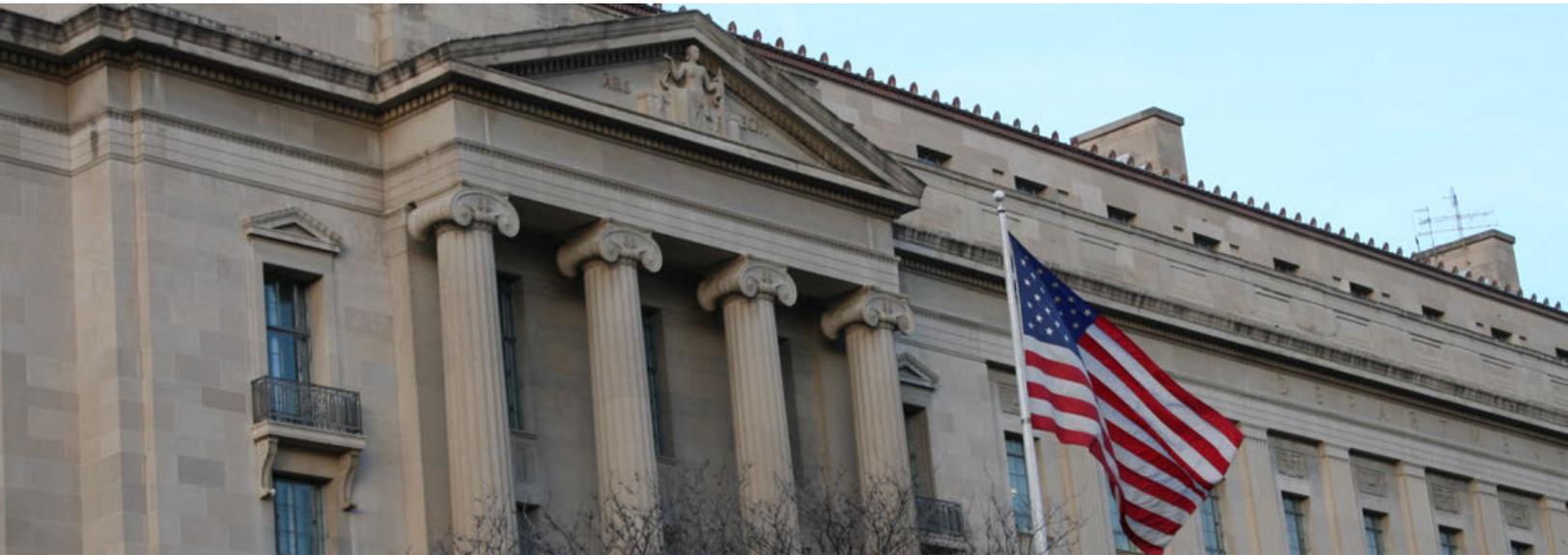




Office of the Inspector General
U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



**Audit of the Office on Violence
Against Women Grants Awarded to
the South Dakota Network Against
Family Violence and Sexual Assault,
Sioux Falls, South Dakota**



Executive Summary

Audit of the Office on Violence Against Women Grants Awarded to the South Dakota Network Against Family Violence and Sexual Assault, Sioux Falls, South Dakota

Objectives

The Office on Violence Against Women (OVW) awarded the South Dakota Network Against Family Violence and Sexual Assault (SDNAFVSA) a cooperative agreement and 5 grants totaling \$3 million for the Disability, Transitional Housing, Tribal Assistance, Legal Assistance, and Rural Assistance Programs. The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives.

Results in Brief

As a result of our audit, we concluded that the SDNAFVSA demonstrated adequate progress towards achieving the awards' stated goals and objectives. However, we identified several discrepancies or instances of noncompliance. We found that the SDNAFVSA did not comply with essential award conditions related to ensuring the accuracy of progress reports (and the accuracy of performance reports from subrecipients), expenditures incurred were not included in an approved budget, and a failure to fully comply with special conditions concerning the timing of drawdowns. We also identified \$3,361 in office insurance expenditures that were not included in the approved budgets and therefore unallowable.

Recommendations

Our report contains four recommendations to OVW. We requested a response to our draft audit report from the OVW and the SDNAFVSA, which can be found in Appendices 3 and 4, respectively. Our analysis of those responses is included in Appendix 5.

Audit Results

The purposes of the six OVW awards we reviewed were to provide services to victims of domestic violence, dating violence, sexual assault, and stalking and to increase the capacity of SDNAFVSA and its subrecipients to provide services to victims. The project period for the grants was from October, 2013 through September 2019. The SDNAFVSA drew down a cumulative amount of \$1.6 million for all of the grants we reviewed.

Program Goals and Accomplishments - We determined SDNAFVSA conducted webinars with subrecipients, provided technical assistance to subrecipients, performed trainings to improve practices for serving victims and improving the work between SDNAFVSA and subrecipients. SDNAFVSA's subrecipients have also provided transitional housing assistance, legal assistance, and community education events. We determined that although there were issues relating to the accuracy of reported performance, we reviewed documentation from SDNAFVSA and its subrecipients and it demonstrated adequate progress towards, or completion of, the six awards' goals and objectives.

Progress Report Accuracy - We noted discrepancies with both the collection of progress report information from subrecipients and with the accuracy of information maintained by subrecipients. We identified five instances in the Rural Award where the aggregate information from all subrecipient reports did not accurately support what was reported to OVW. We also noted that subrecipients did not maintain accurate documentation to support performance information reported to the SDNAFVSA in five of the awards we reviewed.

Unallowable Expenditures - We determined that expenditures; totaling \$3,361; categorized as "office insurance" that were not included in OVW-approved budgets and therefore, unallowable.

Unallowable Timing of Drawdowns - We determined that SDNAFVSA drew down award funds in three awards; totaling \$11,392; when special conditions in place restricted them from doing so.

**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN
GRANTS AWARDED TO THE SOUTH DAKOTA NETWORK
AGAINST FAMILY VIOLENCE AND SEXUAL ASSAULT,
SIOUX FALLS, SOUTH DAKOTA**

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**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN
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SIOUX FALLS, SOUTH DAKOTA**

INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of one cooperative agreement and five grants awarded by the Office on Violence Against Women (OVW) to the South Dakota Network Against Family Violence and Sexual Assault (SDNAFVSA) in Sioux Falls, South Dakota. SDNAFVSA’s awards totaled \$3 million, as shown in Table 1.

