



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



**Audit of the Office on Violence
Against Women and Office of Justice
Programs Cooperative Agreements
Awarded to the National Domestic
Violence Hotline
Austin, Texas**

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AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN AND OFFICE OF JUSTICE PROGRAMS COOPERATIVE AGREEMENTS AWARDED TO THE NATIONAL DOMESTIC VIOLENCE HOTLINE AUSTIN, TEXAS

EXECUTIVE SUMMARY*

The U.S. Department of Justice (DOJ) Office of the Inspector General completed an audit of four cooperative agreements awarded by the Office on Violence Against Women (OVW) and the Office of Justice Programs (OJP), to the National Domestic Violence Hotline (NDVH) in Austin, Texas. NDVH was awarded \$2,875,000 under Award Numbers 2012-TA-AX-K045, 2014-CY-AX-K001, 2015-TA-AX-K012, and 2014-XV-BX-K008 to increase awareness of domestic violence. As of December, 17, 2015, NDVH had drawn down \$1,489,614 of the total funds awarded.

The objective of this audit was to determine whether costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award. To accomplish this objective, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

We examined NDVH's policies and procedures, accounting records, and financial and progress reports, and found that NDVH did not comply with essential award conditions related to the use of award funds, accounting for award expenditures, and Federal Financial Reports (FFR). Specifically, we found that NDVH charged unallowable and unsupported personnel, contractor and consultant, and other direct costs to the awards. We also found that NDVH did not record indirect costs in the award accounting records or report indirect costs on the FFRs. Additionally, we found that the FFRs were not accurate based on the award accounting records. As a result of these deficiencies, we identified \$1,064,672 in unallowable and unsupported questioned costs, which included \$23,003 in duplicate costs that were questioned for more than one reason, resulting in net questioned costs of \$1,041,669.

Our report contains six recommendations to OVW and OJP which are detailed in the body of this report. Our audit objective, scope, and methodology are discussed in Appendix 1 and our Schedule of Dollar-Related Findings appears in Appendix 2. We discussed the results of our audit with NDVH officials and have included their comments in the report, as applicable. In addition, we requested written responses to the draft audit report from NDVH, OVW, and OJP; and their responses are appended to this report in Appendices 3, 4, and 5, respectively. Our analysis of the responses, as well as a summary of actions necessary to close the recommendations can be found in Appendix 6 of this report.

* The Office of the Inspector General redacted names of individuals, companies, and specific products from the National Domestic Violence Hotline's response, which appears in Appendix 3 of this report, to protect the privacy rights of the identified individuals and proprietary information.

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WOMEN AND OFFICE OF JUSTICE PROGRAMS
COOPERATIVE AGREEMENTS AWARDED TO
THE NATIONAL DOMESTIC VIOLENCE HOTLINE
AUSTIN, TEXAS**

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The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four cooperative agreements awarded by the Office on Violence Against Women (OVW) and the Office of Justice Programs (OJP), to the National Domestic Violence Hotline (NDVH) in Austin, Texas. NDVH was awarded four cooperative agreements totaling \$2,875,000, as shown in Table 1.

**Table 1
Cooperative Agreements Awarded to NDVH**

Granting Agency	Award Number	Award Date	Project Start Date	Project End Date	Award Amount
OVW	2012-TA-AX-K045	09/26/2012	10/01/2012	09/30/2015	\$450,000
OVW	2014-CY-AX-K001	02/24/2014	10/01/2013	09/30/2015	500,000
OVW	2015-TA-AX-K012	09/28/2015	10/01/2015	09/30/2017	425,000
OJP	2014-XV-BX-K008 - Initial	09/29/2014	10/01/2014	09/30/2015	750,000
OJP	2014-XV-BX-K008 - Supplement	09/24/2015	10/01/2014	09/30/2016	750,000
Total:					\$2,875,000

Source: OJP's Grants Management System

The NDVH awards included in our audit were funded through the following OVW and OJP programs.

- Award Numbers 2012-TA-AX-K045 and 2015-TA-AX-K012 were funded under OVW's Technical Assistance Program. Through this program, NDVH will develop and facilitate domestic violence advocacy trainings through a train-the-trainer model for state and territory Sexual Assault and Domestic Violence Coalitions. In addition, it will deliver training and technical assistance to OVW Rural Program grantees to provide strategies and services to rural youth and young adult victims of sexual assault, domestic violence, dating violence, and stalking.
- Award Number 2014-CY-AX-K001 was funded under OVW's Consolidated and Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies. This award provides the opportunity for recipients to develop and strengthen effective responses to violence against women. NDVH seeks to provide linguistically and culturally relevant services to teens, parents, friends, and service providers to youth across the country.

- Award Number 2014-XV-BX-K008 was funded under OJP's Office for Victims of Crime (OVC) fiscal year (FY) 2014 Vision 21: Using Technology to Expand National and International Access to Victims Services. NDVH utilizes technology to interact directly with crime victims, providing support for improved assistance to victims, including information, referrals, and online and hotline services.

The Grantee

NDVH is a non-profit organization established in 1996 as a component of the Violence Against Women Act. Operating around the clock, 7 days a week, confidential and free of cost, NDVH provides lifesaving tools and immediate support to enable victims to find safety and live lives free of abuse. NDVH is part of the largest nationwide network of programs and expert resources and regularly shares insight about domestic violence with government officials, law enforcement agencies, media and the general public.¹

OIG Audit Approach

The objective of this audit was to determine whether costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award. To accomplish this objective, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

We tested compliance with what we consider to be the most important conditions of the grants. The OVW Financial Grants Management Guide, OJP Financial Guide, DOJ Grants Financial Guide, and the award documents contain the primary criteria we applied during the audit.

The results of our analysis are discussed in detail below. Appendix 1 contains additional information on this audit's objective, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

Program Performance and Accomplishments

We reviewed required progress reports, the award solicitations documentation, and interviewed the grantee officials to determine whether NDVH demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed the progress reports, to determine if the required reports were accurate. Finally, we reviewed NDVH's compliance with the special conditions identified in the award documentation.

¹ Statements of mission and intent regarding OVW, OJP, and NDVH have been taken from the agencies' website directly (unaudited).

Program Goals and Objectives

The goals and objectives for each award included the following.

- Award Number 2012-TA-AX-K045 – develop a 40-hour train-the-trainer curriculum on advocacy, disseminate national and state data reports to assist state coalitions in meeting the needs of victims, develop 56 state and territory data reports, host webinars on basic advocacy training for all OVW grantees, and develop and present training for 3 state or national conferences each year on advocacy skills and self-care.
- Award Number 2014-CY-AX-K001 – contract a telephone carrier to maintain 220 phone lines to ensure 9,500 callers are able to access services 24 hours a day, 7 days a week, 365 days a year; provide online chat services to 20,000 youth and young adults who are experiencing dating abuse; provide texting services to 11,000 youth and young adults; maintain a robust website that provides information, education and tools for victims of dating abuse; and contract with a language line to provide services to callers who speak languages other than English.
- Award Number 2015 TA-AX-K012 – launch the Love is Advocacy project to strengthen and enhance the scope of youth involvement in domestic and dating abuse advocacy; increase awareness of training and technical assistance resources available for rural grantees, and improve the accessibility of training and technical assistance; provide up to two on-site trainings to selected rural program grantee sites, develop and conduct up to six web-based trainings for rural grantees; and provide an online microsite specifically for the National Youth Advisory Board and young adults in conjunction with grantees.
- Award Number 2014-XV-BX-K008 – strengthen the capacity of existing services by adding staff, implementing program efficiencies, and increasing the number served through digital services; and expanding outreach efforts to reach the countless victims who are suffering silently by increasing web traffic and spreading awareness about NDVH resources and services.

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

Required Progress Reports

According to the OJP Financial Guide, 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 addition, according to the OVW Financial Grants Management Guide, funding recipients are required to collect and maintain data that measure the effectiveness of their grant-funded activities. In order to verify the information in the progress

reports, we judgmentally selected a total sample of 42 quantifiable performance measures from the 2 most recent reports submitted for each award.² We then traced the items to supporting documentation maintained by NDVH.

Based on our review, we did not identify any material instances where the accomplishments described in the progress reports did not match the supporting documentation.

Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the awards. We evaluated the special conditions for each award and selected a judgmental sample of the requirements that are significant to performance under the awards and are not addressed in another section of this report. Based on our review, we did not identify any instances of NDVH violating the special conditions of the awards.

