Mi'kmaq Nation demonstrated adequate progress towards achieving its program objectives. However, the Mi'kmaq Nation had discrepancies in progress reports.

Budget Management

The Mi'kmaq Nation exceeded its personnel and indirect costs budget for the 2018-VO-GX-0125 grant, resulting in \$9,169 of unallowable personnel costs and \$8,176 of unallowable indirect costs.

Indirect Costs and Drawdowns

The tribe had unsupported indirect costs of \$10,919 in OVW funds and \$6,898 in OJP funds. It also had \$4,349 of excess drawdowns for the 2018-VO-GX-0125 grant.

Determination of Suitability

At the time of the audit, the tribe had not conducted all the required background checks for employees who may interact with minors during the pertinent programs.

Personnel and Fringe Benefit Costs

The Mi'kmaq Nation did not have adequate procedures related to allocated personnel costs to ensure support for the actual hours spent on each program.

Equipment Management and Consultant Procurement

The tribe did not adhere to its written policies for maintaining proper property records, conducting physical inventories on property, or consultant procurement.

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Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of two grants awarded by the Office on Violence Against Women (OVW) and three grants awarded by the Office of Justice Programs (OJP), under the Tribal Governments Program, Tribal Victim Services Set-Aside Program, and Tribal Delinquency Prevention Program to the Mi'kmaq Nation in Presque Isle, Maine. The Mi'kmaq Nation was awarded the five grants totaling \$4,359,339, as shown in Table 1.

Table 1

Grants Awarded to the Mi'kmaq Nation

Award Number	Program Office	Award Date	Project Period Start Date	Project Period End Date ^a	Award Amount
2015-TW-AX-0017	OVW	09/16/2015	10/01/2015	09/30/2022	\$1,793,688
2018-VO-GX-0125	OJP-OVC ^b	04/03/2019	02/28/2019	04/30/2023	569,086
2020-JP-FX-0007	OJP-OJJDP ^c	10/22/2020	10/01/2020	09/30/2025	500,000
15POVC-21-GG-00979-TVAG	OJP-OVC	09/24/2021	01/01/2022	12/31/2023	372,816
15JOVW-22-GG-03352-TRIB	OVW	09/21/2022	10/01/2022	09/30/2025	1,123,749
Total:					\$4,359,339

^a The Mi'kmaq Nation received project period extensions on three awards: 2015-TW-AX-0017, 2018-VO-GX-0125, and 15POVC-21-GG-00979-TVAG.

^b Office for Victims of Crime (OVC)

^c Office of Juvenile Justice and Delinquency Prevention (OJJDP)

Source: DOJ JustGrants

The OVW and OJP Grant Programs

Funding through the OVW Tribal Governments Program supports the response to domestic violence, dating violence, sexual assault, sex trafficking, and stalking in tribal communities. The OJP Tribal Victim Services Set-Aside Program similarly assists Indian tribes by helping create, improve, and expand victims' services and build the capacity of tribes to respond to victims' needs. Additionally, OJP's Tribal Delinquency Prevention Program supports the development and implementation of programs that help tribal youth avoid involvement in delinquency through reducing risk factors and enhancing protective factors in their communities.

The Grantee

The Mi'kmaq Nation, formally known as the Aroostook Micmac Indians, is the most Northeastern federally recognized American Indian tribe. The tribe has over 1,400 Tribal members enrolled and resides in Aroostook County, Maine. Its mission is to elevate the tribe's health status by educating and providing services that encourage and promote responsibility for personal, family, and tribal wellness. With the grants

it was awarded, the Mi'kmaq Nation intended to support its Advocacy Center and Shelter operated by its Domestic and Sexual Violence Program. Additionally, through its partnership with a local affiliate of a national nonprofit entity assisting youth, the Mi'kmaq Nation intended to use one of the grants to support its Education Department that operates youth programs.

OIG Audit Approach

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

We tested compliance with what we considered to be the most important conditions of the grants. The DOJ Grants Financial Guide; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); 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 progress reports, grant solicitations, program narratives, and award letters to determine whether the Mi'kmaq Nation demonstrated adequate progress towards achieving program goals and objectives. We also reviewed the progress reports to determine if the required reports were accurate. Finally, we assessed the Mi'kmaq Nation's compliance with the special conditions identified in award documentation.

Program Goals and Objectives

The grants awarded to the Mi'kmaq Nation were programmatically administered by two separate offices. The Domestic Violence (DV) Department managed the OVW and OJP-OVC awards aimed at decreasing the incidence of violent crimes against Indian tribes and the Education Department managed the OJP-OJJDP award to reduce the number of at-risk youth committing crime.

The DV Department, supervised by a program director, operated emergency shelters and arranged legal services and transportation to victims. The two OVW awards (15JOVW-22-GG-03352-TRIB and 2015-TW-AX-0017) administered by the DV Department shared similar objectives including three key elements: (1) maintain staff to provide advocacy services to victims, (2) provide emergency shelters and/or transitional housing services to victims, and (3) provide legal advice services to victims by hiring outside attorneys. The remaining OJP-OVC awards (15POVC-21-GG-00979-TVAG and 2018-VO-GX-0125) shared the overarching objective of providing continual staffing for the DV Department's emergency shelters to improve services for victims of crime.

The Education Department was also led by a program director and was responsible for meeting the OJP-OJJDP goal of developing and implementing programs that address the needs of tribal youth. To achieve this goal, the Education Department had a partnership with a local affiliate of a national youth-focused nonprofit entity to provide programs for tribal youth that support the prevention and intervention of substance abuse, delinquency, and suicidal behavior and provide culturally appropriate strategies to cope with trauma.

To determine whether the DV and Education Departments achieved the grant objectives, we met and interviewed officials at their respective facilities and reviewed written plans to gain an understanding of their mission and services. Additionally, we reviewed performance and financial documentation reflecting accomplishments.

Based on our review, notwithstanding issues we identified in progress reports in the following section of the report, we found the Mi'kmaq Nation demonstrated it had reasonably achieved the objectives of the grants whose project periods had ended and had made reasonable progress towards achieving the objectives of ongoing grants. For example, the DV Department staffed employees for its emergency shelter, provided emergency shelter and transitional housing services to victims, and provided legal services for victims by hiring outside attorneys. Additionally, the Education Department administered programs for its tribal youth.

Required Performance Reports

According to the DOJ Grants Financial Guide, funding recipients should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation.

To evaluate the accuracy of information provided in progress reports, we conducted a review by judgmentally selecting six performance measures from recent progress reports.¹ We then traced the items to supporting documentation maintained by the Mi'kmaq Nation. We found that one of the six performance measures reported was not entirely accurate after reviewing supporting documentation; however, we determined that it did not significantly compromise OJP's oversight because the Mi'kmaq Nation under reported this performance measure.

During our review, we also determined that the two OJP-OVC awards used the same progress report template because the awards shared the same goal as described earlier in the "Program Goals and Objectives" section. We identified there were overlapping award periods, between January 2022 and April 2023, for performance to be reported. Within these overlapping time frames, we found the Mi'kmaq Nation had combined the separate accomplishments of the two grants and reported it on the report for the 2018-VO-GX-0125 and 15POVC-21-GG-00989-TVAG grants. Specifically, the Mi'kmaq Nation had reported the cumulative amount of individuals who received services funded by both grants on each of the reports for the July to December 2022 reporting period, rather than separating the amounts.²

After discussing the above results with Mi'kmaq Nation officials, we determined that discrepancies in progress reports were due to a lack of internal guidance on progress report preparation. To reduce the likelihood of inaccurate progress reporting in the future, due to clerical error or duplication, we recommend that OVW and OJP ensure the Mi'kmaq Nation creates and implements written policies and procedures with the necessary guidance to assist staff in preparing accurate progress reports.

Compliance with Special Conditions – Determination of Suitability

Special conditions are terms and conditions that are specific to individual awards and are required to be met in order to receive the award. We evaluated the special conditions for each grant and chose to further evaluate the Determination of Suitability condition because it is significant to the performance of the grants and is not addressed in another section of this report.³

Determination of Suitability requires grant recipients to evaluate the suitability of individuals who may interact with participating minors. The determination must be based on background checks that search

¹ The six chosen performance measures were taken from progress reports for the 2015-TW-AX-0017, 2020-JP-FX-0007, and 15JOVW-22-GG-03352-TRIB grants.

² Although we determined performance-related results were double counted, we did not identify any duplicate expenditures among these grants during our testing.

³ The Determination of Suitability condition is listed in the award packages for the 2020-JP-FX-0007, 15POVC-21-GG-00979-TVAG, and 15JOVW-22-GG-03352-TRIB grants.

(1) public sex offender and child abuse websites/registries, and (2) criminal history registries. These background checks must be updated every 5 years.

