



Office of the Inspector General
U.S. Department of Justice



**AUDIT OF THE OFFICE ON VIOLENCE
AGAINST WOMEN TRANSITIONAL
HOUSING GRANT AWARDED TO THE
CRISIS CENTER FOR SOUTH SUBURBIA
TINLEY PARK, ILLINOIS**

AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN TRANSITIONAL HOUSING GRANT AWARDED TO THE CRISIS CENTER FOR SOUTH SUBURBIA TINLEY PARK, ILLINOIS

EXECUTIVE SUMMARY

The U.S. Department of Justice, Office of the Inspector General, Audit Division, has completed an audit of the Office on Violence Against Women (OVW), Transitional Housing Grant awarded to the Crisis Center for South Suburbia (Crisis Center) in Tinley Park, Illinois. The Crisis Center was awarded \$250,000 under grant number 2010-WH-AX-0027 to expand its existing Transitional Housing Program. The purpose of the grant is to: (1) allow the Crisis Center to acquire 2 additional transitional housing units, (2) provide transitional housing services for 6 to 12 families over 36 months, (3) provide security deposits for up to 12 women moving from transitional housing into permanent housing, (4) provide 3-month follow-up services for 6 to 12 families, (5) hire an additional Transitional Housing Specialist, (6) collaborate with the Sandbox Schools to provide childcare services, and (7) collaborate with Robert Morris University to provide employment education and counseling.

The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) grant drawdowns; (3) grant expenditures, including personnel and indirect costs; (4) budget management and control; (5) local matching funds; (6) property management; (7) program income; (8) federal financial reports and progress reports; (9) grant requirements; (10) program performance and accomplishments; and (11) monitoring of sub-grantees and contractors. We determined that local matching funds, property management, program income, and monitoring of sub-grantees were not applicable to this grant.

As of January 22, 2014, the grantee had drawn down \$226,270 and had recorded expenditures of \$226,270 in its grant accounting records.¹ We examined the Crisis Center's accounting records, required financial and progress reports, and operating policies and procedures, and we identified weaknesses in the Crisis Center's internal controls, grant requirements, monitoring of contractors, drawdowns, grant-related expenditures, and progress reporting. We tested \$154,061 of expenditures, and we questioned \$12,937 as unallowable or unsupported costs. Specifically, we found:

- The Crisis Center did not include in its procurement procedures required provisions regarding solicitation, conflicts of interest, and other requirements and did not follow its own purchase and payroll approval

¹ We found that the Crisis Center had drawn down a small amount of money against a supplemental award with the same award number. However, the money drawn down against the supplemental award was not part of this audit.

procedures. In addition, the Crisis Center did not have written procedures for drawing down funds or contractor monitoring.

- Although the Crisis Center executed a written agreement with partners with which it intended to collaborate during the grant, as required by the OVW Transitional Housing Grant Program Guide, the grantee did not use these partners to the extent expected, utilized other entities for certain grant services, and did not notify OVW of these programmatic changes, as required.
- The grantee did not perform a cost analysis or seek competitive bids before procuring its apartment lease agreements and other established contracts and made key personnel changes without obtaining prior approval from OVW, as required by the OVW Financial Grants Management Guide.
- Grant funds were used for unallowable costs, including increased amounts over those authorized for rent subsidies and certain staff positions, as well as an apartment that was vacant for 4 months. As a result, we questioned \$11,467 as unallowable. In addition, the Crisis Center could not adequately support \$1,470 in rent charges.
- The Crisis Center reported incorrect information in its progress reports.

Our report contains 11 recommendations to address the preceding issues, which are discussed in detail in the Findings and Recommendations section of the report. Our audit objective, scope, and methodology are discussed in Appendix I of the report.

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INTRODUCTION

The U.S. Department of Justice (DOJ), Office of the Inspector General, Audit Division, has completed an audit of an Office on Violence Against Women (OVW), Transitional Housing Grant awarded to the Crisis Center for South Suburbia (Crisis Center) in Tinley Park, Illinois. OVW awarded the Crisis Center \$250,000 under grant number 2010-WH-AX-0027 to: (1) allow the Crisis Center to acquire 2 additional transitional housing units, (2) provide transitional housing services for 6 to 12 families over 36 months, (3) provide security deposits for up to 12 women moving from transitional housing into permanent housing, (4) provide 3-month follow-up services for 6 to 12 families, (5) hire an additional Transitional Housing Specialist, (6) collaborate with the Sandbox Schools to provide childcare services, and (7) collaborate with Robert Morris University to provide employment education and counseling.

Background

OVW, a component of DOJ, provides national leadership in developing the nation's capacity to reduce violence against women through the implementation of the Violence Against Women Act (VAWA). Created in 1995, OVW administers financial and technical assistance to communities across the country that are developing programs, policies, and practices aimed at ending domestic violence, dating violence sexual assault, and stalking.

The Transitional Housing Assistance for Victims of Domestic Violence, Stalking, or Sexual Assault Program objective is to provide housing assistance and related support services to minors, adults, and their dependents who are homeless, or in need of transitional housing or other housing assistance, as a result of fleeing a situation of domestic violence, dating violence, sexual assault, or stalking; and for whom emergency shelter services or other crisis intervention services are unavailable or insufficient.

The Crisis Center is a non-profit community organization located in Tinley Park, Illinois, a southern suburb of Chicago. The Crisis Center provides emergency shelter and other essential services for individuals and families victimized by domestic violence, while addressing the societal issues that contribute to domestic violence. The Crisis Center's Transitional Housing Program is designed to bridge the gap between emergency shelter and permanent housing. The program may provide victims and their families subsidized apartments for up to 12 months and assists victims in securing independent, permanent housing. For families who are in the Transitional Housing Program, the Crisis Center also provides counseling and life-skills training programs, as well as individual and group counseling.

Our Audit Approach

We tested compliance with what we consider the most important conditions

of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the OVW Transitional Housing Grant Program Guide, the OVW Financial Grants Management Guide, the Code of Federal Regulations, Office of Management and Budget (OMB) Circulars, and the award documents. We tested the Crisis Center's:

- **Accounting and Internal Controls** to determine whether the grantee had sufficient accounting and internal controls in place for the processing and payment of funds and whether controls were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grant;
- **Grant Drawdowns** to determine whether grant drawdowns were adequately supported in accordance with federal requirements;
- **Partner Agencies/Memoranda of Understanding** to determine if the Crisis Center established memoranda of understanding with its partner agencies, as required;
- **Grant Expenditures** to determine the accuracy and allowability of costs charged to the grant;
- **Monitoring of Contractors** to determine how the Crisis Center monitors its contractors to ensure contractors adhere to the terms of the contract, and whether the grantee conducted a cost analysis and procured its contracts competitively;
- **Budget Management and Control** to examine the amounts budgeted and the actual costs for each approved cost category and determine if the grantee deviated from the approved budget, and if so, if the grantee received the necessary approval;
- **Federal Financial Reports (FFR) and Progress Reports** to determine whether the required reports were submitted on time and accurately reflected grant activity; and
- **Accomplishment of Grant Requirements and Objectives** to determine if the grantee met or is capable of meeting the grant's objectives and whether the grantee collected data and developed performance measures to assess accomplishment of the intended objectives.

We also performed limited work and confirmed that the Crisis Center did not generate or receive program income, was not required to contribute any local matching funds, grant funds were not used to purchase property, and funds were not awarded to sub-grantees. We therefore performed no testing in these areas.

