



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



Audit of the Office on Violence Against Women Grants Awarded to the Osage Nation of Oklahoma Pawhuska, Oklahoma

AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN GRANTS AWARDED TO THE OSAGE NATION OF OKLAHOMA PAWHUSKA, OKLAHOMA

EXECUTIVE SUMMARY

The U.S. Department of Justice, Office of the Inspector General, Audit Division, has completed an audit of three grants totaling \$2,539,545 awarded by the Office on Violence Against Women (OVW) to the Osage Nation of Oklahoma (Osage), as shown in the table.

TABLE
GRANTS AWARDED TO OSAGE

AWARD NUMBER	AWARD DATE	PROJECT START DATE	PROJECT END DATE	AMOUNT
2007-TW-AX-0008	09/17/2007	09/01/2007	06/30/2011	\$ 865,878
2009-EG-S6-0029	09/21/2009	07/01/2009	06/30/2012	773,667
2011-TW-AX-0026	09/14/2011	10/01/2011	09/30/2014	900,000
Total:				\$2,539,545

Source: OJP Grant Management System (GMS)

The grants awarded to Osage provide the opportunity to develop and strengthen effective responses to violence against women.¹ The Grants to Indian Tribal Governments Program (Tribal Governments Program) is designed to fulfill the three goals of Title IX of the Violence Against Women Act of 2005: (1) to decrease the incidence of violent crime against Indian women; (2) to strengthen the capacity of Indian tribes to exercise their sovereign authority to respond to violent crimes committed against Indian women; and (3) to ensure that perpetrators of violent crimes committed against Indian women are held accountable for their criminal behavior.

The purpose of the audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award. 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, including personnel and fringe costs; (4) budget management and control; (5) financial and progress reports; (6) program performance and accomplishments; (7) post grant end-date activities; (8) property management; and (9) grant requirements. We determined that program income, matching costs, and monitoring of subgrantees and contractors were not applicable to these awards.

¹ Grant 2009-EG-S6-0029 was a Tribal Grant Program awarded under the American Recovery and Reinvestment Act of 2009 (Recovery Act).

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 audited against are contained in the Office of Justice Programs (OJP) Financial Guide, the OVW Financial Grants Management Guide, and the award documentation.

We examined Osage's accounting records, budget documents, financial and progress reports, and operating policies and procedures, and found it did not comply with essential award conditions in the areas of internal controls, grant expenditures, including salaries and fringe benefits, grant reporting, property management, and special conditions. Specifically, we found that weak internal controls resulted in unallowable costs charged to the grants. In addition, we identified unsupported payroll expenditures charged to the grants. Further, we could not verify 60 percent of progress report accomplishments we tested, including the facts noted in the Recovery Act reports. Finally, we found that 53 percent of the property items we tested were not included in Osage's inventory system and we were unable to physically verify 39 percent of property items. Overall, we identified \$522,552 in net questioned costs.²

The report contains six recommendations, which are detailed in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology are discussed in Appendix 1 and our Schedule of Dollar-Related Findings appears in Appendix 2.

We discussed with the results of our audit with Osage officials and have included their comments in the report, as applicable. In addition, we requested a response to our draft audit report from OVW, and their response will be appended to the final audit report.

² Some costs were questioned for more than one reason. Net questioned costs, which exclude the duplicate amount, are detailed in Appendix 2.

**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN
GRANTS AWARDED TO THE OSAGE NATION OF OKLAHOMA
PAWHUSKA, OKLAHOMA**

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INTRODUCTION

The U.S. Department of Justice (DOJ), Office of the Inspector General, Audit Division, has completed an audit of three grants totaling \$2,539,545 awarded by the Office on Violence Against Women (OVW) to the Osage Nation of Oklahoma (Osage), as shown in Table 1.

TABLE 1
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Total:				\$2,539,545

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

Background

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.

Osage Nation, formerly known as the Osage Tribe of Indians of Oklahoma, is composed of the descendants of persons listed on the 1906 Osage Allotment Roll. There are currently over 10,000 tribal members. The grants awarded to Osage provide the opportunity to develop and strengthen effective responses to violence against women.¹ The Grants to Indian Tribal Governments Program (Tribal Governments Program) is designed to fulfill the three goals of Title IX of the Violence Against Women Act of 2005: (1) to decrease the incidence of violent crime against Indian women; (2) to strengthen the capacity of Indian tribes to exercise their sovereign authority to respond to violent crimes committed against Indian women; and (3) to ensure that perpetrators of violent crimes committed against Indian women are held accountable for their criminal behavior.

¹ Grant 2009-EG-S6-0029 was a Tribal Grant Program awarded under the American Recovery and Reinvestment Act of 2009 (Recovery Act).

Office of the Inspector General Audit Approach

The purpose of the audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award. 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, including personnel and fringe costs; (4) budget management and control; (5) financial and progress reports; (6) program performance and accomplishments; (7) post grant end-date activities; (8) property management; and (9) grant requirements. We determined that program income, matching costs, and monitoring of subgrantees and contractors were not applicable to these awards.

