



**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN
GRANTS AWARDED TO THE SICANGU COALITION
AGAINST SEXUAL AND DOMESTIC VIOLENCE
MISSION, SOUTH DAKOTA**

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

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EXECUTIVE SUMMARY

The U.S. Department of Justice, Office of the Inspector General (OIG), Audit Division, has completed an audit of the Tribal Domestic Violence and Sexual Assault Coalitions Program grants totaling \$1,169,000, awarded by the Office on Violence Against Women (OVW) to the Sicangu Coalition Against Sexual and Domestic Violence (Sicangu), as shown in Exhibit 1.

EXHIBIT 1: GRANTS AWARDED TO THE SICANGU COALITION AGAINST SEXUAL AND DOMESTIC VIOLENCE

AWARD NUMBER	AWARD DATE	PROJECT START DATE	PROJECT END DATE	AWARD AMOUNT
2008-IW-AX-0009	8/29/08	8/01/08	7/31/10	\$540,000
2008 IW-AX-0009 (S1)	9/21/10	8/1/08	5/31/13	300,000
2009-EC-S6-0001 Recovery Act	8/21/09	7/1/09	12/31/11	329,000
Total:				\$1,169,000

Source: Office of Justice Programs' (OJP) Grants Management System (GMS)

The purpose of the OVW Tribal Domestic Violence and Sexual Assault Coalitions Grant Program is to increase awareness of domestic violence and sexual assault against American Indian and Alaska Native women; enhance the response to violence against women at the tribal, federal, and state levels; and identify and provide technical assistance to coalition membership and tribal communities to enhance access to essential services.

The objective of the audit was to assess performance in the key areas of grant management that were applicable and appropriate for the grants under review. Those areas included: (1) internal control environment, (2) drawdowns, (3) grant expenditures, (4) budget management and control, (5) financial status and progress reports, (6) program performance and accomplishments, (7) post grant end-date activities, (8) monitoring of contractors, and (9) special grant requirements.

We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in our report, the criteria we audit against are contained in the *OJP Financial Guide* and the award documents.

We examined Sicangu's accounting records, financial and progress reports, and operating policies and procedures and found:

- \$1,215,216 (\$775,138 without overlap) in unallowable and unsupported costs associated with the review of accounting records;
- \$72,275 in funds put to better use associated with excess cash on hand and funds not drawn down within the award period;
- Sicangu's internal control environment is inadequate and the accounting system is unreliable.
- Sicangu's FFRs were late and inaccurate and Progress Reports were late and unsupported; and
- Performance metrics and program achievements were unsupported and could not be verified.

The report contains six dollar-related recommendations, which are detailed in the Findings and Recommendations section of the report. In accordance with standard audit practice, the OIG discussed the findings with Sicangu representatives and provided a draft audit report to the OVW and Sicangu for review and official comment. OVW's written response is incorporated in Appendix III. However, Sicangu elected not to provide written comments on our report or on any planned corrective actions to address the findings in our report. Our audit objectives, scope, and methodology are discussed in Appendix I, and our Schedule of Dollar-Related Findings appears in Appendix II.

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According to its applications, Sicangu's primary goals for the program were to increase public awareness of sexual assault and domestic violence, improve responses to violence against Native American women, and provide technical assistance to coalition members to enhance access to essential services.

Background

The mission of the OVW, a component of the U.S. Department of Justice, is to provide federal leadership in developing the nation's capacity to reduce violence against women and administer justice for and strengthen services to victims of domestic violence, dating violence, sexual assault, and stalking. Created in 1995,

¹ Grant 2009-EC-S6-0001 was awarded under the American Recovery and Reinvestment Act of 2009 (ARRA).

the 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.

Sicangu was a not-for-profit organization dedicated to providing educational services for the prevention of sexual and domestic violence. Sicangu worked for the social and institutional changes necessary to eliminate both personal and societal violence within its Native Communities.

Our Audit Approach

The objective of the audit was to assess performance in the key areas of grant management that were applicable and appropriate for the grants under review. We tested compliance with what we consider to be the most important conditions of the grant award. Unless otherwise stated in our report, the criteria we audit against are contained in the *OJP Financial Guide* and grant award documents. We tested Sicangu's:

- **internal control environment** to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grant award;
- **drawdowns** to determine whether grant drawdowns were adequately supported and if Sicangu was managing grant receipts in accordance with federal requirements;
- **expenditures** to determine whether the costs charged to the grant were accurate and allowable;
- **budget management and control** to determine Sicangu's compliance with the costs approved in the grant budget;
- **reporting** to determine if the required financial and programmatic reports were submitted on time and accurately reflected award activity;
- **performance and accomplishments** to determine whether Sicangu met the grant objectives;
- **post end date activity** to determine whether Sicangu complied with post end date requirements;
- **monitoring of contractors** to determine if Sicangu provided adequate oversight and monitoring of its contractors; and

- **special grant requirements** to determine whether Sicangu complied with award guidelines, special conditions, and solicitation criteria.

The findings and recommendations are detailed in the Findings and Recommendations sections of this report. Our audit objectives, scope, and methodology appear in Appendix I. Our Schedule of Dollar-Related Findings appears in Appendix II.

FINDINGS AND RECOMMENDATIONS

We found that Sicangu did not comply with essential award conditions in the areas of expenditures, reporting, and performance. Specifically, most of the expenses tested were unsupported; approximately 2 years of grant management and financial files were missing; drawdowns were unsupported; financial reports were generally late and inaccurate; progress reports were generally late and unsupported; unallowable bonuses were paid to board members and staff; unallowable bank fees were charged to the grant, and unallowable expenditures were made prior to the release of funds. Based on our audit results, we make six recommendations to address dollar-related findings.

Internal Control Environment

We reviewed The *Office of Management and Budget (OMB) Circular A-133* to determine the grantee's requirement for a Single Audit. We also interviewed management and key personnel, and inspected documents and records in order to further assess risk.