We requested documentation from the Mi'kmaq Nation demonstrating it conducted the required checks for four employees. We were provided documentation that all four employees had a criminal history background check performed, however, we identified two instances where the Mi'kmaq Nation had not conducted a check that searched public sex offender and child abuse websites/registries. Additionally, we requested evidence of updated checks for one of the four employees who had worked at the Mi'kmaq Nation for more than 5 years. Staff told us it was unable to provide the required updated checks.

The tribe has written policies and procedures to conduct the required background checks and updates to those checks. However, after discussing with staff, we found the policies were not consistently followed. At the conclusion of audit fieldwork, tribal officials told us they had taken the steps to conduct the missing required checks for all current employees. According to Mi'kmaq Nation officials, these checks did not identify anything that would impact an individual's work with minors.

Without proper determinations of suitability there is potential risk for minors involved. We recommend OVW and OJP ensure the Mi'kmaq Nation confirms that the missing required checks on current employees who may work with minors have been conducted and are documented, to include searches of public sex offender and child abuse websites/registries and updated checks on employees who have been employed longer than 5 years. We also recommend OVW and OJP ensure the Mi'kmaq Nation trains staff on adhering to the established policies and procedures related to the Determination of Suitability special condition and retains documentation of the required checks.

Grant Expenditures

For the five grants we audited, the Mi'kmaq Nation's approved budgets included personnel, fringe, contractors, consultants, travel, supplies, equipment, other direct costs, and indirect costs. The table below illustrates the cumulative amount spent for all five grants within each category.

Table 2

Expenditures Summary

Budget Cost Category	Combined Cumulative Expenditures (as of 01/17/2024) ^a
Personnel	\$1,489,966
Fringe Benefits	274,421
Travel	58,715
Equipment	36,761
Supplies	41,420
Other Direct	244,828
Indirect	660,357
Contractors / Consultants	154,270
Total:	\$2,960,737

^a Any differences in the amounts are due to rounding.

Source: The Mi'kmaq Nation Accounting System Data

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. We also reviewed documentation, accounting records, and performed verification testing related to the grant expenditures. Based on this testing, we recommend that OVW remedy \$10,919 and OJP remedy \$6,898 in questioned costs for indirect costs. The following sections describe the results of that testing.

We did not identify significant issues related to travel, supply, contractor, and other direct costs.

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 funded projects. We reviewed the Mi'kmaq Nation's Negotiated Indirect Cost Rate Agreements (NICRAs), interviewed staff who calculate indirect costs, and tested the cumulative amount of indirect costs charged to the five awards totaling \$660,357.

When calculating indirect costs, grant-funded entities must use the approved rates and base detailed in the NICRAs. Between January 2015 and December 2024, the tribe had a series of NICRAs approved by the U.S. Department of the Interior that authorized indirect cost rates between 18.73 percent and

38.97 percent. The approved base associated with all of these rates was total direct costs, less capital expenditures and passthrough funds.⁴

We attempted to test a sample of individual indirect cost transactions to determine the accuracy of the amounts charged. However, we found that the Mi'kmaq Nation did not document the calculation of the base used or the rate applied for the individual transactions when it charged indirect costs to the grants. In addition, the tribe's written policy did not detail how to calculate indirect costs or retain support for the calculations.

As an alternative to sample testing individual indirect transactions, for each grant we instead calculated indirect costs on an annual basis in each year the grant was active.⁵ We compared our calculations to the amounts of indirect costs for which the Mi'kmaq Nation claimed reimbursement. This analysis indicated that the Mi'kmaq Nation overcharged three of its grants for indirect costs that resulted in unsupported expenditures of \$10,919 for OVW 15JOVW-22-GG-03352-TRIB, \$6,189 for OJP 2018-VO-GX-0125, and \$709 for OJP 2020-JP-FX-0007.

At the conclusion of our audit, tribal officials told us that there was staff turnover during the period included within the scope of this audit and the individuals responsible for these duties may not have been aware of indirect cost calculation requirements.

As a result of the discrepancies noted, we recommend OVW and OJP ensure the Mi'kmaq Nation improves its written policies and procedures to instruct staff on how to calculate indirect costs using the correct base and how to retain appropriate supporting documentation.

We also recommend OVW remedy the unsupported indirect costs of \$10,919 in grant number 15JOVW-22-GG-03352-TRIB. Additionally, we recommend OJP remedy the unsupported indirect costs of \$6,189 in the 2018-VO-GX-0125 grant and \$709 in the 2020-JP-FX-0007 grant, totaling \$6,898.

Personnel and Fringe Benefit Costs

According to 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, charges to federal awards for salaries and wages must be based on records that accurately reflect work performed. These records must support the distribution of an employee's salary or wages among specific activities or cost objectives.

Within the scope of the audit, the Mi'kmaq Nation spent more than \$1.4 million on personnel expenditures and \$274,000 on associated fringe benefits. The majority of these charges were related to staff who worked on one project at a time and therefore did not need to allocate their time worked among different projects.

⁴ Passthrough funds are normally defined as payments to participants, stipends to eligible recipients, subcontracts, or subawards, all of which normally require minimal administrative effort. In this case, the passthrough funds are related to contracts; the Mi'kmaq Nation grants we audited did not involve providing funding to subrecipients.

⁵ We calculated the annual indirect costs using accounting system data, and the approved base and rates.

However, over a 2-year span, one staff member was assigned to both the 2018-VO-GX-0125 and 15POVC-21-GG-00979-TVAG OJP grants concurrently.

We assessed personnel-related costs by reviewing the personnel and fringe expenditures recorded within the Mi'kmaq Nation's accounting system and personnel policies and procedures. We also tested a sample of 26 personnel expenditures totaling \$15,642. This sample included 20 expenditures, totaling \$13,813, related to staff who worked on a single project at a time. The remaining 6 payments, totaling \$1,829, were paid to the staff member who split their time between projects. While the personnel and fringe expenditures associated with single project staff were sufficiently supported, we determined the wages and fringe costs for the staff member who worked on two projects simultaneously were not adequately supported by time and effort reports.

We found that the Mi'kmaq Nation used estimates to distribute this employee's time. The tribe's written policies and procedures do not require time and effort reports as support for personnel who work on multiple projects. Although the allocation of time worked by this employee was not supported by time and effort reports, we collected additional information through interviews and documentation to determine that the estimates used to allocate the employee's time between the two grant projects was a reasonable approximation for the allocations charged to the grants and do not question any associated costs charged to the grants. However, we believe the Mi'kmaq Nation should document a process for such allocations in the future to ensure that future split allocations are appropriately supported and implemented.

We recommend OJP ensure the Mi'kmaq Nation creates written policies and procedures on how to properly support allocated personnel and fringe benefit costs using records that reflect actual time spent among specific activities or cost objectives.

Equipment Expenditures and Management

The Mi'kmaq Nation spent \$36,761 from OJP grants 2018-VO-GX-0125 and 15POVC-21-GG-00979-TVAG to buy a vehicle to transport victims as needed, a security system for the shelter, and an online database to track program activity. To assess the equipment bought with the grants, we reviewed policies and procedures, interviewed Mi'kmaq Nation staff who procure and manage equipment, and inspected the vehicle and security system while on site to confirm they were accounted for. We found the expenditures were allowable and supported, however, we determined the Mi'kmaq Nation was not properly safeguarding the equipment by maintaining proper property records or conducting physical inventory every 2 years as required.

According to the DOJ Grants Financial Guide, recipients must maintain property records for equipment acquired in whole or in part under a federal award. The property records should include the following elements: description, acquisition date, location, cost, percentage of federal participation in the cost, who holds the title, use and condition, serial number or other identification number, source of the property (including the federal award identification number), and disposition data if applicable. In addition, recipients are required to take a physical inventory of the property and reconcile the results with property records once every 2 years.

We found the Mi'kmaq Nation did not create records in its property management system for the vehicle or the security system. The tribe has a property management system and written policies instructing staff to

input equipment pieces into the system, however, staff told us they were unaware these policies were in place. In addition, during our review of the Mi'kmaq Nation's property management system and policies, we found that not all of the descriptive elements required by the DOJ Grants Financial Guide were included.

We also found that the Mi'kmaq Nation had not conducted the required physical inventories on the vehicle and security system. Tribal staff told us they were not aware of any physical inventories conducted on the property. The Mi'kmaq Nation's written policies indicated physical inventories should be conducted annually; however, staff told us they were unaware of the policy and did not adhere to it.

Although we found and inspected the equipment the Mi'kmaq Nation acquired with grant funding, failing to comply with these property management requirements presents a future risk of theft, loss, damage, or disposal of property that goes unaccounted. We recommend that OJP ensure the Mi'kmaq Nation improves and implements written policies and procedures for maintaining proper property records and conducting required physical inventory on equipment. We also recommend OJP ensure the Mi'kmaq Nation adds the existing equipment into the improved property management system.