**Table 1
OVW Awards to the SDNAFVSA**

| Award Number | Grant Program | Award Date | Project Period Start Date | Project Period End Date | Award Amount |
|------------------------------|----------------------|-------------------|----------------------------------|--------------------------------|---------------------|
| 2013-FW-AX-K002 ¹ | Disability Program | 09/13/2013 | 10/01/2013 | 02/28/2018 | \$550,000 |
| 2013-WH-AX-0011 | Transitional Housing | 09/10/2013 | 10/01/2013 | 03/31/2017 | 300,000 |
| 2016-TW-AX-0032 | Tribal Assistance | 09/26/2016 | 10/01/2016 | 09/30/2019 | 450,000 |
| 2016-WH-AX-0001 | Transitional Housing | 09/21/2016 | 10/01/2016 | 09/30/2019 | 350,000 |
| 2016-WL-AX-0011 | Legal Assistance | 09/09/2016 | 10/01/2016 | 09/30/2019 | 600,000 |
| 2016-WR-AX-0016 | Rural Assistance | 09/02/2016 | 10/01/2016 | 09/30/2019 | 750,000 |
| Total: | | | | | \$3,000,000 |

Source: OVW

Funding through the Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities Grant Program (Disabilities Grant Program) supports sustainable change within and between organizations that results in accessible, safe and effective services for individuals with disabilities and deaf individuals who are victims of sexual assault, domestic violence, dating violence, and stalking and accountability for perpetrators of such crimes.

Funding through the Transitional Housing Assistance Grants for Victims of Sexual Assault, Domestic Violence, Dating Violence, and Stalking Program (Transitional Housing Program) supports certain provisions of the Prosecutorial Remedies and Other Tools to End the Exploitation of Children Today Act of 2003 (the PROTECT Act), the Violence Against Women and Department of Justice Reauthorization Act of 2005, and the Violence Against Women Reauthorization Act of 2013. The primary purpose of the Transitional Housing Assistance Program is to

¹ OVW awarded this as a cooperative agreement.

provide aid to victims of sexual assault, domestic violence, dating violence, and stalking who are homeless, or in need of transitional housing or other housing assistance, including short-term housing assistance and supportive services; and for whom emergency shelter services or other crisis intervention services are unavailable or insufficient. The Program also focuses on supporting a holistic, victim-centered approach to provide transitional housing services that move individuals into permanent housing.

Funding through the Grants to Indian Tribal Governments Program (Tribal Assistance Program) is designed to fulfill three goals: (1) decrease the incidence of violent crime against Indian women; (2) strengthen the capacity of Indian tribes to exercise their sovereign authority to respond to violent crimes committed against Indian women; and (3) ensure that perpetrators of violent crimes committed against Indian women are held accountable for their criminal behavior.

Funding through the Legal Assistance for Victims Grant Program (Legal Assistance Program) supports strengthening civil and criminal legal assistance programs for adult and youth victims of domestic violence, dating violence, sexual assault, and stalking who are seeking relief in legal matters arising as a consequence of that abuse or violence. Eligible applicants are nonprofit entities, Indian tribal governments and tribal organizations, and publicly funded organizations not acting in a governmental capacity, such as law schools. OVW funds projects that provide comprehensive legal services either through direct representation and/or victim advocacy which enhances victims' safety and strengthens their economic security. OVW has a particular interest in programs that provide holistic legal services, focus solely or primarily on providing a broad range of representation to victims of sexual assault, and programs that provide comprehensive representation to adult and youth victims of domestic violence, dating violence, stalking and sexual assault on lands within the jurisdiction of an Indian tribe.

Funding through the Rural Sexual Assault, Domestic Violence, Dating Violence, and Stalking Assistance Program (Rural Assistance Program) supports certain provisions of the Violence Against Women Act, which was enacted in September 1994 as Title IV of the Violent Crime Control and Law Enforcement Act of 1994 and reauthorized in subsequent legislation. Rural Program grant funds are used to support programs that: (1) identify, assess, and appropriately respond to child, youth and adult victims of domestic violence, dating violence, sexual assault and stalking in rural communities, by encouraging collaboration among domestic violence, dating violence, sexual assault, and stalking victim service providers; law enforcement agencies; prosecutors; courts; other criminal justice service providers; human and community service providers; educational institutions; and health care providers; (2) establish and expand nonprofit, nongovernmental, state, tribal, territorial, and local government victim services in rural communities to child, youth, and adult victims; and/or (3) increase the safety and well-being of women and children in rural communities by dealing directly and immediately with domestic violence, dating violence, sexual assault, and stalking occurring in rural communities and by creating strategies to increase awareness and prevent domestic violence, dating violence, sexual assault, and stalking.

The Grantee

According to its website, the SDNAFVSA is a state-level non-profit agency comprised of caring people dealing with the concerns of domestic violence and sexual assault victims. Its member programs employ and support individuals of all racial, social, religious and economic groups, ages, abilities, and lifestyles. Rural, urban and tribal areas are proudly represented. The SDNAFVSA works with 63 member agencies (including subrecipients of the awards in this audit) to provide services including a Sexual Assault Task Force; Law Enforcement Training; and technical assistance for attorneys prosecuting domestic violence, sexual assault, dating violence, and stalking cases.

OIG Audit Approach

The objectives of this audit were 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; and to determine whether the awardee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, 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 tested compliance with what we consider to be the most important conditions of the awards. The 2013 and 2014 OVW Financial Grants Management Guide, the 2015 and 2017 DOJ Grants Financial Guide², and the award documents contain the primary criteria we applied during the audit.

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

² Referred to throughout this report as Financial Guide.

AUDIT RESULTS

Program Performance and Accomplishments

We reviewed required performance reports, grant documentation, and interviewed grantee officials to determine whether the SDNAFVSA demonstrated adequate progress towards achieving the program goals and objectives. We found that SDNAFVSA and its subrecipients demonstrated adequate progress towards, or completion of, the awards' goals and objectives.

We also reviewed the progress reports to determine if the required reports were accurate. Overall, we noted discrepancies with both the collection of progress report information and the accuracy of information maintained by subrecipients. Details relating to the accuracy testing of progress reports submitted from SDNAFVSA as well as its subrecipients are described in more detail in the Progress Report section of this report.