FINDINGS AND RECOMMENDATIONS

We identified weaknesses in the Crisis Center's grant management activities. Specifically, we found that the Crisis Center's policies and procedures did not contain all of the OVW-required elements relating to procurement, drawdowns, and contractor monitoring. In addition, although the Crisis Center executed a written agreement with partners with which it intended to collaborate during the grant, as required by the OVW Transitional Housing Grant Program Guide, the grantee did not use these partners to the extent expected, utilized other entities for certain grant services, and did not notify OVW of these programmatic changes, as required. Further, the Crisis Center did not comply with OVW's approved budget relating to personnel costs for grant-funded employees and housing rates paid for program participants. As a result of the procurement and personnel issues we found, we questioned \$12,937 in unallowable or unsupported costs. Lastly, the Crisis Center's progress reports did not accurately reflect its program accomplishments.

We performed audit work at the Crisis Center's office in Tinley Park, Illinois, where we obtained an understanding of the accounting system and reviewed a sample of grant expenditures. We also reviewed the criteria governing grant activities, including the OVW Financial Grants Management Guide, relevant OMB Circulars, and the Code of Federal Regulations. In addition, we reviewed grant documents, including the application, award, budgets, and financial and progress reports. We also interviewed key Crisis Center personnel.

Accounting and Internal Controls

According to the OVW Financial Grants Management Guide, grant recipients are required to establish and maintain accounting and internal control systems to account accurately for funds awarded to them. These records shall include both federal funds and all matching funds of state, local, and private organizations, when applicable. Further, recipients must be able to account for the receipt, obligation, and expenditure of funds awarded on an individual basis. The grantee must track and account for funds separately from other OVW awards, as well as other federal agency awards.

We reviewed the Crisis Center's financial management system and its policies and procedures to assess the Crisis Center's risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grant. To further assess risk, we obtained an understanding of the reporting process, examined various grant accounting records and reports prepared by the Crisis Center, and interviewed Crisis Center personnel regarding grant expenditures. Our testing

revealed internal control deficiencies that are explained in more detail in the following sections.

Procurement Procedures

CFR Title 28, Part 70 sets forth standards for use by non-profit organizations when utilizing funding from the federal government. These standards include requirements for establishing procedures for the procurement of supplies and other expendable property, equipment, real property, and other services that include but are not limited to, provisions regarding solicitation, conflicts of interest, and other requirements that must be included in its written procurement procedures. In addition, the OVW Financial Grants Management Guide requires at a minimum that written procurement procedures must address the following:

- Entities should avoid purchasing unnecessary items;
- When appropriate, a lease versus purchase analysis should be completed to determine the most economical and practical procurement for the federal government; and
- Solicitations should provide for the following: a clear and accurate description of the technical and functional requirements for the material, product or service, requirements for the bidder to fulfill, "brand name or equal" description that bidders must meet, acceptance of the metric system where feasible, and preference for products or services that conserve natural resources and protect the environment.

In addition, the OVW Financial Grants Management Guide states that recipients must perform some form of cost or price analysis for every procurement action, and the grantee must document the analysis in the procurement files.

We conducted a limited review of the Crisis Center's procurement procedures, which are described in its Fiscal Policies and Procedures manual. Based upon our review of the Crisis Center's Fiscal Policies and Procedures manual, we determined that the Crisis Center's written procurement procedures do not contain the required provisions regarding solicitation, conflicts of interest, and other requirements, as described in the OVW Financial Grants Management Guide and CFR Title 28, Part 70. In addition, as discussed in the Cost Analysis/Competitive Bidding section below, we found that the grantee did not conduct a cost analysis prior to leasing apartment space for its grant-funded transitional housing, nor did it conduct competitive bidding for certain contracted services, as required by OVW. Therefore, we do not believe that the Crisis Center's procurement procedures comply with OVW's guidelines, and because of this it is possible that the grantee did not obtain the most economical and practical price for the procurement of temporary living space. We recommend that OVW require the Crisis Center to revise its written procurement procedures to include in its procurement procedures the required provisions regarding solicitation, conflicts of interest, and other requirements.

To gain an understanding of the Crisis Center's purchasing procedures and approval process, we reviewed the Crisis Center's written fiscal procedures. The Crisis Center's written procedures state that the vendor invoice should be supported by an approved purchase order where necessary, and should be reviewed and approved by the Administrative Director prior to being processed for payment. Next, the invoices should be marked as paid showing the fund, account number, amount, check number, date paid, and the approval of the Administrative Director. Finally, the Fiscal Assistant should obtain the review and approval of the department director (or their designee) associated with the goods or services purchased. According to the written policy, approvals by department directors indicate their acknowledgement of satisfactory receipt of the goods or services invoiced, agreement with all terms appearing on the vendor invoice, agreement with general ledger account coding, and agreement to pay the vendor in full. Because the Crisis Center purchasing procedures only describe the approval process after an employee has made a purchase and not the approval process that is required in the purchase decision-making process before making a purchase, we interviewed a Crisis Center official who described the Crisis Center's informal pre-purchase approval process. The official explained that an employee who wants to make a purchase must submit an order request to the Fiscal Assistant and that the Director of Finance and Administration has to approve the request. Once approved, the employee makes the purchase, and then completes the Cash or Visa Receipt Form, depending on the form of payment, and then the employee submits the form to the Fiscal Assistant. We believe that these pre-purchase procedures should be included in the Crisis Center's written procedures to ensure that all Crisis Center purchases are properly approved prior to making a purchase.

During our transaction testing detailed in the Grant Expenditures section of this report, we noted several instances where employees did not follow the Crisis Center purchasing procedures, approval officials did not properly approve expenditures, and supporting documentation was not complete. We believe that Crisis Center officials could have avoided these deficiencies had they established complete written purchase approval procedures. Therefore, we recommend that OVW require the Crisis Center to include its complete pre-purchase approval requirements in its written procedures, and ensure that the Crisis Center reiterates to its employees the importance of following its purchase approval procedures.

Cost Analysis/Competitive Bidding

The OVW Financial Grants Management Guide states that recipients must perform some form of cost or price analysis for every procurement action, the grantee must document the analysis in the procurement files, and all recipients must conduct procurement transactions in a manner to provide, to the maximum extent practical, open and free competition. During our interviews with Crisis Center officials, we requested a copy of the cost analysis used to lease apartment space for use as transitional housing, but the grantee could not provide sufficient supporting documentation to show that it had conducted a cost analysis or competitive bidding. Based upon our request for such evidence, the Crisis Center provided a written statement noting: "At the time of the grant we

searched for additional apartment complexes to work with and compared prices; however, a cost analysis was not completed because the two complexes that we utilized were the only two in agreement with working within the program parameters at that time.” The Crisis Center provided some apartment search information, but we do not believe the information supports its claim of cost comparison. Because of this, we recommend that OVW ensure that the Crisis Center includes this requirement in its policies and procedures.

Personnel Changes

During our interviews with Crisis Center officials, we learned that in March 2013, the Crisis Center replaced the initial Transitional Housing Specialist with a current employee, whose salary and fringe benefits the Crisis Center had previously paid from its own budget. The OVW Financial Grants Management Guide states that the recipient must submit all requests for programmatic and/or administrative changes in a timely manner, and that prior approval is required for a change in key personnel specified in the application or grant agreement. We confirmed that the grant agreement did not identify the original Transitional Housing Specialist by name. We asked OVW if the Crisis Center informed it of the personnel change, and the OVW liaison responded that the Crisis Center e-mailed OVW after our initial visit, and that OVW has retroactively approved the personnel change. Because the Crisis Center made personnel changes without getting prior approval from OVW, we recommend that OVW ensure that the Crisis Center establish procedures to notify OVW and request prior approval of any programmatic or administrative changes.