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 audited against are contained in the Office of Justice Programs (OJP) Financial Guide, the OVW Financial Grants Management Guide, and the award documentation. We tested Osage's:

- **internal control environment** to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard award funds and ensure compliance with the terms and conditions of the awards;
- **drawdowns** to determine whether grant drawdowns were adequately supported and if Osage was managing award receipts in accordance with federal requirements;
- **grant expenditures** to determine the accuracy and allowability of costs charged to the awards;
- **budget management and control** to determine Osage's compliance with the costs approved in the grant budgets;
- **Federal Financial Reports (FFR) and progress reports** to determine if the required reports were submitted in a timely manner and accurately reflect award activity, including additional requirements specific to the Recovery Act;
- **program performance and accomplishments** to determine if Osage met the award objectives;
- **post grant end-date activity** to determine if grants which had reached their end date were appropriately closed;

- **property management** to determine if Osage included property purchased with grant funds in the inventory system and was being used as shown in the grants; and
- **grant requirements** to determine Osage's compliance with the awards' special conditions.

Our report contains six recommendations to address issues which are discussed in detail in the Findings and Recommendations section of this report. Our audit objectives, scope, and methodology are discussed in Appendix 1.

FINDINGS AND RECOMMENDATIONS

We found that Osage did not comply with essential award conditions in the areas of internal controls, grant expenditures, including salaries and fringe benefits, grant reporting, property management, and special conditions. Specifically, we found that weak internal controls resulted in unallowable costs charged to the grants. In addition, we identified unsupported payroll expenditures charged to the grants. Further, we could not verify 60 percent of progress report accomplishments we tested, including the facts noted in the Recovery Act reports. Finally, we found that 53 percent of the property items we tested were not included in Osage's inventory system and we were unable to physically verify 39 percent of property items. Overall, we identified \$522,552 in net questioned costs.² Based on our audit results, we make three recommendations to address dollar-related findings and three recommendations to improve the management of DOJ grants.

Prior Audits

The Office of Management and Budget (OMB) Circular A-133 requires that non-federal entities that expend \$500,000 or more per year in federal funds have a single audit performed annually. We reviewed the three most recent single audits for Osage, which were for fiscal years (FYs) 2011 through 2013.

Two of the three (2011 and 2012) Single Audit Reports (SARs) received qualified audit opinions for financial statements and major programs. The independent auditors identified: (1) material weaknesses in internal controls over financial reporting and major programs; (2) significant deficiencies not considered to be material weaknesses over financial reporting and major programs; (3) noncompliance material to financial statements; and (4) audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a).

The independent auditors found issues related to Grant No. 2009-EG-S6-0029. Specifically, the 2011 SAR stated that transitional housing assistance was not approved because Osage did not have an approved transitional housing policy with the Office on Violence Against Women (OVW) for expenditures in this area. Additionally, Osage was not spending grant funds in accordance with budget policies due to the lack of oversight and ultimately questioned \$29,000. The 2011 SAR also reported embezzlement in the program which took place in July 2011 that Osage did not report until June 2012 due to a lack of controls in place to (1) ensure funds were spent in accordance with federal regulations and (2) reporting the embezzlement to the federal granting agency as soon as it was known to them. Osage's response included a complete review of the program by its Office

² Some costs were questioned for more than one reason. Net questioned costs, which exclude the duplicate amount, are detailed in Appendix 2.

of Fiscal Performance Review and found over \$56,000 in unallowable expenditures that it returned to the Department of Justice (DOJ). The 2013 SAR, while noting significant deficiencies and material weaknesses in internal controls over financial reporting, received an unmodified audit opinion.³

Internal Control Environment

We interviewed grant officials to gain an understanding of Osage's internal control environment, including procurement, receiving, and payment procedures; and the payroll system to determine compliance with the terms and conditions of the awards, and to assess risk.

Osage utilizes a combination of written and unwritten accounting and financial policies and procedures. These policies include cash management, cash receipts, cash disbursements, payroll, property, the accounting system, travel, procurement, budget, funding sources, and other fiscal areas. As noted in the Prior Reports section above, there was embezzlement that occurred in 2011 because there was a lack of controls in place to ensure funds were spent in accordance with federal regulations. In addition, there were no controls in place for immediately reporting the misuse of funds. Although there were clear internal control issues noted at Osage in 2011 and 2012, in our judgment, it has improved those controls by implementing additional policies and procedures to mitigate the risks of further misappropriating federal funds. We were also told that there were additional internal controls over the financial system, including passwords and user specific access to the system based on job requirements. Osage officials stated that they are in the process of updating the accounting procedures that should be completed by the end of the year.

Procurement

According to Osage officials, purchase requisitions originate from the program office that wants the item. The purchasing department ensures the form is properly filled out and forwards it to the accounting department to approve the coding. The items are purchased and once they are received and confirmed by a receiving clerk, the invoice is paid. Osage's Treasurer added that the accountant reviews transactions prior to any payments, while the Controller or Treasurer signs off on all disbursements as a second-level check. In addition, she stated that the program director has to certify that the payment is in compliance with all applicable grant and tribal requirements. Equipment and supplies are received by the receiving clerk and the shipping slip is sent to purchasing as notification that all items have been received. For services that are completed, the program director submits the invoice as verification that services has been rendered.

³ Unmodified is the same as an unqualified, clean opinion.