Single Audit

According to *OMB Circular A-133*, nonfederal entities that expend less than \$500,000 a year in federal awards are exempt from federal audit requirements for that year, but records must be available for review or audit by appropriate officials of the federal agency. Sicangu did not expend more than \$500,000 in total from both grants for any fiscal year during the life of the grants. Therefore a Single Audit was not required.

Financial Management System

We reviewed Sicangu's financial management system; interviewed Sicangu officials, past employees, and the contract bookkeeper; and inspected grant award documents. We requested Sicangu's policies and procedures to determine if internal controls over the financial management system were adequate. Sicangu management stated that policies and procedures had been written based on a related not-for-profit organization, and had been submitted to the Board of Directors for approval, but they had never been formally adopted. Although management stated that Sicangu was using these not-for-profit policies and procedures, written policies and procedures were never produced for OIG inspection.

Absent specific policies and procedures, we discussed, and to the extent possible, observed the procedures for procurement, receiving and payment; accounting for expenditures; drawdowns; payroll; budget management; and financial and progress reports.

Sicangu used a voucher system, which required the Executive Director's signature to purchase most items. They also used gift cards to purchase supplies and other small items. When items were received, one of two designated staff members checked and verified the packing slip or invoice. The bookkeeper checked the invoice and then prepared a check. The Executive Director verified the paperwork and sent the check to the Board of Directors for signatures. Due the small size of Sicangu, segregation of duties was insufficient. The responsibility for ensuring that expenditures conform to grant requirements belonged to the Executive Director and the Board of Directors.

We found that drawdowns were unsupported and generally did not reconcile with expenditures; there was a 2-year period from 2009 to 2011 where Sicangu could not locate any supporting documents for transactions; \$41,422 in expenditures occurred prior to the release of funds; unallowable bank fees; unallowable bonuses totaling \$13,500 were paid to board members and staff; due to the way accounts were set up in the general ledger, expenses could not be reconciled to the approved budget; and most of the Federal Financial Reports (FFR), semi-annual Categorical Assistance Progress Reports (Progress Reports), and quarterly American Recovery and Reinvestment Act Reports (Recovery Act Reports) were late and unsupported or inaccurate. These items are discussed in detail in the following sections of the report.

Based on the above information, we have concluded that the internal control environment for Sicangu's financial management system was inadequate creating a higher risk for fraud, waste, and abuse.

Drawdowns

According to the *OJP Financial Guide*, the grant recipient should time drawdown requests to ensure that federal cash on hand is the minimum needed for disbursements to be made immediately or within 10 days. Sicangu management stated that drawdowns were requested in advance based on anticipated need. We analyzed the accounting records to determine if the total expenditures recorded in Sicangu's accounting records were equal to, or in excess of, the cumulative drawdowns. According to the OJP accounting records, Sicangu had drawn down a total of \$1,117,916 for the two awards as of July 22, 2013, with combined expenditures, of \$1,129,893 as of August 7, 2013, the date we received the general ledger, leaving a difference of \$11,977 more expenditures than drawdowns.

Therefore, we concluded that Sicangu complied with the requirement, as total expenditures exceeded the cumulative drawdowns.

Additionally, Sicangu had \$21,191 cash on hand in the bank as of July 31, 2013. According to Sicangu management, these two grants were the only source of income except for approximately \$1,780 in donations we identified in the general ledger. By subtracting \$1,780 in donations from the \$21,191 in the bank, we calculated that Sicangu had approximately \$19,411 in federal funds on hand. Reconciling this cash on hand with the expenditures from Sicangu's accounting records, we determined that Sicangu records indicated that it had paid out a total of \$31,388 (11,977 + 19,411) more than the total amount of award funds paid out, with no apparent means to have paid those expenditures since these grants were the primary source of funding for Sicangu. As a result, we question the reliability of the accounting system and the internal controls related to the accounting system.

In reviewing the total drawdowns, as of July 22, 2013, we found that for grant 2008-IW-AX-0009, Sicangu had drawn down \$814,300 of the \$840,000 awarded, leaving \$25,700 in obligated funds remaining, and for grant 2009-EC-S6-0001, had drawn down \$303,616 of the \$329,000 awarded, leaving \$25,384 in obligated funds remaining, for a total of \$51,084.

We recommend that the OVW ensure Sicangu properly account for federal funds expended, and that the remaining \$51,084 that has not been drawn down be de-obligated and returned.

Expenditures

According to Sicangu's accounting records as of August 7, 2013, the expenditures related to grants 2008-IW-AX-0009 and 2009-EC-S6-0001 totaled \$915,446 and \$214,447 respectively for a cumulative total of \$1,129,863. Prior to our fieldwork, we determined that expanded testing was warranted because the OVW had not been able to contact anyone from Sicangu for at least 8 months and funds were frozen, Sicangu's financial and progress reports were overdue, and the Recovery Act grant which ended December 31, 2011 had not been closed out. The OIG was informed that Sicangu no longer had any paid employees. Additionally, the past bookkeeper was unable to deliver an accurate general ledger to the OIG. On August 7, 2013 we were provided with what we believe to be the most accurate and reliable general ledger received to date. We selected a judgmental sample of 250 transactions for grant 2008-IW-AX-0009 totaling \$500,601 and 55 transactions for grant 2009-EC-S6-0001 totaling \$60,070 for a cumulative total of \$560,671 or approximately 50 percent of the total expenditures as recorded in the general ledgers of both grants.¹ We reviewed the 305 transactions in order to determine if

¹ Differences in totals throughout the report are due to rounding (the sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded).

grant expenditures were allowable, reasonable, and in compliance with the terms and conditions of the award.