Consultant Procurement

The Mi'kmaq Nation contracted with one consultant using the OVW 2015-TW-AX-0017 grant. The consultant was used for a variety of services within the shelter, including individual and group counseling, program consultation, and clinical supervision to employees, and was paid a total of \$98,125 between 2015 and 2020. After conducting testing on a sample of payments made to the consultant, totaling \$9,375, we determined the sampled payments were allowable and supported.

We also reviewed the processes the tribe followed to hire the consultant. The Mi'kmaq Nation's written procurement policies and procedures require that price or rate quotations from two or more qualified sources for small-purchases are obtained.⁶ It also requires staff to maintain records on the significant history of all major procurement transactions including but not limited to, the rationale for the method of procurement, the selection of contract type, selection or rejection, and the basis for contract type.⁷ These policies comply with 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

After discussing with tribal staff members, we found that the Mi'kmaq Nation had not adhered to these policies and procedures. The Mi'kmaq Nation had not obtained price or rate quotes and had not maintained records on the history of the consultant procurement. We reviewed the documentation for the sample and found no indications the rates charged by the consultant were unreasonable; however, it's important that the tribe follows these policies for future procurements. We recommend OVW ensure the Mi'kmaq Nation trains staff on adhering to the procurement policies and procedures it has established for obtaining price or rate quotes and maintaining procurement records.

⁶ Small-purchases range from \$10,000 to \$250,000. The consultant would be considered a small purchase.

⁷ Major procurement transactions are defined in the Mi'kmaq Nation's policies as procurements over \$10,000. The consultant would be considered a major procurement transaction.

Budget Management and Control

According to the DOJ Grants Financial Guide, grant recipients are responsible for establishing and maintaining adequate accounting systems, which include the ability to compare actual expenditures or outlays to budgeted amounts for each award. Additionally, the 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. Finally, OJP also requires recipients to initiate a GAM if there is any dollar change to the indirect cost category of an approved budget.⁸

According to the Mi'kmaq Nation policies, department program directors were responsible for monitoring the budgets of the grants managed by the department. However, the Mi'kmaq Nation did not provide these program directors with written procedures or methods to conduct this monitoring.

We compared grant expenditures to approved budgets to determine whether the Mi'kmaq Nation transferred funds among budget categories in excess of 10 percent. We determined the cumulative difference between the personnel expenditures in the OJP 2018-VO-GX-0125 grant and its approved budget category total was greater than 10 percent of the total award, totaling \$9,169, and the tribe had not initiated a GAM for the change. As a result, we consider the \$9,169 as unallowable. See below for the calculation of expended funds exceeding the budgeted amount for personnel costs.

Table 3

Funds Exceeding Budgeted Amount - Personnel Costs in the OJP 2018-VO-GX-0125 Grant

Description	Amount ^a
Cumulative Personnel Expenditures	\$330,653
Approved Personnel Budget	<u>\$264,576</u>
Cumulative Amount Exceeding Budget	\$66,077
10 percent of the Total Award	\$56,909
Excess Personnel Costs	\$9,169

^a Any differences in the amounts are due to rounding.

Source: The Mi'kmaq Nation Accounting System Data and JustGrants

Furthermore, during our audit, OJP notified the OIG that it had identified the Mi'kmaq Nation had exceeded its indirect cost budget of \$126,074 for grant 2018-VO-GX-0125 and had not initiated a GAM for the change. We tested the OJP 2018 grant to verify the dollar change to indirect and found that the grantee had charged

⁸ The DOJ Grants Financial Guide states OJP requires recipients to initiate a GAM for a budget modification if there is any dollar increase or decrease to the indirect cost category of an approved budget. The Guide does not include a similar requirement for OVW grants.

the grant a cumulative amount of \$134,250 in indirect costs, \$8,176 over the budgeted amount.⁹ We believe the tribe overcharged the budgeted amount of indirect costs for the OJP 2018 grant partially because it incorrectly calculated indirect expenditures during the project period as mentioned in the “Indirect Costs” section of this report.

We recommend OJP remedy the \$9,169 of unallowable personnel costs and \$8,176 of unallowable indirect costs that exceeded the budgeted amount. We also recommend OJP ensure the Mi’kmaq Nation revises its procedures for grant budget monitoring performed by program directors and provide program directors a tool that helps them compare their cumulative expenditures to their budgets. We discussed a monitoring tool for program directors with tribe officials and they told us they believed it would be beneficial for its programs.

Drawdowns

According to the DOJ Grants Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. According to the Mi’kmaq Nation’s policies, tribal staff are instructed to complete drawdown requests on a reimbursement basis by using its accounting system to identify unreimbursed costs, including indirect costs incurred. As of February 2024, the Mi’kmaq Nation had drawn down a total of \$2,928,548 for the five grants, as shown in Table 4.

Table 4

Total Drawdowns for Each Grant as of February 2024

Award Number	Total Drawdown Amount
2015-TW-AX-0017	\$1,766,305
2018-VO-GX-0125	569,086
2020-JP-FX-0007	221,176
15POVC-21-GG-00979-TVAG	114,959
15JOVW-22-GG-03352-TRIB	257,022
Total:	\$2,928,548

Source: DOJ Data Management, Reporting, and Analytics (DMRA) system

To assess whether the Mi’kmaq Nation managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records for each of the grants.

⁹ A portion of the \$8,176 in unallowable indirect costs is also unsupported due to the deficiencies in the “Indirect Costs” section of this report.

We found that one of the grants, the OJP 2018-VO-GX-0125 grant that ended in April 2022, had excess cash-on-hand. The 2018 grant had cumulative expenditures of \$564,737 and it had drawn down \$569,086, resulting in \$4,349 cash-on-hand. We spoke with Mi'kmaq Nation officials, and they stated they agreed with our calculations. They told us they believe the excess cash-on-hand was due to the grantee—after the final drawdown—identifying certain expenditures as being not grant-related and reclassifying them in its accounting system to remove them from the grant account.

We recommend that OJP remedy the \$4,349 in unsupported questioned costs related to excess cash-on-hand.

Grant Financial Management

According to the DOJ Grants Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess the Mi'kmaq Nation's financial management of the grants covered by this audit, we conducted interviews with financial staff, examined policy and procedures, and inspected grant documents to determine whether the Mi'kmaq Nation adequately safeguarded the grant funds we audited. We also reviewed the tribe's most recent Single Audit Report for 2022 and did not identify internal control weaknesses nor significant non-compliance issues related to federal awards.¹⁰ Finally, we performed testing in the areas that were relevant for the management of these grants, as discussed throughout this report.

Based on our review, we concluded that grant financial management related to indirect costs, personnel and fringe benefit costs, and drawdowns could be improved. These deficiencies are discussed in more detail in the "Indirect Costs," "Personnel and Fringe Benefit Costs," and "Drawdowns" sections of this report.

Federal Financial Reports

According to the DOJ Grants Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether the Mi'kmaq Nation submitted accurate federal financial reports (FFR), we compared the most recent report for the five grants to the Mi'kmaq Nation's accounting records.

We determined that cumulative expenditures for the reports reviewed did not materially differ from the accounting records. However, we identified inaccuracies regarding the amount of indirect costs reported in multiple FFRs due to deficiencies discussed in the "Indirect Costs" section of the report.

¹⁰ Non-federal entities that receive federal financial assistance are required to comply with the Single Audit Act of 1984, as amended.

Conclusion and Recommendations

As a result of our audit testing, we concluded that the Mi'kmaq Nation did not comply with all of the grant requirements we tested but did demonstrate adequate progress towards achieving the grants' stated goals and objectives. We did not identify significant issues regarding the tribe's federal financial reports. However, we found that the Mi'kmaq Nation did not comply with essential award conditions related to progress reports, special condition compliance, equipment management, consultant procurement, and personnel and fringe benefit costs. We also identified a total of \$33,322 in questioned costs associated with budget management, indirect costs, and excess cash from drawdowns. We provide 14 total recommendations to OVW and OJP to address these deficiencies.

We recommend that OVW and OJP:

1. Ensure the Mi'kmaq Nation creates and implements written policies and procedures with the necessary guidance to assist staff in preparing accurate progress reports.
2. Ensure the Mi'kmaq Nation confirms that the missing required checks on current employees who may work with minors have been conducted and are documented, to include searches of public sex offender and child abuse websites/registries and updated checks on employees who have been employed longer than 5 years.
3. Ensure the Mi'kmaq Nation trains staff on adhering to the established policies and procedures related to the Determination of Suitability special condition and retains documentation of the required checks.
4. Ensure the Mi'kmaq Nation improves its written policies and procedures to instruct staff on how to calculate indirect costs using the correct base and how to retain appropriate supporting documentation.