Grant Financial Management

According to both the OJP Financial Guide and the OVW Financial Grants Management Guide, all recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess NDVH's financial management of the awards covered by this audit, we reviewed NDVH's Single Audit Report for the year ending FY 2014 to identify internal control weaknesses and significant non-compliance issues related to federal awards. We also conducted interviews with financial staff, examined policy and procedures, and inspected award documents to determine whether NDVH adequately safeguards the award funds we audited. Finally, we performed testing in the areas that were relevant for the management of the awards, as discussed throughout this report.

Based on our review, we identified weaknesses in NDVH's award financial management. Specifically, we found that NDVH charged unallowable and unsupported personnel, contractor, and other direct costs to the awards. We also found that personnel costs recorded in the award accounting records did not match the employee timesheets and NDVH did not record indirect costs in the award accounting records. Additionally, we found that the Federal Financial Reports (FFR) were not supported by the accounting records for the awards. Finally, we found that NDVH used award funds to pay contractors and consultants, for which there were no contracts or agreements in place. These issues are discussed in more detail in the Personnel Costs, Contractor and Consultant Costs, Other Direct Costs, and Federal Financial Reports sections of this report.

² We did not review any progress reports for award 2015-TA-AX-K012 because the budget had not been approved at the time of our fieldwork. In addition, award 2014-CY-AX-K001 had a no-cost extension for a year and there were no accomplishments to report for the most recent reporting periods. Therefore, we tested the two prior reports for this award.

Based on the above information, we have concluded that award financial management related to the use of award funds, and accounting for and documenting award expenditures and indirect costs could be improved. As a result, we made six recommendations to OVW and OJP to improve these deficiencies.

Grant Expenditures

For Award Numbers 2012-TA-AX-K045, 2014-CY-AX-K001, and 2014-XV-BX-K008, NDVH's approved budgets included the categories personnel, fringe benefits, travel, equipment, supplies, contractor/consultant, other costs, and indirect costs.³ To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested 164 transactions totaling \$145,594, which included 51 transactions for Award Number 2012-TA-AX-K045, 51 transactions for Award Number 2014-CY-AX-K001, 28 transactions for Award Number 2015-TA-AX-K012, and 34 transactions for Award Number 2014-XV-BX-K008.⁴ We reviewed documentation, accounting records, and performed verification testing related to award expenditures. As discussed in the following sections, based on our review, including our expanded analysis, we identified \$1,064,672 in total unallowable and unsupported costs, including \$611,117 questioned costs related to OVW awards and \$453,555 in in questioned costs related to OJP awards.

Personnel Costs

We reviewed 54 salary and fringe benefit transactions totaling \$20,924 from three pay periods for Award Numbers 2012-TA-AX-K045, 2014-CY-AX-K001, 2014-XV-BX-K008; and the one pay period reported on the general ledger for Award Number 2015-TA-AX-K012.

Based on our analysis, we identified significant issues related to the allocation and documentation of personnel costs for Award Numbers 2012-TA-AX-K045, 2014-CY-AX-K001, and 2014-XV-BX-K008. For salaried employees, we determined that NDVH did not allocate personnel costs for each semi-monthly pay period based on employees' timesheets for the same period.⁵ Instead, NDVH allocated the employees monthly salary based on the hours worked during the month and then divided that amount by two to estimate the semi-monthly payroll expenditures charged to the awards. As a result, none of the personnel costs charged to the awards were supported by employee timesheets. This issue was further compounded by the fact that we could not verify the accuracy of the monthly personnel costs by adding the two estimated semi-monthly amounts together and comparing it to the timesheets for both semi-monthly pay

³ The budget for Award 2015-TA-AX-K012 had not been approved at the time of our review.

⁴ Throughout this report, differences in the total amounts are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded.

⁵ On June 1, 2015, NDVH switched from semi-monthly to bi-weekly pay periods.

periods because NDVH used the timesheets for the wrong pay periods to calculate monthly personnel costs. NDVH employees were paid on the 15th and last day of each month for hours worked during the prior semi-monthly period. For example, our sample included personnel costs charged to the awards for the May 15, 2014, pay date, for hours worked during April 16, 2014, through April 30, 2014. However, NDVH used the employee hours worked during May 1, 2014, through May 15, 2014, to calculate payroll costs incurred for the May 15, 2014, pay date, rather than the employee timesheets for the correct period. The fact that NDVH used the timesheets for the wrong pay periods to allocate award-funded personnel costs resulted in instances where personnel costs were charged to the awards for employees that did not have any hours charged to the awards on the timesheets for the corresponding pay period. As a result, we found that personnel costs allocated to Award Numbers 2012-TA-AX-K045, 2014-CY-AX-K001, and 2014-XV-BX-K008 were not supported because NDVH did not use the timesheets for the correct pay periods to allocate costs and estimated costs for the semi-monthly pay dates by dividing the employees' monthly personnel costs by two. Therefore, we are questioning all personnel costs totaling \$920,442 charged to these awards as unsupported.

We were also unable to verify that personnel costs were properly allocated to the awards. Specifically, for Award Number 2012-TA-AX-K045, we identified \$2,151 in unallowable salaries and associated fringe benefits charged to the award for one employee working in a position that was not included in the approved budget or a Grant Adjustment Notice (GAN). We also found that for Award Numbers 2012-TA-AX-K045, 2014-CY-AX-K001, and 2014-XV-BX-K008, NDVH charged unallowable stipends to the awards that were paid to award-funded employees for performing duties that were not included in the approved budgets or GANs. The stipends were charged to the awards as a part of the employees' salary, rather than as separate line items. As a result, we were unable to calculate the associated questioned costs related to the unallowable stipends.

Based on our analysis, we found that the personnel costs for Award Numbers 2012-TA-AX-K045, 2014-CY-AX-K001, and 2014-XV-BX-K008, were not supported by employee timesheets and included unallowable costs that were not in the approved award budgets or GANs. We did not note any significant areas of concern for the two salary transactions we tested for Award Number 2015-TA-AX-K012.

Overall, we identified \$922,593 in total questioned costs, including \$920,442 in unsupported costs and \$2,151 in unallowable costs, as shown in Table 2. Therefore, we recommend that OVW remedy the \$2,151 in unallowable personnel costs and \$496,659 in unsupported personnel costs. Additionally, we recommend that OJP remedy the \$423,783 in unsupported personnel costs.

Table 2
Personnel Questioned Costs

Granting Agency	Award Number	Unallowable	Unsupported	Total
OVW	2012-TA-AX-K045	\$2,151	\$182,336	\$184,487
OVW	2014-CY-AX-K001	0	314,323	314,323
Total OVW:		\$2,151	\$496,659	
OJP	2014-XV-BX-K008	0	423,783	423,783
Total OJP:		\$0	\$423,783	
Grand Total:		\$2,151	\$920,442	\$922,593

Source: NDVH accounting records

Contractor and Consultant Costs

We reviewed a sample of 19 contractor transactions totaling \$68,044, and reviewed the available supporting documentation to determine if charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the awards. In addition, we determined if rates, services, and total costs were in accordance with those allowed in the approved budgets.⁶

We found that all 19 contractor and consultant transactions we selected for review were either unallowable, unsupported, or both. Specifically, we identified six unallowable transactions related to contractors or consultants that were not in the approved award budgets or GANs. We also identified eight unsupported transactions related to contractors or consultants, for which NDVH did not have a current contract or agreement. Finally, we identified five unallowable and unsupported transactions related to contractors or consultants that were not in the approved award budgets or GANs, for which NDVH also did not have a current contract or agreement.

We also found that NDVH used award funds to pay contractor invoices that included unallowable charges, were not correctly calculated, were incomplete, or contained insufficient detail regarding the services provided. For example, one consultant invoice included costs for work performed after the end of the consultant agreement performance period and included travel costs that were not authorized. Another consultant invoice amount was based on 9 days of work, despite the fact that the invoice detail indicated that the consultant only worked for 7 days. The invoice for one contractor included travel expenses for which receipts were not provided. We also found that one contractor was paid \$110 per hour, which exceeded the maximum allowable \$81.25 per hour rate for the award.

Based on our review, we identified \$38,627 in unallowable contractor and consultant costs for services that were not included in the award budgets. We also identified \$50,131 in unsupported contract and consultant costs. Overall, we identified \$88,757 in total questioned costs related to contractor and consultant

⁶ There were no contractor and consultant expenditures for Award Number 2015-TA-AX-K012 at the time of our fieldwork.

costs, of which \$20,714 was questioned for being both unallowable and unsupported.

Due to the significant amount of unallowable and unsupported contractor and consultant costs identified in our sample, we expanded our analysis to include all costs for contractors and consultants that were not in the approved award budgets or did not have a contract. Our expanded review identified an additional \$50,268 in questioned costs, of which \$138 was questioned for being both unallowable and unsupported

Overall, based on our initial sample, as well as our expanded analysis, we identified contractor and consultant questioned costs totaling \$139,026, including \$38,997 in unallowable costs and \$100,029 in unsupported costs, as shown in Table 3. Therefore, we recommend that OVW remedy the \$38,997 in unallowable contractor and consultant costs and \$70,651 in unsupported contractor and consultant costs. Additionally, we recommend that OJP remedy the \$29,378 in unsupported contractor and consultant costs.