Personnel and Fringe Benefits

The 250 transaction sample for grant 2008-IW-AX-0009 included 12 payroll transactions totaling \$12,361 from two non-consecutive pay periods in 2009. These transactions were judgmentally selected from the portion of the general ledger that was recorded on the original FUTEX system prior to Sicangu converting to QuickBooks. We were unable to perform payroll tests for subsequent years due to the method Sicangu used to set up the accounts in the QuickBooks general ledger as they did not allow for separation and identification of expenditures for salaries, fringe benefits, standard deductions, and other payroll deductions. For the two selected pay periods, we determined that salaries and fringe benefits charged to the grant were computed correctly, properly authorized, and accurately recorded.

Other Direct Costs

In reviewing the general ledger and testing the judgmentally selected samples of transactions for expenditures charged to the awards, we found several categories of discrepancies. Besides transactions that we found unsupported, we found there was approximately a 2-year period in which files were missing and there was no support documentation available, \$41,422 in expenditures that occurred prior to the release of funds as stated in the award special conditions, unallowable bank fees totaling \$4,081 were charged to the grant, and annual bonuses totaling \$13,500 were paid out to Sicangu board members and staff.

For grant 2008-IW-AX-0009 we tested 250 transactions totaling \$500,601 and questioned \$456,255 for insufficient support documentation. There were only 21 transactions that were adequately supported and correctly processed, and 12 of those were the payroll transactions mentioned previously in the Personnel and Fringe Benefits section. For grant 2009-EC-S6-0001 we tested 55 transactions totaling \$60,070 and questioned \$46,070 for insufficient documentation. The combined total of unsupported questioned costs was \$502,325 out of \$560,671 tested, or approximately 90 percent of the items tested.

As mentioned previously in the Internal Control Environment, Financial Management System section, there was a period of approximately 2 years in which no documentation for any transactions was available. Specifically, for grant 2008-IW-AX-0009, from the grant award date of August 29, 2008 through approximately March 7, 2011, Sicangu could not produce any documentation for any transactions. For grant 2009-EC-S6-0001, from the grant award date of

August 21, 2009 through January 26, 2011, Sicangu could not produce any documentation for any transactions².

The disappearance of this documentation could not be explained by Sicangu management, board members, or the bookkeeper. As a result, we questioned all expense transactions recorded in the general ledger within those time frames as unsupported. For grant 2008-IW-AX-0009, we questioned \$546,567, and for grant 2009-EC-S6-0001, we questioned \$107,320. However, there was duplication between these transactions and those transactions questioned as unsupported as part of transaction testing. For grant 2008-IW-AX-0009, there was duplication of \$395,031, and for grant 2009-EC-S6-0001 there was duplication of \$24,942. Therefore, the net questioned costs due to missing files for these grants are \$151,536 and \$82,378 respectively for a combined total of \$233,914.

In reviewing the award documents, we determined that for grant 2008-IW-AX-009, there was a special condition prohibiting the grantee from obligating, expending, or drawing down funds prior to the Office of the Comptroller approving the budget and budget narrative. A grant adjustment notification (GAN) was issued by the OVW on March 10, 2009, releasing this special condition. However, according to the general ledger, Sicangu recorded 198 expense transactions totaling \$41,422 prior to the funds being released on March 10, 2009. Of this amount, \$8,853 overlapped with questioned costs from transaction testing. Therefore, the net questioned costs due to premature obligation and expenditure of grant funds were \$32,569.

We found bank charges totaling \$4,081 were charged to the grants, \$3,394, to grant 2008-IW-AX-0009 and \$688 to grant 2009-EC-S6-0001. The bank fees were not budgeted, and we were unable to get an explanation from Sicangu management concerning the bank charges, which appear to be for service charges, overdrafts, and other undisclosed penalties or fees. Also, since the general ledgers were non-descriptive, we have concluded that the \$4,081 in bank charges were excessive and unallowable. Of this amount, \$1,752 overlapped with questioned costs from missing documentation. Therefore, the net questioned costs due to unallowable bank fees were \$2,329.

While reviewing the expense transactions, we also identified \$5,000 in bonuses that were paid out to all board members, staff, and the contract bookkeeper on December 7 and 8, 2011. The description for the payments from

² The end dates of March 7, 2011, and January 26, 2011, were estimates based on the samples selected for transaction testing and documentation availability. These are conservative estimates as there were transactions that occurred between the last known transaction in which there was no documentation and the first transaction in which there was some or all of the documentation. We used the date of the last transaction without any documentation as the cut-off point, giving the benefit of the doubt for any subsequent transactions that occurred prior to the date of the first transaction with some or all of the documentation.

the 2008-IW-AX-0009 grant states "End of year Bonus".³ We also found that on November 25, 2009, three payments of \$500 each totaling \$1,500 were made to each of the three staff members of Sicangu, with no documentation to support the payments. These checks were labeled as "Paycheck" and "Split" in the general ledger.

Additionally, we found that on August 21, 2012, and again on December 12, 2012, payments of \$500, were made to each Sicangu staff member and each member of the Board of Directors, totaling \$7,000. In reviewing the transaction files, the only documentation we found were the check stubs and vouchers for the payments made to the board members, which the general ledger indicates were payments made for "board travel". Travel reimbursements are normally paid after travel and not paid in advance, especially for that large of an amount. Furthermore, there were no travel vouchers submitted, and there were two \$500 payments to each board member just 4 months apart with no entries in the general ledger pertaining to travel. There was no documentation provided for the payments made to the staff members, and in the general ledger the only comments were "salary adjustment" for the transactions on August 21, 2012 and "split" for the transactions on December 12, 2012. Salary increases were budgeted, but should have been done as an increase to the salary, not a lump sum payment.