We recommend that OVW:

5. Remedy the unsupported indirect costs of \$10,919 in grant number 15JOVW-22-GG-03352-TRIB.
6. Ensure the Mi'kmaq Nation trains staff on adhering to the procurement policies and procedures it has established for obtaining price or rate quotes and maintaining procurement records.

We recommend that OJP:

7. Remedy the unsupported indirect costs of \$6,189 in the 2018-VO-GX-0125 grant and \$709 in the 2020-JP-FX-0007 grant, totaling \$6,898.

8. Ensure the Mi'kmaq Nation creates written policies and procedures on how to properly support allocated personnel and fringe benefit costs using records that reflect actual time spent among specific activities or cost objectives.
9. Ensure the Mi'kmaq Nation improves and implements written policies and procedures for maintaining proper property records and conducting required physical inventory on equipment.
10. Ensure the Mi'kmaq Nation adds existing equipment into the improved property management system.
11. Remedy the \$9,169 of unallowable personnel costs.
12. Remedy the \$8,176 of unallowable indirect costs that exceeded the budgeted amount.
13. Ensure the Mi'kmaq Nation revises its procedures for grant budget monitoring performed by program directors and provide program directors a tool that helps them compare cumulative expenditures to their budgets.
14. Remedy the \$4,349 in unsupported questioned costs related to excess cash-on-hand.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

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

Scope and Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This was an audit of Office of Justice Programs (OJP) and Office on Violence Against Women (OVW) grants awarded to the Mi'kmaq Nation under the Tribal Governments, Tribal Victim Services Set-Aside, and Tribal Delinquency Prevention Programs. As of February 16, 2024, the Mi'kmaq Nation had drawn down \$2,928,548 of the total grant funds awarded. The audit covers five grants, listed in the table below.

Table 5

Audited Grants

Award Number	Award Amount	Drawdown Amount (as of February 16, 2024)
2015-TW-AX-0017	\$1,793,688	\$1,766,305
2018-VO-GX-0125	569,086	569,086
2020-JP-FX-0007	500,000	221,176
15POVC-21-GG-00979-TVAG	372,816	114,959
15JOVW-22-GG-03352-TRIB	1,123,749	257,022
Total:	\$4,359,339	\$2,928,548

Source: Just Grants and DMRA

Our audit concentrated on, but was not limited to, the period of October 2015 through February 2024. Before the audit was initiated, grant number 2015-TW-AX-0017 was closed and 2018-VO-GX-0125 was completely expended. The rest of the grants were ongoing during the audit.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of the Mi'kmaq Nation's activities related to the audited grants. We performed sample-based audit testing for grant expenditures, including personnel 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 grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The DOJ Grants Financial Guide; 2 C.F.R. § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from the DOJ JustGrants system and DOJ Data Management, Reporting, and Analytics (DMRA) system, as well as the Mi'kmaq Nation'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 the Mi'kmaq Nation to provide assurance on its internal control structure as a whole. The Mi'kmaq Nation 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 Mi'kmaq Nation's internal control structure as a whole, we offer this statement solely for the information and use of the Mi'kmaq Nation, OVW, and OJP.¹¹

We assessed managements design, implementation, and operating effectiveness of these internal controls and identified deficiencies that we believe could affect the Mi'kmaq Nation's ability to effectively operate, and to ensure compliance with laws and regulations. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to 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.

¹¹ 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	Grant No.	Amount	Page
Questioned Costs:			
Unallowable Personnel Costs	2018-VO-GX-0125	\$9,169	10-11
Unallowable Indirect Costs	2018-VO-GX-0125	8,176	10-11
Unallowable Costs		\$17,345	
Unsupported Indirect Costs	2018-VO-GX-0125	\$6,189	6-7
Unsupported Indirect Costs	2020-JP-FX-0007	709	6-7
Unsupported Indirect Costs	15JOVW-22-GG-03352-TRIB	10,919	6-7
Excess Drawdowns	2018-VO-GX-0125	<u>4,349</u>	11-12
Unsupported Costs		\$22,166	
Gross Questioned Costs ¹²		\$39,511	
Less Duplicate Questioned Costs ¹³		<u>(6,189)</u>	
Net Questioned Costs		\$33,322	
TOTAL QUESTIONED COSTS		<u>\$33,322</u>	

¹² **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.

¹³ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which consists of \$6,189 in indirect costs that were both unallowable and unsupported.

APPENDIX 3: The Mi'kmaq Nation Response to the Draft Audit Report



MI'KMAQ NATION
7 NORTHERN ROAD
PRESQUE ISLE, MAINE 04769
(207) 764-1972

August 14, 2024

Thomas O. Puerzer Regional Audit Manager
Philadelphia Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
701 Market Street-Sste 2300 Philadelphia, PA 19106

Dear Mr. Puerzer:

Please accept this letter as the Mi'kmaq Nation's official response to the Department of Justice, Office of Inspector General draft audit report on the audit of the Office of Justice Programs (OJP) grant Nos. 2018-VO-GX-0125, 15POVC-21-GG-00979-TVAG, 2020-JP-FX0007 and the Office on Violence Against Women (OVW) Grant Nos. 2015-TW-AX-0017 and 15JOVW-22-GG03352-TRIB programs.

While the Mi'kmaq Nation concurs with the Office of Inspector General's findings, we have outlined below the circumstances and improvements we have adopted to remedy each finding.

FINDING:

1. Ensure the Mi'kmaq Nation creates and implements written policies and procedures with the necessary guidance to assist staff in preparing accurate progress reports.

RESOLUTION:

- 1A. The Mi'kmaq Nation has created an addendum in its "Compliance Policy" entitled, "General Information on Preparing Accurate Progress Reports to Grantors". The addendum serves as a guide to adequately prepare and submit progress reports to grantors. Reviewed and approved by the Mi'kmaq Nation Tribal Council by way of motion on **May 15, 2024**.

FINDING:

2. Ensure the Mi'kmaq Nation confirms that the missing required background checks on current employees who may work with minors have been conducted and documented,



MN Office of Inspector General
Official Response Page | 1

to include searches of public sex offender and child abuse websites/registries and updated checks on employees who have been employed longer than 5 years. Reviewed and approved by the Mi'kmaq Nation Tribal Council by way of motion on **May 15, 2024**.

RESOLUTION:

- 2A. The Mi'kmaq Nation has enhanced its "Condition of Employment" section of the Personnel Policies to include "Reference Checks" by which each employee will be placed into the MIP accounting system's applicable year 1-5 background check group. Human Resources will run a weekly task report to identify those employees needing background checks to complete one or all of the following as indicated by the date of last receipt: FBI, State of Maine, DHHS, and State of Maine Sex Offender Registry. These reports will be reviewed monthly by the Tribal Administrator to ensure compliance. Reviewed and approved by the Mi'kmaq Nation Tribal Council by way of motion on **May 15, 2024**.

FINDING:

3. Ensure the Mi'kmaq Nation trains staff on adhering to the established policies and procedures related to the Determination of Suitability special condition and retains documentation of the required checks.

RESOLUTION:

- 3A. The Mi'kmaq Nation has enhanced its "Condition of Employment" section of the Personnel Policies to include "Reference Checks" by which each employee will be placed into the MIP accounting system's applicable year 1-5 background check group. Human Resources will run a weekly task report to identify those employees needing background checks to complete one or all of the following as indicated by the date of last receipt: FBI, State of Maine, DHHS, and State of Maine Sex Offender Registry. These reports will be reviewed monthly by the Tribal Administrator to ensure compliance. All Directors will be trained on the Determination of Suitability annually through the Human Resources Office for 2024 during the monthly Directors Meeting held on August 13, 2024. The Personnel Policies were reviewed and approved by the Mi'kmaq Nation Tribal Council by way of motion on **May 15, 2024**.

FINDING:

4. Ensure the Mi'kmaq Nation improves its written policies and procedures to instruct staff on how to calculate indirect costs using the correct base and how to retain appropriate supporting documentation.

RESOLUTION:

- 4A. The Mi'kmaq Nation has enhanced its "Fiscal & Financial Policies & Procedures" to include "Drawdown of Grant Funds", page 38 outlining the formula required to calculate indirect costs (this amendment approved on **May 15, 2024**) and retain supporting



documentation. Supporting documentation will be housed on the shared drive to include a quarterly or annual financial report from the MIP financial system converted to an excel sheet to show the complete calculation of IDC for each year but as well includes an electronic copy of the SF-425 to calculate the total IDC based on the current years' negotiated rate. This amendment will be approved during the Tribal Council meeting held on **September 4, 2024**.