**Table 3
Contractor and Consultant Questioned Costs**

Granting Agency	Award Number	Unallowable	Unsupported	Total
OVW	2012-TA-AX-K045	\$37,243	\$25,101	\$62,344
OVW	2014-CY-AX-K001	1,754	45,550	47,304
Total OVW:		\$38,997	\$70,651	
OJP	2014-XV-BX-K008	0	29,378	29,378
Total OJP:		\$0	\$29,378	
Grand Total:		\$38,997	\$100,029	\$139,026

Source: NDVH accounting records

Subgrantee Costs

According to NDVH officials, there was one subgrantee for Award Number 2014-XV-BX-K008 and one for Award Number 2015-TA-AX-K012. However, at the time of our field work, there were no subgrantee expenditures for Award Number 2015-TA-AX-K012. As a result, we selected the subgrantee for Award Number 2014-XV-BX-K008 for review, to determine if NDVH effectively monitored the subgrantee. Based on our review, we found that there was no indication that NDVH was not effectively monitoring its subgrantee.

Other Direct Costs

We reviewed 91 other direct cost transactions totaling \$56,626 for the four awards. Based on our analysis, we identified \$3,053 in unallowable and unsupported other direct costs, as shown in Table 4.

Table 4
Other Direct Questioned Costs

Granting Agency	Award Number	Unallowable	Unsupported	Total
OVW	2012-TA-AX-K045	\$2,266	\$83	\$2,348
OVW	2014-CY-AX-K001	195	0	\$195
OVW	2015-TA-AX-K012	115	0	\$115
Total OVW:		\$2,576	\$83	
OJP	2014-XV-BX-K008	\$394	0	\$394
Total OJP:		\$394	\$0	
Grand Total:		\$2,970	\$83	\$3,053

Source: NDVH accounting records

The unallowable and unsupported costs for each award included the following.

- Award Number 2012-TA-AX-K045: NDVH charged unallowable costs totaling \$2,266 for items such as sound equipment, interpretation equipment, and room rental that were not included in the award budget or GANs. We also identified \$83 in unsupported costs, for which NDVH could not provide receipts.
- Award Number 2014-CY-AX-K001: NDVH charged unallowable costs totaling \$195 for training that was not included in the approved budget or GANs.
- Award Number 2015-TA-AX-K012: NDVH charged unallowable costs totaling \$115 for items such as internet, telephone, utilities, recycling, security, and other unallowable expenses that were not included in the award budget or GANs.
- Award Number 2014-XV-BX-K008: NDVH charged unallowable costs totaling \$394 for travel expenses not included in the approved budget or GANs.

Therefore, we recommend OVW remedy the \$2,576 in unallowable other direct costs and \$83 in unsupported other direct costs. Additionally, we recommend that OJP remedy the \$394 in unallowable other direct costs.

Indirect Costs

According to the OJP Financial Guide, indirect costs are costs of an organization that are not readily assignable to a particular project, but are necessary to the operation of the organization and the performance of the project. We determined that indirect costs were approved in the budgets for all the awards we reviewed.⁷ According to indirect cost rate agreements, NDVH's approved indirect costs rate was 18 percent of the indirect cost base. The indirect cost base includes direct costs, excluding capital expenditures, that portion of each sub-award in excess of \$25,000, and flow-through funds.

We were unable to select a sample of indirect costs charged to the awards for testing because NDVH did not include indirect cost transactions in the accounting records for the awards. However, NDVH maintained supplemental documentation indicating the amount of total direct costs charged to the awards, as well as the associated indirect costs that could be charged to each award. As a result, we reviewed the indirect costs reported on the most recent supplemental documentation for each award to determine the amount of allowable indirect costs that could be charged to the awards and verify that NDVH was using the approved indirect cost rate. Additionally, we compared total direct costs per the award accounting records to total drawdowns to identify any amounts in excess of the total direct costs, which may be related to indirect costs. We then compared these differences to the allowable indirect costs reported on the supplemental documentation to determine if the drawdowns in excess of direct costs were equal to or less than allowable indirect costs for the awards.

Based on our review, we found that NDVH charged indirect costs to the awards using the approved rate. However, in our opinion, indirect cost transactions should be included in the award accounting records. Therefore, we recommend that OVW and OJP ensure that NDVH documents indirect costs in its award accounting records.

Budget Management and Control

According to both the OJP Financial Guide and OVW Financial Grants Management Guide, the recipient is responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for each award. Additionally, the award recipient must initiate a 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 NDVH transferred funds among budget categories in excess of 10 percent.

⁷ The budget for Award 2015-TA-AX-K012 had not been approved at the time of our review; therefore, we did not review indirect costs for this award.

We determined that the cumulative difference between category expenditures and approved budget category totals was not greater than 10 percent.

Drawdowns

According to both the OJP Financial Guide and OVW Financial Grants Management Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. As of December 17, 2015, NDVH had drawn down a total of \$1,489,614 from the three audited awards, as shown in Table 5.⁸

Table 5
Total Drawdowns

Granting Agency	Award Number	Total Drawdowns
OVW	2012-TA-AX-K045	\$408,366
OVW	2014-CY-AX-K001	\$500,000
OJP	2014-XV-BX-K008	\$581,248
Total:		\$1,489,614

Source: OJP's Grants Management System

To assess whether NDVH managed award receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the award accounting records, as well as the supplemental indirect cost documentation since NDVH did not include indirect costs in its accounting records for the awards.

During this audit, we did not identify significant deficiencies related to the recipient's process for developing drawdown requests. However, we identified deficiencies related to individual award expenditures that resulted in unallowable and unsupported questioned costs. We address those deficiencies in the Grant Expenditures section in this report.

Federal Financial Reports

According to both the OJP Financial Guide and OVW Financial Grants Management Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether NDVH submitted accurate FFRs, we compared the four most recent reports to NDVH's accounting records for each award, with the exception of Award Number 2015-TA-AX-K012 because no FFRs were required for the award at the time we performed our analysis.

⁸ Award Number 2015-TA-AX-K012 did not have any drawdowns at the time of our fieldwork.

We found that the FFRs did not match NDVH's accounting records for the awards we reviewed because NDVH did not record indirect costs in the award accounting records and did not report indirect costs separately on the FFRs, as required. As a result, we could not determine what portion of the total award expenditures reported on the FFRs were related to indirect costs, as opposed to the direct costs recorded in the award accounting records. Therefore, we recommend that OVW and OJP ensure that NDVH develops policies and procedures to ensure that FFRs are accurately supported by the award accounting records.

Conclusion

The objective of this audit was to determine whether costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the awards. We assessed NDVH's program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports. Based on our audit testing, we identified \$1,064,672 in unallowable and unsupported costs related to personnel costs, contractor and consultant costs, and other direct costs, which included \$23,003 in duplicate costs that were questioned for more than one reason. In addition, we found that NDVH did not record indirect costs in the general ledgers or report indirect costs on its FFRs. Further, we determined that FFRs did not match the accounting records for all awards we reviewed. As a result, we made six recommendations to OVW and OJP to address these deficiencies.

Recommendations

We recommend that OVW:

1. Remedy the \$43,724 in unallowable costs related to the following issues:
 - a. \$2,151 in personnel costs.
 - b. \$38,997 in contractor and consultant costs.
 - c. \$2,576 in other direct costs.
2. Remedy the \$567,393 in unsupported costs related to the following issues:
 - a. \$496,659 in personnel costs.
 - b. \$70,651 in contractor/consultant costs.
 - c. \$83 in other direct costs.

We recommend that OJP:

3. Remedy the \$394 in unallowable other direct costs.

4. Remedy the \$453,161 in unsupported costs related to the following issues:
 - a. \$423,783 in personnel costs.
 - b. \$29,378 in contractor and consultant costs.

We recommend that both OVW and OJP:

5. Ensure that NDVH documents indirect costs expenditures in its award accounting records.
6. Ensure that NDVH develops policies and procedures to ensure that Federal Financial Reports are accurately supported by the award accounting records.

Objective, Scope, and Methodology

The objective of this audit was to determine whether costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the awards. To accomplish this objective, we assessed performance in the following areas of award management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

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 objective.