Based on the transactions on December 7 and 8, 2011, which were described as bonuses, the consistent payments to the board members and staff of \$500, and the irregular classification of these expenditures, we concluded that these additional payments of \$500 each (\$250 each for two new hires) were in fact "bonuses" and that the accounts and descriptions were mislabeled. Since bonuses were not in the approved budgets, we questioned \$13,500 in bonuses that were unallowable. However, \$9,500 of these transactions had already been questioned as unsupported in the transaction testing. Therefore the net total of questioned costs for unallowable bonuses is \$4,000.

Budget Management and Control

The Office Of the Comptroller approved detailed budgets for each award and the supplement which was organized by defined budget categories. According to the *OJP Financial Guide*, the recipient is responsible for establishing and maintaining an adequate system of accounting and internal controls for itself, which includes presenting and classifying projected historical cost of the grant as required

³ All of the bonuses paid from grant 2008-IW-AX-0009, except for the three on November 25, 2009, were included in the judgmental sample for transaction testing. Therefore, we received whatever documentation was available for those transactions including the check stubs and vouchers. The bonuses paid from grant 2009-EC-S6-0001 were not selected for transaction testing in our judgmental sample so we did not have the documentation on those. We concluded that they were bonuses because the amounts were \$500 for four of the employees and \$250 for two new employees hired in October and November 2011.

for budgetary and evaluation purposes, and providing financial data for planning, control, measurement, and evaluation of direct and indirect costs. Sicangu's accounting system was not categorized to allow evaluation of performance to budget or to evaluate direct and indirect costs as detailed in the budget requests submitted with its applications. The accounts were set up based on payees rather than by the type of expense such as personnel, fringe benefits, supplies, equipment, and contractors, and the descriptions in the general ledgers were insufficient to accurately determine expense categories. As a result, the OIG was unable to evaluate Sicangu's actual performance to budget or the ability to control expenses according to the approved budget.

Reporting

We reviewed the Federal Financial Reports (FFR), Categorical Assistance Progress Reports (Progress Reports), and quarterly American Recovery and Reinvestment Act of 2009 Reports (Recovery Act Reports) to determine if the required reports were submitted on time and were accurate.

Financial Reporting

The *OJP Financial Guide* states that grant recipients must report expenditures online using the FFR no later than 30 days after the end of each calendar quarter. We reviewed the submission dates for the eight most recent FFRs for both grants as of the start of our fieldwork and determined that the FFRs for both grants were generally late, and the most recent required FFRs were still overdue as of July 25, 2013 when these reports were originally reviewed by the OIG.

For grant 2008-IW-AX-0009, the reporting periods covered April 1, 2011 through March 31, 2013. As seen in Exhibit 2, two of the eight reports were submitted on time. The remaining reports were late by 1 to 86 days as of July 25, 2013, with the report for the period ending March 31, 2013 still overdue at the time of our fieldwork.

EXHIBIT 2: FFR TIMELINESS – GRANT 2008-IW-AX-0009

REPORT PERIOD QUARTER ENDING ⁴	REPORT DUE DATE (M/D/YY)	DATE SUBMITTED (M/D/YY)	DAYS LATE
3/31/2013	4/30/2013	As of 7/25/2013	86
12/31/2012	1/30/2013	4/2/2013	62
9/30/2012	10/30/2012	12/13/2012	44
6/30/2012	7/30/2012	7/30/2012	0
3/31/2012	4/30/2012	5/8/2012	8
12/31/2011	1/30/2012	1/30/2012	0
9/30/2011	10/30/2011	11/3/2011	4
6/30/2011	7/30/2011	7/31/2011	1

Source: OJP Financial Guide and the Grants Management System (GMS)

For grant 2009-EC-S6-0001, the reporting periods covered from January 1, 2010 through December 31, 2011. The first two were submitted on time but the rest were late by 4 to 482 days as of July 25, 2013. The final report was due March 30, 2012 and was still overdue at the time of our fieldwork.

EXHIBIT 3: FFR TIMELINESS – GRANT 2009-EC-S6-0001

REPORT PERIOD QUARTER ENDING ⁴	REPORT DUE DATE (M/D/YY)	DATE SUBMITTED (M/D/YY)	DAYS LATE
12/31/2011	3/30/2012	As of 7/25/2013	482
9/30/2011	10/30/2011	11/3/2011	4
6/30/2011	7/30/2011	9/23/2011	55
3/31/2011	4/30/2011	6/27/2011	58
12/31/2010	1/30/2011	6/27/2011	148
9/30/2010	10/30/2010	11/8/2010	9
6/30/2010	7/30/2010	7/30/2010	0
3/31/2010	4/30/2010	4/30/2010	0

Source: OJP Financial Guide and the Grants Management System (GMS)

While performing our fieldwork, Sicangu management stated the last staff bookkeeper had been assigned to bring the FFRs up-to-date and take care of closing out both of the grants.

We also reviewed financial reporting for accuracy. According to the *OJP Financial Guide*, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report.

⁴ The dates in "Report Period Quarter Ending" and "Report Due Date" are calculated from the *OJP Financial Guide*, 2009 which states that "effective the quarter beginning October 1, 2009", FFRs are due 30 days after the end of each quarter. The final report must be submitted no later than 90 days following the end of the quarter.

Sicangu management provided us with the supporting documentation it stated was used to complete the FFRs. These supporting documents were maintained in inconsistent formats throughout the grants, which resulted in us having to calculate to determine the total expenses so that we could compare with the expenses reported on the FFRs.

Beginning with grant 2008-IW-AX-0009, from January 1, 2009 through September 30, 2010, the support documents consisted of general ledger extracts of monthly expense summaries, which included payroll and all other direct expenses. We added together the monthly totals to determine the quarterly totals. Beginning October 1, 2010 for grant 2008-IW-AX-0009, and October 1, 2009 for grant 2009-EC-S6-0001, the documentation consisted of quarterly summaries of the general expenses and separate summaries of payroll. We added the total payroll expenses, and then added that amount to the general expense summary total to calculate the overall expenses for the quarter.