Audit

According to the OVW Financial Grants Management Guide and OMB Circular A-133, any organization that expends \$500,000 or more in federal funds in the organization’s fiscal year is required to have a single organization-wide audit (Single Audit) conducted. As shown in Exhibit 1, the Crisis Center’s expenditures of federal funds exceeded \$500,000 in fiscal years 2010, 2011, and 2012.²

**EXHIBIT 1. CRISIS CENTER FOR SOUTH SUBURBIA
EXPENDITURES OF FEDERAL FUNDS
FISCAL YEARS 2010 THROUGH 2012**

FISCAL YEAR	2010	2011	2012
Total Federal Expenditures	\$868,803	\$845,531	\$774,433

Source: Crisis Center’s Single Audit Reports

The Crisis Center has had a Single Audit conducted by an independent accounting firm for each of the previous 3 fiscal years in accordance with the

² The Crisis Center’s fiscal year is July 1 through June 30.

provisions of OMB Circular A-133. We reviewed the independent auditors' assessments, which disclosed no weaknesses, noncompliance issues, or crosscutting findings related to the Crisis Center's grant management.

Grant Drawdowns

The OVW Financial Grants Management Guide states that all recipients must develop procedures for the disbursement of funds to ensure federal cash on hand is kept at a minimal balance. During our interviews with Crisis Center officials and our review of its policies and procedures, we learned that the Crisis Center does not have formal written procedures for drawing down grant funds. The Crisis Center Director of Finance and Administration provided a draft copy of drawdown procedures the Crisis Center plans to include in its Fiscal Policies and Procedures manual.

Because the Crisis Center does not have written procedures, we asked the Director of Finance and Administration to describe the process the Crisis Center had used for requesting reimbursement from OVW for its grant-related costs and ensuring that the requests were adequately supported by official accounting records and were in accordance with federal requirements. The Director stated that the Crisis Center based its drawdown requests on monthly expenditures incurred. As shown in Exhibit 2, when we compared the grantee's general grant ledger to OVW's record of drawdowns, we found that of the 37 drawdowns that occurred during our review period, 4 did not match the expenditures as recorded in the grantee's accounting records. The Director told us that on two occasions the Crisis Center overestimated payroll costs due to workload. Because of this, the grantee subsequently adjusted its drawdown request to account for the overage. Additionally, the Director stated that on one occasion the Crisis Center posted a \$21 expense to the grant in error and then later corrected that error.

EXHIBIT 2. CRISIS CENTER FOR SOUTH SUBURBIA GRANT DRAWDOWNS NOT MATCHING ACCOUNTING RECORDS

Date	Amount Drawn Down per OVW	Amount Expended per Grantee Accounting Records	Difference ³
06/03/2011	\$4,439	\$4,493	\$(53)
07/01/2011	\$3,907	\$4,391	\$(483)
08/25/2011	\$4,465	\$3,929	\$536
11/25/2013	\$4,414	\$4,394	\$21
Total			\$21

Source: Crisis Center financial records and Grant Management System

Overall, the Crisis Center's cumulative grant expenditures generally matched its cumulative drawdowns and the minor errors identified above were rectified

³ Differences in this column are due to rounding.

promptly.⁴ Therefore, we do not take exception. However, as previously stated, the Crisis Center did not have written drawdown procedures, and we recommend that OVW ensure that the Crisis Center develops and implements written procedures for drawing down grant funds.

Partner Agencies/Memoranda of Understanding

The OVW Transitional Housing Grant Program requires applicants to submit a Memorandum of Understanding (MOU) that demonstrates they have consulted and coordinated in a meaningful way with nonprofit, nongovernmental organizations serving victims of sexual assault, domestic violence, dating violence, and/or stalking.⁵ All applicants that are themselves nonprofit, nongovernmental organizations serving victims of sexual assault, domestic violence, dating violence, and/or stalking must collaborate with at least one other organization. The MOU must be a distinct document, current (i.e., signed and dated during the development of the proposal), and be created and signed by the chief executive officers and/or directors of: (1) nonprofit, nongovernmental organizations serving victims of sexual assault, domestic violence, dating violence, and/or stalking; (2) relevant local government agencies participating in project development or implementation; and (3) other community agencies or organizations that will collaborate to implement the project.

In addition, the grant requires that grantees submit for OVW review and approval any anticipated addition of, removal of, or change in collaborating partner agencies or individuals who are signatories of the MOU.

We reviewed the award documents and determined that the Crisis Center had OVW-approved MOUs with Robert Morris University and Sandbox Schools to perform grant-related services.⁶ According to Crisis Center officials, although the Sandbox Schools was supposed to provide childcare services, clients did not utilize it because of its location, and the services offered did not meet the needs of the clients. Robert Morris University was supposed to provide employment education and counseling and did send several interns to conduct resume writing and interview technique seminars for Crisis Center clients, but the Crisis Center did not utilize the entity in any other way. We found that the Crisis Center did not actually pay any grant funds to either of the two OVW-approved partner agencies. Crisis Center officials told us that they instead established six new collaborations with organizations that provided grant-related services to Crisis Center clients. The six alternate organizations are shown in the following exhibit.

⁴ We found that the Crisis Center had drawn down a small amount of money against a supplemental award with the same award number. However, the money drawn down against the supplemental award was not part of this audit.

⁵ An MOU is a document containing the terms of the partnership and roles and responsibilities between two or more parties.

**EXHIBIT 3: NON-MOU ENTITIES
USED BY THE CRISIS CENTER**

KinderCare
The Children's House
Village of Tinley Park – Park District
Mennonite Early Learning
Samland Institute of Allied Health
Standard Bank

Source: OIG analysis of Crisis Center data

Crisis Center officials confirmed that they did not establish MOUs with any of the new collaborating partners. We asked grantee officials why the Crisis Center did not establish MOUs with the new organizations, and these officials stated that the Crisis Center did not consider the organizations to be formal partners because they provided one-time or occasional assistance, and the clients selected them to provide childcare and educational assistance. We discussed this matter with OVW officials who explained that the MOU was a programmatic document that identified the scope and intent of the grant project and the involved parties. While grantee officials indicated that they did not consider the new collaborators to be program partners, we believe that it is important to note that the grant, as designed, included expectations for childcare and collegiate services. However, the grantee did not use the planned childcare provider and instead developed relationships with other vendors. In addition, the grantee did not utilize Robert Morris University to the extent planned.

Further, we asked OVW if the Crisis Center had made OVW aware of its MOU partner changes. Crisis Center officials informed us that they had taken these actions without consulting or obtaining approval from OVW. According to the OVW official, because of our review of this grant, the Crisis Center submitted a grant adjustment notice requesting approval for one of the six organizations noted above (KinderCare). The OVW official stated that OVW had denied the Crisis Center's request on March 7, 2014, and that prior to September 30, 2013, the only approved MOU partners associated with this grant were Robert Morris University and Sandbox Schools.

As previously stated, applicants must submit an MOU that demonstrates they have consulted and coordinated in a meaningful way with nonprofit, nongovernmental organizations serving victims of sexual assault, domestic violence, dating violence, and/or stalking. We recommend that OVW ensure that the Crisis Center is aware of all program requirements regarding partner agencies and collaborations and complies with the program guidelines to create MOUs as required.