This was an audit of the OVW and the OJP awards awarded to NDVH under the following programs: (1) OVW's Technical Assistance Program; (2) OVW's Consolidated and Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies; and (3) OJP's Office for Victims of Crime (OVC) under the FY 14 Vision 21: Using Technology to Expand National and International Access to Victims Services. OVW awarded \$450,000 to NDVH under Award Number 2012-TA-AX-K045, \$500,000 under Award Number 2014-CY-AX-K001, and \$425,000 under Award Number 2015-TA-AX-K012. OJP awarded \$1,500,000 to NDVH under Award Number 2014-XV-BX-K008. As of December 17, 2015, NDVH had drawn down \$1,489,614 of the total funds awarded. Our audit concentrated on, but was not limited to September 26, 2012, the award date for Award Number 2012-TA-AX-K045, through February 5, 2016, the last day of our fieldwork. Award Numbers 2012-TA-AX-K045 and 2014-CY-AX-K001 ended on September 30, 2015. Award Numbers 2015-TA-AX-K012 and 2014-XV-BX-K008 were still ongoing at the time of our review.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of NDVH's activities related to the audited awards. We performed sample-based audit testing for award expenditures including payroll and fringe benefit charges; financial reports; and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the awards reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The OVW Financial Grants Management Guide, OJP Financial Guide, DOJ Grants Financial Guide, and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System as well as NDVH's accounting system specific to the management of DOJ

funds during the audit period. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems was verified with documentation from other sources.

Schedule of Dollar-Related Findings

<u>Description</u>	<u>Amount</u>	<u>Page</u>
QUESTIONED COSTS:⁹		
<u>Unallowable Costs</u>		
Salaries and Fringe Benefits Costs	\$2,151	7
Contractor/Consultant Costs	38,997	8
Other Direct Costs	2,970	9
<i>Total Unallowable Costs</i>	<i>\$44,118</i>	
<u>Unsupported Costs</u>		
Salaries and Fringe Benefits Costs	\$920,442	7
Contractor/Consultant Costs	100,029	8
Other Direct Costs	83	9
<i>Total Unsupported Costs</i>	<i>\$1,020,554</i>	
<i>Total (Gross)</i>	<i>\$1,064,672</i>	
Less Duplicate Questioned Costs ¹⁰	<u>(23,003)</u>	7
Net Questioned Costs	\$1,041,669	

⁹ **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.

¹⁰ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which includes \$23,003 in personnel and contractor and consultant costs that were both unallowable and unsupported.

NATIONAL DOMESTIC VIOLENCE HOTLINE RESPONSE TO THE DRAFT AUDIT REPORT

MEMORANDUM

Date: December 7, 2016

To: Rebecca M. Quinson, OIG Assistant Regional Audit Manager, Denver Regional Audit Office

From: Robert Marchbanks, Chief Financial Officer, National Domestic Violence Hotline

Subject: NDVH Response to October 17, 2016 OIG Draft Audit Report

NATIONAL DOMESTIC VIOLENCE HOTLINE RESPONSE TO OFFICE OF INSPECTOR GENERAL DRAFT AUDIT REPORT OF CONTRACTS AWARDED BY THE OFFICE ON VIOLENCE AGAINST WOMEN AND THE OFFICE OF JUSTICE PROGRAMS

I. INTRODUCTION

The U.S. Department of Justice Office of Inspector General (“OIG”) completed an audit of four cooperative agreements by the Office on Violence Against Women (“OVW”) and the Office of Justice Programs (“OJP”) that were awarded to the National Domestic Violence Hotline (“NDVH”) in Austin, Texas. OIG’s stated objective of this audit was to determine whether the costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award.

In its report, OIG reached the erroneous conclusion that NDVH did not comply with essential award conditions related to the use of award funds, accounting for award expenditures, and Federal Financial Reports (“FFR”). NDVH welcomes the opportunity to respond to OIG’s draft audit report and to correct the record.

A. Overview

To be clear, there should be no question that NDVH has been a responsible steward of grant funds and has used those funds to support its vital and life-saving mission. Indeed, we note that the OIG audit found no indications that NDVH failed adequately to achieve the stated goals and objectives of the awards, failed to monitor its subgrantees effectively, or violated the special conditions of the awards. Moreover, the OIG did not identify any material instances where the accomplishments described in NDVH’s progress reports did not match the supporting documentation. Nor did OIG identify significant deficiencies related to NDVH’s process for developing drawdown requests.

On the contrary, the issues identified in the OIG Report related to record-keeping. While none of the awards were used improperly, it is worth noting that the questioned transactions are

all from a time period in which NDVH had a different CEO and CFO. Many of the personnel involved with these agreements have left the organization or have changed positions within the organization. And under new leadership, NDVH has since made changes that address OIG's record-keeping concerns.

Throughout the entire audit process, NDVH has fully cooperated with OIG by responding in a timely and thorough manner to all inquiries and requests for documentation. NDVH would be happy to provide the outstanding contracts and invoices, and to recreate billing records where applicable, to further demonstrate that funds were used appropriately and as reported. NDVH also looks forward to an exit conference and the opportunity to work with OVW and OJP to further address any record-keeping concerns.

B. NDVH has a Successful History of Working with OVW and OJP

1. History of NDVH

On September 13, 1994, President Clinton signed the Violence Against Women Act ("VAWA"), which authorized the creation of NDVH, a non-profit organization. After the Texas Council on Family Violence received a \$1 million grant that established NDVH, NDVH took its first call on February 21, 1996. On August 2, 2003—less than eight years after the first call—NDVH took its one-millionth call.

NDVH, which has had the continuing support of Vice President Biden, is a longtime partner with OVW and OJP in providing lifesaving tools and immediate support to enable victims to find safety and live their lives free of abuse. Operating around the clock, seven days a week, confidential, and free of cost, NDVH is part of the largest nationwide network of programs and expert resources regularly sharing insight about domestic violence with government officials, law enforcement agencies, media, and the general public. In 2013, NDVH received its three-millionth call, underscoring how important NDVH is for women and members of the LGBT community facing domestic violence.

The National Domestic Violence Hotline is the *only* national hotline that exists to serve the victims of domestic violence and dating abuse. NDVH has partnerships and relationships with over 5,000 providers and resources across the country to ensure that victims of domestic violence and dating abuse have direct access to services. Through grant application processes, NDVH has received hundreds of letters of support from victim service providers to ensure that government funding is awarded to the National Domestic Violence Hotline. NDVH also receives hundreds of thank you letters and notes annually from survivors who indicate that NDVH saved their lives. There are countless examples of these powerful testimonials – below are just a few:

- “Today is the anniversary of the day I left my abuser 13 years ago. I call every year to say thank you. It all began when I called The Hotline. Now I am safer, happier, and volunteering to help victims.” - Survivor of domestic violence, NDVH caller.
- “Your organization is unbelievable and the only one who has understanding of my experience. Joseph confirmed the danger I’m in and gave me perspective. I don’t even feel like the same person. I’m not afraid anymore. I’m not alone anymore. He confirmed my need for support. His understanding took away six months of agony. That kind of connection is rare. He never undermined me.” - Survivor of domestic violence, NDVH caller.
- “The Hotline’s demonstrated successes and capacity to manage such a complex system of services and networks, be responsive to national trends, raise significant additional funds, and be accountable to so many constituents attests to the importance of their experience and expertise. Its investments in skilled staff, comprehensive data collection, strong infrastructure and national outreach campaigns have increased safety and access for adult, teen and child victims and benefited community-based organizations in their ability to link survivors to relevant resources. The field’s confidence in the Hotline is further bolstered by its compassionate and knowledgeable advocates and staff.” - ██████████ ██████████ Asian and Pacific Islander Institute.

2. Department of Justice Funding to NDVH

The following agreements, awarded to NDVH, are reviewed in OIG’s Draft Report:

Granting Agency	Award Number	Award Date	Project Start Date	Project End Date	Award Amount
OVW	2012-TA-AX-K045	Sept. 26, 2012	Oct. 1, 2012	Sept. 30, 2015	\$450,000
OVW	2014-CY-AX-K001	Feb. 24, 2014	Oct. 1, 2013	Sept. 30, 2015	\$500,000
OVW	2015-TA-AX-K012	Sept. 28, 2015	Oct. 1, 2015	Sept. 30, 2017	\$425,000
OJP	2014-XV-BX-K008 - Initial	Sept. 29, 2014	Oct. 1, 2014	Sept. 30, 2015	\$750,000
OJP	2014-XV-BX-K008 - Supplement	Sept. 24, 2015	Oct. 1, 2014	Sept. 30, 2016	\$750,000
Total:					\$2,875,000

Some of the program goals and objectives for each award are described in the following:

- Award Numbers 2012-TA-AX-K045 and 2015-TA-AX-K012, both from OVW, were funded under OVW’s Technical Assistance Program. Through this program, NDVH

develops and facilitates domestic violence advocacy trainings through a “train-the-trainer” model for state and territory Sexual Assault and Domestic Violence coalitions. Additionally, NDVH delivers training and technical assistance to OVW Rural Program grantees providing strategies and services to rural youth and young adult victims of sexual assault, domestic violence, dating violence, and stalking.