Program Goals and Objectives

Disabilities Grant Program

For Award Number 2013-FW-AX-K002, the goals pertained to building collaboration skills and the capacity to provide technical assistance to member agencies; ensuring safety and access at collaboration agencies, trainings, and events, increasing member capacity to respond to survivors with disabilities and deaf survivors; and to continue the commitment of bridging the work between the SDNAFVSA and subrecipients. During our progress report analysis, we determined SDNAFVSA conducted webinars with subrecipients, provided technical assistance to subrecipients, and performed trainings related to improving practices for serving individuals with disabilities and improving the work between SDNAFVSA and subrecipients. Based on our review, there were no indications that SDNAFVSA did not achieve the stated goals and objectives of this award.

Transitional Housing Program

Award Numbers 2013-WH-AX-0011 and 2016-WH-AX-0001 have similar goals including assisting victims with transitional housing rental assistance, providing victims support services through all project partners, and for SDNAFVSA and project partners to participate in local and state coordination community response teams.³ During our Progress Report Analysis, we determined that SDNAFVSA subrecipients had provided transitional housing rental assistance and support services. Based on our review, there were no indications that SDNAFVSA did not adequately achieve stated goals and objectives of this award.

Tribal Assistance Program

Award Number 2016-TW-AX-0032 focuses on increasing the ability of the Flandreau Santee Sioux Tribal Government to respond to domestic violence, dating

³ Goals involving community response teams are exclusive to 2016-WH-AX-0001.

violence, sexual assault, sex trafficking, and stalking committed against Indian women; providing transitional housing for victims; and working with the tribal community to create education and prevention campaigns to inform the community about sex trafficking. During our Progress Report analysis, we determined SDNAFVSA provided transitional housing rental assistance for victims and the subrecipient conducted community and educational events to inform the local community. Based on our review, there were no indications that SDNAFVSA was not adequately achieving stated goals and objectives of this award.

Legal Assistance Program

The goals for Award Number 2016-WL-AX-0011 are to hire two attorneys and to contract with a part-time immigration attorney to offer civil legal services to victims, to contract with a part-time experienced immigration attorney. During our Progress Report analysis, we determined that SDNAFVSA subrecipients had two attorneys and an immigration attorney who provided legal services, including obtaining protection orders, for victims. Based on our review, there were no indications that SDNAFVSA was not adequately achieving stated goals and objectives of this award.

Rural Assistance Program

For Award Number 2016-WR-AX-0016 the goals and objectives focus on 12 rural advocates to provide outreach advocacy services to 60 rural counties in South Dakota; to increase the safety and well-being of victims; for rural advocates to continue meeting with established coordinated community response teams and sexual assault response teams; and to increase support for sexual assault victims, including services and law enforcement response. During our Progress Report analysis, we determined SDNAFVSA subrecipients held meetings with community response teams, provided community education events, served domestic violence and sexual assault victims, and addressed hotline calls from victims. Based on our review, there were no indications that SDNAFVSA was not adequately achieving stated goals and objectives of this award.

Progress Reports

OVW requires award recipients to submit progress reports semiannually to provide information relevant to the performance and activities of the program. To this end, the Financial Guide requires that award recipients ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. As a result, we tested the accuracy of the progress reports submitted under each award by selecting a judgmental sample of 47 performance measures from the 2 most recent reports submitted for each award.⁴ We then traced the items to supporting documentation maintained by SDNAFVSA. We found that the support maintained for many of the performance measures selected were performance reports submitted by

⁴ For Award Number 2013-FW-AX-K002, we selected the 2nd and 3rd most recent reports due to a lack of information in the final progress report.

subrecipients. We determined that any supporting documentation for those reports is maintained at the subrecipient's location. Therefore, for those performance measures supported by subrecipient performance reports, we also selected a judgmental sample of 10 subrecipients' performance reports submitted to SDNAFVSA in order to verify the accuracy of information subrecipients reported to the SDNAFVSA.⁵

Disabilities Grant Program

For Award Number 2013-FW-AX-K002, we selected a total of eight performance measures and accomplishments reported by SDNAFVSA and were provided supporting documentation maintained by SDNAFVSA officials as support for these measures. After reviewing the supporting documentation maintained by SDNAFVSA officials, we determined that the eight selected performance measures were accurate.

Transitional Housing Program

For Award Number 2013-WH-AX-0011, we selected a total of seven performance measures and accomplishments reported by SDNAFVSA and were provided 11 subrecipient performance reports as support for these measures. As a result, we compared the aggregate information in the progress reports with the information in the subrecipient performance reports and determined that the aggregate information reported was accurate. We also verified two of the six subrecipient reports to supporting documentation. Specifically, these subrecipients reported on five of the six sampled performance measures. For each selected subrecipients, we found that four of the five performance measures were not accurate or could not be supported to the information reported to SDNAFVSA.

For Award Number 2016-WH-AX-0001, we selected a total of eight performance measures and accomplishments reported by SDNAFVSA and were provided 15 subrecipient performance reports as support for these measures. As a result, we compared the aggregate information in the progress reports with the information in the subrecipient performance reports and determined that the aggregate information reported was accurate. In order to verify the statistics contained in the subrecipient performance reports, we also selected two of the six subrecipients to provide supporting documentation for the statistics reported in the performance reports that contributed to SDNAFVSA's progress report. Specifically, these subrecipients reported on six of the eight sampled performance measures. For each of the selected subrecipients, we found that two of the six performance measures were not accurate or could not be supported to the information reported to SDNAFVSA.

Tribal Assistance Program

For Award Number 2016-TW-AX-0032, we selected a total of eight performance measures and accomplishments reported by SDNAFVSA and were

⁵ Some of the subrecipients were included in our sample for multiple awards.

provided a subrecipient performance report as support for these measures. We reviewed the subrecipient performance reports and documentation maintained by SDNAFVSA and determined that the information was accurate. In order to verify the statistics contained in the subrecipient performance reports, we also requested the subrecipient to provide supporting documentation for the statistics reported in their performance report. Specifically, the subrecipient had reported on three of the eight sampled performance measures. Based on our review, we found that two of three performance measures were not accurate to the information reported to SDNAFVSA.⁶

Legal Assistance Program

For Award Number 2016-WL-AX-0011, we selected a total of eight performance measures and accomplishments reported by SDNAFVSA and were provided six subrecipient performance reports as support for these measures. As a result, we compared the aggregate information in the progress reports with the information in the subrecipient performance reports and determined that the aggregate information was accurate. In order to verify the statistics contained in the subrecipient performance reports, we also requested these subrecipients to provide supporting documentation for the statistics reported in their performance reports that contributed to SDNAFVSA's progress report. Based on our review, we found that for:

- Subrecipient Number 1, four of the seven performance measures we reviewed were not accurate.
- Subrecipient Number 2, the two performance measures we reviewed were accurate.
- Subrecipient Number 3, all four of the performance measures we reviewed were inaccurate.⁷

Rural Assistance Program

For Award Number 2016-WR-AX-0016, we selected a total of 8 performance measures and accomplishments reported by SDNAFVSA and were provided 10 subrecipient performance reports as support for these measures. As a result, we compared the aggregate information in the progress reports with the information in the subrecipient performance reports and determined that the aggregate information was accurate for three of the eight sampled performance measures.