⁶ The Sandbox Preschool and Daycare provides early childhood development, care, and education in Chicago's southwest suburbs. Robert Morris University is an independent, not-for-profit, multi-location institution offering associate, baccalaureate, and graduate degree programs.

Grant Expenditures

The OVW Financial Grants Management Guide requires that expenditures be accounted for and be adequately supported. The Crisis Center's approved grant budget is detailed in Exhibit 4.

EXHIBIT 4. CRISIS CENTER FOR SOUTH SUBURBIA APPROVED GRANT BUDGET AMOUNTS AND DESCRIPTION OF COSTS

COST CATEGORY	APPROVED BUDGET	DESCRIPTION OF PLANNED EXPENDITURES
Personnel	\$87,600	Salary for staff
Fringe Benefits	\$6,700	FICA/Medicare
Travel	\$18,150	Travel to OVW Technical Assistance Training and staff mileage
Supplies	\$8,460	Small household appliances/supplies, transit and gasoline certificates for clients
Contract/Consulting	\$124,230	College material fees, daycare, rent for two units, and short-term rental assistance
Other	\$4,860	Furniture for apartments
Equipment	0	
Construction	0	
Indirect Costs	0	
Federal Funds	\$250,000	
Local Match	0	
TOTAL PROJECT COSTS	\$250,000	

Source: Grant Management System

We reviewed 28 grant expenditures to determine if costs charged to the award were allowable, supported, and properly allocated in compliance with grant requirements. We selected our judgmental sample of transactions from the Crisis Center's general ledger. The selected transactions totaled \$154,061 (or 68 percent) of the total of \$226,270 in expenses billed to the grant as of January 22, 2014.⁷ During our transaction testing, we identified several instances where costs charged to the award were not allowable, supported, or properly

⁷ Throughout this report, differences in the total amounts are due to rounding.

allocated in compliance with grant requirements; consequently, we questioned \$12,937 as unallowable or unsupported costs.

Lease/Contract Agreements

The majority of the budgeted expenditures were associated with contract costs. According to the approved Final Funding Memorandum, OVW authorized the Crisis Center a contract budget that totaled \$124,230. Estimated costs in the grant budget included Robert Morris University fees necessary to provide the Crisis Center clients with career development curriculum, weekly daycare provider fees and a one-time daycare enrollment fee, rent for two additional apartments, and short-term rent assistance.⁸ Our review of expenditures in this category revealed that the Crisis Center spent a total of \$8,461 in grant funds for unallowable or unsupported contract expenditures, as detailed below.

During August 2011, the Crisis Center used \$1,470 in grant funds to pay short-term rental assistance that covered a client's rent and security deposit. However, the Crisis Center could not provide the client's lease/contract agreement to support these costs charged to the grant. The OVW Financial Grants Management Guide states that recipients must be able to account for the receipt, obligation, and expenditure of funds awarded on an individual basis. Because of the lack of documentation, we could not determine whether this transaction was properly classified, accurately recorded, allowable, or properly charged to the grant, nor could we determine if the documented amount was correct. As a result, we questioned \$1,470 as unsupported costs, and we recommend that OVW require the Crisis Center to remedy this amount.

In addition, on several occasions, the Crisis Center used grant funds to pay the full amount of rent charges, instead of subsidizing a portion of its clients' rent as stipulated in the approved grant application. Specifically, the grantee's application states that total rent would be \$940 per month per unit and that the clients would be required to pay \$150 per month towards that amount. Thus, in accordance with the approved contract budget, the Crisis Center would only charge the grant \$790 per month for each newly acquired apartment. Additionally, the Crisis Center requires its clients to sign a program agreement that describes what portion of the rent the client is responsible for paying. When we reviewed the rent charges, we found that the Crisis Center did not always subsidize the clients' rent. Instead, on several occasions, the Crisis Center charged the award more than the approved \$790 cost per month, and in some instances, the Crisis Center charged the entire rent payment to the grant. In total, the amount expended above the expected rent subsidies amounted to \$3,691, and we question these funds as unallowable.

Moreover, while we were reviewing Crisis Center rental expense documentation, we found that the Crisis Center charged the grant \$825 per month

⁸ In December 2011, the Crisis Center acquired a third apartment unit with funds it had previously allotted to cover daycare fees.

from January through April 2012 for a vacant apartment. When we asked Crisis Center officials about this, they stated that the Crisis Center had committed to the rent payments in December 2011 when it signed the lease agreement, but the client backed out of the program and the Crisis Center could not fill the vacant unit until April 2012. We believe the grantee should have anticipated the potential for such events, and that it should have established contingency procedures to prevent grant funds from being wasted in this manner. Therefore, we are questioning \$3,300 as unallowable, and we recommend that OVW require the Crisis Center to remedy this amount.

Salary

According to the approved Final Funding Memorandum, OVW authorized the Crisis Center a personnel budget that totaled \$87,600. The personnel budget covered partial salaries, for 3 years, for a Program Manager and Community Counselor, and full salary for a newly hired part-time Transitional Housing Specialist. The Program Manager, the Crisis Center's Director of Residential Services, dedicated 2 hours per week to the program; the Community Counselor dedicated 4 hours per week to provide individual therapy services to clients of the traditional housing program; and the Transitional Housing Specialist was hired to work 30 hours per week to provide case management, safety planning, and other advocacy services to clients.

During our testing, we found that the Crisis Center did not correctly compute, properly authorize, or accurately record all salary costs charged to the grant. Further, based on our interviews, we learned that the Crisis Center made personnel changes without obtaining prior approval from OVW as required. Overall, we found that the Crisis Center overcharged the grant a total of \$4,476 in unallowable personnel charges, as detailed below.

During our transaction testing, we identified several instances where the Crisis Center charged the grant more than the OVW-approved salary rate for both the Transitional Housing Specialist and the Program Manager, but we could not always determine what caused the overage because the Crisis Center accounted for salary as a lump sum, and not by position. When we explained this issue to the Crisis Center officials, the Director of Finance said that the Crisis Center might have accidentally charged the grant an additional 10 hours of salary for the Transitional Housing Specialist. The Director explained that the Crisis Center increased the Transitional Housing Specialist's work status from part-time to full-time on July 2, 2012. However, the Crisis Center was only supposed to charge 30 hours of the Transitional Housing Specialist's time to the OVW grant and the other 10 hours to a different program. Overall, we identified \$4,476 in unallowable salary charges because the grantee exceeded the OVW-approved amounts for certain personnel.

In addition, Crisis Center officials told us that employees' certification of hours worked and hours allocated to the OVW grant requires the signatures of the employee, the supervisor, and the Project Director or Director of Finance. During our testing, we found that 50 percent of our payroll sample was not properly

authorized because the supervisor or Project Director did not follow the Crisis Center payroll authorization procedures. Therefore, we recommend that OVW require the Crisis Center to follow its internal payroll approval processes.

Monitoring Contractors/Vendors

The OVW Financial Grants Management Guide and the CFR Title 28, Chapter 1, Part 70.47 state that a system for contract administration must be maintained to ensure contractor conformance with the terms, conditions, and specification of the contract and to ensure adequate and timely follow up for all purchases. In addition, recipients must evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions, and specifications of the contract.

To determine how the grantee monitors its contractors, we interviewed the grant's Program Manager, who told us that the Crisis Center does not have any formal procedures for assessing the effectiveness of contractors. In addition, we reviewed the Crisis Center's policies and procedures and did not find any mention of contractor monitoring. We recommend that OVW ensure that the Crisis Center develops and implements contractor-monitoring procedures.