Under Award Number 2012-TA-AX-K045, NDVH is developing a forty-hour train-the-trainer curriculum on advocacy, disseminating national and state data reports to assist state coalitions in meeting the needs of victims, developing fifty-six state and territory data reports, hosting webinars on basic advocacy training for all OVW grantees, and developing and presenting training for three state or national conferences each year on advocacy skills and self-care.

Under Award Number 2015-TA-AX-K012, NDVH will launch the Love is Advocacy project to strengthen and enhance the scope of youth involvement in domestic and dating abuse advocacy; increase awareness of training and technical assistance resources available for rural grantees, and improve the accessibility of training and technical assistance; provide up to two on-site trainings to selected rural program grantee sites; develop and conduct up to six web-based trainings for rural grantees; and provide an online microsite specifically for the National Youth Advisory Board and young adults in conjunction with grantees.

- Award Number 2014-CY-AX-K001 was funded under OVW’s Consolidated and Technical Assistance Grant Program to Address Children and Youth Experiencing Domestic and Sexual Violence and Engage Men and Boys as Allies. This award provides the opportunity for NDVH to develop and strengthen effective responses to violence against women. NDVH, which seeks to provide linguistically and culturally relevant services to teens, parents, friends, and service providers to youth across the country, contracted a telephone carrier to maintain 220 phone lines and ensure 9,500 callers are able to access services 24 hours a day, 7 days a week, 365 days a year. Through the award, NDVH also provides online chat services to 20,000 youth and young adults who are experiencing dating abuse and provides texting services to 11,000 youth and young adults. NDVH is able to maintain a robust website that provides information, education and tools for victims of dating abuse, while contracting with a language line to provide services to callers who speak languages other than English.
- Award Number 2014-XV-BX-K008 was funded under OJP’s Office for Victims of Crime fiscal year 2014 Vision 21: Using Technology to Expand National and International Access to Victims Services. NDVH uses technology to interact directly with crime victims, providing support for improved assistance to victims, including

information, referrals, and online and hotline services. NDVH also uses this award to strengthen the capacity of existing services by adding staff, implementing program efficiencies, and increasing the number served through digital services. This award has allowed NDVH to expand outreach efforts to reach the countless victims who are suffering silently by increasing web traffic and spreading awareness about NDVH resources and services.

As noted by OIG, there were no indications that NDVH was not adequately achieving the stated goals and objectives of these awards.

II. NDVH DETAILED RESPONSE TO OIG RECOMMENDATIONS

A. OIG's Recommendations for OVW

1. OIG Recommendation Number 1

a. OIG Recommendation: Remedy the \$43,724 in unallowable costs related to \$2,151 in personnel costs, \$38,997 in contractor and consultant costs, and \$2,576 in other direct costs.

b. NDVH Response:

(1) Personnel Costs

In its review of Award Number 2012-TA-AX-K045, OIG identified \$2,151 in salaries and associated fringe benefits charged to the award for one employee working in a position that was not included in the approved budget or a GAN. OIG also found that for Award Numbers 2012-TA-AX-K045, 2014-CY-AX-K001, and 2014-XV-BX-K008, NDVH charged stipends to the awards that were paid to award-funded employees for performing duties that were not included in the approved budgets or GANs.

Based on our review, OIG is referring to a staff employee who regularly took on duties outside of his job description in addition to his regular job. The agreement did not list any IT duties for the position at the time, but he received a stipend for IT duties.

(2) Contractor and Consultant Costs

OIG concluded that there were unallowable transactions related to contractors or consultants that were not in the approved award budgets or GANs for Award Numbers 2012-TA-AX-K045 (\$37,243) and 2014-CY-AX-K001 (\$1,754). NDVH believes that we have contracts or grantor approval for the budgeted expenditures for these contractors and consultants. We believe that the expenditures were within the scope of the program and that certain expenses were within the 10% change in line items, therefore obviating the requirement for a GAN.¹

¹ We would note that our contractors all have written agreements with NDVH that outline what services they have been contracted to provide as well as the terms and conditions of the agreements. NDVH's contractors all

(a) [REDACTED]

NDVH paid [REDACTED] \$6,175 to prepare for technical assistance and training in Puerto Rico, which OIG determined was not in the budget. Specifically, OIG asserts that the contract shows [REDACTED] was paid with federal grant funds to perform fundraising activities and performed the work in October 2014, which was outside of the effective dates of April 1, 2014 to June 30, 2014. OIG also states that the invoice does not include sufficient detail regarding what work was actually completed.

The consulting contract listed is separate from the work performed for the training in Puerto Rico. The monthly consultant contract listed was funded with unrestricted funds. The invoice for \$6,175 is for the project work identified in the OVW Conference Request form, which supports the work in our application to provide technical assistance to Domestic Violence and Sexual Assault coalitions. The preparation and training completed by [REDACTED] for OVW is included in the OVW Conference form at \$3,250 each.

Additionally, [REDACTED] was paid \$183.32 for travel expenses, which OIG notes was not included in the contract. Similar to the \$6,175 above, this expense is covered on the OVW Conference form, for the training in Puerto Rico. See GRANT APPLICATION AND BUDGET FOR 2012-TA-AX-K045.

(b) [REDACTED]

NDVH paid [REDACTED] \$18,148.62 to translate a Curriculum-Facilitator guide and Activities & PP. OIG is questioning the payment as unallowable because the contractor was not in the budget or GANs and the contract has not been produced. However, movement of dollars between approved budget categories is allowable up to ten percent of the total award amount, as stated in the 10 Percent Rule. See FINANCIAL GUIDE 2006 - PART III - CHAPTER 5: ADJUSTMENTS TO AWARDS. The payment to [REDACTED] was part of the allowable movement of dollars.

(c) [REDACTED]

[REDACTED] was paid \$5,850 for preparation, planning, and training in Puerto Rico. According to the OIG, the invoice is calculated on nine days of work, but the Service Description indicates there were only seven days of work. OIG also asserts that the invoice does not include sufficient detail regarding what work was actually completed.

must abide by the signed agreement between the contractors and NDVH. All contractors submit monthly invoices and/or reports that outline the services they provided for that particular invoice. These invoices and reports are reviewed by our management staff to ensure that services are provided as outlined in the contract and in a timely fashion. Any concerns regarding the provision of services by the contractor are addressed immediately via email or phone. NDVH periodically evaluates several of our contractors by comparing their performance to competitors and receiving feedback from our Advocates regarding their experience with vendors.

The consulting contract listed is separate from the work performed for the training in Puerto Rico. The monthly consultant contract listed is from other government funds, whereas the work completed by [REDACTED] for OVW is included in the OVW Conference form at \$3,250 each. The invoice for \$5,850 is for the project work identified in the OVW Conference Request form, which supports the work in our application to provide technical assistance to Domestic Violence and Sexual Assault coalitions. See GRANT APPLICATION AND BUDGET FOR 2012-TA-AX-K045.

(d) [REDACTED]

[REDACTED] received \$4,863.45 to translate a website from English to Spanish. OIG questions this payment as unallowable because [REDACTED] was not in the budget or GANs. However, movement of dollars between approved budget categories is allowable up to ten percent of the total award amount, as stated in the 10 Percent Rule. See FINANCIAL GUIDE 2006 - PART III - CHAPTER 5: ADJUSTMENTS TO AWARDS. The payment to [REDACTED] was part of the allowable movement of dollars.

(e) [REDACTED]

Next, OIG questions the contract with [REDACTED] for \$900, which OIG says was a stipend apparently paid to [REDACTED] and [REDACTED]. OIG concluded that the invoice does not include sufficient detail regarding what work was actually completed. NDVH welcomes the opportunity to investigate this matter further and provide an update.

(f) [REDACTED]

NDVH paid [REDACTED] \$1,500 to review the Tech Readiness Toolkit and NDVH Text Quiz. The payment was split between the two agreements. OIG questions the \$1,500 as unallowable because it believes that the invoice does not include sufficient detail regarding what work was actually completed, this contractor was not in the budget or GANs, and no contract was produced. NDVH welcomes the opportunity to investigate this matter further and provide an update.

(g) [REDACTED]

NDVH paid [REDACTED] \$165 to caption a webinar on March 4, 2014. OIG noted that the invoice shows that [REDACTED] was paid \$110 an hour instead of \$81.25 an hour, the maximum allowed, and due to [REDACTED] "not being in the budget or GANs, along with there being no contract, we will question \$900 as unallowable." While NDVH welcomes the opportunity to investigate this matter further and provide an update, we note that the payment was \$165 and not \$900.