Beginning October 1, 2011, the support documents for both grants consisted of expenses by vendor detail and the payroll summary. All of these different combinations of documents required manual calculations to determine the total expenses for each reporting period. Generally, organizations generate a one or two page summary of general ledger expenses and use those totals for the FFR.

As shown in Exhibit 4 for grant 2008-IW-AX-0009, of the 16 FFRs submitted, 3 reports matched the calculated amounts from the accounting records support documents with the amount reported on the FFR. The rest of the FFRs were under reported by as much \$32,549 and over reported by as much as \$43,568.

EXHIBIT 4: FFR ACCURACY – GRANT 2008-IW-AX-0009

REPORT PERIOD QUARTER ENDING	EXPENDITURES PER FFR	EXPENDITURES PER GENERAL LEDGER EXTRACTS	DIFFERENCE OF FFRS AND ACCOUNTING RECORDS
6/30/2013	Overdue	50,348	Overdue
3/31/2013	Overdue	52,403	Overdue
12/31/2012	25,236	57,785	(32,549)
9/30/2012	36,274	43,462	(7,188)
6/30/2012	39,170	45,412	(6,242)
3/31/2012	42,323	52,826	(10,503)
12/31/2011	41,404	45,149	(3,746)
9/30/2011	43,939	29,239	14,700
6/30/2011	37,871	37,871	-
3/31/2011	54,476	58,409	(3,933)
12/31/2010	65,904	57,502	8,402
9/30/2010	22,623	596	22,027
6/30/2010	18,527	12,189	6,338
3/31/2010	37,742	19,085	18,657
12/31/2009	73,768	30,200	43,568
9/30/2009	49,434	48,274	1,160
6/30/2009	72,278	72,278	-
3/31/2009	54,881	54,881	-

Source: OJP Financial Guide and the Grants Management System (GMS)

As shown in Exhibit 5 for grant 2009-EC-S6-0001, of the eight FFRs submitted, one report matched the calculated amounts from the accounting records support documents with the amount reported on the FFR. The rest of the FFRs were under reported by as much as \$17,105 and over reported by as much as \$26,278.

EXHIBIT 5: FFR ACCURACY – GRANT 2009-EC-S6-0001

REPORT PERIOD QUARTER ENDING	EXPENDITURES PER FFR	EXPENDITURES PER GENERAL LEDGER EXTRACTS	DIFFERENCE OF FFRS AND ACCOUNTING RECORDS
12/31/2011	Overdue	68,685	Overdue
9/30/2011	21,755	20,354	1,401
6/30/2011	20,273	20,273	-
3/31/2011	18,164	17,123	1,041
12/31/2010	60,598	43,585	17,013
9/30/2010	37,248	35,172	2,076
6/30/2010	18,527	35,632	(17,105)
3/31/2010	49,747	23,469	26,278
12/31/2009	23,132	18,849	4,283

Source: OJP Financial Guide and the Grants Management System (GMS)

Based on the comparisons in Exhibits 4 and 5, we concluded that the support for the FFRs was inadequate and the FFRs were inaccurate and do not reflect the true expenditures of federal funds for either grant. To substantiate our conclusion, we calculated quarterly expenditures from what we considered to be the most accurate general ledger we received. In comparing these quarterly calculated totals with the calculated totals of the support documents and the FFR totals, we found that none of them reconciled.

Categorical Assistance Progress Reports

According to the *OJP Financial Guide*, Progress Reports are prepared twice a year and are used to describe performance of activities or the accomplishment of objectives as set forth in the award application. Progress Reports must be submitted within 30 days of the end of the reporting periods, which are June 30th and December 31st. Therefore, Progress reports are due semi-annually on January 30th and July 30th for the life of the award.

We reviewed the submission dates for the nine Progress Reports submitted for grant 2008-IW-AX-0009 and the five Progress Reports which were required to be submitted for grant 2009-EC-S6-0001 and determined that reports were generally submitted late. As seen in Exhibits 6 and 7, the last 5 reports for grant 2008-IW-AX-0009 were late ranging from 49 to 140 days, and the last 3 reports for grant 2009-EC-S6-0001 were late ranging from 76 to 482 days late as of July 25, 2013.

EXHIBIT 6: PROGRESS REPORT TIMELINESS – GRANT 2008-IW-AX-0009

REPORT PERIOD ENDING	REPORT DUE	DATE SUBMITTED	DAYS LATE
12/31/2012	1/30/2013	4/2/2013	62
6/30/2012	7/30/2012	9/17/2012	49
12/31/2011	1/30/2012	6/18/2012	140
6/30/2011	7/30/2011	9/23/2011	55
12/31/2010	1/30/2011	5/27/2011	117
6/30/2010	7/30/2010	7/30/2010	0
12/31/2009	1/30/2010	1/29/2010	0
6/30/2009	7/30/2009	7/28/2009	0
12/31/2008	1/30/2009	3/10/2009	39

Source: OJP Financial Guide and the Grants Management System (GMS)

EXHIBIT 7: PROGRESS REPORT TIMELINESS – GRANT 2009-EC-S6-0001

REPORT PERIOD ENDING	REPORT DUE	DATE SUBMITTED	DAYS LATE
12/31/2011	3/30/2012	As of 7/25/2013	482
6/30/2011	7/30/2011	10/14/2011	76
12/31/2010	1/30/2011	9/23/2011	236
6/30/2010	7/30/2010	7/30/2010	0
12/31/2009	1/30/2010	1/29/2010	0

Source: OJP Financial Guide and the Grants Management System (GMS)

In addition to the timeliness of the reports, we also reviewed the Progress Reports for accuracy. According to the *OJP Financial Guide*, the funding recipient agrees to collect data appropriate for facilitating reporting requirements established by Public Law 103-62 for the *Government Performance and Results Act*. The funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation.