FINDING:

5. Remedy the unsupported indirect costs of \$10,919 in grant number 15JOVW-22-GG-03352.

RESOLUTION:

- 5A. The unsupported indirect costs in the amount of \$10,919 were overcharged for the period of time run under the MIP financial report although that period of time did not exceed the grant period. This was rectified by the cumulative award period by the close of the grant. Due to the fact that the report captured a small sequence of time, it did look like we were overbooked. However, in the future, we will verify the calculated indirect costs as per the resolution under our corrected Financial and Fiscal Policy and Procedures. This amendment will be approved during the Tribal Council meeting on **May 15, 2024**.

FINDING:

6. Ensure the Mi'kmaq Nation trains staff on adhering to the procurement policies and procedures it has established for obtaining price or rate quotes and maintaining procurement records.

RESOLUTION:

- 6A. The Mi'kmaq Nation will train all of its directors on adhering to the Procurement Policies and Procedures through its Procurement Office for obtaining price or rate quotes and maintaining procurement records annually for 2024 during its monthly Directors Meeting held on **September 10, 2024**.

FINDING:

7. Remedy the unsupported indirect costs of \$6,189 in the 2018-VO-GX-0125 grant and \$709 in the 2020-JP-FX-0007 grant, totaling \$6,898.

RESOLUTION:

- 7A. The Mi'kmaq Nation agrees to unsupported drawdown of funds due to previous turnover in the Chief Financial Officer position, all of the grant funding was drawn down to result in the unsupported indirect costs in the indicated amounts. The grant was completely expended by the end of the grant period resulting in a zero balance and zero



unsupported indirect costs without the grant being over expended in any budgetary line. However, in the future, we will verify the calculated indirect costs as per the resolution under our corrected Financial and Fiscal Policy and Procedures. This amendment will be approved during our next Tribal Council meeting on **September 4, 2024**.

FINDING:

8. Ensure the Mi'kmaq Nation creates written policies and procedures on how to properly support allocated personnel and fringe benefit costs using records that reflect actual time spent among specific activities or cost objectives.

RESOLUTION:

- 8A. The Mi'kmaq Nation has enhanced its "Personnel Policies", section 705 "Time Records" to include "Time & Effort Reporting". This ensures all employees who are paid from more than one funding source maintain weekly time and effort reports of their work to detail the percentage worked on each grant. These reports will be held on the Mi'kmaq Nation's shared file under Time and Effort Reports (starting week ending July 12, 2024). Reviewed and approved by the Mi'kmaq Nation Tribal Council by way of motion on **May 15, 2024**.

FINDING:

9. Ensure the Mi'kmaq Nation improves and implements its written policies and procedures for proper property records and conducting required physical inventory on equipment.

RESOLUTION:

- 9A. The Mi'kmaq Nation has enhanced its "Assets Management Policies & Procedures", to include proper property records and a description of the required categories. Additionally, the tribe has also enhanced its "Procurement Policies" to include section "XIX. Real Property Provided by the Secretary for Use Under a Contract", page 13 to outline the use and transfer of property (Reviewed & approved by way of Tribal Council motion on **May 15, 2024**). Continued, this policy will address the frequency of physical inventory checks to be performed by program staff to be approved by way of motion during the Tribal Council meeting on **September 4, 2024**.

FINDING:

10. Ensure the Mi'kmaq Nation add existing equipment into the improved property management system.



RESOLUTION:

10A. The Mi'kmaq Nation has enhanced its "Assets Management Policies & Procedures", to include deadlines of the 15th of each month and yearly (to compare cumulative monthly additions list to whole comprehensive list) by Jan 15th to receive all previous year departmental inventoried items. Reviewed & approved by way of Tribal Council motion on **May 15, 2024**.

FINDING:

11. Remedy the \$9,169 of unallowable personnel costs.

RESOLUTION:

11A. The Mi'kmaq Nation recognizes the unallowable personnel costs and has implemented amended "Fiscal & Financial Policies and Procedures", page 17 "Budget Modification". This policy, along with the continuous financial monitoring of the Program Director's financials, including the Compliance Officer, Chief Financial Officer and Tribal Administrator will help Directors monitor their budgets and prevent a change of more than 10% in all budgetary categories monthly. This policy amendment was approved during the Tribal Council meeting held on **May 15, 2024**.

FINDING:

12. Remedy the \$8,176 of unallowable indirect costs that exceeded the budgeted amount.

RESOLUTION:

12A. The Mi'kmaq Nation agrees to capturing an indirect cost amount that exceeds the allotted amount; however, it did not exceed the 10% rule allocated for each budgetary line. In the future, a calculation excel sheet of the actual budget and SF-425 will connect and calculate automatically to avoid over capturing of indirect costs. Refer to the amended "Fiscal & Financial policies and procedures", page 38, "Drawdown of Grant Funds" for improved guidance on how the Mi'kmaq Nation will avoid the exceeded indirect costs per budgeted amount. This amendment was approved by Tribal Council held on **May 15, 2024**.

FINDING:

13. Ensure the Mi'kmaq Nation revises its procedures for grant budget monitoring performed by program directors and provide program directors a tool that helps them compare cumulative expenditures to their budgets.

RESOLUTION:

13A. The Mi'kmaq Nation has enhanced its "Fiscal and Financial Policies and Procedures" to include a "Budget Monitoring" section where Directors can reference the procedure



outlined on page 18. The Chief Financial Officer is responsible for monitoring budget performance on a regular basis and informing Directors where overruns may occur. Directors will use the MIP financial accounting system along with the CFO to run accurate financial reports and drill down on any discrepancies evidenced within. The MIP financial system has a mechanism to allow the comparison of cumulative financial expenditures versus quarterly and to-date financial expenditures. Directors work with the CFO to review these financials monthly. This amendment was approved by Tribal Council held on **May 15, 2024**.

FINDING:

14. Remedy the \$4,349 in unsupported questioned costs related to excess cash-on-hand.

RESOLUTION:

14A. The Mi'kmaq Nation agrees to the excess drawdown of funds, due to previous turnover in the Chief Financial Officer position, the grant ended in April 2022, at that time, all of the grant funding was drawn down to result in the excess cash-on-hand. The grant was completely expended by the end of the grant period resulting in a zero balance and zero excess cash-on-hand. Further amendments to the "Fiscal and Financial Policies and Procedures" will be added to guide the Chief Financial Officer on the correct amount of cash to draw down based on the correct back up documentation to avoid this in the future. This amendment will be passed during the Tribal Council Meeting held on **September 4, 2024**.

Please direct all inquiries to the Tribal Administrator, Nichole Francis at nfrancis@micmac-nsn.gov or via telephone at the number indicated.

Thank you,



Edward Peter Paul
Tribal Chief



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

August 27, 2024

MEMORANDUM

TO: Thomas Puerzer
Regional Audit Manager

THROUGH: Erin Lorah *EML*
Associate Director, Grants Financial Management Unit

Suheyra Lasky *SL*
Team Lead, Grants Financial Management Unit

FROM: Rudelle Handy *RH*
Senior Program Specialist, Grants Financial Management Unit

SUBJECT: Draft Audit Report – Audit of the Office on Violence
Against Women Grant Awarded to Mi'kmaq Nation

This memorandum is in response to your correspondence dated July 30, 2024, transmitting the above draft audit report for Mi'kmaq Nation, Aroostook County, Maine. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains fourteen recommendations with \$33,322 in questioned costs, of which two recommendations and \$10,919 in questioned costs are directed to OVW, eight recommendations and \$22,403 in questioned costs are directed to OJP and four recommendations are directed to both OJP and OVW. 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.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women Grants Awarded to Mi'kmaq Nation

Your office recommends that OVW and OJP:

1. Ensure the Mi'kmaq Nation creates and implements written policies and procedures with the necessary guidance to assist staff in preparing accurate progress reports.

Concur: OVW will coordinate with OJP and Mi'kmaq Nation to ensure that they create and implement written policies and procedures with the necessary guidance to assist staff in preparing accurate progress reports.

2. Ensure the Mi'kmaq Nation confirms that the missing required checks on current employees who may work with minors have been conducted and are documented, to include searches of public sex offender and child abuse websites/registries and updated checks on employees who have been employed longer than 5 years.

Concur: OVW will coordinate with OJP and Mi'kmaq Nation to ensure that the missing required checks on current employees who may work with minors have been conducted and are documented, to include searches of public sex offender and child abuse websites/registries and updated checks on employees who have been employed longer than 5 years.

3. Ensure the Mi'kmaq Nation trains staff on adhering to the established policies and procedures related to the Determination of Suitability special condition and retains documentation of the required checks.

Concur: OVW will coordinate with OJP and Mi'kmaq Nation to ensure that they train staff on adhering to the established policies and procedures related to the Determination of Suitability special condition and retain documentation of the required checks.

4. Ensure the Mi'kmaq Nation improves its written policies and procedures to instruct staff on how to calculate indirect costs using the correct base and how to retain appropriate supporting documentation.

