



**AUDIT OF THE
OFFICE ON VIOLENCE AGAINST WOMEN
GRANT AWARDED TO THE SWINOMISH INDIANS
OF THE SWINOMISH RESERVATION
LA CONNER, WASHINGTON**

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

Audit Report GR-90-12-003
July 2012

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EXECUTIVE SUMMARY

The U.S. Department of Justice Office of the Inspector General, Audit Division, has completed an audit of a \$391,271 grant (2008-TW-AX-0003) that the Office on Violence Against Women (OVW) awarded to the Swinomish Indians of the Swinomish Reservation (Swinomish), located in La Conner, Washington. The purpose of the grant was to fund the development and maintenance of a domestic violence prevention program. Specifically, the grant project included the establishment of an offender intervention program, victim's advocacy program, youth education program, victim's counseling services, and an emergency assistance program. The ultimate goal of the grant was to alleviate the prevalence of domestic violence on Swinomish's tribal lands. According to a Swinomish official, it is estimated that approximately 70 to 90 percent of Swinomish homes have experienced domestic violence. As of February 9, 2012, Swinomish has expended \$341,876 (87 percent) of the grant award.

OVW provides national leadership in reducing violence against women through its implementation of the Violence Against Women Act.¹ Created in 1995, OVW administers financial and technical assistance to communities across the country that are developing programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking. By forging state, local, and tribal partnerships among police, prosecutors, victim advocates, health care providers, faith leaders, and others, the intent of OVW grant programs is to help provide victims with the protection and services needed to pursue safe and healthy lives, while simultaneously enabling communities to hold offenders accountable for their violence.

The OVW grant to Swinomish that we audited was awarded through the Indian Tribal Government Program. This program was created in Fiscal Year 2007 with the purpose to: (1) decrease the incidence of violent crimes against Indian women; (2) to strengthen the capacity of Indian tribes to exercise their sovereign authority to respond to violent crimes committed against Indian women; and (3) to ensure that perpetrators of violent crimes

¹ Pub. L. No 108-322 (1994).

committed against Indian women are held accountable for their criminal behavior.

Audit Results

The purpose of our audit was to determine whether costs claimed under Grant 2008-TW-AX-0003 were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) program income; (4) expenditures including payroll, fringe benefits, indirect costs, and accountable property; (5) matching; (6) budget management; (7) monitoring of sub-recipients and contractors; (8) reporting; (9) award requirements; (10) program performance and accomplishments; and (11) post end date activity. We determined that program income, accountable property, matching, monitoring of sub-recipients and contractors, and post end date activity were not applicable to this grant.

As a result of our audit, we found that Swinomish maintained a financial management system that generally provided separate accounting for grant-related activities. In addition, Swinomish submitted accurate Progress Reports to OVW and it was on track in meeting its programmatic goals. However, we also found the following exceptions:

- \$6,881 of inadequately supported personnel expenditures that lacked complete timecards;
- \$5,025 in unallowable expenditures that belonged to another grant program;
- \$3,851 in unallowable indirect costs;
- \$1,311 of inadequately supported travel expenditures;
- Swinomish failed to obtain OVW's approval for \$35,891 in budget and scope modifications;
- 9 of the 11 financial reports submitted to OVW were inaccurate; and
- Swinomish did not comply with the grant's requirement to submit an Equal Employment Opportunity plan or exemption form.

As a result of our audit, we questioned \$52,959 and made nine recommendations to OVW. Our findings are discussed in detail in the Findings and Recommendations section of the report. Our audit objective, scope, and methodology are discussed in Appendix I.

We discussed the results of our audit with Swinomish officials and have included their comments in the report as applicable. In addition, we requested from Swinomish and OVW written responses to a draft copy of our audit report. We received those responses and they are found in Appendices III and IV, respectively. Our analysis of those responses and the status of the recommendations are found in Appendix V.