(h) [REDACTED]

[REDACTED] who performed freelance work, was paid \$412.50 for work completed from October 7 to October 18, 2013, and \$429.00 for work completed from October 21 to November 1, 2013. The contract authorizes \$11 per hour for twenty hours a week, or forty hours for a two-week period. However, the \$429.00 Invoice was calculated based on \$11 per hour times 78 hours, which is 38 hours over the authorized number of hours, a difference of \$418. Similarly, the \$412.50 invoice authorizes \$11 per hour times 75 hours, which is 35 hours over the authorized number of hours, a difference of \$385. In addition, the contract does not include the scope of work for the consultant. NDVH does not challenge the findings related to this contractor agreement.

(3) Other Direct Costs

OIG concluded that there were unallowable costs under 2012-TA-AX-K045, 2014-CY-AX-K001, 2015-TA-AX-K012. Under Award Number 2012-TA-AX-K045, NDVH charged unallowable costs totaling \$2,266 for items such as sound equipment, interpretation equipment, and room rental that were not included in the award budget or GANs. Under Award Number 2014-CY-AX-K001, NDVH charged unallowable costs totaling \$195 for training that was not included in the approved budget or GANs. Under Award Number 2015-TA-AX-K012, NDVH charged unallowable costs totaling \$115 for items such as internet, telephone, utilities, recycling, security, and other unallowable expenses that were not included in the award budget or GANs. While the NDVH notes that these expenses were all used for the purposes of furthering our mission, NDVH does not challenge the findings related to these expenses.

2. OIG Recommendation Number 2

- a. OIG Recommendation: Remedy the \$567,393 in unsupported costs related to \$496,659 in personnel costs, \$70,651 in contractor and consultant costs, and \$83 in other direct costs.
- b. NDVH Response:

(1) Personnel Costs

OIG determined that there were unsupported personnel costs under Award Numbers 2012-TA-AX-K045 (\$182,336) and 2014-CY-AX-K001 (\$314,323). For salaried employees, OIG determined that NDVH did not allocate personnel costs for each semi-monthly pay period based on employees' timesheets for the same period. As a result, OIG is questioning all personnel costs totaling \$920,442 charged to these awards.

During the time period in review, payroll was processed on the 15th and at the end of each month. The payroll on the 15th covered the last half of the prior month, and the payroll at the end of the month covered the 1st to the 15th of the month. NDVH believes that this accounts for the majority of the differences related to the timing of paying the hourly employees and the period

the hours were incurred. There is a two-week difference in the accounting records for the payroll versus the period the hours were incurred. Based on this, we believe this will only lead to questionable costs of one month at best—the two weeks at the beginning of the grant period and the two weeks at the end of the grant period.

(2) Contractor and Consultant Costs

OIG questions contractor and consultant costs under Award Numbers 2012-TA-AX-K045 (\$25,101) and 2014-CY-AX-K001 (\$45,550). NDVH believes that we have contracts or grantor approval for the budgeted expenditures for these contractors and consultants. We believe that the expenditures were within the scope of the program and that certain expenses were within the 10% change in line items, such that a GAN was not required. While NDVH is still in the process of locating some of the contractor invoices, all of the work listed was performed.

(a) [REDACTED]

As indicated above, NDVH paid [REDACTED] \$18,148.62 to translate a Curriculum-Facilitator guide and Activities & PP. OIG is questioning the payment as unallowable because the contractor was not in the budget or GANs and the contract has not been produced. However, movement of dollars between approved budget categories is allowable up to ten percent of the total award amount, as stated in the 10 Percent Rule. See FINANCIAL GUIDE 2006 - PART III - CHAPTER 5: ADJUSTMENTS TO AWARDS. The payment to [REDACTED] was part of the allowable movement of dollars.

(b) [REDACTED]

OIG determined that the payment of \$5,000 made to the [REDACTED] [REDACTED] for staff support and travel expenses was unsupported because NDVH did not provide the contract or the travel receipts. However, the payment was approved on the OVW Conference Request form at Section B, Item number 13 as “other costs” - Scholarship for Alaska. The purchase is supported by the work stated in our application for this grant and the \$5,000 is listed in the approved budget for this grant at Line 6f. Accordingly, the work was completed pursuant to the contract. See GRANT APPLICATION AND BUDGET FOR 2012-TA-AX-K045.

(c) [REDACTED]

As indicated above, OIG questioned the contract with [REDACTED] for \$900, which OIG says was a stipend apparently paid to [REDACTED] and [REDACTED]. OIG concluded that the invoice does not include sufficient detail regarding what work was actually completed. NDVH welcomes the opportunity to investigate this matter further and provide an update.

(d) [REDACTED]

As noted above, NDVH paid [REDACTED] \$1,500 to review the Tech Readiness Toolkit and NDVH Text Quiz. The payment was split between the two agreements. OIG

questioned the \$1,500 as unallowable because it believes that the invoice does not include sufficient detail regarding what work was actually completed, this contractor was not in the budget or GANs, and no contract was produced. NDVH welcomes the opportunity to investigate this matter further and provide an update.

(e) [REDACTED]

As indicated above, NDVH paid [REDACTED] \$165 to caption a webinar on March 4, 2014. OIG noted that the invoice shows that [REDACTED] was paid \$110 an hour instead of \$81.25 an hour, the maximum allowed, and due to [REDACTED] "not being in the budget or GANs, along with there being no contract, we will question \$900 as unallowable." While NDVH welcomes the opportunity to investigate this matter further and provide an update, we note that the payment was \$165 and not \$900.

(f) [REDACTED]

NDVH paid [REDACTED] which performed short messaging services, \$6,000 for work completed from October 2013 to December 2013 and \$5,000 for work completed from January 2014 to March 2014. OIG determined that the payment was for a partner package and licensing fee, but the invoice does not include sufficient detail regarding what work was actually completed. However, page one of the project narrative supports the work associated with this vendor.

(g) [REDACTED]

NDVH paid [REDACTED] \$1,200 for [REDACTED] deployment completed on March 21, 2014, and \$1,855 for the [REDACTED] monthly engagement credits for June 2014. OIG found that the \$1,200 contract was not provided and the invoice does not include sufficient detail regarding what work was actually completed. Additionally, OIG determined that the budget shows \$185 per month times twelve stations times twelve months times 75% for a total of \$19,980, but \$19,980 divided by 12 months should be \$1,665; a difference of \$190 (\$1,855-\$1,665). Based on this, OIG questioned the entire \$1,855 as unsupported. However, page one of the project narrative supports the work associated with this vendor.

(h) [REDACTED]

NDVH paid [REDACTED] \$104.21 for a retainer on June 5, 2014. OIG found that NDVH did not provide a contract and the invoice does not include sufficient detail regarding what work was completed. NDVH does not challenge the findings related to this contractor agreement.

(3) Other Direct Costs

Beyond noting that the expenses were related to operating procedures for our services, NDVH does not challenge the finding of \$83 in unsupported costs under 2012-TA-AX-K045.

B. OIG's Recommendations for OJP

1. OIG Recommendation Number 3

- a. OIG Recommendation: Remedy the \$394 in unallowable other direct costs.
- b. NDVH Response:

OIG concluded that NDVH charged unallowable costs totaling \$394 under Award Number 2014-XV-BX-K008 for travel expenses not included in the approved budget or GANs. NDVH did not spend as much as anticipated on travel costs and followed the process outlined by the assigned program officer to report it.

2. OIG Recommendation Number 4

- a. OIG Recommendation: Remedy the \$453,161 in unsupported costs related to \$423,783 in personnel costs and \$29,378 in contractor and consultant costs.
- b. NDVH Response:
 - (1) Personnel Costs

OIG found unsupported personnel costs under Award Number 2014-VX-BX-K008. Specifically, OIG determined that NDVH did not allocate personnel costs for each semi-monthly pay period based on employees' timesheets for the same period for salaried employees.

As noted above, during the time period in question, payroll was processed on the 15th and at the end of each month. The payroll on the 15th covered the last half of the prior month, and the payroll at the end of the month covered the 1st to the 15th of the month. As explained above, NDVH believes that this accounts for the majority of the differences related to the timing of paying the hourly employees and the period the hours were incurred. There is a two week difference in the accounting records for the payroll versus the period the hours were incurred. Based on this, we believe this will lead to questioned costs of only one month at best—the two weeks at the beginning of the grant period and the two weeks at the end of the grant period.