In order to verify the statistics contained in the subrecipient performance reports, we also selected 5 of the 12 subrecipients that provided supporting

⁶ SDNAFVSA explained that due to the subrecipient being a high-risk grantee, SDNAFVSA handled expenditures involving transitional housing for the subrecipient and therefore maintained documentation for transitional housing information included in progress reports, which includes the other information requested for the progress reports in this grant.

⁷ This subrecipient did not report any activity in one of the two reports we reviewed for this award.

documentation for the statistics reported in their performance reports that contributed to SDNAFVSA's progress reports. Based on our review, we found that:

- Subrecipient Number 1, one of the five performance measures was not accurate to what they reported to SDNAFVSA.
- Subrecipient Numbers 2, 4 and 5, three of the five performance measures were not accurate to what they reported to SDNAFVSA.
- Subrecipient Number 3, two of the six performance measures were not accurate to what they reported to SDNAFVSA.

Overall, we noted discrepancies with accuracy of subrecipient performance reports as well as the aggregation of the subrecipient performance report data into the SDNAFVSA progress reports. Based on these discrepancies, we recommend that OVW ensure that SDNAFVSA develop policies and procedures to ensure that subrecipient report information is aggregated to correctly report the cumulative activities of subrecipients in progress reports. Additionally, we also recommend that OVW ensure that the SDNAFVSA develop policies and procedures to ensure that subrecipients prepare and maintain valid and auditable source documentation to support the data collected and reported to SDNAFVSA for award performance.

Subrecipient Monitoring

According to the Financial Guide, the purpose of subrecipient monitoring is to ensure that the subaward is being used for the authorized purpose, in compliance with the federal program and award requirements, laws, and regulations, and the subaward performance goals are achieved. All pass-through entities are required to monitor their subrecipients.

According to SDNAFVSA internal control policies, monitoring of subrecipients is performed by the management of the SDNAFVSA. Subrecipients are required to submit reimbursement requests to SDNAFVSA, with appropriate supporting documentation, for payment and approval. SDNAFVSA personnel maintain a documentation of communications with the subrecipient, documentation of applicable annual audit information, and will perform periodic onsite visits of subrecipient's program and financial operations. SDNAFVSA may discontinue funding and contractual arrangements with subrecipients who do not provide timely reimbursement or performance documentation.

We selected a sample of two subrecipients from each grant and requested the monitoring documentation maintained by SDNAFVSA for those subrecipients.⁸ In this documentation we noted that SDNAFVSA officials would maintain logs of contact with the subrecipient, any site visit documentation, and single audit documentation. Also, as mentioned, in the Grant Expenditures section of this report, we noted that the sampled subrecipient expenditures were allowable,

⁸ As previously mentioned, we only selected one subrecipient from award 2016-TW-AX-0032 because they were the only subrecipient.

supported, and properly allocated in compliance with award requirements. We also noted evidence of the SDNAFVSA review and approval process within these sampled expenditures. Therefore, although we had noted deficiencies related to monitoring and reporting subrecipient performance, we determined that SDNAFVSA's policies and procedures are adequate to insure subrecipients expenditures are used for the authorized purpose and that subrecipients are in compliance with federal program award requirements, laws and regulations, and program performance goals.

Grant Financial Management

According to the Financial Guide, all award recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess the SDNAFVSA's financial management of the awards covered by this audit, we conducted interviews with financial staff, examined policy and procedures, and inspected grant documents to determine whether the SDNAFVSA adequately safeguarded the grant funds we audited. We also reviewed SDNAFVSA's Single Audit Report for Fiscal Years ending June 30, 2016 and 2017, to identify internal control weaknesses and significant non-compliance issues related to federal awards. Finally, we performed testing in the areas that were relevant for the management of this awards, as discussed throughout this report.

Based on our review, we concluded that grant financial management related to drawdowns and budget management could be improved. We determined that the SDNAFVSA had drawn down funds for non-travel related expenditures, even though there were special conditions at the time that prohibited this practice. We also determined that SDNAFVSA incurred office insurance and personnel expenditures totaling \$4,458 that were not included in the OVW-approved budget. These deficiencies are discussed in more detail in the Personnel Charges and Budget Management and Control sections of this report.

Single Audit

Non-federal entities that receive federal financial assistance are required to comply with the *Single Audit Act of 1984*, as amended. The Single Audit Act provides for recipients of federal funding above a certain threshold to receive an annual audit of their financial statements and federal expenditures. Under 2 C.F.R. §200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), such entities that expend \$750,000 or more in federal funds within the entity's fiscal year must have a "single audit" performed annually covering all federal funds expended that year.⁹ We reviewed the last financial statement and audit for years ending June 30, 2017 and 2016 and we noted two findings, involving a subgrant from a DOJ grant awarded to the South Dakota Office of the Attorney General, that were significant within the context of our audit objectives.

⁹ On December 26, 2014, the Uniform Guidance superseded OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization. Under OMB Circular A-133, which affected all audits of fiscal years beginning before December 26, 2014, the audit threshold was \$500,000.

The first finding involved two subrecipients who were reimbursed at amounts in excess of award's established rates because SDNAFVSA did not compare the rates submitted by subrecipients. The second finding involved award funds that were drawn down in August 2016, that were not disbursed within the 10 day period required by the Financial Guides and a letter of agreement with the State of South Dakota. In their response to the report, SDNAFVSA officials explained that they were not aware of the South Dakota state requirement for funds to be disbursed.

Grant Expenditures

Between October 2013 and June 2018, SDNAFVSA charged over \$1.6 million in expenditures to the six awards we audited. These expenditures included personnel, fringe benefits, travel, equipment, supplies, contractual, and other expenditures. The following table summarizes this information.