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INTRODUCTION

The U.S. Department of Justice Office of the Inspector General (OIG), Audit Division, has completed an audit of a \$391,271 grant (2008-TW-AX-0003) that the Office on Violence Against Women (OVW) awarded to the Swinomish Indians of the Swinomish Reservation (Swinomish), located in La Conner, Washington. The purpose of the grant was to fund the development and maintenance of a domestic violence prevention program. Specifically, the grant project included the establishment of an offender intervention program, victim’s advocacy program, a youth education program, victim’s counseling services, and an emergency assistance program. The ultimate goal of the grant was to alleviate the prevalence of domestic violence on Swinomish’s tribal lands. According to a Swinomish official, it is estimated that approximately 70 to 90 percent of Swinomish homes have experienced domestic violence. As of February 9, 2012, Swinomish has expended \$341,876 (87 percent) of the grant award.

**EXHIBIT 1
OVW GRANT AWARDED TO SWINOMISH**

| GRANT AWARD | AWARD START DATE | AWARD END DATE ¹ | AWARD AMOUNT |
|-----------------|---------------------|--------------------------------|------------------|
| 2008-TW-AX-0003 | 08/01/08 | 05/31/12 | \$ 391,271 |
| Total | | | \$391,271 |

Source: OVW

The purpose of our audit was to determine whether costs claimed under Grant 2008-TW-AX-0003 were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) program income; (4) expenditures including payroll, fringe benefits, indirect costs, and accountable property; (5) matching; (6) budget management; (7) monitoring of sub-recipients and contractors;

¹ The Award End Date includes all time extensions that were approved by OVW.

(8) reporting; (9) award requirements; (10) program performance and accomplishments; and (11) post end date activity. We determined that program income, accountable property, matching, monitoring of sub-recipients and contractors, and post end date activity were not applicable to this grant.

Background

The Swinomish Indians of the Swinomish Reservation is a federally recognized Indian Tribe that occupies the Swinomish Indian Reservation located in the northwestern part of the state of Washington, approximately 68 miles north of Seattle surrounded by Skagit County. The reservation was established in 1855 on 15 square miles of the southeast peninsula of Fidalgo Island. It is inhabited by 810 enrolled tribal members and 200 non-enrolled tribal members. Swinomish currently operates a hotel, casino, gas station, and a fishery. The Tribe's main industry is seasonal salmon and crab fishing.

OVW provides national leadership in reducing violence against women through the implementation of the Violence Against Women Act.² Created in 1995, OVW administers financial and technical assistance to communities across the country that are developing programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking. By forging state, local, and tribal partnerships among police, prosecutors, victim advocates, health care providers, faith leaders, and others, the intent of OVW grant programs is to help provide victims with the protection and services they need to pursue safe and healthy lives, while simultaneously enabling communities to hold offenders accountable for their violence.

The OVW grant to Swinomish that we audited was awarded through the Indian Tribal Government Program. This program was created in Fiscal Year (FY) 2007 with the purpose to: (1) decrease the incidence of violent crimes against Indian women; (2) to strengthen the capacity of Indian tribes to exercise their sovereign authority to respond to violent crimes committed against Indian women; and (3) to ensure that perpetrators of violent crimes committed against Indian women are held accountable for their criminal behavior.

² Pub. L. No 108-322 (1994).

OIG Audit Approach

We tested Swinomish's compliance with what we consider to be the most important conditions of the grant award. Unless otherwise stated in our report, the criteria we audited against are contained in the *OJP Financial Guide*, award documents, Code of Federal Regulations (C.F.R.), and Office of Management and Budget (OMB) Circulars. Specifically, we tested:

- **Internal Control Environment** – to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard the funds awarded to Swinomish and ensure compliance with the terms and conditions of the grant.
- **Drawdowns** – to determine whether drawdowns were adequately supported and if Swinomish was managing receipts in accordance with federal requirements.
- **Expenditures** – to determine whether costs charged to the grant, including payroll, fringe benefits, and indirect costs were accurate, adequately supported, allowable, reasonable, and allocable.
- **Budget Management** – to determine whether there were deviations between the amounts budgeted and the actual costs for each category.
- **Reporting** – to determine if the required financial, programmatic, reports were submitted in a timely manner and accurately reflected grant activity.
- **Award Requirements** – to determine whether Swinomish complied with award guidelines, special conditions, and solicitation criteria.
- **Program Performance and Accomplishments** – to determine whether Swinomish made a reasonable effort to accomplish stated objectives.