As indicated in the OIG Draft Audit Report on page 5, footnote 5, NDVH has now switched to a bi-weekly pay period. At the same time, NDVH also has implemented a payroll module to integrate with the accounting software and general ledger. The new payroll module posts payroll and fringe benefit expenses to the proper month based on the electronic time sheets completed by the NDVH staff. This allows the employee time sheets to match with the payroll expenses within the same month.

(2) Contractor and Consultant Costs

OIG questions \$29,378 under award 2014-XV-BX-K008, highlighting the contract with [REDACTED] [REDACTED] was paid \$3,298.58 for monthly engagement credits for April 2015 and \$6,959.16 for monthly engagement credits for July 2015. OIG found that the contracts were not provided. And OIG stated that there is supposed to be a quantity of \$3,710 in a month at a rate of \$0.333, but the unit price(s) listed on this invoice exceed the \$0.333 rate noted in the budget. NDVH believes that this vendor supports the on-going mobile chat platform and is included in the budget, and looks forward to the opportunity to provide documentation for this contractor. See 2014-XV-BX-K008 Grant Narrative at 5.

C. OIG's Recommendations for OVW and OJP

1. OIG Recommendation Number 5

- a. OIG Recommendation: Ensure that NDVH documents indirect costs expenditures in its award accounting records.
- b. NDVH Response:

During the time period for these grants, the only billing to any grant for indirect costs was done through a manual calculation involving our negotiated Indirect Cost Rate and took place outside the General Ledger. Indirect costs were tracked only for managerial purposes. However, NDVH maintained supplemental documentation indicating the amount of total direct costs charged to the awards, as well as the associated indirect costs that could be charged to each award. OIG found that NDVH charged indirect costs to the awards using the approved rate. Going forward, NDVH will document indirect expenditures in its award accounting records.

2. OIG Recommendation Number 6

- a. OIG Recommendation: Ensure that NDVH develops policies and procedures to ensure that Federal Financial Reports are accurately supported by the award accounting records.
- b. NDVH Response:

The Indirect Cost section of FFR's reports did not indicate what was included as indirect costs. Going forward, NDVH will develop policies and procedures to ensure that FFRs are accurately supported by the award accounting records.

III. CONCLUSION

The National Domestic Violence Hotline is thankful for having the support of OVW and OJP as we continue our mission of providing life-saving support to Americans struggling with domestic violence. NDVH has always been committed to using grant funds appropriately. While we disagree with many of the OIG's specific findings, under new leadership we have made improvements to our record-keeping processes and procedures that address the OIG's

concerns and that will further improve our ability to track and audit expenditures. NDVH would be happy to continue to identify and provide relevant documentation to further demonstrate that funds were used appropriately and as reported. NDVH also looks forward to an exit conference and the opportunity to work with OVW and OJP to continue to improve NDVH's record-keeping as it moves forward with its vital work.

**OFFICE ON VIOLENCE AGAINST WOMEN
RESPONSE TO THE DRAFT AUDIT REPORT**



U.S. Department of Justice

Office on Violence Against Women

Washington, DC 20530

December 6, 2016

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 and Office of Justice Programs Cooperative Agreements Awarded to the National Domestic Violence Hotline Norman, Oklahoma

This memorandum is in response to your correspondence dated October 17, 2016 transmitting the above draft audit report for the National Domestic Violence Hotline (NDVH). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains 6 recommendations and \$1,041,669 in questioned costs in which 2 recommendations and \$611,117 in questioned costs were directed to OVW and 2 recommendations were directed to OVW and OJP jointly. We are committed to working with the NDVH to address and bring these recommendations to a close as quickly as possible. The following is our analysis of the audit recommendations.

OIG recommends that OVW:

- 1. Remedy the \$43,724 in unallowable costs related to the following issues:**

- a. **\$2,151 in personnel costs.**
- b. **\$38,997 in contractor and consultant costs.**
- c. **\$2,576 in other direct costs.**

OVW does agree with the recommendation. We will coordinate with NDVH to remedy the \$43,724 in unallowable costs.

2. Remedy the \$567,393 in unsupported costs related to the following issues:

- a. **\$496,659 in personnel costs.**
- b. **\$70,651 in contractor and consultant costs.**
- c. **\$83 in other direct costs.**

OVW does agree with the recommendation. We will coordinate with NDVH to remedy the \$567,393 in questioned costs.

OIG recommends that OVW and OJP:

5. Ensure the NDVH documents indirect costs expenditures in its award accounting records.

OVW does agree with the recommendation. We will coordinate with NDVH and OJP to ensure that they document indirect costs expenditures in its award accounting records.

6. Ensure the NDVH develops policies and procedures to ensure that Federal Financial Reports are accurately supported by the award accounting records.

OVW does agree with the recommendation. We will coordinate with NDVH and OJP to ensure that they develop policies and procedures to ensure that Federal Financial Reports are accurately supported by the award accounting records.

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

Charlotte Turpin
Program Specialist
Office on Violence Against Women (OVW)

**OFFICE OF JUSTICE PROGRAMS
RESPONSE TO THE DRAFT AUDIT REPORT**



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

NOV 16 2016

MEMORANDUM TO: David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General

FROM: Ralph E. Martin
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office on Violence Against Women and Office of Justice Programs Cooperative Agreements Awarded to the National Domestic Violence Hotline, Austin, Texas*

This memorandum is in reference to your correspondence, dated October 18, 2016, transmitting the above-referenced draft audit report for the National Domestic Violence Hotline (NDVH). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains six recommendations and \$1,041,669¹ in net questioned costs, of which two recommendations and \$453,555 in questioned costs are directed to the Office of Justice Programs (OJP); two recommendations and \$611,117 in questioned costs are directed to the Office on Violence Against Women (OVW); and two recommendations are directed to both OJP and OVW. The following is OJP's analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

3. We recommend that OJP remedy the \$394 in unallowable other direct costs.

OJP agrees with the recommendation. We will coordinate with NDVH to remedy the \$394 in questioned costs, related to travel expenses that were not included in the approved budget for cooperative agreement number 2014-XV-BX-K008.

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

4. We recommend that OJP remedy the \$453,161 in unsupported costs related to the following issues:

- a. \$423,783 in personnel costs.**
- b. \$29,378 in contractor and consultant costs.**

OJP agrees with both subparts of this recommendation. We will coordinate with NDVH to remedy the \$453,161 in questioned costs, related to unsupported personnel costs (\$423,783) allocated to cooperative agreement number 2014-XV-BX-K008; and to contractor and consultant costs (\$29,378) that were not included in the approved budget for cooperative agreement number 2014-XV-BX-K008.

5. We recommend that both OJP and OVW ensure that NDVH documents indirect costs expenditures in its award accounting records.

OJP agrees with the recommendation. We will coordinate with NDVH to obtain a copy of its written policies and procedures, developed and implemented, to ensure that NDVH documents indirect cost expenditures in its award accounting records.

6. We recommend that both OJP and OVW ensure that NDVH develops policies and procedures to ensure that Federal Financial Reports are accurately supported by the award accounting records.

OJP agrees with this recommendation. We will coordinate with NDVH to obtain a copy of its written policies and procedures, developed and implemented, to ensure that future Federal Financial Reports are accurately supported by the award accounting records.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Jeffery A. Haley, Deputy Director, Audit and Review Division, on (202) 616-2936.

cc: Maureen A. Henneberg
Deputy Assistant Attorney General
for Operations and Management

Anna Martinez
Senior Policy Advisor
Office of the Assistant Attorney General

Jeffery A. Haley
Deputy Director, Audit and Review Division
Office of Audit, Assessment and Management

Joye E. Frost
Director
Office for Victims of Crime

cc: Marilyn Roberts
Deputy Director
Office for Victims of Crime

Allison Turkel
Deputy Director
Office for Victims of Crime

Kathrina Peterson
Acting Deputy Director
Office for Victims of Crime

James Simonson
Associate Director for Operations
Office for Victims of Crime

Jasmine D'Addario-Fobian
Victim Justice Program Specialist
Office for Victims of Crime

Charles E. Moses
Deputy General Counsel

Silas V. Darden
Director
Office of Communications

Leigh A. Benda
Chief Financial Officer

Christal McNeil-Wright
Associate Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

Joanne M. Suttington
Associate Chief Financial Officer
Finance, Accounting, and Analysis Division
Office of the Chief Financial Officer

Jerry Conty
Assistant Chief Financial Officer
Grants Financial Management Division
Office of the Chief Financial Officer

cc: Alex Rosario
Assistant Chief Financial Officer
Finance, Accounting, and Analysis Division
Office of the Chief Financial Officer

Aida Brumme
Manager, Evaluation and Oversight Branch
Grants Financial Management Division
Office of the Chief Financial Officer