Table 2
Expenditure Summary for SDNAFVSA Awards
From October 2013 to June 2018

| Expenditure Category | 2013-FW-AX-K002 | 2013-WH-AX-0011 | 2016-TW-AX-0032 | 2016-WH-AX-0001 | 2016-WL-AX-0011 | 2016-WR-AX-0016 | Total |
|----------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| Personnel | \$240,398 | \$ 29,190 | \$ 47,210 | \$ 19,584 | \$ 34,070 | \$46,331 | \$416,783 |
| Fringe Benefits | 47,110 | 5,941 | 11,692 | 4,396 | 6,300 | 9,716 | 85,155 |
| Travel | 40,787 | 3,025 | 5,640 | 3,334 | 1,677 | 5,594 | 60,057 |
| Equipment | 2,316 | 1,135 | - | - | - | - | 3,451 |
| Supplies | 7,721 | 888 | 1,168 | 351 | 4,728 | 2,043 | 16,899 |
| Contractual | 178,010 | 101,869 | 72,495 | 43,626 | 147,317 | 192,430 | 735,747 |
| Other | 33,657 | 157,166 | 20,590 | 113,380 | 13,081 | 10,540 | 348,414 |
| Total: | \$550,000 | \$299,214 | \$158,795 | \$184,670 | \$207,173 | \$266,654 | \$1,666,506 |

Note: Totals may not add due to rounding.

Source: OIG analysis of SDNAFVSA financial records.

To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions. We selected 220 travel, equipment, supplies, subrecipient, and other transactions, totaling \$350,504; as well as personnel and fringe benefit transactions in non-consecutive pay periods.¹⁰ We reviewed documentation, accounting records, and performed verification testing related to grant expenditures. We determined that the travel, equipment, supplies, subrecipient, and other transactions selected for testing were allowable, supported, and properly allocated in compliance with award requirements. However, we did note an instance of noncompliance in our testing of personnel and fringe benefit transactions.

Personnel Costs

In order to determine whether personnel costs charged to the awards were allowable, supported, and properly allocated in compliance with award

¹⁰ Details regard our transaction testing and selection methodology are in Appendix 1.

requirements, we selected three non-consecutive pay periods for 2013-FW-AX-K002 and 2013-WH-AX-0011 and two non-consecutive pay periods for the remaining awards. For five of the six awards, we determined that personnel costs for these awards were generally computed correctly, properly authorized, generally accurately recorded, and properly allocated to the grant. However, we noted a pay period in our testing for 2016-WL-AX-0011 where an SDNAFVSA employee allocated time to this award and that position was not included in the OVW-approved budget. SDNAFVSA officials explained that this employee worked under the "Grants Financial Manager" position, who helped with reporting accuracy through sub-recipient monitoring and reviewing progress reports for grammatical and statistical accuracy. After we identified this discrepancy, we reviewed the general ledger for this award and determined that the expenditures for this employee's salary and benefits charged, totaling \$1,097, to be unallowable because this position was not included in an OVW-approved budget. After our fieldwork, SDNAFVSA officials submitted a Grant Adjustment Notice (GAN), requesting approval for the personnel charges identified in our analysis. OVW approved this GAN on December 19, 2018, therefore, we no longer take exception to these personnel costs.

Budget Management and Control

According to the Financial Guide, the award 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 SDNAFVSA transferred funds among budget categories in excess of 10 percent. We determined that the cumulative difference between category expenditures and approved budget category totals did not exceed 10 percent. However, as detailed in Table 3, when reviewing the SDNAFVSA's accounting records, we identified expenditures for *Insurance Non-Employee* that was not included in the OVW-approved budgets, totaling \$3,361.

Table 3
Unapproved SDNAFVSA
Insurance Expenditures

| Award Number | Insurance Expenditures |
|-----------------|------------------------|
| 2013-FW-AX-K002 | \$1,877 |
| 2013-WH-AX-0011 | 197 |
| 2016-TW-AX-0032 | 375 |
| 2016-WH-AX-0001 | 193 |
| 2016-WL-AX-0011 | 302 |
| 2016-WR-AX-0016 | 417 |
| Total: | \$3,361 |

Note: Totals may not add due to rounding.

Source: SDNAFVSA Accounting Records

When we discussed these expenditures with SDNAFVSA officials, they explained that the *Insurance Non-Employee* consisted of office insurances like directors' liability, auto rental insurance, and business liability insurance. SDNAFVSA officials acknowledged that although these expenditures were not specifically listed in approved budgets they believed these expenditures were allowable under Uniform Guidance §200.447 because these expenditures are included in their internal control policies. Uniform Guidance §200.447 states that the costs of insurance required or approved and maintained pursuant to the Federal award are allowable. Costs of other insurance in connection with the general conduct of activities are allowable subject to limitation including that the types and extent and cost of coverage are in accordance with the non-Federal entity's policy and sound business practice. SDNAFVSA policies further state,

Workman's Compensation, Unemployment insurance, Directors' and Officers' liability insurance, rental insurance for contents, equipment and travel are all provided by SDNAFVSA.

We do not take exception to these in relation to the Uniform Guidance. However, since these expenditures were not included in the OVW-approved budgets, we consider these costs to be unallowable. As a result, we recommend that OVW remedy \$3,361 in unallowable insurance expenditures not approved in the award budgets.

Drawdowns

According to the Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. SDNAFVSA has specific procedures for drawing down federal funds and requests drawdowns through Grants Payment Request System as expenses are incurred.

As shown in Table 4 below, the SDNAFVSA had drawn down a total of \$1,610,614 as of June 13, 2018. To assess whether the SDNAFVSA managed grant

receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. We determined that cumulative expenditures generally met or exceeded the cumulative amount of funds drawn down for each of the six awards we reviewed.¹¹

Table 4
Drawdowns for OVW Awards to SDNAFVSA as of June 13, 2018

| Award Number | Project Period End Date | Award Amount | Total Award Expenditures | Total Funds Drawn Down |
|---------------------|--------------------------------|---------------------|---------------------------------|-------------------------------|
| 2013-FW-AX-K002 | 02/28/2018 | \$550,000 | \$550,000 | \$550,000 |
| 2013-WH-AX-0011 | 03/31/2017 | 300,000 | 299,214 | 299,214 |
| 2016-TW-AX-0032 | 09/30/2019 | 450,000 | 149,893 | 149,700 |
| 2016-WH-AX-0001 | 09/30/2019 | 350,000 | 177,861 | 177,500 |
| 2016-WL-AX-0011 | 09/30/2019 | 600,000 | 190,791 | 190,800 |
| 2016-WR-AX-0016 | 09/30/2019 | 750,000 | 244,912 | 243,400 |
| Total: | | | \$1,612,670 | 1,610,614 |

Source: OVW award documentation and SDNAFVSA financial documentation.