Concur: OVW will coordinate with OJP and Mi'kmaq Nation to ensure that they improve its written policies and procedures to instruct staff on how to calculate indirect costs using the correct base and how to retain appropriate supporting documentation.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women Grants Awarded to Mi'kmaq Nation

Your office recommends that OVW:

5. Remedy the unsupported indirect costs of \$10,919 in grant number 15JOVW-22-GG-03352-TRIB.

Concur: OVW will work with Mi'kmaq Nation in remedying the unsupported indirect costs of \$10,919 in grant number 15JOVW-22-GG-03352-TRIB.

6. Ensure the Mi'kmaq Nation trains staff on adhering to the procurement policies and procedures it has established for obtaining price or rate quotes and maintaining procurement record.

Concur: OVW will work with Mi'kmaq Nation to train staff on adhering to the procurement policies and procedures established for obtaining price or rate quotes and maintaining procurement record.

We appreciate the opportunity to review and comment on the draft report. If you have any questions or require additional information, please contact Rudelle Handy at (202) 598-9206.

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

Tia Farmer
Supervisory Grant Management Specialist
Tribal Affairs Division

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



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

August 30, 2024

MEMORANDUM TO: Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
Office of the Inspector General

FROM: Jeffery A. Haley *Jeffery A. Haley*
Deputy Director, Audit and Review Division

SUBJECT: Response to the Draft Report, *Audit of the Office on Violence Against Women and Office of Justice Programs Grants, Awarded to Mi'kmaq Nation, Presque Isle, Maine*

This memorandum is in reference to your correspondence, dated July 30, 2024, transmitting the above-referenced draft audit report for the Mi'kmaq Nation. We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains 14 recommendations and \$33,322¹ in net questioned costs; of which eight recommendations and \$22,403 in net questioned costs were directed to the Office of Justice Programs (OJP); two recommendations and \$10,919 in questioned costs were directed to the Office on Violence Against Women (OVW); and four recommendations were directed to both OJP and OVW.

The following is OJP's analysis of the draft audit report recommendations. For ease of review, the recommendations directed to OJP, individually and jointly, specifically Recommendation Numbers 1-4 and 7-14, are restated in bold and are followed by our response.

1. **We recommend that OVW and OJP ensure the Mi'kmaq Nation creates and implements written policies and procedures with the necessary guidance to assist staff in preparing accurate progress reports.**

OJP agrees with this recommendation. In its response, dated August 14, 2024, the Mi'kmaq Nation provided a copy of its Compliance Policy, which it stated serves as a guide on how to prepare and submit accurate progress reports. However, we do not believe the policies and procedures are adequate to address this recommendation, as they do not contain information on who performs the review, who conducts the approval process, or where the information contained in the progress reports is derived.

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

Accordingly, we will coordinate with the Mi'kmaq Nation to obtain a copy of its written policies and procedures, developed and implemented, to ensure the procedures include the necessary guidance to assist staff in preparing accurate progress reports.

2. **We recommend that OVW and OJP ensure the Mi'kmaq Nation confirms that the missing required checks on current employees who may work with minors have been conducted and are documented, to include searches of public sex offender and child abuse websites/registries and updated checks on employees who have been employed longer than 5 years.**

OJP agrees with this recommendation. In its response, dated August 14, 2024, the Mi'kmaq Nation provided a section from its Personnel Policy, which it stated includes procedures related to reference checks, and indicates when its Human Resources will identify, in its MIP accounting system, new employees in the one- to five-year background check group, who need to have background checks completed. However, the OIG found that although the Mi'kmaq Nation has written policies and procedures to conduct the required background checks, and updates to those checks, its staff did not consistently follow those policies and procedures. The OIG further found that Mi'kmaq Nation did not conduct the required steps to determine the suitability of individuals who may interact with participating minors, or evidence of updated checks for existing employees who had worked at the Mi'kmaq Nation for more than five years.

Accordingly, we will coordinate with the Mi'kmaq Nation to obtain evidence that the missing required checks on current employees who may work with minors have been conducted and are documented, to include searches of public sex offender and child abuse websites/registries, and updated checks on employees who have been employed longer than five years.

3. **We recommend that OVW and OJP ensure the Mi'kmaq Nation trains staff on adhering to the established policies and procedures related to the Determination of Suitability special condition and retains documentation of the required checks.**

OJP agrees with this recommendation. In its response, dated August 14, 2024, the Mi'kmaq Nation provided a section from its Personnel Policy, which it stated includes procedures related to reference checks for new employees who require background checks. As we previously stated, the OIG found that Mi'kmaq Nation's staff were not consistently following its written policies and procedures to conduct the required background checks, and updates to those checks, and did not conduct the required steps to determine the suitability of individuals who may interact with participating minors, or conduct updated checks for existing employees who had worked at the Mi'kmaq Nation for more than five years.

Accordingly, we will coordinate with the Mi'kmaq Nation to obtain evidence that the Mi'kmaq Nation has provided training to its staff on adhering to the established policies and procedures, related to the Determination of Suitability special condition and retention of supporting documentation of the required checks.

4. **We recommend that OVW and OJP ensure the Mi'kmaq Nation improves its written policies and procedures to instruct staff on how to calculate indirect costs using the correct base and how to retain appropriate supporting documentation.**

OJP agrees with this recommendation. In its response, dated August 14, 2024, the Mi'kmaq Nation provided a copy of its revised Fiscal and Financial Policies and Procedures, which it stated outlines the formula required to calculate indirect costs, and to retain the related supporting documentation. The Mi'kmaq Nation stated the documentation will be stored on a shared drive and will include a quarterly or annual financial report from its MIP financial system, and converted to an Excel spreadsheet, to show the complete calculation of the indirect costs for each year.

We do not believe these procedures fully address this recommendation, as they only mention how the Chief Financial Officer (CFO) calculates the indirect cost rates. Additionally, the procedures do not include specific details about training staff on how to calculate the indirect costs using the correct base, or how to retain the appropriate supporting documentation.

Accordingly, we will coordinate with the Mi'kmaq Nation to obtain a copy of its written policies and procedures, developed and implemented, to ensure detailed instructions are included to staff on how to calculate indirect costs using the correct base, and how to retain appropriate supporting documentation.

7. **We recommend that OJP remedy the unsupported indirect costs of \$6,189 in the 2018-VO-GX-0125 grant and \$709 in the 2020-JP-FX-0007 grant, totaling \$6,898.**

OJP agrees with this recommendation. In its response, dated August 14, 2024, the Mi'kmaq Nation stated that the unsupported drawdown of funds was due to previous turnover in the CFO position, and that all grant funds were drawn down, resulting in the unsupported indirect costs in the stated amounts.

Accordingly, we will review the \$6,898 in questioned costs, related to unsupported indirect costs that were charged to Grant Numbers 2018-VO-GX-0125 (\$6,189) and 2020-JP-FX-0007 (\$709), and will work with the Mi'kmaq Nation to remedy, as appropriate.

8. **We recommend that OJP ensure the Mi'kmaq Nation creates written policies and procedures on how to properly support allocated personnel and fringe benefit costs using records that reflect actual time spent among specific activities or cost objectives.**

OJP agrees with this recommendation. In its response, dated August 14, 2024, the Mi'kmaq Nation provided a section from its Personnel Policy, and a sample of its new Time and Effort Report form, which it stated will ensure that all employees, who are paid from more than one funding source, maintain weekly time and effort reports of their work, and detail the percentage worked on each grant to address this recommendation. The Mi'kmaq Nation stated that its staff began using these reports, starting the week ending July 12, 2024.

While the policies and procedures appear adequate to address this recommendation, they are not formally signed by a Mi'kmaq Nation official, and are not printed on agency letterhead.

Accordingly, we will coordinate with the Mi'kmaq Nation to obtain a copy of its written policies and procedures, developed and implemented, to ensure that allocated personnel and fringe benefit costs are properly supported, using records that reflect actual time spent among specific activities or cost objectives.

9. **We recommend that OJP ensure the Mi'kmaq Nation improves and implements written policies and procedures for maintaining proper property records and conducting required physical inventory on equipment.**

OJP agrees with this recommendation. In its response, dated August 14, 2024, the Mi'kmaq Nation provided a copy of its Assets Management Policies and Procedures, which it stated include procedures for maintaining proper property records and conducting required physical inventory on equipment. However, we do not believe the policies and procedures adequately address this recommendation, as they do not state: who is responsible for conducting the physical inventory; the frequency of the physical inventory; or the reconciliation process of the physical inventory to the Mi'kmaq Nation's inventory system.

Accordingly, we will coordinate with the Mi'kmaq Nation to obtain a copy of its written policies and procedures, developed and implemented, to strengthen controls related to fixed assets purchased with Federal funds, to ensure: details for maintaining proper property records are adequately described; fixed assets are clearly identified in the fixed asset accounting system; and a physical inventory on fixed assets purchased with Federal funds is performed at least every two years, and the results of the physical inventory are reconciled to the fixed asset records.