Payroll

We determined that employees are paid bi-weekly. Some employees work on multiple projects and others work solely on one project at a time. According to Osage officials, employees complete electronic timesheets. Employees have the ability to request leave in the payroll system, which is reviewed and approved by the supervisor. The supervisor then reviews the time entered for their reports, approves or denies any leave requests and approves or denies any time entries. On the week of payroll, the payroll supervisor reviews the time to make sure it is accurate. Once the payroll is complete and accurate, the payroll supervisor saves the payroll information on a memory device and takes it to the bank for processing. The payroll system calculates the taxes and provides reports for insurance, benefits, and other withdrawals. Officials then issue the payroll checks and transfer all payroll information to the accounting module of the financial system.

Drawdowns

We determined that drawdowns are made on a reimbursement basis. According to the OJP Financial Guide, recipients should time their drawdown requests to ensure that federal cash on hand is the minimum needed for disbursements or reimbursements to be made immediately or within the next 10 days. We analyzed drawdowns for Grant Nos. 2007-TW-AX-0008, 2009-EG-S6-0029, and 2011-TW-AX-0026 to determine if the total expenditures recorded in Osage's accounting records were equal to, or in excess of, the cumulative drawdowns, as shown in Table 2.

TABLE 2
ANALYSIS OF DRAWDOWNS

AWARD NUMBER	TOTAL AMOUNT DRAWN	TOTAL AMOUNT EXPENDED	AMOUNT
2007-TW-AX-0008	\$851,064	\$851,311	\$(247)
2009-EG-S6-0029	429,330	373,175	56,155
2011-TW-AX-0026	612,573	641,542	(28,969)

Source: OVW drawdown reports and Osage accounting records

We found that for Grant Nos. 2007-TW-AX-0008 and 2011-TW-AX-0026, total expenditures exceeded cumulative drawdowns, meaning, the grants were not cumulatively overdrawn. For Grant No. 2009-EG-S6-0029, cumulative drawdowns exceeded total expenditures by \$56,155. However, due to the 2011 SAR and internal review results, Osage found \$56,155 in unallowable expenditures and returned it to the Department of Justice. Therefore, we concluded that none of the grants were cumulatively overdrawn.

Expenditures

For the three grants we reviewed, we judgmentally selected 146 transactions, which included 62 personnel and 84 other direct cost

transactions, to determine whether grant expenditures were allowable, reasonable, and in compliance with the terms and conditions of the awards.

Personnel Costs

We performed payroll testing to verify that labor charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the grant. We also verified pay rates and positions to those allowed in the approved budget. We judgmentally selected two nonconsecutive pay periods for each grant and sampled 31 salary transactions totaling \$28,333. We found that four of the 31 salary transactions in the amount of \$3,163, were unsupported. According to 2 CFR Part 225, Cost Principles for State, Local, and Indian Tribal Governments (Cost Principles), employees working on multiple activities or cost objectives must have their salaries or wages supported by personnel activity reports. We found that three employees that worked on multiple programs did not track their time spent working on each activity. The timesheets only tracked the daily and bi-weekly time worked for each employee, but did not indicate how much time was spent working on each grant. For fringe benefits, we included the employees from the same pay periods that we tested for salaries. Of the 31 fringe benefit samples totaling \$12,265, we found that four of them in the amount of \$1,846, were unsupported. As with the salary testing, there were three employees that worked on multiple programs, but did not track their time spent working on each activity.

We expanded our review of payroll transactions from the general ledgers for each grant and questioned all unsupported salary and fringe benefit expenditures based on our initial payroll findings. These transactions included those employees that worked on multiple grants, but did not track their time spent working on each grant as required by the Cost Principles. Our expanded review found a total of \$55,515 in additional unsupported payroll costs.

As a result, we questioned \$60,525 in unsupported salary and fringe benefit expenditures charged to the grants, as shown in Table 3. Therefore, we recommend that OVW remedy the \$60,525 in unsupported payroll costs.

TABLE 3
UNSUPPORTED SALARIES AND FRINGE BENEFIT COSTS⁴

PAYROLL QUESTIONED COSTS	2007-TW-AX-0008	2011-TW-AX-0026
Initial Salary Questioned Costs	\$ 869	\$2,294
Initial Fringe Benefit Questioned Costs	578	1,269
Additional Questioned Costs	52,863	2,652
Total Unsupported Salaries and Fringe:	\$60,525	

Source: Osage accounting records

In addition to having employees that split their time working on multiple grants, we found that Osage also has employees that work solely on one grant at a time. According to the Cost Principles, for employees working solely on a single

⁴ Throughout this report differences in the amounts are due to rounding.

federal award or cost objective, charges for their salaries and wages must be supported by semi-annual certifications that the employees worked solely on that program for the period covered by the certification. During our payroll testing, we found that employees working solely on one grant at a time did not certify that they worked solely on that program for the period.

When we shared our findings with Osage officials, they immediately implemented the use of a new timesheet that tracks employee time by activity and provided certifications for employees working solely on one grant at a time.

Other Direct Costs

We performed testing to determine whether direct costs were adequately supported, approved and allowable under the terms and conditions of the grants, and reasonable. We judgmentally selected 84 direct cost transactions from the three grants totaling \$120,162. The expenditures in our sample included costs related to supplies, travel, training, equipment, contractual, rent, and other costs. We identified 33 of the 84 (39 percent) sample items in the amount of \$68,946 to be unallowable because they were not included in the approved budget, Grant Adjustment Notice (GAN), or other OVW approval.