We planned to evaluate the performance data reported on the last two Progress Reports submitted for each of the grants. According to management, staff members submit information such as event descriptions, attendance sheets, and promotional materials given out at their activities, and this information is used to complete the Progress Reports. However, we were unable to obtain any support documentation for any Progress Reports. Nevertheless, we made observations that would indicate possible progress and performance toward the goals and objectives. In the general ledger, we identified transactions for employee travel expenses, expenses for a Sicangu sponsored conference, and expenses for promotional items which matched the budget. We also physically observed the Sicangu internet home page, informational brochures which had been approved by OVW, generic business cards, monthly newsletters, and promotional items such as T-shirts, pens, and

water bottles. However, without documentation, these items are insufficient to verify the accuracy of the Progress Reports or to assess performance to goals and objectives. As a result, we could not confirm information reported in the semi-annual Progress Reports.

Quarterly American Recovery and Reinvestment Act Reports

As previously mentioned in this report, grant 2009-EC-S6-0001 was an American Recovery and Reinvestment Act of 2009 (Recovery Act) grant. According to the *OJP Financial Guide*, in addition to the normal reporting requirements, grantees receiving Recovery Act funding must submit quarterly reports, which require both financial and programmatic data. Recovery Act Reports are due within 10 calendar days after the end of each calendar quarter. Exhibit 8 shows that of the 10 required reports, 5 were late and 2 were never submitted.

EXHIBIT 8: QUARTERLY RECOVERY ACT REPORT TIMELINESS – GRANT 2009-EC-S6-0001

REPORT PERIOD QUARTER ENDING	REPORT DUE	DATE SUBMITTED	DAYS LATE
12/31/2011	1/10/2012	1/13/2012	3
9/30/2011	10/10/2011	Overdue	Overdue
6/30/2011	7/10/2011	Overdue	Overdue
3/31/2011	4/10/2011	4/14/2011	4
12/31/2010	1/10/2011	1/14/2011	4
9/30/2010	10/10/2010	10/13/2010	3
6/30/2010	7/10/2010	7/10/2010	0
3/31/2010	4/10/2010	4/14/2010	4
12/31/2009	1/10/2010	1/8/2010	0
9/30/2009	10/10/2009	10/7/2009	0

Source: OJP Financial Guide and Grants Management System (GMS)

As a result of our analysis, we have concluded that the Recovery Act Reports submitted by Sicangu were generally late.

In addition to the timeliness of the reports, we also reviewed the Recovery Act Reports for accuracy. We planned to evaluate the performance data reported on the last Recovery Act Report submitted to verify the accuracy. However, we were not able to obtain any support documents for any of the Recovery Act Reports. Therefore, we were unable to verify the accuracy of the reports.

Program Performance and Accomplishments

As previously mentioned in this report, the purpose of the program was to increase awareness of sexual assault and domestic violence, enhance the response

to violence against Native American women, and provide technical assistance to coalition members to enhance access to essential services. To evaluate Sicangu's progress toward achieving the established goals, we attempted to evaluate semi-annual Progress Reports and quarterly Recovery Act Reports.

As discussed previously in the Reporting, Categorical Assistance Progress Reports section, Sicangu was unable to provide any supporting documentation for Progress Reports. As a result, there was no way for us to verify the accomplishments listed in the reports. Also, as mentioned previously in this report, we made some observations that would indicate possible progress and performance toward the goals and objectives. However, without documentation, these items are insufficient to verify the accuracy of the Progress Reports or to assess performance to goals and objectives. As a result, we were unable to evaluate Sicangu's overall performance and accomplishments as they relate to the grants

Procedures for evaluation of performance and accomplishments of the Recovery Act grant include overall administration of the grant, data collection and verification, and oversight of the grant including acquisition, financial management, and internal controls. The majority of this information is obtained through a Recovery Act Planning Questionnaire, which was provided to Sicangu two weeks prior to field work. It was to be completed by the Sicangu management and returned to the OIG. However, despite multiple requests, the questionnaire was never returned to the OIG. As a result, we were unable evaluate Sicangu's overall performance and accomplishments as they relate to the Recovery Act Grant.

Based on the information outlined above, we determined that achievement of the goals of the program were not verifiable due to lack of documentation.

Post End Date Activity

According to the *OJP Financial Guide*, award recipients have 90 days after the end date of the award to close out the award. Award recipients must also provide a cash reconciliation, make a final drawdown, and submit all required final reporting to the granting agency. Grant 2009-EC-S6-0001 ended December 31, 2011 and grant 2008-IW-AX-0009 ended May 31, 2013. As of February 20, 2014, the final FFRs had not been submitted, the final Progress Reports had not been submitted, and no closeout documentation had been submitted.

Additionally, there was approximately \$20,191 in Sicangu bank accounts, \$20,688 in the grant 2008-IW-AX-0009 account, and \$503 in the grant 2009-EC-S6-0001 account. On September 9, 2013 we notified OVW of the excess cash on hand and recommended OVW secure the cash and request Sicangu return the funds to OVW. In follow-up correspondence on October 22, 2013, OVW indicated they were working with Sicangu to close the grants so that cash

reconciliation could be done to determine how much, if any, cash should be returned.

Monitoring of Contractors

According to the budget detail, both grants included contractors primarily for bookkeeping and project technical assistance. The contractors were paid through the Sicangu payroll system, providing standard deductions and fringe benefits. We requested copies of the contracts, but none were provided. Furthermore, the contractors were employees of an associated not-for-profit organization, and Sicangu could not provide any documentation supporting the allocation of time between Sicangu and the not-for-profit organization.