10. **We recommend that OJP ensure the Mi'kmaq Nation adds existing equipment into the improved property management system.**

OJP agrees with this recommendation. In its response, dated August 14, 2024, the Mi'kmaq Nation provided a copy of its Assets Management Policies and Procedures, which it stated include procedures for maintaining proper property records and conducting required physical inventories on equipment, to address this recommendation. However, the OIG found that the Mi'kmaq Nation did not create records in its property management system for a vehicle and security system it purchased with Federal grant funds, and had not conducted a physical inventory on the property in the last two years.

Accordingly, we will coordinate with the Mi'kmaq Nation to obtain evidence that the fixed assets purchased with Federal grant funds were added to its property management system.

11. **We recommend that OJP remedy the \$9,169 of unallowable personnel costs.**

OJP agrees with this recommendation. In its response, dated August 14, 2024, the Mi'kmaq Nation stated that it recognizes it charged the unallowable personnel costs to the award, and has implemented amended Fiscal and Financial Policies and Procedures to address the issue. However, this recommendation relates to unallowable costs, not procedures.

Accordingly, we will review the \$9,169 in questioned costs, related to unallowable personnel costs that exceeded the budgeted amount charged to Grant Number 2018-VO-GX-0125, and will work with the Mi'kmaq Nation to remedy, as appropriate.

12. **We recommend that OJP remedy the \$8,176 of unallowable indirect costs that exceeded the budgeted amount.**

OJP agrees with this recommendation. In its response, dated August 14, 2024, the Mi'kmaq Nation stated it agrees that the indirect costs exceeded the allotted amount, though it did not exceed the 10 percent rule allocated for each budgetary line. However, the OIG found that the Mi'kmaq Nation overcharged indirect costs under Grant Number 2018-VO-GX-0125, because it had incorrectly calculated indirect expenditures during the project period.

Accordingly, we will review the \$8,176 in questioned costs, related to unallowable indirect costs that exceeded the budgeted amount charged to Grant Number 2018-VO-GX-0125, and will work with the Mi'kmaq Nation to remedy, as appropriate.

13. We recommend that OJP ensure the Mi'kmaq Nation revises its procedures for grant budget monitoring performed by program directors and provide program directors a tool that helps them compare cumulative expenditures to their budgets.

OJP agrees with this recommendation. In its response, dated August 14, 2024, the Mi'kmaq Nation provided a copy of its Fiscal and Financial Policies and Procedures, which it stated include a Budget Monitoring section, that identifies the CFO as the responsible official for monitoring budget performance on a regular basis and informing Directors where overruns may occur, to address this recommendation. Further, the Mi'kmaq Nation stated that the CFO and its Directors will use the MIP financial accounting system to run accurate financial reports and drill down on any discrepancies evidenced within. However, the Mi'kmaq Nation did not state the tool it will provide to program directors to compare cumulative expenditures to the approved grant budget.

Accordingly, we will coordinate with the Mi'kmaq Nation to obtain a copy of its written policies and procedures, developed and implemented, to ensure that grant budget monitoring is performed by program directors; and that program directors are provided with a tool that helps them compare cumulative expenditures to their budgets.

14. We recommend that OJP remedy the \$4,349 in unsupported questioned costs related to excess cash-on-hand.

OJP agrees with this recommendation. In its response, dated August 14, 2024, the Mi'kmaq Nation stated that the excess drawdown of funds was due to previous turnover in the CFO position, and that all grant funds were completely expended by the end of the grant period, resulting in a zero balance and zero excess cash-on-hand. However, the OIG found that the excess cash-on-hand was due to the Mi'kmaq Nation identifying certain expenditures as being not grant-related, and reclassifying them in its accounting system to remove them from the grant account, which resulted in the excess cash.

Accordingly, we will review the \$4,349 in questioned costs, related to excess cash-on-hand under Grant Number 2018-VO-GX-0125, and will work with the Mi'kmaq Nation to remedy, as appropriate.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Linda J. Taylor, Lead Auditor, Audit Coordination Branch, of my staff, on (202) 514-7270.

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APPENDIX 6: 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), the Office of Justice Programs (OJP), and the Mi'kmaq Nation. The Mi'kmaq Nation response is incorporated in Appendix 3, the OVW response is incorporated in Appendix 4, and the OJP response is incorporated in Appendix 5 of this final report. In response to our draft audit report, OVW concurred and OJP agreed with our recommendations, and as a result, the status of the audit report is resolved. In the introductory remarks of its response, the Mi'kmaq Nation concurred with the audit findings. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations for OVW and OJP:

- 1. Ensure the Mi'kmaq Nation creates and implements written policies and procedures with the necessary guidance to assist staff in preparing accurate progress reports.**

Resolved. OVW concurred with our recommendation. OVW stated in its response it will coordinate with OJP and the Mi'kmaq Nation to ensure that it creates and implements written policies and procedures with the necessary guidance to assist staff in preparing accurate progress reports.

OJP agreed with our recommendation. OJP stated in its response that it reviewed policies and procedures provided by the Mi'kmaq Nation and identified certain gaps. Therefore, it will coordinate with the Mi'kmaq Nation to obtain a copy of written policies and procedures, developed and implemented, to ensure these include the necessary guidance to assist staff in preparing accurate progress reports.

As a result of these responses from OVW and OJP, this recommendation is resolved.

In addressing this specific recommendation, the Mi'kmaq Nation stated it created an addendum to its policies that serves as a guide to adequately prepare and submit progress reports.

This recommendation can be closed when we receive evidence that the Mi'kmaq Nation has created and implemented written policies and procedures with the necessary guidance to assist staff in preparing accurate progress reports.

- 2. Ensure the Mi'kmaq Nation confirms that the missing required checks on current employees who may work with minors have been conducted and are documented, to include searches of public sex offender and child abuse websites/registries and updated checks on employees who have been employed longer than 5 years.**

Resolved. OVW concurred with our recommendation. OVW stated in its response it will coordinate with OJP and the Mi'kmaq Nation to ensure that the missing required checks on current employees who may work with minors have been conducted and are documented, to include searches of public

sex offender and child abuse websites/registries and updated checks on employees who have been employed longer than 5 years.

OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Mi'kmaq Nation to obtain evidence that the missing required checks on current employees who may work with minors have been conducted and are documented, to include searches of public sex offender and child abuse websites/registries, and updated checks on employees who have been employed longer than five years.

As a result of these responses from OVW and OJP, this recommendation is resolved.

In addressing this specific recommendation, the Mi'kmaq Nation stated it had enhanced its policies regarding background checks.

This recommendation can be closed when we receive evidence that OVW and OJP confirmed the missing required checks on current employees who may work with minors have been conducted and documented, to include searches of public sex offender and child abuse websites/registries and updated checks on employees who have been employed longer than 5 years.

3. Ensure the Mi'kmaq Nation trains staff on adhering to the established policies and procedures related to the Determination of Suitability special condition and retains documentation of the required checks.

Resolved. OVW concurred with our recommendation. OVW stated in its response it will coordinate with OJP and the Mi'kmaq Nation to ensure that it trains staff on adhering to the established policies and procedures related to the Determination of Suitability special condition and retains documentation of the required checks.

OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Mi'kmaq Nation to obtain evidence that the Mi'kmaq Nation has provided training to its staff on adhering to the established policies and procedures related to the Determination of Suitability special condition and retention of supporting documentation of the required checks.

As a result of these responses from OVW and OJP, this recommendation is resolved.

In addressing this specific recommendation, the Mi'kmaq Nation stated it had enhanced its policies regarding backgrounds checks and all directors will be trained on the Determination of Suitability condition annually in August.

This recommendation can be closed when we receive evidence the Mi'kmaq Nation trained its staff on adhering to the established policies and procedures related to the Determination of Suitability special condition and retains documentation of the required checks.

- 4. Ensure the Mi'kmaq Nation improves its written policies and procedures to instruct staff on how to calculate indirect costs using the correct base and how to retain appropriate supporting documentation.**

Resolved. OVW concurred with our recommendation. OVW stated in its response it will coordinate with OJP and the Mi'kmaq Nation to ensure that it improves its written policies and procedures to instruct staff on how to calculate indirect costs using the correct base and how to retain appropriate supporting documentation.

OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Mi'kmaq Nation to obtain a copy of its written policies and procedures, developed and implemented, to ensure detailed instructions are included to staff on how to calculate indirect costs using the correct base, and how to retain appropriate supporting documentation.

As a result of these responses from OVW and OJP, this recommendation is resolved.

In addressing this specific recommendation, the Mi'kmaq Nation stated it enhanced its policies and procedures to include the formula required to calculate indirect costs and the retention of supporting documentation.