We found that \$52,232 of the unallowable costs we identified were from Recovery Act Grant No. 2009-EG-S6-0029. The majority of the unallowable costs found in Grant No. 2009-EG-S6-0029 were for direct financial assistance to victims of domestic violence. According to Special Condition 21 of the grant award documents, Osage was required to provide OVW with a written copy of its client eligibility guidelines, a written explanation of the accounting practices it will use to protect client confidentiality, and a description of the intended use of financial assistance prior to providing any direct financial assistance to victims of violence. However, we found that Osage did not adhere to Special Condition 21 prior to providing direct financial assistance to victims of domestic violence. The unallowable direct financial assistance expenditures included furniture, rent, utilities, and appliances. We also identified unallowable expenditures related to vehicle insurance, promotional items, an alarm system, and moving expenses for costs that were not included in the grant budget.

For Grant No. 2007-TW-AX-0008, we found \$16,314 in unallowable costs. Some of the unallowable costs include purchasing a heating and cooling system, a refrigerator, projectors, rent, late fees and finance charges, and travel costs for a trip that was canceled for which Osage never received a refund. In addition, we found that a consultant should not have been paid from these grant funds. We reviewed the contract agreement and found that the consultant was funded by another grant not under our review. However, Osage charged \$3,395 in consulting fees to Grant No. 2007-TW-AX-0008. Osage officials stated that the consultant fulfilled the objectives of the grants we reviewed despite her contract stating that she would work on different grants. In our judgment, the fees paid to the consultant were not authorized under Grant No. 2007-TW-AX-0008. We only found one expenditure in the amount of \$400 that we determined to be unallowable for

Grant No. 2011-TW-AX-0026. Osage purchased a playhouse for kids with grant funds. None of the expenditures identified as unallowable were included in the approved grant budget, GAN, or other OVW approval.

We expanded our review of other direct cost transactions from the general ledgers for each grant and questioned all unallowable direct cost expenditures based on our initial findings. As we analyzed the accounting records, we found similar types of expenditures that we determined to be unallowable based on our findings. We found unallowable expenditures, such as financial assistance to clients, rent, cable, pest control, utilities, and other unallowable expenditures. While many of these expenditures may appear to be reasonable, they were not included in the approved grant budget, GAN, or other OVW approval. Our expanded review found a total of \$30,580 in additional unallowable direct costs.

As a result, we questioned \$99,526 in unallowable direct cost expenditures charged to the grants, as shown in Table 4.

TABLE 4
UNALLOWABLE DIRECT COSTS

AWARD NUMBER	INITIAL QUESTIONED COSTS	ADDITIONAL QUESTIONED COSTS
2007-TW-AX-0008	\$ 16,314	\$14,336
2009-EG-S6-0029	52,232	14,597
2011-TW-AX-0026	400	1,647
TOTAL UNALLOWABLE QUESTIONED COSTS	\$99,526	

Source: Osage accounting records

We disclosed our findings with Osage officials, and one official stated that many of the expenditures charged to the grants were necessary to provide a safe, clean environment. In addition, the official stated, and as we previously noted in the Prior Audits section, Osage did not get the pre-approval for direct financial assistance expenditures as required and subsequently returned \$56,155 to DOJ. Therefore, we recommend that OVW remedy the remaining \$43,371 (\$99,526 - \$56,155) in unallowable direct costs. It should be noted that \$97,479 (98 percent) of the questioned costs identified were from the Grant Nos. 2007-TW-AX-0008 and 2009-EG-S6-0029 grants, which have been closed since June 30, 2011, and June 30, 2012, respectively. Osage has significantly improved its oversight over grant expenditures as indicated with the transaction testing results from Grant No. 2011-TW-AX-0026. This may be attributed to new internal controls put into place noted under the Procurement section, including the review of transactions prior to payments, having second-level checks, and certifying that payments are in compliance with grant and tribal requirements.

Indirect Costs

According to the approved budgets, indirect costs were approved for each of the three grants in our review, as shown in Table 5. According to documentation,

approved indirect cost rates fluctuated year to year and ranged from 13.75 percent to 18.66 percent. We were told that the indirect costs were generally calculated by using total direct costs minus contractual and equipment costs, then multiplying it by the approved indirect cost rate.

TABLE 5
APPROVED INDIRECT COSTS

AWARD NUMBER	AMOUNT
2007-TW-AX-0008	\$ 117,102
2009-EG-S6-0029	82,738
2011-TW-AX-0026	134,955

Source: OJP's GMS system

For indirect costs charged to the grant, we tested a judgmental sample of 35 indirect cost transactions from the three grants to verify that approved and appropriate indirect costs were charged to the grants. We found that indirect costs were appropriately charged to the grants.

Budget Management and Control

For each grant, Osage had an approved budget broken down by the following categories: personnel, fringe benefits, travel, equipment, supplies, contractual, and other costs. According to the OJP Financial Guide, the grant recipient must initiate a GAN for a budget modification that reallocates funds among budget categories, if the proposed cumulative change is greater than 10 percent of the total award amount.