Conclusion

The purpose of this audit was to determine whether reimbursements claimed for costs under grants 2008-IW-AX-0009 and 2009-EC-S6-0001 were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine whether the program goals and objectives were implemented. We examined Sicangu's accounting records, budget documents, financial and progress reports, and financial management procedures. We found:

- \$1,215,216 (\$775,138 without overlap) in unallowable and unsupported costs associated with the review of accounting records;
- \$72,275 in funds put to better use associated with excess cash on hand and funds not drawn down within the award period;
- Sicangu's internal control environment was inadequate and the accounting system unreliable.
- Sicangu's FFRs were late and inaccurate and Progress Reports were late and unsupported; and
- Performance metrics and program achievements were unsupported and could not be verified.

Recommendations

As Sicangu has no current grants from the DOJ, we do not make individual recommendations to enhance internal control issues at this time. It is OVW's responsibility to ensure that grant recipients have adequate controls in place to manage grant funds.

We recommend OVW:

1. Remedy the \$502,325 in unsupported costs related to transaction testing.
2. Remedy the \$653,887 in unsupported costs due to missing files.
3. Remedy the \$41,422 in unallowable costs due to early expenditures.
4. Remedy the \$4,082 in unallowable bank charges.
5. Remedy the \$13,500 in unallowable bonuses.
6. Put funds to better use by returning to the program \$72,275 in excess cash and undrawn funds.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of the audit was to assess performance in the key areas of grant management that are applicable and appropriate for the grants under review. These areas included: (1) internal control environment, (2) drawdowns, (3) grant expenditures, (4) budget management and control, (5) financial status and progress reports, (6) program performance and accomplishments, (7) post grant end-date activities, (8) monitoring of contractors, and (9) special grant requirements.

This was an audit of the OVW Tribal Domestic Violence and Sexual Assault Coalitions Grant Program, grants 2008-IW-AX-0009 (plus one supplement) and 2009-EC-S6-0001, a Recovery Act grant, awarded to Sicangu. Our audit concentrated on, but was not limited to August 29, 2008, the award date for grant 2008-IW-AX-0009, through August 9, 2014, the last day of our fieldwork. Sicangu had drawn down a total of \$1,117,916 of the \$1,169,000 awarded, as of July 22, 2013.

The audit was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States, as well as the Department of Justice (DOJ), Office of the Inspector General (OIG), Audit Division directives, and included such tests as considered necessary to accomplish the objectives. In addition, testing of source documents was performed at the grantee's facility to assess the accuracy of reimbursement requests; however, the reliability of the financial management system as a whole was not tested. Documents were reviewed and interviews conducted at the grantee facility to determine if the grantee acted in accordance with the grant and if claimed costs were accurate. We tested compliance with what we consider to be the most important conditions of the grant awards. Unless otherwise stated in our report, the criteria we audit against are contained in the *OJP Financial Guide* and the award documents.

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.

In conducting our audit, we performed sample testing in three areas, which were award expenditures, Federal Financial Reports, and Categorical Assistance Progress Reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the awards reviewed, such as dollar

amounts, expenditure category, or risk. However, this non-statistical sample design does not allow a projection of the test results for all grant expenditures or metrics.

In addition, we evaluated internal control procedures, drawdowns, budget management and controls, and program performance and accomplishments. However, we did not test the reliability of the financial management system as a whole.

The samples sizes were expanded for both grants for transactions testing and evaluation of the timeliness and accuracy of FFRs, Progress Reports, and Quarterly Recovery Act Reports.

APPENDIX II

SCHEDULE OF DOLLAR-RELATED FINDINGS⁵

<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>PAGE</u>
<u>QUESTIONED COSTS:</u>		
<u>Grant 2008-IW-AX-0009</u>		
Unsupported costs from transaction tests	456,255	7
Unsupported costs due to block of missing files	546,567	8
Unallowable Early Expenditures	41,422	8
Unallowable Bank Charges	3,394	8
Unallowable Bonuses	11,000	8-9
Total Questioned Costs 2008-IW-AX-0009	\$ 1,058,638	
<u>Grant 2009-EC-S6-0001</u>		
Unsupported from transaction tests	46,070	7
Unsupported costs due to block of missing files	107,320	8
Unallowable Bank Charges	688	8
Unallowable Bonuses	2,500	8-9
Total Questioned Costs 2009-EC-S6-0001	\$ 156,578	
TOTAL QUESTIONED COSTS	\$ 1,215,216	

⁵ **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.

DUPLICATED QUESTIONED COSTS:¹

Grant 2008-IW-AX-0009

Unsupported costs due to missing files duplicated with Transaction Testing	(395,031)	8
Early Spending overlap with Transaction Testing	(8,853)	8
Unallowable Bank Charges overlap with Missing Files	(1,121)	8
Bonuses overlap with Transaction Testing	(9,500)	8-9
Total Duplicated Costs 2008-IW-AX-0009	\$ (414,505)	

Grant 2009-EC-S6-0001

Unsupported costs due to missing files duplicated with Transaction Testing	(24,942)	8
Unallowable Bank Charges overlap with Missing Files	(631)	8
Total Duplicated Costs 2009-EC-S6-0001	\$ (25,573)	
TOTAL DUPLICATED QUESTIONED COSTS	\$ (440,078)	
NET TOTAL QUESTIONED COSTS²	\$ 775,138	

¹ We identified duplicate questioned costs between the categories of questioned costs. Therefore, for grant 2008-IW-AX-0009, the unsupported costs of \$546,567 due to missing files is reduced by \$395,031 to \$151,536 due to duplication with transaction testing; the unallowable costs of \$41,422 due to early spending issues is reduced by \$8,853 to \$32,569 due to duplication with transaction testing the unallowable costs of \$3,394 due to bank charges is reduced by \$1,121 to \$2,273 due to duplication of missing documents; and the unallowable costs of \$11,000 for bonuses is reduced by \$9,500 to \$1,500 due to duplication with transactions tests. For grant 2009-EC-S6-0001, the unsupported costs of \$107,320 due to missing files is reduced by \$24,942 to \$82,378 due to duplication of transaction testing and the unallowable costs of \$688 due to bank charges is reduced by \$631 to \$57 due to duplication of missing documents.