Budget Management and Control

According to the OVW Financial Grants Management Guide, a grantee may transfer funds between approved budget categories without OVW approval if the total transfers are 10 percent or less than the award amount. Requests for transfers of funds between budget categories of over 10 percent must be submitted to OVW for approval. We reviewed the Crisis Center's records and determined that it did not exceed the 10-percent transfer threshold.

Grant Reporting

OVW requires award recipients to submit both financial and progress reports. These reports describe the status of the funds, the status of the project, a comparison of actual accomplishments to the objectives, the reason(s) goals have not been met, and/or other pertinent information.

Federal Financial Reports

The OVW Financial Guide states that Federal Financial Reports (FFR) are due no later than 30 days after the end of the calendar quarter for the entire period of the award. We reviewed the last four quarters in our review period for which a report was required, and we determined that one of the four reports we evaluated was submitted 1 day late. The Crisis Center Director of Finance said that the Crisis Center filed the report 1 day late due to an oversight. The Director explained that the Crisis Center now notes the quarterly and monthly filing due dates for all grant financial reports on its electronic calendar to eliminate future oversights. Overall, the Crisis Center generally submitted its FFRs in a timely manner.

We also reviewed the last four submitted FFRs, for our review period, for accuracy, and we determined that there were no differences in the expenditures per the FFRs and the expenditures per the accounting records.

Progress Reports

According to the OVW Financial Grants Management Guide, recipients must submit Progress Reports semiannually within 30 days after the reporting periods, which are on January 30 and July 30 for the life of the grant. We reviewed the last 2 years of the submitted progress reports for our review period and found that all were submitted in a timely manner.

We reviewed each of the progress reports submitted for the last year for our review period, and we found that they contained the required program performance statistical data. The OVW Financial Grants Management Guide states that grantees are required to collect and maintain data that measure the effectiveness of their grant-funded activities. We compared the statistical performance data to the Crisis Center's performance claims in the last year of the grant, and we determined that the information the grantee noted in its Progress Reports did not always match the supporting documentation that it provided to us. When we informed Crisis Center officials about the differences we identified, the officials stated that the Crisis Center had made some calculation errors and that it retroactively corrected the errors. A Crisis Center official made OVW aware that the Crisis Center had reported incorrect information on its submitted progress reports for calendar year 2013. An OVW official told the Crisis Center that OVW does not have the ability to go back and change information reported in progress reports, and that the Crisis Center should let OVW know what information it reported incorrectly. On May 2, 2014, the Crisis Center provided OVW some changes to the progress report for reporting period of July through December 2013. We reviewed this information and determined that the Crisis Center provided changes to all of the sections of the report that we determined did not match the supporting documentation that it previously provided for the reporting period January through December 2013.

Although we determined that the grantee noted actual accomplishments in line with the program goals and objectives, we recommend OVW require the

Crisis Center to implement procedures to ensure progress reports contain accurate accomplishment data.

Program Performance and Accomplishments

As previously reported, the purpose of the grant was to: (1) allow the Crisis Center to acquire 2 additional transitional housing units, (2) provide transitional housing services for 6 to 12 families over 36 months, (3) provide security deposits for up to 12 women moving from transitional housing into permanent housing, (4) provide 3-month follow-up for 6 to 12 families, (5) hire an additional Transitional Housing Specialist, (6) collaborate with the Sandbox Schools to provide childcare services, and (7) collaborate with Robert Morris University to provide employment education and counseling. Additionally, the grant allows the Crisis Center to fund partial salaries for a Community Counselor and Program Manager.

We compared the grant application and supporting documents to the accomplishments listed by the grantee in the progress reports, and we determined that the grantee had achieved the grant's overall purpose of expanding the Crisis Center's transitional housing services for the Chicago Southland community. However, as previously noted, the grantee did not collaborate with Sandbox Schools, and instead developed relationships with other vendors that provided childcare. In addition, the grantee ended its collaborations with Robert Morris University, and as a substitute, established relationships with two other vendors that provided employment education and counseling.

Views of Responsible Officials

We discussed the results of our review with grantee officials throughout the audit and at a formal exit conference, and we have included their comments as appropriate.

Recommendations

We recommend that OVW:

1. Ensure the Crisis Center includes in its procurement procedures the required provisions regarding solicitation, conflicts of interest, and other requirements described in the OVW's Financial Grants Management Guide.
2. Require the Crisis Center to include its complete pre-purchase approval requirements in its written procedures, and ensure that the Crisis Center reiterates to its employees the importance of following its expenditure approval procedures, including those for payroll.
3. Ensure the Crisis Center establishes formal written procedures for: (1) cost analysis and competitive bidding before procuring contracts, and documents

the results of this analysis; and (2) ensuring contractor conformance with the terms, conditions, and specifications of the contract.

4. Ensure that the Crisis Center establishes procedures to notify OVW and request prior approval of program changes as specified in the application or grant agreement.
5. Ensure the Crisis Center develops and implements written procedures for drawing down grant funds.
6. Ensure that the Crisis Center is aware of all program requirements regarding partner agencies and collaborations and complies with the program guidelines to create a MOU as required.
7. Remedy the \$1,470 in unsupported rental assistance expenditures.
8. Remedy the \$3,691 in unallowable rent expenditures.
9. Remedy the \$3,300 in unallowable rent paid for a vacant apartment.
10. Remedy the \$4,476 in unallowable salary costs for the Transitional Housing Specialist and the Program Manager.
11. Require the Crisis Center to implements procedures to ensure the accuracy of progress reports.

OBJECTIVE, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our audit concentrated on, but was not limited to, the inception of the grant on October 1, 2010, through December 31, 2013. This was an audit of grant number 2010-WH-AX-0027 awarded to the Crisis Center for South Suburbia of Tinley Park, Illinois, for \$250,000. In conducting our audit, we reviewed Federal Financial Reports and Progress Reports and performed testing of grant expenditures, including reviewing supporting accounting records. We reviewed internal controls and procedures for the grant that we audited and judgmentally selected a sample of expenditures. A judgmental sampling design was applied to obtain broad exposure to numerous facets of the grant reviewed, such as dollar amounts, expenditure category, and risk. This non-statistical sample design does not allow for projection of the test results to all grant expenditures or internal controls and procedures. In total, the grantee had expended \$226,270 and drawn down \$226,270 as of January 22, 2014.⁹ We judgmentally selected 28 transactions, which included the 10 highest dollar amounts, 15 other transactions, and 3 anomalous transactions.

The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) grant drawdowns; (3) grant expenditures, including personnel and indirect costs; (4) budget management and control; (5) local matching funds; (6) property management; (7) program income; (8) federal financial reports and progress reports; (9) grant requirements; (10) program performance and accomplishments; and (11) monitoring of sub-grantees and contractors. We determined that local matching funds, property management, program income, and monitoring of sub-grantees were not applicable to this grant.

We performed limited testing of source documents to assess the timeliness and accuracy of FFRs, reimbursement requests, expenditures, and progress reports; evaluated performance to grant objectives; and reviewed the grant-related internal controls over the financial management system.

⁹ We found that the Crisis Center had drawn down a small amount of money against a supplemental award with the same award number. However, the money drawn down against the supplemental award was not part of this audit.