We compared grant expenditures to the approved budgets to determine whether Osage transferred funds among direct cost categories in excess of 10 percent. We determined that Osage complied with the requirement, as the cumulative difference between actual category expenditures and approved budget category totals was not greater than 10 percent.

Reporting

We reviewed the Federal Financial Reports (FFRs) and Categorical Assistance Progress Reports (progress reports) to determine if the required reports had been submitted accurately, and within the time frames required by the OJP Financial Guide. We also reviewed the Recovery Act reports, which were required for Grant No. 2009-EG-S6-0029.

Financial Reports

The OJP Financial Guide requires that grant recipients report expenditures online using the FFR no later than 30 days after the end of each calendar quarter. The final report must be submitted no later than 90 days following the end of the

grant period. We evaluated the timeliness of the FFRs for the last four quarters for each of the three grants and found that the FFRs were generally submitted in a timely manner.

Additionally, according to the OJP Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period, including cumulative data, on each financial report. We evaluated the accuracy of the FFRs for the last four quarters for each grant and found that the expenditures reported for the period on four of the reports did not match the accounting records. However, the differences were due to timing issues related to the posting of transactions. Additionally, we found that that the cumulative expenditures for all FFRs we reviewed were accurate. Therefore, we do not take exception to this issue.

Progress Reports

According to the OJP Financial Guide, progress reports are due semi-annually on January 30 and July 30 for the life of the award. To verify the timely submission of progress reports, we reviewed the last four progress reports submitted for each grant and found that the progress reports were generally submitted in a timely manner.

Additionally, 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.

In order to verify Osage's claims of achievement, we selected a judgmental sample of 52 reported accomplishments from the last two progress reports covering the periods July 1, 2010, through June 30, 2011, for Grant No. 2007-TW-AX-0008; July 1, 2011, through June 30, 2012, for Grant No. 2009-EG-S6-0029; and January 1, 2013, through December 31, 2013 for Grant No. 2011-TW-AX-0026. Overall, we were unable to verify 31 of the 52 (60 percent) accomplishment categories we reviewed, as shown in Table 6. Osage could not provide any supporting documentation for Grant No. 2009-EG-S6-0029. The current grant administrator stated that she could not locate any of the supporting documentation for this grant. Based on the lack of any documentation supporting programmatic achievements, we question the total amount of \$429,330 drawn down for Grant No. 2009-EG-S6-0029. However, Osage subsequently returned \$56,155 in unallowable costs to DOJ. Therefore, we recommend that OVW remedy the \$373,175 (\$429,330 - \$56,155) in remaining unsupported programmatic expenditures. We also recommend that OVW ensure Osage maintain detailed records in order to provide accurate reporting for the program.

TABLE 6
PROGRESS REPORT ACCURACY

GRANT NUMBER	ACCOMPLISHMENTS NOT VERIFIED	ACCOMPLISHMENTS REVIEWED	PERCENT OF ACCOMPLISHMENTS NOT VERIFIED
2007-TW-AX-0008	6	18	33 Percent
2009-EG-S6-0029	18	18	100 Percent
2011-TW-AX-0026	7	16	44 Percent
TOTAL UNVERIFIED ACCOMPLISHMENTS	31	52	60 Percent

Source: OJP's GMS and Osage Nation records

Recovery Act Reports

According to Recovery Act criteria, reports on the use of Recovery Act funding by recipients are due no later than the tenth day after the end of each calendar quarter. We could not determine the timeliness of the Recovery Act reports for Grant No. 2009-EG-S6-0029 because the reports we downloaded from the Recovery Act website did not indicate submission dates. Additionally, as noted in our Progress Report testing, we did not receive any supporting documentation for the progress reports submitted for this grant because the current grant administrator could not locate the information. Therefore, we could not verify the accuracy of the reports. However, we were able to conclude that employees were hired using Recovery Act funds.

Property Management

According to Osage officials, property items with a value over \$10,000 are listed as capital assets and property items with a value below \$10,000 are listed as inventoried property. We reviewed property items purchased with grant funds to determine if they were included in Osage's inventory system and were being used as shown in the grants.

We asked Osage officials to provide us with a list of property purchased with grant funds for each of the three grants in our review. We received an incomplete list that only included some property items for Grant Nos. 2007-TW-AX-0008 and 2009-EG-S6-0029. We did not receive a list of property items for Grant No. 2011-TW-AX-0026. We were informed that not all of the property purchased with grant funds has been input into the inventory system. Osage maintains a binder that includes a list of property purchased with grant funds. We put together our own inventory list based upon a combination of Osage's current inventory list, items in the general ledger that were marked as property, and the documentation from the binder.

We performed testing to determine whether property purchased with grant funds was included in the inventory system, shown as federally funded, physically verified, and used as shown in the grant documents. We selected all 36 property

items from the lists we recreated for each grant to test. As shown in Table 7, 19 of 36 (53 percent) property items were not included in Osage’s inventory system. Additionally, we could not physically verify 14 of 36 (39 percent) property items. We were informed that some of the property items we could not physically verify may have been recycled. It’s important to note that all but one of the property items we could not physically verify was purchased with funds from the grants that have been closed since June 30, 2011 (Grant No. 2007-TW-AX-0008), and June 30, 2012 (Grant No. 2009-EG-S6-0029). One property item from the current Grant No. 2011-TW-AX-0026 could not be physically verified because it was returned to the vendor.