² Any minor differences in totals are due to rounding. The "Net Total Questioned Costs" is calculated by taking the Total Questioned Costs and subtracting out the Duplicated Questioned Costs.

FUNDS PUT TO BETTER USE³:

Grant 2008-IW-AX-0009

Undrawn funds	25,700	6
Cash on hand (Wells Fargo Bank)	20,688	6
Total Funds To Better Use Grant 2008-IW-AX-0009	46,388	

Grant 2009-EC-S6-0001

Undrawn funds	25,384	6
Cash on hand (Well Fargo Bank)	503	6
Total Funds To Better Use Grant 2009-EC-S6-0001	25,887	

TOTAL FUNDS PUT TO BETTER USE **\$ 72,275**

TOTAL DOLLAR-RELATED FINDINGS **\$ 847,413**

³ **Funds Put To Better Use** are funds that could be used more efficiently if management took actions to implement and complete an audit recommendation, including de-obligation of funds from programs or operations.

APPENDIX III

OVW RESPONSE TO DRAFT REPORT



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

June 27, 2014

MEMORANDUM

TO: David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office

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

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

SUBJECT: Draft Audit Report - Audit of the Office on Violence Against Women Grants Awarded to the Sicangu Coalition Against Sexual and Domestic Violence

This memorandum is in response to your correspondence dated April 23, 2014 transmitting the above draft audit report for the Sicangu Coalition Against Sexual and Domestic Violence. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains six recommendations that include \$1,215,216 in questioned costs. 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) Remedy the \$502,325 in unsupported personnel costs related to transaction testing.

OVW does agree with the recommendation. We will coordinate with the Sicangu Coalition to remedy the \$502,325 in unsupported personnel costs related to transaction testing.

2) Remedy the \$653,887 in unsupported personnel costs due to missing files.

OVW does agree with the recommendation. We will coordinate with the Sicangu Coalition to remedy the \$653,887 in unsupported personnel costs due to missing files.

3) Remedy the \$41,422 in unallowable costs due to early expenditures.

OVW does agree with the recommendation. We will coordinate with the Sicangu Coalition to remedy the \$41,422 in unallowable costs due to early expenditures.

4) Remedy the \$4,082 in unallowable bank charges.

OVW does agree with the recommendation. We will coordinate with the Sicangu Coalition to remedy the \$4,082 in unallowable bank charges.

5) Remedy the \$13,500 in unallowable bonuses.

OVW does agree with the recommendation. We will coordinate with the Sicangu Coalition to remedy the \$13,500 in unallowable bonuses.

6) Put funds to better use by returning to the program \$72,275 in excess cash and undrawn funds.

OVW does agree with the recommendation. We will coordinate with the Sicangu Coalition to be sure that funds are put to better use by returning to the program \$72,275 in excess cash and undrawn funds.

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 Angela Wood
Accounting Officer
Office on Violence Against Women (OVW)

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

Lorraine Edmo
Tribal Program Director
Office on Violence Against Women (OVW)

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

In accordance with standard audit practice, the Office of the Inspector General (OIG) discussed the findings with the Sicangu Coalition Against Sexual and Domestic Violence (Sicangu) representatives and provided a draft audit report to the Office on Violence Against Women (OVW) and Sicangu for review and official comment. OVW's response is incorporated in Appendix III. However, Sicangu elected to not provide written comments on our report or on any planned corrective actions to address the findings in our report.

Analysis of OVW's Response to the Draft Report

In its response to the draft report, OVW agreed with all recommendations and stated that it will coordinate with Sicangu to implement the corrective actions. All recommendations are resolved based on OVW's agreement to take appropriate corrective action.

Recommendation

1. Remedy the \$502,325 in unsupported costs related to transaction testing.

Resolved. The OVW agreed with our recommendation and stated in its response that it would coordinate with Sicangu to remedy the \$502,325 in unsupported personnel costs related to transaction testing.

This recommendation can be closed when we receive documentation demonstrating that the OVW has remedied the \$502,325 in unsupported personnel costs related to transaction testing.

2. Remedy the \$653,887 in unsupported costs due to missing files.

Resolved. The OVW agreed with our recommendation and stated that it would coordinate with Sicangu to remedy the \$653,887 in unsupported personnel costs due to missing files.

This recommendation can be closed when we receive documentation demonstrating that the OVW has remedied the \$653,887 in unsupported costs due to missing files.

3. Remedy the \$41,422 in unallowable costs due to early expenditures.

Resolved. The OVW agreed with our recommendation and stated that it would coordinate with Sicangu to remedy the \$41,422 in unallowable costs due to early expenditures.

This recommendation can be closed when we receive documentation demonstrating that the OVW has remedied the \$41,422 in unallowable costs due to early expenditures.

4. Remedy the \$4,082 in unallowable bank charges.

Resolved. The OVW agreed with our recommendation and stated that it would coordinate with Sicangu to remedy the \$4,082 in unallowable bank charges.

This recommendation can be closed when we receive documentation demonstrating that the OVW has remedied the \$4,082 in unallowable bank charges.

5. Remedy the \$13,500 in unallowable bonuses.

Resolved. The OVW agreed with our recommendation and stated that it would coordinate with Sicangu to remedy the \$13,500 in unallowable bonuses.

This recommendation can be closed when we receive documentation demonstrating that the OVW has remedied the \$13,500 in unallowable bonuses.

6. Put funds to better use by returning to the program \$72,275 in excess cash and undrawn funds.

Resolved. The OVW agreed with our recommendation and stated that it would coordinate with Sicangu to ensure funds are put to better use by returning to the program \$72,275 in excess cash and undrawn funds.

This recommendation can be closed when we receive documentation demonstrating that the OVW has put to better use, the \$72,275 in excess cash and undrawn funds.