This recommendation can be closed when we receive evidence the Mi'kmaq Nation has implemented its improved written policies and procedures to instruct staff on how to calculate indirect costs using the correct base and how to retain appropriate supporting documentation.

Recommendations for OVW:

- 5. Remedy the unsupported indirect costs of \$10,919 in grant number 15JOVW-22-GG-03352-TRIB.**

Resolved. OVW concurred with our recommendation. OVW stated in its response it will work with the Mi'kmaq Nation in remedying the unsupported indirect costs of \$10,919 in grant number 15JOVW-22-GG-03352-TRIB. As a result, this recommendation is resolved.

In addressing this specific recommendation, the Mi'kmaq Nation agreed that the unsupported indirect costs were overcharged for the period the accounting report captured. The Mi'kmaq Nation also indicated that the unsupported indirect costs were rectified by the close of the grant period. However, the Mi'kmaq Nation did not provide additional documentation to support this statement.

This recommendation can be closed when we receive evidence OVW remedied the \$10,919 of unsupported indirect costs.

- 6. Ensure the Mi'kmaq Nation trains staff on adhering to the procurement policies and procedures it has established for obtaining price or rate quotes and maintaining procurement records.**

Resolved. OVW concurred with our recommendation. OVW stated in its response it will work with the Mi'kmaq Nation to train staff on adhering to the procurement policies and procedures established for obtaining price or rate quotes and maintaining procurement record. As a result, this recommendation is resolved.

In addressing this specific recommendation, the Mi'kmaq Nation stated it will train its directors on adhering to the procurement policies and procedures for obtaining price or rate quotes and maintaining procurement records.

This recommendation can be closed when we receive evidence the Mi'kmaq Nation has trained its staff on adhering to the procurement policies and procedures it has established for obtaining price or rate quotes and maintaining procurement records.

Recommendations for OJP:

- 7. Remedy the unsupported indirect costs of \$6,189 in the 2018-VO-GX-0125 grant and \$709 in the 2020-JP-FX-0007 grant, totaling \$6,898.**

Resolved. OJP agreed with our recommendation. OJP stated in its response it will review the \$6,898 in questioned costs related to unsupported indirect costs and will work with the Mi'kmaq Nation to remedy them, as appropriate. As a result, this recommendation is resolved.

In addressing this specific recommendation, the Mi'kmaq Nation stated that it agreed to unsupported drawdown of funds. The Mi'kmaq Nation attributed the unsupported drawdown to turnover in the Chief Financial Officer position and noted that the grant was completely expended by the end of the grant period. The Mi'kmaq Nation also indicated that this resulted "in a zero balance and zero unsupported indirect costs." However, the Mi'kmaq Nation did not provide documentation to further expound on or support these statements.

This recommendation can be closed when we receive evidence OJP remedied the unsupported indirect costs of \$6,189 in the 2018-VO-GX-0125 grant and \$709 in the 2020-JP-FX-0007 grant, totaling \$6,898.

- 8. Ensure the Mi'kmaq Nation creates written policies and procedures on how to properly support allocated personnel and fringe benefit costs using records that reflect actual time spent among specific activities or cost objectives.**

Resolved. OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Mi'kmaq Nation to obtain a copy of its signed, formalized written policies and procedures, developed and implemented, to ensure that allocated personnel and fringe benefit costs are

properly supported using records that reflect actual time spent among specific activities or cost objectives. As a result, this recommendation is resolved.

In addressing this specific recommendation, the Mi'kmaq Nation stated it had enhanced its policies and procedures so that all employees who are paid from more than one funding source must maintain weekly time and effort reports of their work to detail the percentage worked on each grant.

This recommendation can be closed when we receive evidence the Mi'kmaq Nation has fully implemented the created written policies and procedures on how to properly support allocated personnel and fringe benefit costs using records that reflect actual time spent among specific activities or cost objectives.

9. Ensure the Mi'kmaq Nation improves and implements written policies and procedures for maintaining proper property records and conducting required physical inventory on equipment.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Mi'kmaq Nation to obtain a copy of its written policies and procedures, developed and implemented, to strengthen controls related to fixed assets purchased with federal funds, to ensure: details for maintaining proper property records are adequately described; fixed assets are clearly identified in the fixed asset accounting system; and a physical inventory on fixed assets purchased with federal funds is performed at least every 2 years, and the results of the physical inventory are reconciled to the fixed asset records. As a result, this recommendation is resolved.

In addressing this specific recommendation, the Mi'kmaq Nation stated it enhanced its policies to include proper property records and its policies will be improved to address the frequency of physical inventory checks.

This recommendation can be closed when we receive evidence the Mi'kmaq Nation has improved and implemented written policies and procedures for maintaining proper property records and conducting required physical inventory on equipment.

10. Ensure the Mi'kmaq Nation adds existing equipment into the improved property management system.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Mi'kmaq Nation to obtain evidence that the fixed assets purchased with federal grant funds were added to its property management system. As a result, this recommendation is resolved.

In addressing this specific recommendation, the Mi'kmaq Nation stated its policies were enhanced to include deadlines to receive all previous year departmental inventoried items. However, the Mi'kmaq Nation did not address its actions to enter federally funded equipment into its property management system.

This recommendation can be closed when we receive evidence the Mi'kmaq Nation added the existing equipment into the improved property management system.

11. Remedy the \$9,169 of unallowable personnel costs.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will review the \$9,169 in questioned costs, related to unallowable personnel costs that exceeded the budgeted amount charged, and will work with the Mi'kmaq Nation to remedy them, as appropriate. As a result, this recommendation is resolved.

In addressing this specific recommendation, the Mi'kmaq Nation stated it recognized the unallowable personnel costs and has implemented amended policies and procedures. These amendments include monthly monitoring of all budget categories to prevent modifications of more than 10 percent. However, the Mi'kmaq Nation's response did not directly address any action planned or taken on the unallowable personnel costs.

This recommendation can be closed when we receive evidence OJP remedied the \$9,169 of unallowable personnel costs.

12. Remedy the \$8,176 of unallowable indirect costs that exceeded the budgeted amount.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will review the \$8,176 in questioned costs, related to unallowable indirect costs that exceeded the budgeted amount charged, and will work with the Mi'kmaq Nation to remedy them, as appropriate. As a result, this recommendation is resolved.

In addressing this specific recommendation, the Mi'kmaq Nation agreed it captured an indirect cost amount that exceeded the allotted amount. However, the tribe also stated the indirect cost amount did not exceed the 10-percent rule allocated for each budgetary line.

We believe that the Mi'kmaq Nation's response indicates an incorrect interpretation of the criteria related to budget modifications amounting to less than 10 percent of the award amount. As we stated in the "Budget Management and Control" section of the report on page 10, OJP requires recipients to initiate a Grant Award Modification (GAM) if there is any dollar change to the indirect cost category of an approved budget. Therefore, the 10-percent rule does not apply in this finding and the indirect costs that exceeded the allotted amount, with no GAM, are unallowable.

This recommendation can be closed when we receive evidence OJP has remedied the \$8,176 of unallowable indirect costs that exceeded the budgeted amount.

13. Ensure the Mi'kmaq Nation revises its procedures for grant budget monitoring performed by program directors and provide program directors a tool that helps them compare cumulative expenditures to their budgets.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will coordinate with the Mi'kmaq Nation to obtain a copy of its written policies and procedures, developed and implemented, to ensure that grant budget monitoring is performed by program directors and that program directors are provided with a tool that helps them compare cumulative expenditures to their budgets. As a result, this recommendation is resolved.

In addressing this specific recommendation, the Mi'kmaq Nation stated it enhanced its policies and procedures to include monthly monitoring of budget performance and expenditure activity. However, as OJP noted in its response, the enhanced policies and procedures do not specifically address our recommendation to provide program directors with a tool to compare cumulative expenditure activity to budget categories.

This recommendation can be closed when we receive evidence the Mi'kmaq Nation revised and implemented its procedures for grant budget monitoring performed by program directors and provided program directors a tool that helps them compare cumulative expenditures to their budgets.

14. Remedy the \$4,349 in unsupported questioned costs related to excess cash-on-hand.

Resolved. OJP agreed with our recommendation. OJP stated in its response it will review the \$4,349 in questioned costs, related to excess cash-on-hand, and will work with the Mi'kmaq Nation to remedy them, as appropriate. As a result, this recommendation is resolved.

In addressing this specific recommendation, the Mi'kmaq Nation agreed to the excess drawdown of funds and stated the excess cash-on-hand was due to previous turnover in the Chief Financial Officer position. The Mi'kmaq Nation also stated the grant was "completely expended by the end of the grant period resulting in a zero balance and zero cash-on-hand." However, the Mi'kmaq Nation did not provide documentation to further expound on or support these statements.

This recommendation can be closed when we receive evidence OJP remedied the \$4,349 in unsupported questioned costs related to excess cash-on-hand.