**TABLE 7
PROPERTY DISCREPANCIES**

NO. OF SAMPLE ITEMS	ITEMS NOT IN INVENTORY	ITEMS NOT PHYSICALLY VERIFIED	PERCENT NOT IN INVENTORY	PERCENT NOT PHYSICALLY VERIFIED		
Grant No. 2007-TW-AX-0008						
14	6	4	53 Percent	39 Percent		
Grant No. 2009-EG-S6-0029						
13	4	9				
Grant No. 2011-TW-AX-0026						
9	9	1				
36	19	14				

Source: Osage Nation financial and inventory records

We also noted that all property items that were in the inventory system were shown to be federally funded. However, we found two property items for the current Grant No. 2011-TW-AX-0026 that were not being used for the grant. Both property items were unused and in their original packaging when we physically verified them. One item, a portable scanner, was purchased in June 2013, but was not put into use until June 2014. The other property item, a laptop, was purchased in July 2013, but we were told in June 2014 that it will now be put to use. Based on our findings, we recommend that OVW ensure that Osage includes all property purchased with grant funds be included in the inventory system.

Compliance with Grant Requirements

As noted in our Prior Audits and Expenditures sections, Osage violated Special Condition 21 of the Grant No. 2009-EG-S6-0029 Recovery Act award agreement. The Special Condition states:

Prior to providing any direct financial assistance to victims of domestic violence, dating violence, sexual assault or stalking, the grantee agrees to submit to OVW for review and approval: (1) a written copy of its client eligibility guidelines; (2) written explanation of the accounting practices it will use to protect client confidentiality, and; (3) a description of the intended use of financial assistance which pursuant to 42 USC 3796gg-10(a)(7) may include “rental or utilities

payments assistance and assistance with related expenses such as security deposits and other costs incidental to relocation to transitional housing.”

Osage provided direct financial assistance to domestic violence victims despite not submitting the required documentation to OVW. As noted in the 2011 SAR, Osage acknowledged that an oversight contributed to it not submitting the required documents and planned to send them to OVW, but ultimately never did. As a result, Osage returned \$56,155 to the DOJ. However, we recommend that OVW ensure that Osage adheres to all grant requirements.

Program Performance and Accomplishments

As previously mentioned in this report, the purpose of the program was to provide Osage with the opportunity to develop and strengthen effective responses to violence against women. The goals and objectives of each grant were to:

Grant No. 2007-TW-AX-0008

- Enhance plans to reduce violence against Indian women.
- Increase the ability to respond to crimes committed against Indian women.
- Improve services that are available to victims of domestic violence, dating violence, and stalking.
- Work with the community to develop education and prevention campaigns.

Grant No. 2009-EG-S6-0029

- Increase public awareness of domestic violence, sexual and dating abuse, incest, and stalking.
- Renovate and expand the current shelter and purchase and install transitional housing.
- Increase the availability of adequate treatment and appropriate support services.
- Increase the number of trained and experienced treatment providers.

Grant No. 2011-TW-AX-0026

- Reduce the number of violent crimes against American Indian women and girls.
- Provide direct professional intervention and related services to victims of sexual assault.

- Assist victim's efforts to live safely.
- Increase public awareness.
- Hold perpetrators responsible for their criminal actions.

We reviewed the grant documentation and interviewed Osage officials to determine whether the program goals were implemented. Although we could not verify all of the accomplishments from the progress reports, there was no indication that the goals were not being met for Grant Nos. 2007-TW-AX-0008 and 2011-TW-AX-0026. However, since Osage did not maintain any documentation supporting programmatic achievements for Grant No. 2009-EG-S6-0029, we have no assurances that Osage was meeting its goals.

Post Grant End Date Activity

According to the OJP Financial Guide, all recipients have 90 days after the project period end date to close out the award. Award recipients must also provide a financial reconciliation, make the final drawdown, and submit all required final reporting to the granting agency. We determined that two of the grants (Grant Nos. 2007-TW-AX-0008 and 2009-EG-S6-0029) were closed prior to the start of our review. Grant No. 2007-TW-AX-0008 reached the project end date on June 30, 2011, with a closeout date of September 28, 2011. Grant No. 2009-EG-S6-0029 reached the project end date on June 30, 2012, with a closeout date of September 28, 2012. We did not find any exceptions while verifying post end date activities. We verified that the final FFRs and progress reports were submitted for both grants as required. Additionally, we reviewed the drawdown reports and determined that the last drawdowns were made within the 90-day closeout period. Finally, we reviewed the accounting records for each grant and determined that no expenditures were paid after the 90-day closeout period.