We tested invoices as of December 31, 2013. However, we did not test the reliability of the financial management system as a whole and reliance on computer-based data was not significant to our objective. We reviewed the grantee's past three Single Audit Reports, which were prepared under the provisions of Office of Management and Budget Circular A-133. We reviewed the independent auditor's assessments, which disclosed no weaknesses or noncompliance issues directly related to the Crisis Center grant.

SCHEDULE OF DOLLAR-RELATED FINDINGS

Description	Amount	Page
Questioned Costs ¹⁰		
Unallowable Excess Rent	\$3,691	11
Unallowable Vacant Apartment Costs	\$3,300	12
<u>Unallowable Excess Salary</u>	<u>\$4,476</u>	<u>12</u>
<i>Total Unallowable:</i>	<i>\$11,467</i>	
<u>Unsupported Rental Assistance</u>	<u>\$1,470</u>	<u>11</u>
<i>Total Unsupported:</i>	<i>\$1,470</i>	
Net Questioned Costs	\$12,937	
<hr/>		
Total Net Dollar-Related Findings	\$12,937	

¹⁰ **Questioned Costs** are expenditures that do not comply with legal, regulatory or contractual requirements, or 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, or the provision of supporting documentation.

AUDITEE RESPONSE

October 3, 2014



Carol S. Taraszka
Regional Audit Manager
U.S. Department of Justice
Office of the Inspector General
Chicago Regional Audit Office
500 W. Madison Street, Suite 1121
Chicago, IL 60661-2590

Re: Response to Draft Audit Report
Award No. 2010-WH-AX-0027

Dear Ms. Taraszak:

Please consider this letter as the formal written response from the Crisis Center for South Suburbia (CCSS) to your draft audit report on the Office of Violence Against Women (OVW) Transitional Housing Grant Awarded to the Crisis Center for South Suburbia in Tinley Park, Illinois, dated September 12, 2014:

Having carefully reviewed the draft audit report, we are issuing the following responses to your recommendations:

Recommendations

1. Ensure the Crisis Center includes in its procurement procedures the required provisions regarding Solicitation, Conflicts of Interest, and Other Requirements described in the OVW's Financial Grants Management Guide.

CCSS agrees with this recommendation. Crisis Center procurement procedures should contain these required provisions as stated above. Our current procurement policies and procedures will be revised to include additional written procedures to address conflicts of interest and other requirements to strengthen the approval process for purchases. The revised procedures will be implemented and documented by December 31, 2014.

2. Require the Crisis Center to include its complete pre-purchase approval requirements in its written procedures, and ensure that the Crisis Center reiterates to its employees the importance of following its expenditure approval procedures, including those for payroll.

CCSS agrees with this recommendation. Pre-purchase approval procedures have been developed and were implemented September 15, 2014. In addition, the approval process for credit card purchases has been revised to include a signature from the purchaser's supervisor approving the purchase. Staff has been educated on these new processes. A copy of the revised procedure is available upon request.

The Crisis Center for South Suburbia is a non-profit community organization that provides emergency shelter and other essential services for individuals and families victimized by domestic violence, and addresses the societal issues that contribute to domestic violence.

3. Ensure the Crisis Center establishes formal written procedures for: (1) cost analysis and competitive bidding before procuring contracts, and documents the results of this analysis, and (2) ensuring contractor conformance with the terms, conditions, and specifications of the contract.

CCSS agrees with this recommendation. Forms to document cost analysis have now been developed for the grant continuation activity. Evaluation procedures for project partners have also been developed. Clients are asked to complete an evaluation upon completion of each seminar or class they attend. Clients residing in the transitional units are asked to provide feedback on a quarterly basis on their satisfaction with their unit. Feedback on client satisfaction is also communicated to the management company on a quarterly basis.

4. Ensure that the Crisis Center establishes procedures to notify OVW for prior approval of program changes requiring OVW notification.

CCSS agrees with this recommendation. We will use the GAN system to notify OVW of program or staffing changes. Program and accounting staff have also implemented quarterly staff meetings to review budget and program goals, as well as provide follow up for evaluation of agency partners.

5. Ensure the Crisis Center implements written procedures for drawing down grant funds.

CCSS agrees with this recommendation. Written procedures for drawdown of grant funds have been developed and are documented in the Fiscal Policy and Procedures manual. A copy of the procedure is available upon request.

6. Ensure that the Crisis Center is aware of all program requirements regarding partner agencies and collaborations and complies with the program guidelines to create MOUs as required.

CCSS agrees with this recommendation. A consolidated MOU of partners participating in the award continuation was submitted to OVW on June 24, 2014.

7. Remedy the \$1,470 in unsupported rental assistance expenditures.

CCSS agrees with this recommendation. The lease agreement for client short term rental assistance paid to Middleway, LCC, the leasing management company, was inadvertently misfiled. We have secured a letter from this company to verify a lease was in place in support of this expenditure (available upon request).

8. Remedy the \$3,691 in unallowable rent expenditures.

CCSS agrees with this recommendation. As we were notified of our award in early October of 2010, we could not fully implement the program until staff was hired and rental units obtained. This caused us to be under budget in the rental assistance line item. Grant funds were used to cover the entire cost of the unit in lieu of allowing for the client subsidy in order to spend down the budgeted funds. We subsequently learned that we should have requested a project period extension to spend down the funds. We applied for and obtained a project period extension from September 30, 2013 to December 31, 2013 to spend down the funds allocated for apartment unit rent expense.

9. Remedy the \$3,300 in rent paid for a vacant apartment.

CCSS agrees with this recommendation. We entered into a lease agreement in December of 2011 for the rental unit. The client backed out of occupying the unit after the lease was executed by CCSS. Despite our efforts to place another client in the unit, we were unsuccessful in doing so until April of 2012. CCSS obligation for the rental fees should have been supported by other unrestricted funding and this was not re-classified due to oversight.

10. Remedy the \$4,476 in unallowable salary costs for the Transitional Housing Specialist and the program manager.

CCSS agrees with this recommendation. The grant was inadvertently charged for salary over the OVW-approved salary rate for 8 biweekly pay periods when the Transitional Housing Specialist employment status changed from 30 to 40 hours per week in July of 2012. Her increased hours of 10 per week were mistakenly allocated to the grant due to a calculation error in the general ledger entry worksheet. In addition, the salary budget for this grant was developed in March of 2010 at a time when salary increases were not typical, and therefore projected staff salary increases over the 3 year grant period were not included in the initial OVW-approved budget. The grant was also inadvertently charged for salary increases for program staff, as well as participation in OVW sponsored seminars which on occasion exceeded the budgeted weekly allocation of hours, contributing to exceeding the OVW-approved salary rates.

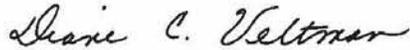
Preventive measures were implemented in December of 2012 when CCSS used time sheets as the source document for entry of grant funded staff into the general ledger. This new time sheet allocation process has greatly reduced the possibility of exceeding the approved budgeted salary allocations due to oversight. Grant allocations are reviewed before posting to the general ledger. Timesheets are also verified that they contain the appropriate signatures before processing. Written procedures are available upon request.

11. Ensure the Crisis Center implements procedures to ensure the accuracy of progress reports.

CCSS agrees with this recommendation. Program staff established written procedures that were implemented with the progress report ending June 30, 2013. The procedures outline the documentation used to support the demographics, services and accomplishment data in the progress report. Written procedures are available upon request.

The Crisis Center for South Suburbia would like to thank the Office of the Inspector General for this opportunity to respond to this draft audit report. We are grateful for the opportunity to work with the Office on Violence against Women to provide transitional housing services to women who are victims of domestic violence. We are available to answer any further questions.