Richard P. Theis
Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number IT20161028122703

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

The Department of Justice (DOJ) Office of the Inspector General (OIG) provided a draft of this audit report to the National Domestic Violence Hotline (NDVH), Office on Violence Against Women (OVW) and Office of Justice Programs (OJP) for review and official comment. NDVH's response is incorporated in Appendix 3 of this final report, OVW's response is incorporated as Appendix 4, and OJP's response is incorporated as Appendix 5. Both OVW and OJP agreed with each recommendation contained in this report and discussed the actions necessary in order to address the recommendations. As a result, the report is resolved. NDVH disagreed with portions of four of the six recommendations concerning unsupported and unallowable personnel, contractor and consultant, and other direct costs, as discussed below. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Analysis of the NDVH Response

In its response, NDVH officials stated that the OIG reached the erroneous conclusion that NDVH did not comply with essential award conditions related to the use of award funds, accounting for award expenditures, and Federal Financial Reports (FFR). NDVH also states that it has been a responsible steward of grant funds and used the grant funds to support its mission. We disagree with these statements. NDVH is required to adhere to the conditions of the awards, which include properly accounting for award funds; using grant funds for allowable purposes; and accurately reporting on the use of grant funds. However, as stated in this report, we found that NDVH charged unallowable and unsupported costs to the awards totaling \$1,064,672. Additionally, we found that the award accounting records and Federal Financial Reports were not accurate. NDVH's response further states that the issues identified in the OIG report were related to record-keeping, indicating the NDVH agrees that it did not comply with essential award conditions related to accounting for award expenditures. Finally, NDVH states that it would be happy to provide the outstanding contracts and invoices, and to recreate the award accounting records, where applicable, to further demonstrate that the award funds were used appropriately. However, NDVH did not provide any additional documentation in its response to the draft report.

Recommendations to OVW:

1. **Remedy the \$43,724 in unallowable costs related to the following issues:**
 - a. **\$2,151 in personnel costs.**
 - b. **\$38,997 in contractor and consultant costs.**

c. \$2,576 in other direct costs.

Resolved. OVW agreed with our recommendation, and stated in its response that it will coordinate with NDVH to remedy the \$43,724 in unallowable costs.

For recommendation subpart a, NDVH officials stated that the unallowable personnel costs were for duties that were outside the employees job description and were not included in the award agreement.

For recommendation subpart b, NDVH officials did not agree with portions of this recommendation and states that it welcomes the opportunity to investigate some of the issues identified in our audit. In its response, NDVH stated that it believes it has contracts or OVW approval for the \$38,997 in unallowable contractor and consultant costs. However, NDVH did not provide any additional documentation to support its assertion. NDVH's response also provides a description of the services provided by the contractors and consultants and states that it believes that the expenditures were within the scope of the award program and within 10 percent of the total award amount; therefore, "obviating the requirement for a Grant Adjustment Notice (GAN)." However, the \$38,627 in unallowable contractor and consultant costs were for costs that were not included in the award budgets. NDVH is incorrect in stating that a GAN is not required for costs that are not included in the award budget. The Financial Guide states that award recipients must initiate a GAN for budget modifications, if the budget adjustment affects a cost that was not included in the original budget.

For recommendation subpart c, NDVH officials stated that it does not challenge the findings related to the \$2,576 in unallowable other direct costs.

This recommendation can be closed when we receive documentation demonstrating that OVW has remedied the \$43,724 in unallowable costs.

2. Remedy the \$567,393 in unsupported costs related to the following issues:

a. \$496,659 in personnel costs.

b. \$70,651 in contractor/consultant costs.

c. \$83 in other direct costs.

Resolved. OVW agreed with our recommendation, and stated in its response that it will coordinate with NDVH to remedy the \$567,393 in unsupported costs.

For recommendation subpart a, NDVH officials neither agreed nor disagreed with our recommendation. In its response, NDVH stated that there is a

2-week difference in the accounting records for the payroll versus the period the hours were incurred. As a result, NDVH believes that this practice will only result in questionable costs of one month at best – the two weeks at the beginning of the grant period and the two weeks at the end of the grant period. However, as stated in this report, we found none of the \$496,659 in personnel costs charged to the awards were supported by the employee timesheets. This issue was further compounded by the fact that we could not verify the accuracy of the monthly personnel costs because NDVH used the timesheets for the wrong pay periods to calculate monthly personnel costs.

For recommendation subpart b, NDVH officials did not agree with portions of this recommendation and states that it welcomes the opportunity to investigate some of the issues identified in our audit. In its response, NDVH stated that it believes it has contracts or OVW approval for the \$70,651 in unsupported contractor and consultant costs. NDVH's response also provides a description of the services provided by the contractors and consultants and states that it believes that the expenditures were within the scope of the award program and within 10 percent of the total award amount; therefore, a GAN is not required. However, as stated in this report, the \$70,651 in questioned costs were related to contractor and consultant costs that were not adequately supported by a current contract or agreement. We also found that the contractor and consultant invoices included unallowable charges, were not calculated correctly, were incomplete, or contained insufficient detail regarding the services provided. NDVH did not provide any additional documentation in its response to the draft report.

For recommendation subpart c, NDVH officials stated that it does not challenge the findings related to the \$83 in unsupported other direct costs.

This recommendation can be closed when we receive documentation demonstrating that OVW has remedied the \$567,393 in unsupported costs.

Recommendations to OJP:

3. Remedy the \$394 in unallowable other direct costs.

Resolved. OJP agreed with our recommendation, and stated in its response that it will coordinate with NDVH to remedy the \$394 in unallowable costs. NDVH officials neither agreed nor disagreed with our recommendation.

In its response, NDVH stated that it did not spend as much as anticipated on travel costs and followed the process outlined by the assigned program officer to report it. As noted in the report, these travel expenses were not included in the approved budget or GANs.

This recommendation can be closed when we receive documentation demonstrating that OJP has remedied the \$394 in unallowable costs.

4. Remedy the \$453,161 in unsupported costs related to the following issues:

a. \$423,783 in personnel costs.

b. \$29,378 in contractor and consultant costs.

Resolved. OJP agreed with our recommendation, and stated in its response that it will coordinate with NDVH to remedy the \$453,161 in unsupported costs.

For recommendation subpart a, NDVH officials neither agreed nor disagreed with our recommendation. In its response, NDVH stated that there is a 2-week difference in the accounting records for the payroll versus the period the hours were incurred. As a result, NDVH believes that this practice will only result in questionable costs of one month at best – the two weeks at the beginning of the grant period and the two weeks at the end of the grant period. However, as stated in this report, we found none of the \$423,783 in personnel costs charged to the awards were supported by the employee timesheets. This issue was further compounded by the fact that we could not verify the accuracy of the monthly personnel costs because NDVH used the timesheets for the wrong pay periods to calculate monthly personnel costs. NDVH noted in its response that it has implemented a new payroll module that allows the employee timesheets to match with the payroll expenses within the same month.

For recommendation subpart b, NDVH officials neither agreed nor disagreed with our recommendation. In its response, NDVH stated that it believes the \$29,378 in unsupported contractor and consultant costs are included in the award budget, and that it will provide documentation for the contractor. However, NDVH did not provide any additional documentation in its response to the draft report.

This recommendation can be closed when we receive documentation demonstrating that OJP has remedied the \$453,161 in unsupported costs.

Recommendations to both OVW and OJP:

5. Ensure that NDVH documents indirect costs expenditures in its award accounting records.

Resolved. Both OVW and OJP agreed with our recommendation, and stated in their responses that they will coordinate with NDVH to ensure that it develops policies and procedures to ensure that indirect costs are documented in the award accounting records.

NDVH officials neither agreed nor disagreed with this recommendation. However, in its response, NDVH acknowledged that indirect costs were not

included in the award accounting records. Additionally, NDVH stated that going forward; it will document indirect cost expenditures in its award accounting records.

This recommendation can be closed when we receive a copy of the new policy that addresses indirect costs to ensure they are documented in the accounting records.

6. Ensure that NDVH develops policies and procedures to ensure that Federal Financial Reports are accurately supported by the award accounting records.

Resolved. Both OVW and OJP agreed with our recommendation, and stated in their responses that they will coordinate with NDVH to ensure that it develops policies and procedures to ensure that FFRs are accurately supported by the accounting records.

NDVH officials neither agreed nor disagreed with this recommendation. However, in its response, NDVH acknowledged indirect costs were not reported in the FFRs. Additionally, NDVH stated that it will develop policies and procedures to ensure that FFRs are accurately supported by the award accounting records.

This recommendation can be closed when we receive a copy of the new policy that addresses FFR procedures to ensure they are accurately supported by the accounting records.

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