Conclusion

The purpose of this audit was to determine whether reimbursements claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, terms and conditions of the awards, and to determine whether the program goals and objectives were implemented. We examined Osage's accounting records, budget documents, financial and progress reports, and operating policies and procedures, and found:

- \$60,525 in unsupported salaries and fringe benefits;
- activity reports were not utilized for employees that split their time working on multiple grants and certifications were not used for employees that work solely on one grant at a time;
- \$99,526 in unallowable other direct costs;

- we could not verify 60 percent of progress report accomplishments, including the accomplishments noted on the Recovery Act reports;
- \$429,330 in unsupported programmatic costs for Grant No. 2009-EG-S6-0029;
- over half of the property tested was not included in the inventory system, we could not physically verify 39 percent of it;
- a special condition for one grant was not followed; and
- goals and objectives for Grant No. 2009-EG-S6-0029 could not be confirmed.

Recommendations

We recommend that the OVW:

1. Remedy the \$60,525 in unsupported salaries and fringe benefits.
2. Remedy the \$43,371 in remaining unallowable other direct costs.
3. Remedy the \$373,175 in unsupported programmatic costs.
4. Ensure Osage maintains detailed records in order to provide accurate reporting for the program.
5. Ensure that Osage includes all property purchased with grant funds be included in the inventory system.
6. Ensure that Osage adheres to all grant requirements.

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, including personnel and fringe costs; (4) budget management and control; (5) financial and progress reports; (6) program performance and accomplishments; (7) post grant end-date activities; (8) property management; and (9) grant requirements. We determined that program income, matching costs, and monitoring of subgrantees and contractors were not applicable to these awards.

We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in this report, the criteria we audited against are contained in the Office of Justice Programs (OJP) Financial Guide, the Office on Violence Against Women (OVW) Financial Grants Management Guide, and the award documentation.

Our audit concentrated on, but was not limited to, September 1, 2007, the beginning of the project period date for Grant No. 2007-TW-AX-0008, to May 12, 2014, the first day of our fieldwork. This was an audit of OVW Grant Nos. 2007-TW-AX-0008, 2009-EG-S6-0029, and 2011-TW-AX-0026. Osage had drawn down a total of \$1,892,967 in grant funds as of March 24, 2014.

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 grant expenditures (including personnel expenditures), financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the awards reviewed, 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 internal controls and procedures.

In addition, we evaluated internal control procedures, drawdowns, budget management and controls, program performance and accomplishments, property management, post grant end date activity, and compliance with grant requirements. 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.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

DESCRIPTION	AMOUNT	PAGE
Questioned Costs ⁵		
Unallowable Other Direct Costs:	\$99,526	9
<i>Total Unallowable:</i>	<i>\$99,526</i>	
Unsupported Personnel:	\$60,525	7
Unsupported Programmatic Costs	\$429,330	12
<i>Total Unsupported:</i>	<i>\$489,855</i>	
<i>Total (Gross):</i>	<i>\$589,381</i>	
Less Duplication ⁶ :	(\$66,829)	9
Net Questioned Costs⁷:	\$522,552	

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.

⁶ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount.

⁷ Osage returned \$56,155 to DOJ after reviewing its Recovery Act grant and finding that it did not adhere to Special Condition 21 of the grant requirements.

AUDITEE RESPONSE



Osage Nation
Department of Treasury

Callie Catcher
Treasurer

December 9, 2014

U.S. Department of Justice
Office of the Inspector General
Denver Regional Audit Office
1120 Lincoln, Suite 1500
Denver, CO 80203

RE: Draft Audit Report on Office of Violence Against Women Grants to Osage Nation

Thank you for the opportunity to respond to the draft audit report of Osage Nation Grants from the Office of Violence against Women issued by your office. The Nation's responses to each of the major issues identified in the draft report are outlined below:

Certified Time Sheets

Osage Nation has implemented the time sheet certifications for all federal programs. In addition, prior to converting to an electronic time system, the Nation utilized a timesheet which, although it did not contain the required certification language, the timesheet required employee and supervisor approval signatures. After implementation of the electronic time system, approvals were done electronically. The Nation is requesting that the questioned costs be removed due to the actions taken by the Nation and due to the use of timesheets.

Property Inventory

The Nation is in the process of implementing a new property inventory system. Due to turnover in staffing, some of the property was not located during the audit and steps are being taken to correct the situation. The Nation previously repaid \$56,155 in improper costs related to property which were identified internally and voluntarily repaid based on an internal audit of the program.

Client Files

The Nation did maintain client files for the grant in question as evidenced by the Nation's internal audit review of the program. Unfortunately, due to staffing turnover and the move of the program into new facilities, the files were not located during the audit. The Nation is requesting more time to address this issue. The Nation will be working with the Office of Violence Against Women program officer assigned to the grant to remedy this finding.

627 Grandview * Pawhuska, Oklahoma 74056
Telephone 918-287-5357

The current administration of Osage Nation is committed to ensuring compliance with grant requirements and related federal regulations. As stated in the audit report, the Nation identified the original issues and voluntarily repaid funds based on an internal audit of the program. I look forward to working with the Office of Violence Against Women to remedy the findings and questioned costs contained in the draft audit report.