Sincerely,



Diane C. Veltman
Director of Finance

CC: Edward Vega, Sr. CCSS Executive Director
Tonya Schassburger, CCSS Director of Residential Services
Kara Moller, Program Specialist, Office on Violence against Women

U.S. DEPARTMENT OF JUSTICE RESPONSE



U.S. Department of Justice
Office on Violence Against Women
Washington, D.C. 20530

October 8, 2014

MEMORANDUM

TO: Carol S. Taraszka
Regional Audit Manager
Chicago Regional Audit Office

FROM: Bea Hanson *BA*
Principal Deputy Director
Office on Violence Against Women

Rodney Samuels *RS*
Audit Liaison/Staff Accountant
Office on Violence Against Women

SUBJECT: Draft Audit Report - Audit of the Office on Violence Against Women Transitional Housing Grant Awarded to the Crisis Center for South Suburbia Tinley Park, Illinois

This memorandum is in response to your correspondence dated September 12, 2014 transmitting the above draft audit report for The Crisis Center Incorporated. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains eleven recommendations that include \$1,470 in unsupported costs, \$8,167 in unallowable costs, and \$3,300 in rent paid for a vacant apartment. The Office on Violence Against Women (OVW) is committed to working with the grantee to address each recommendation and bring them to a close as quickly as possible. The following is our analysis of the audit recommendations.

1. Ensure the Crisis Center includes in its procurement procedures the required provisions regarding Solicitation, Conflicts of Interest, and Other Requirements described in the OVW Financial Grants Management Guide.

OVW does agree with the recommendation. We will coordinate with the Crisis Center to ensure that they includes in its procurement procedures the required provisions regarding Solicitation, Conflicts of Interest, and Other Requirements described in the OVW's Financial Grants Management Guide.

- 2. Require the Crisis Center to include its complete pre-purchase approval requirements in its written procedures, and ensure that the Crisis Center reiterates to its employees the importance of following its expenditure approval procedures, including those for payroll.**

OVW does agree with the recommendation. We will coordinate with the Crisis Center to require the Crisis Center to include its complete pre-purchase approval requirements in its written procedures, and ensure that the Crisis Center reiterates to its employees the importance of following its expenditure approval procedures, including those for payroll.

- 3. Ensure the Crisis Cent establishes formal written procedures for: (1) cost analysis and competitive bidding before procuring contracts, and documents the results of this analysis, and (2) ensuring contractor conformance with the terms, conditions, and specifications of the contract.**

OVW does agree with the recommendation. We will coordinate with the Crisis Center to ensure the Crisis Cent establishes formal written procedures for: (1) cost analysis and competitive bidding before procuring contracts, and documents the results of this analysis, and (2) ensuring contractor conformance with the terms, conditions, and specifications of the contract.

- 4. Ensure that the Crisis Center establishes procedures to notify OVW for prior approval of the program changes requiring OVW notification.**

OVW does agree with the recommendation. We will coordinate with The Crisis Center to ensure that the Crisis Center establishes procedures to notify OVW for prior approval of the program changes requiring OVW notification.

- 5. Ensure the Crisis Center implements written procedures for drawing down grant funds.**

OVW does agree with the recommendation. We will coordinate with the Crisis Center to ensure the Crisis Center implements written procedures for drawing down grant funds.

- 6. Ensure that the Crisis Center is aware of all program requirements regarding partner agencies and collaborations and complies with the program guidelines to create MOUs as required.**

OVW does agree with the recommendation. We will coordinate with the Crisis Center to ensure that the Crisis Center is aware of all program requirements regarding partner agencies and collaborations and complies with the program guidelines to create MOUs as required.

- 7. Remedy the \$1,470 in unsupported rental assistance expenditures.**

OVW does agree with the recommendation. We will coordinate with the Crisis Center to remedy the \$1,470 in unsupported rental assistance expenditures.

8. Remedy the \$3,691 in unallowable rent expenditures.

OVW does agree with the recommendation. We will coordinate with the Crisis Center to remedy the \$3,691 in unallowable rent expenditures.

9. Remedy the \$3,300 in rent paid for a vacant apartment.

OVW does agree with the recommendation. We will coordinate with the Crisis Center to remedy the \$3,300 in rent paid for a vacant apartment.

10. Remedy the \$4,476 in unallowable salary costs for the Transitional Housing Specialist and the program manager.

OVW does agree with the recommendation. We will coordinate with the Crisis Center to remedy the \$4,476 in unallowable salary costs for the Transitional Housing Specialist and the program manager.

11. Ensure the Crisis Center implements written procedures to ensure the accuracy of progress reports.

OVW does agree with the recommendation. We will coordinate with the Crisis Center to ensure the Crisis Center implements written procedures to ensure the accuracy of progress reports.

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

cc Donna Simmons
Associate Director, Grants Financial Management Division
Office on Violence Against Women (OVW)

Louise M. Duhamel, Ph.D.
Acting Assistant Director
Audit Liaison Group
Justice Management Division

Kara Moller
Program Specialist
Office on Violence Against Women (OVW)

**OFFICE OF THE INSPECTOR GENERAL
ANALYSIS AND SUMMARY OF ACTIONS
NECESSARY TO CLOSE THE REPORT**

The OIG provided a draft of this audit report to the Crisis Center for South Suburbia (Crisis Center) and the U.S. Department of Justice, Office on Violence Against Women (OVW). The Crisis Center's response letter is incorporated in Appendix III of this final report, and OVW's response is incorporated as Appendix IV. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation:

- 1. Ensure the Crisis Center includes in its procurement procedures the required provisions regarding solicitation, conflicts of interest, and other requirements described in the OVW's Financial Grants Management Guide.**

Resolved. Both the Crisis Center and OVW concurred with our recommendation. OVW stated in its response that it will coordinate with the Crisis Center to ensure that it includes in its procurement procedures the required provisions regarding solicitation, conflicts of interest, and other requirements described in the OVW's Financial Grants Management Guide. In its response, the Crisis Center stated that it will revise its current policies and procedures to include additional procedures to address conflict of interest and other requirements to strengthen its approval process for purchases. The Crisis Center stated that the revised procedures will be implemented and documented by December 31, 2014.

This recommendation can be closed when we receive evidence that the Crisis Center has implemented formal, written procurement procedures that contain the required provisions regarding solicitation, conflicts of interest, and other requirements described in the OVW's Financial Grants Management Guide.

- 2. Require the Crisis Center to include its complete pre-purchase approval requirements in its written procedures and ensure that the Crisis Center reiterates to its employees the importance of following its expenditure approval procedures, including those for payroll.**

Resolved. Both the Crisis Center and OVW concurred with our recommendation. In its response, OVW stated in its response that it will coordinate with the Crisis Center to require the Crisis Center to include its complete pre-purchase approval requirements in its written procedures and ensure that the Crisis Center reiterates to its employees the importance of following its expenditure approval procedures, including those for payroll. The Crisis Center stated in its response that its pre-purchase approval procedures have been developed and were

implemented September 15, 2014, and that staff has been educated on these new processes. In addition, the Crisis Center said that the approval for credit card purchases has been revised to include a signature from purchaser's supervisors approving the purchase.

This recommendation can be closed when we receive evidence that the Crisis Center has implemented formal, written pre-purchase approval requirements in its written procedures, as well as evidence that the Crisis Center has reiterated to its employees the importance of following its expenditure approval procedures, including those for payroll.