During our review, we noted that OVW included a special condition for each grant included in our audit, stating that, the recipient's budget is pending review and approval. The recipient may obligate, expend and draw down funds for travel related expenses to attend OVW-sponsored technical assistance events up to \$10,000. Remaining funds will not be available for draw down until the Office on Violence Against Women, Grants Financial Management Division has approved the budget and budget narrative, and a Grant Adjustment Notice has been issued removing this special condition. Any obligations or expenditures incurred by the recipient prior to the budget being approved are made at the recipient's own risk.

We found that for each grant, the budget was approved and this special condition was removed with a GAN. As shown in Table 5, when reviewing the drawdowns and expenditures that occurred between the award date of the grant and the date that these special conditions were removed, we noted SDNAFVSA requested drawdowns for Award Numbers 2016-TW-AX-0032, 2016-WH-AX-0001, and 2016-WR-AX-0016 and included expenditures that were not travel related expenses to attend OVW-sponsored technical assistance events.

¹¹ Although drawdowns exceeded expenditures for Award Number 2016-WL-AX-0011, we did not take exception to this because the difference was immaterial.

Table 5
Drawdowns During Special Condition Period

| Award Number | Project Period Start Date | Date of Special Condition Removal | Funds Drawn Down Prior to Condition Removal | Non-Travel Expenditures Drawn Down Prior to Condition Removal | Types of Expenditures Prior to Condition Removal |
|---------------------|----------------------------------|--|--|--|---|
| 2013-FW-AX-K002 | 10/01/2013 | 11/05/2013 | \$0 | \$0 | N/A |
| 2013-WH-AX-0011 | 10/01/2013 | 11/26/2013 | \$0 | \$0 | N/A |
| 2016-TW-AX-0032 | 10/01/2016 | 01/19/2017 | 10,000 | \$8,031 | Salaries Fringe Benefits Annual Leave Rent/Utilities |
| 2016-WH-AX-0001 | 10/01/2016 | 02/13/2017 | 4,400 | 1,930 | Salaries Rent Assistance |
| 2016-WL-AX-0011 | 10/01/2016 | 10/14/2016 | 0 | N/A | N/A |
| 2016-WR-AX-0016 | 10/01/2016 | 11/03/2016 | 1,000 | \$1,431 | Salaries Fringe Benefits Annual Leave Rent/Utilities |

Source: OVW award documentation and SDNAFVSA general ledgers.

SDNAFVSA policies related to compliance with special conditions of federal awards, focus on the subrecipients compliance with the grant special conditions. While reviewing these policies, we did not identify any specific requirements for SDNAFVSA's compliance with special conditions. We discussed this issue with SDNAFVSA officials, who explained SDNAFVSA staff are required to adhere to all special conditions. SDNAFVSA officials also stated that two SDNAFVSA officials attended OVW grant orientation where several questions were asked about how to handle salaries paid, including salaries to attend the trainings, before the budget had been officially approved. SDNAFVSA officials stated that OVW's response was that the award recipients can begin working on the first day of the award, but the award recipient assumes the risk that costs may not be allowable if the budget is not approved. However, if OVW had advised this, it would be assumed that these costs would be made at the grantee's own risk and would not be subject to drawdowns.

Therefore we determined that SDNAFVSA officials did not comply with the special condition before it was removed from the awards. Since OVW did ultimately approve a budget and removed the special condition for the non-travel expenditures obligated and drawn down, we do not take exception to these expenditures. However, we do recommend that OVW ensure that the SDNAFVSA develop and implement policies to ensure that special conditions that restrict award expenditures are properly identified and followed.

Federal Financial Reports

According to the Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report as well as cumulative expenditures. To determine whether

SDNAFVSA submitted accurate Federal Financial Reports (FFRs), for each award, we compared the four most recent reports submitted to SDNAFVSA's accounting records. We found that for the six awards reviewed, quarterly expenditures reported on the FFRs did not match SDNAFVSA accounting records. SDNAFVSA officials explained that the inaccuracies were due to new financial personnel's inexperience submitting FFRs and that they submitted revised FFRs to OVW. Although we found inaccuracies with quarterly expenditures, we determined that the cumulative expenditures reported in the most current FFR reviewed matched SDNAFVSA accounting records. Therefore, we do not take exception to the periodic differences in FFRs.

CONCLUSION AND RECOMMENDATIONS

As a result of our audit testing, we conclude that the SDNAFVSA did not adhere to all of the grant requirements we tested, but demonstrated adequate progress towards achieving and demonstrated adequate achievement of the awards' stated goals and objectives, except for several discrepancies or instances of noncompliance. We did not identify significant issues regarding SDNAFVSA's processes for adhering to the 10-percent rule for award budgets, drawing down funds, monitoring subrecipients, and compiling FFRs. However, we found that the SDNAFVSA did not comply with essential award conditions related to ensuring the accuracy of progress reports (and the accuracy of performance reports from subrecipients), expenditures incurred that were not included in an approved budget, and the timing of drawdowns when there are specific conditions restricting them. We provide four recommendations to OVW to address these deficiencies.

We recommend that OVW:

1. Ensure that SDNAFVSA develop policies and procedures to ensure that subrecipient report information is aggregated to correctly report the cumulative activities of subrecipients.
2. Ensure that the SDNAFVSA develop policies and procedures to ensure that subrecipient prepare and maintain valid and auditable source documentation to support the data collected and reported to SDNAFVSA for award performance.
3. Remedy \$3,361 in unallowable insurance expenditures not approved in the award budgets.
4. Ensure that the SDNAFVSA develop and implement policies to ensure that special conditions that restrict award expenditures are properly identified and followed.

APPENDIX 1

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objectives of this audit were 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; and to determine whether the awardee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, budget management and control, drawdowns, and federal financial reports.