Sincerely,

Callie Catcher, Treasurer

cc: Geoffrey Standing Bear, Principal Chief
Johnny Williams, Division Leader
Michael Lewis, Controller
Jason Zaun, Chief of Staff
Brook Ashlock, Program Director
Sondra Lytle, Accountant
Lorraine Edmo, DOJ-OVW
Darla Simms, DOJ-OVW

627 Grandview * Pawhuska, Oklahoma 74056
Telephone 918-287-5357

OFFICE ON VIOLENCE AGAINST WOMEN RESPONSE



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

December 12, 2014

MEMORANDUM

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

FROM: Bea Hanson *BH*
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 Grants Awarded to the Osage Tribe of Oklahoma

This memorandum is in response to your correspondence dated November 18, 2014 transmitting the above draft audit report for the Osage Tribe of Oklahoma. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains six recommendations that include \$433,700 in unsupported costs and \$43,371 in unallowable 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 \$60,525 in unsupported salary and fringe benefits.

OVW does agree with the recommendation. We will coordinate with Osage to remedy the \$60,525 in unsupported salary and fringe benefits.

2. Remedy the \$43,371 in remaining unallowable other direct costs.

OVW does agree with the recommendation. We will coordinate with Osage to remedy the \$43,371 in remaining unallowable other direct costs.

3. Remedy the \$373,175 in unsupported programmatic costs.

OVW does agree with the recommendation. We will coordinate with Osage to remedy the \$373,175 in unsupported programmatic costs.

4. Ensure Osage maintains detailed records in order to provide accurate reporting for the program.

OVW does agree with the recommendation. We will coordinate with Osage to ensure Osage maintains detailed records in order to provide accurate reporting for the program.

5. Ensure that Osage includes all property purchased with grant funds be included in the inventory system.

OVW does agree with the recommendation. We will coordinate with Osage to ensure that they Osage includes all property purchased with grant funds be included in the inventory system.

6. Ensure that Osage adheres to all grant requirements.

OVW does agree with the recommendation. We will coordinate with Osage to ensure that Osage adheres to all grant requirements.

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

Lorraine Edmo
Program Specialist
Office on Violence Against Women (OVW)

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

The Office of the Inspector General (OIG) provided a draft of this audit report to the Osage Nation of Oklahoma (Osage) and the Office on Violence Against Women (OVW). Osage's response is included as Appendix 3 and OVW's response is included as Appendix 4 of this final report. The following provides the OIG analysis of the responses and a summary of actions necessary to close the report.

Recommendation:

1. Remedy the \$60,525 in unsupported salaries and fringe benefits.

Resolved. OVW agreed with our recommendation, and stated in its response that it will coordinate with Osage to remedy the \$60,525 in unsupported salaries and fringe benefits. Osage officials stated that it has implemented timesheet certifications for all federal programs. In addition, timesheets require both employee and supervisor approval signatures. Osage is requesting that the questioned costs be removed due to the actions taken and the use of timesheets.

The OIG acknowledges that Osage has implemented both certifications and timesheets that track employee time spent working on multiple projects.

This recommendation can be closed when we receive documentation demonstrating that OVW has remedied the \$60,525 in unsupported salaries and fringe benefits.

2. Remedy the \$43,371 in remaining unallowable other direct costs.

Resolved. OVW agreed with our recommendation, and stated in its response that it will coordinate with Osage to remedy the \$43,371 in remaining unallowable other direct costs. Osage officials stated that it previously repaid \$56,155 in improper costs which were identified internally and voluntarily repaid based on an internal audit of the program.

This recommendation can be closed when we receive documentation demonstrating that OVW has remedied the \$43,371 in unallowable other direct costs.

3. Remedy the \$373,175 in unsupported programmatic costs.

Resolved. OVW agreed with our recommendation, and stated in its response that it will coordinate with Osage to remedy the \$373,175 in unsupported programmatic costs. Osage officials stated that they did maintain client files for the grant in question as evidenced by its internal audit review of the program. However, due to staffing turnover and the move of the program into new facilities, the files were not located during the audit. Osage is

requesting additional time to address this issue and will work with OVW to remedy the finding.

This recommendation can be closed when we receive documentation demonstrating that OVW has remedied the \$373,175 in unsupported programmatic costs.

4. Ensure Osage maintains detailed records in order to provide accurate reporting for the program.

Resolved. OVW agreed with our recommendation, and stated in its response that it will coordinate with Osage to ensure they maintain detailed records in order to provide accurate reporting for the program. Osage officials stated that they did maintain client files for the grant in question as evidenced by its internal audit review of the program. However, due to staffing turnover and the move of the program into new facilities, the files were not located during the audit. Osage is requesting additional time to address this issue and will work with OVW to remedy the finding.

This recommendation can be closed when we receive documentation demonstrating that Osage has provided the detailed records to support the reporting for the program.

5. Ensure that Osage includes all property purchased with grant funds be included in the inventory system.

Resolved. OVW agreed with our recommendation, and stated in its response that it will coordinate with Osage to ensure that they include all property purchased with grant funds be included in the inventory system. Osage officials stated that they are in the process of implementing a new property inventory system, and due to staffing turnover, some of the property was not located during the audit. In addition, officials stated that steps are being taken to correct the situation.

This recommendation can be closed when we receive documentation demonstrating that Osage has included all property purchased with grant funds in its inventory system.

6. Ensure that Osage adheres to all grant requirements.

Resolved. OVW agreed with our recommendation, and stated in its response that it will coordinate with Osage to ensure that they adhere to all grant requirements. Osage did not directly address this recommendation in its official response.

This recommendation can be closed when we receive documentation demonstrating that Osage is adhering to all grant requirements.