- 3. Ensure the Crisis Center establishes formal written procedures for: (1) cost analysis and competitive bidding before procuring contracts, and documents the results of this analysis; and (2) ensuring contractor conformance with the terms, conditions, and specifications of the contract.**

Resolved. Both the Crisis Center and OVW concurred with our recommendation. OVW stated in its response that it will coordinate with the Crisis Center to ensure that the Crisis Center establishes formal written procedures for: (1) cost analysis and competitive bidding before procuring contracts, including documenting the results of this analysis; and (2) ensuring contractor conformance with the terms, conditions, and specifications of the contract. In its response, the Crisis Center stated that it has developed forms to document cost analysis. In addition, the Crisis Center stated that it has developed evaluation procedures for its project partners.

This recommendation can be closed when we receive evidence that the Crisis Center has implemented formal, written procedures for: (1) cost analysis and competitive bidding before procuring contracts, and documents the results of this analysis; and (2) ensuring contractor conformance with the terms, conditions, and specifications of the contract.

- 4. Ensure that the Crisis Center establishes procedures to notify OVW and request prior approval of program changes as specified in the application or grant agreement.**

Resolved. Both the Crisis Center and OVW concurred with our recommendation. OVW stated in its response that it will coordinate with the Crisis Center to ensure that the Crisis Center establishes procedures to notify OVW for prior approval of program changes requiring OVW notification. In its response, the Crisis Center stated that it will use the Grant Adjustment Notices system to notify OVW of program or staff changes, and that program and accounting staff have implemented quarterly staff meetings to review budget and program goals, as well as provide follow-up for evaluation of agency partners.

This recommendation can be closed when we receive evidence that the Crisis Center has implemented formal, written procedures to notify OVW and request

prior approval of program changes as specified in the application or grant agreement.

5. Ensure the Crisis Center implements written procedures for drawing down grant funds.

Resolved. Both the Crisis Center and OVW concurred with our recommendation. OVW stated in its response that it will coordinate with the Crisis Center to ensure it implements written procedures for drawing down grant funds. The Crisis Center stated in its response that it has developed written procedures for drawing down funds and these procedures are documented in its Fiscal Policy and Procedures manual.

This recommendation can be closed when we receive evidence that the Crisis Center has implemented formal, written procedures for drawing down grant funds.

6. Ensure that the Crisis Center is aware of all program requirements regarding partner agencies and collaborations and complies with the program guidelines to create a Memorandum of Understanding (MOU) as required.

Resolved. Both the Crisis Center and OVW concurred with our recommendation. OVW stated in its response that it will coordinate with the Crisis Center to ensure that the Crisis Center is aware of all program requirements regarding partner agencies and collaborations and complies with the program guidelines to create MOUs as required. The Crisis Center stated in its response that on June 24, 2014, it submitted to OVW a consolidated MOU of partners participating in the award continuation.

This recommendation can be closed when we receive evidence that the Crisis Center has been made aware of all program requirements regarding partner agencies and collaborations and evidence that it has complied with the program guidelines to create MOUs as required.

7. Remedy the \$1,470 in unsupported rental assistance expenditures.

Resolved. Both the Crisis Center and OVW concurred with our recommendation. OVW stated in its response that it will coordinate with the Crisis Center to remedy the \$1,470 in unsupported rental assistance expenditures. The Crisis Center stated in its response that a lease agreement was inadvertently misfiled, and it has secured a letter from the leasing company that supports the rental assistance expenditure.

This recommendation can be closed when we receive evidence that the \$1,470 in unsupported rental assistance expenditures has been adequately remedied.

8. Remedy the \$3,691 in unallowable rent expenditures.

Resolved. Both the Crisis Center and OVW concurred with our recommendation. OVW stated in its response that it will coordinate with the Crisis Center to remedy the \$3,691 in unallowable rent expenditures. The Crisis Center stated in its response that it could not fully implement the program until staff was hired and rental units obtained, which caused the Crisis Center to be under budget in the rental assistance line item. Because of this, the Crisis Center stated that grant funds were used to cover the entire cost of the unit in lieu of allowing for the client subsidy in order to spend down the budget funds. In addition, the Crisis Center said that it subsequently learned that it should have requested a project extension to spend down the funds, and that it applied for and obtained a project extension from September 30, 2013, to December 31, 2013, to spend down the funds allocated for apartment unit rent expense.

This recommendation can be closed when we receive evidence that the \$3,691 in unallowable rent expenditures has been adequately remedied.

9. Remedy the \$3,300 in unallowable rent paid for a vacant apartment.

Resolved. Both the Crisis Center and OVW concurred with our recommendation. OVW stated in its response that it will coordinate with the Crisis Center to remedy the \$3,300 in rent paid for a vacant apartment. The Crisis Center stated in its response that it entered into a lease agreement in December 2011 for the rental unit, but that the client backed out of occupying the unit after the lease was executed by the Crisis Center. According to the Crisis Center, despite its efforts to place another client in the unit, the Crisis Center was unsuccessful in doing so until April 2012. In addition, the Crisis Center stated that its obligation for the rental fees should have been supported by other unrestricted funding, and this was not re-classified due to oversight.

This recommendation can be closed when we receive evidence that the \$3,300 in rent paid for a vacant apartment has been adequately remedied.

10. Remedy the \$4,476 in unallowable salary costs for the Transitional Housing Specialist and the Program Manager.

Resolved. Both the Crisis Center and OVW concurred with our recommendation. OVW stated in its response that it will coordinate with the Crisis Center to remedy the \$4,476 in unallowable salary costs for the Transitional Housing Specialist and the Program Manager. The Crisis Center stated in its response that the grant was inadvertently charged for salary over the OVW-approved salary rate for 8 biweekly pay periods when the Transitional Housing Specialist employment status changed from 30 to 40 hours per week in July 2012. In addition, the Crisis Center said that the salary budget for this grant was developed in March 2010 at a time when salary increases were not typical, and therefore projected staff salary increases over the 3-year grant period were not included in the initial OVW-approved budget. Furthermore, the Crisis Center

said that it inadvertently charged for salary increase for program staff, as well as participation in OVW sponsored seminars, which on occasion exceeded the budgeted weekly allocation of hours, contributing to exceeding the OVW-approved salary rates. Finally, the Crisis Center added that preventive measures were implemented in December 2012 when the Crisis Center used time sheets as the source document for entry of grant-funded staff into the general ledger. The Crisis Center said that this new time sheet allocation process has greatly reduced the possibility of exceeding the approval budgeted salary allocation due to oversight. We believe that it is important to note that we found that the Crisis Center over charged the grant salary costs on 18 separate instances after December 2012. In addition, as previously noted in the report, we could not always determine what caused the overage because the Crisis Center accounted for salary as a lump sum, and not by position.

This recommendation can be closed when we receive evidence that the \$4,476 in unallowable salary costs for the Transitional Housing Specialist and the Program Manager has been adequately remedied.

11. Require the Crisis Center to implement procedures to ensure the accuracy of progress reports.

Resolved. Both the Crisis Center and OVW concurred with our recommendation. OVW stated in its response that it will coordinate with the Crisis Center to ensure it implements procedures to ensure the accuracy of progress reports. The Crisis Center stated in its response that program staff established written procedures that were implemented with the progress reporting period June 30, 2013, and that the procedures outline the documentation used to support the demographics, services, and accomplishment data in the progress report.

This recommendation can be closed when we receive evidence that the Crisis Center has implemented procedures to ensure the accuracy of progress reports.

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