Scope and Methodology

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

This was an audit of an OVW Cooperative Agreement and grants awarded to the South Dakota Network Against Family Violence and Sexual Assault (SDNAFVSA) under the Funding through the Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities Grant Program; the Grants to Indian Tribal Government Program; the Transitional Housing Assistance Grants for Victims of Sexual Assault, Domestic Violence, Dating Violence, and Stalking Program; the Legal Assistance for Victims Grant Program; and the Rural Sexual Assault, Domestic Violence, Dating Violence, and Stalking Assistance Program. OVW awarded \$550,000 through Cooperative Agreement 2013-FW-AX-K002; \$300,000 through grant 2013-WH-AX-0011; \$450,000 through grant 2016-TW-AX-0032; \$350,000 through 2016-WH-AX-0001; \$600,000 through 2016-WL-AX-0011; and \$750,000 through grant 2016-WR-AX-0016, and as of June 13, 2018, had drawn down \$1.6 million of the total grant funds awarded. Our audit concentrated on, but was not limited to September 10, 2013, the award date for Grant 2013-WH-AX-0011, through July 2018, the last day of our audit work. We noted that Cooperative Agreement 2013-FW-AX-K002 and grant 2013-WH-AX-0011 had both reached their project end date and were closed prior to the start of our audit.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of SDNAFVSA's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit charges, financial reports, progress reports, and subrecipient progress reports. The details regarding the number of expenditures and dollar value of expenditures in our testing are noted in Table 5. For

subrecipient progress report testing, we selected the 2 of the 9 subrecipients who had the largest amount of cumulative expenditures for grants 2013-WH-AX-0011 and 2016-WH-AX-0001, we selected the only subrecipient in grant 2016-TW-AX-0032, we selected the 3 subrecipients in grant 2016-WL-AX-0011, and we selected 5 of the 12 subrecipients in 2016-WR-AX-0016.¹² In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The 2013 and 2014 OVW Financial Grants Management Guide, the 2015 and 2017 DOJ Grants Financial Guide and the award documents contain the primary criteria we applied during the audit.

Table 5
Transaction Testing Sample¹³

| Award Number | Transactions Selected | Dollar Value of Sample |
|---------------------|------------------------------|-------------------------------|
| 2013-FW-AX-K002 | 50 | \$79,194 |
| 2013-WH-AX-0011 | 50 | 46,409 |
| 2016-TW-AX-0032 | 30 | 51,076 |
| 2016-WH-AX-0001 | 30 | 24,749 |
| 2016-WL-AX-0011 | 30 | 100,029 |
| 2016-WR-AX-0016 | 30 | 49,046 |
| Total: | 220 | 350,504 |

Source: OIG Auditors

During our audit, we obtained information from OJP’s Grants Management System as well as SDNAFVSA’s accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems were verified with documentation from other sources.

¹² For grant 2016-WR-AX-0016, we selected four subrecipients that had the largest amount of cumulative expenditures and we also judgmentally added the fifth subrecipient after reviewing some of their performance measures and we believed warranted further review.

¹³ For each award, half of our sampled transactions were the highest dollar value and the remaining half of our sample was selected using auditor judgment

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

| <u>Description</u> | <u>Amount</u> | <u>Page</u> |
|------------------------------------|-----------------------|-------------|
| Questioned Costs: | | |
| Unallowable Office Insurance Costs | \$3,361 | 10 |
| TOTAL QUESTIONED COSTS | <u>\$3,361</u> | |

OVW'S RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice
Office on Violence Against Women

Washington, DC 20530

February 19, 2019

MEMORANDUM

TO: David Sheeren
Regional Audit Manager

FROM: Nadine M. Neufville *MMN*
Deputy Director, Grants Development and Management

Donna Simmons *DS*
Associate Director, Grants Financial Management Division

Rodney Samuels *RS*
Audit Liaison/Staff Accountant

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grants Awarded to the South Dakota Network Against Family Violence and Sexual Assault Sioux Falls, South Dakota

This memorandum is in response to your correspondence dated January 22, 2019 transmitting the above draft audit report for the South Dakota Network Against Family Violence and Sexual Assault Sioux Falls, South Dakota. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains four recommendations. OVW is committed to addressing and bringing the open recommendations identified by our office to a close as quickly as possible. The following is our analysis of each OVW recommendation.

1. Ensures that SDNAFVSA develop policies and procedures to ensure that subrecipient report information is aggregated to correctly report the cumulative activities of subrecipients.

Concur: OVW will coordinate with SDNAFVSA to ensure that they develop policies and procedures to ensure that subrecipient report information is aggregated to correctly report the cumulative activities of subrecipients.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grants Awarded to the South Dakota Network Against Family Violence and Sexual Assault Sioux Falls, South Dakota

2. Ensure that the SDNAFVSA develop policies and procedures to ensure that subrecipient prepare and maintain valid and auditable source documentation to support the data collected and reported to SDNAFVSA for award performance.

Concur: OVW will coordinate with SDNAFVSA to ensure that they develop policies and procedures to ensure that subrecipient(s) prepare and maintain valid and auditable source documentation to support the data collected and reported to SDNAFVSA for award performance.

3. Remedy \$3,361 in unallowable insurance expenditures not approved in the award budgets.

Concur: OVW will coordinate with SDNAFVSA to ensure that they remedy \$3,361 in unallowable insurance expenditures not approved in the award budgets.

4. Ensure that the SDNAFVSA develop and implement policies to ensure that special conditions that restrict award expenditures are properly identified and followed.

Concur: OVW will coordinate with SDNAFVSA to ensure that they develop and implement policies to ensure that special conditions that restrict award expenditures are properly identified and followed.

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 at (202) 514-9820.

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

Myrta D. Charles
Program Manager
Office on Violence Against Women

Ami Loder
Program Manager
Office on Violence Against Women

Tia farmer
Program Manager
Office on Violence Against Women

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grants Awarded to the South Dakota Network Against Family Violence and Sexual Assault Sioux Falls, South Dakota

Sue Pugliese
Program Manager
Office on Violence Against Women

SDNAFVSA'S RESPONSE TO THE DRAFT AUDIT REPORT



**South Dakota Network
Against Family Violence and Sexual Assault**
P.O. Box 90453 ~ Sioux Falls, South Dakota 57109
(605) 731-0041 ~ Fax (605) 977-4742 ~ www.sdnafvsa.com

January 26, 2019

David M Sheeren
U.S. Department of Justice
Office of Inspector General
Denver Regional Audit Office
1120 Lincoln, Suite 1500
Denver, Colorado 80203

Dear Mr. Sheeren:

On behalf of the South Dakota Network Against Family Violence and Sexual Assault,
please accept this document as our official response to the draft audit report.

Recommendation 1.

Ensure that SDNAFVSA develop policies and procedures to ensure that subrecipient report information is aggregated to correctly report the cumulative activities of subrecipients.

We agree with the first recommendation and will establish policies and procedures to ensure that subrecipient report information is aggregated to correctly report the cumulative activities of the subrecipient.

Recommendation 2.

Ensure that the SDNAFVSA develop policies and procedures to ensure that subrecipient prepare and maintain valid and auditable source documentation to support the data collected and reported to SDNAFVSA for award performance.

We agree with the second recommendation and will develop policies and procedures to ensure that subrecipients prepare and maintain valid and auditable source documentation to support the data collected and reported to SDNAFVSA for award performance. The subrecipients were unsure what documentation to provide to the Office of Inspector General during this audit process; it is uncertain if additional subrecipient documentation would have been available for review for this audit report. SDNAFVSA will seek the guidance of OVW for direction to follow this audit recommendation.

Recommendation 3.

Remedy \$3,361 in unallowable insurance expenditures not approved in the award budgets.

We do not agree with the third recommendation. We believe that the Uniform Guidance 200.447 states that the costs of insurance required or approved and maintained pursuant to the Federal award are allowable. As Table 3 indicates, these costs were insignificant in relation to the overall grant budget and were not deemed significant enough to require budget approval. SDNAFVSA will begin including these expenses in all grant budgets effective immediately and will seek OVW's approval for budget modifications to adjust the budgets accordingly.

Recommendation 4.

Ensure that the SDNAFSA develop and implement policies to ensure that special conditions that restrict award expenditures are properly identified and followed.

We do agree with the fourth recommendation that SDNAFVSA will develop and implement policies to ensure that special conditions that restrict award expenditures are properly identified and followed. We had received verbal approval in the many of the identified instances

and surplus cash flow without grant funding is limited. SDNAFVSA will ensure the receipt of the official OVW budget approval notice before charging any non-travel related expenditures.

Sincerely,



Krista Heeren-Graber, Executive Director
SDNAFVSA

Cc: Dawn Sikkink
Board Chair
South Dakota Network Against Family Violence and Sexual Assault
dawn@beaconcentersd.com

Desiree Johnson
Board Vice Chair
South Dakota Network Against Family Violence and Sexual Assault
Desiree.johnson@rivercitydomesticviolencecenter.com

APPENDIX 5

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

The OIG provided a draft of this audit report to the OVW and SDNAFVSA. OVW's response to our report is provided in Appendix 3, and SDNAFVSA's response is in Appendix 4 of this final report. OVW concurred with our recommendations and agreed to work with SDNAFVSA to address the recommendations. As a result, the status of the audit report is resolved. SDNAFVSA agreed with three recommendations and did not agree with one recommendation. The following provides the OIG analysis of the responses and a summary of actions necessary to close the report.

Recommendations for OVW:

- 1. Ensure that SDNAFVSA develop policies and procedures to ensure that subrecipient report information is aggregated to correctly report the cumulative activities of subrecipients.**

Resolved. OVW concurred with our recommendation. OVW stated in its response that it would coordinate with SDNAFVSA to develop policies and procedures to ensure that subrecipient report information is aggregated to correctly report the cumulative activities of subrecipients.

In its response SDNAFVSA agreed with this recommendation and noted that it will establish policies and procedures to ensure that subrecipient report information is aggregated to correctly report the cumulative activities of the subrecipient.

This recommendation can be closed when we receive updated SDNAFVSA policies and procedures that ensure that subrecipient report information is aggregated to correctly report the cumulative activities of the subrecipient.

- 2. Ensure that the SDNAFVSA develop policies and procedures to ensure that subrecipient prepare and maintain valid and auditable source documentation to support the data collected and reported to SDNAFVSA for award performance.**

Resolved. OVW concurred with our recommendation. OVW stated in its response it will coordinate with SDNAFVSA to develop policies and procedures to ensure that subrecipient(s) prepare and maintain valid and auditable source documentation to support the data collected and reported to SDNAFVSA for award performance.

In its response SDNAFVSA agreed with this recommendation and stated that it will develop policies and procedures to ensure that subrecipients prepare

and maintain valid and auditable source documentation to support the data collected and reported to SDNAFVSA for award performance.

This recommendation can be closed when we receive updated SDNAFVSA policies and procedures that ensure that subrecipients prepare and maintain valid and auditable source documentation to support the data collected and reported to SDNAFVSA for award performance.

3. Remedy \$3,361 in unallowable insurance expenditures not approved in the award budgets.

Resolved. OVW concurred with our recommendation. OVW stated in its response it will coordinate with SDNAFVSA to ensure that they remedy \$3,361 in unallowable insurance expenditures not approved in the award budgets.

In its response SDNAFVSA did not agree with this recommendation, stating that it believes the Uniform Guidance §200.447 makes the costs of insurance required or approved and maintained pursuant to the Federal award are allowable. SDNAFVSA also commented that the costs were insignificant in relation to the overall grant budgets and were not deemed significant enough to require budget approval. However, SDNAFVSA also noted that it will begin to include these expenses in all grant budgets and will seek OVW's approval for budget modifications to adjust the budgets accordingly.

In its response, SDNAFVSA did not provide any new documentation related to this recommendation. While Uniform Guidance §200.447 does state the costs of insurance are allowable, the guidance alone does not permit SDNAFVSA to justify expenditures that were not included in its OVW-approved grant budget. Also, while the requirements related to the 10-percent rule apply to movement within approved budget categories, it does not allow for expenditures not approved by OVW.

This recommendation can be closed when we receive documentation that the \$3,361 in unallowable insurance expenditures not approved in the award budgets have been remedied.

4. Ensure that the SDNAFVSA develop and implement policies to ensure that special conditions that restrict award expenditures are properly identified and followed.

Resolved. OVW concurred with our recommendation. OVW stated in its response it would coordinate with SDNAFVSA to ensure policies are developed and implemented so that special conditions that restrict award expenditures are properly identified and followed.

In its response SDNAFVSA agreed with this recommendation and noted that it will develop and implement policies to ensure that special conditions that restrict award expenditures are properly identified and followed. The

SDNAFVSA also noted it will ensure the receipt of the official OVW budget approval notice before charging any non-travel related expenditures.

This recommendation can be closed when we receive updated SDNAFVSA policies and procedures that ensure that special conditions that restrict award expenditures are properly identified and followed.



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U.S. DEPARTMENT OF JUSTICE OFFICE OF THE INSPECTOR GENERAL

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