The results of our audit are discussed in detail in the Findings and Recommendations section of this report. We discussed the results of our audit with Swinomish officials and have included their comments in the report, as applicable. The audit objective, scope, and methodology are discussed in Appendix I.

FINDINGS AND RECOMMENDATIONS

Overall, we found that Swinomish generally accounted for grant expenditures and maintained financial records. However, we found several unallowable expenditures for supplies and equipment totaling \$5,025. These expenses pertained to another grant program and should not have been charged to this grant. In addition, we identified a \$1,311 travel voucher that lacked a required signature. Further, Swinomish used the wrong indirect cost rate and overcharged the grant for indirect costs by \$3,851. We found incomplete timecards for personnel hired with grant funds resulting in \$6,881 of personnel costs being inadequately supported. Also, Swinomish failed to obtain OVW's approval for \$35,891 in budget and scope modifications. Nine of the 11 financial reports that Swinomish submitted were inaccurate. Lastly, Swinomish did not file an Equal Employment Opportunity Exemption and therefore did not comply with award requirements. In total, we questioned \$52,959.

Internal Control Environment

We reviewed Swinomish's policies and procedures, Single Audit Report, and financial management system to assess its risk of noncompliance with laws, regulations, guidelines, and terms and conditions of the grant. We also interviewed individuals from Swinomish's grant management, accounting, and finance staff regarding internal controls and processes related to payroll, purchasing, and accounts payable functions. Additionally, we observed the financial management system, as a whole, to further assess risk.

Single Audit

According to OMB Circular A-133, non-federal entities that expend \$500,000 or more in federal awards in a year shall have a Single Audit conducted. We reviewed Swinomish's most recent Single Audit for FY 2010, which was issued July 28, 2011, and noted that the independent auditors had issued a qualified opinion. Swinomish did not provide a blended financial presentation of all of the Tribe's operating units to its independent auditor. Specifically, the financial presentation did not include

information on the Tribe's casino, fishery, hotel, and gas station.³ Based on our review of the underlying issues related to the qualified opinion, we believe that the reasons for the qualified opinion were not related to the Tribe's administration of the OVW grant that we audited. Therefore, we did not note it as an exception in this report.

Financial Management System

The *OJP Financial Guide* requires that all grant fund recipients "establish and maintain adequate accounting systems and financial records to accurately account for funds awarded to them." The *OJP Financial Guide* additionally requires that the accounting system provide adequate maintenance of financial data to enable planning, control, and measurement. It also requires that grantees separately account for each award and not commingle grant funds.

Overall, we found that Swinomish adequately maintained grant-related financial records and data in accordance with the *OJP Financial Guide*. Also, Swinomish utilized an accounting system called Sage MIP Fund Accounting. Based on our review of grant-related transactions that were recorded in Sage MIP Fund Accounting, we generally found the system accurately accounted for grant-related receipts and expenditures. Further, we found that grant-related transactions (i.e., receipts and expenditures) were separately tracked from all other funding, with one exception that we discuss in the Expenditures section of this report. This exception related to \$7,575 in expenditures that pertained to another grant but was erroneously posted to the grant that we audited. We did not consider this error in posting to represent an internal control weakness.

Drawdowns

According to the *OJP Financial Guide*, grant recipients should request funds based upon immediate disbursement and the timing of the drawdown should be scheduled to ensure that federal cash-on-hand is the minimum needed for disbursement within 10 days. According to Swinomish's Comptroller, drawdowns were made on a reimbursement bases based on the information recorded in the grant-related general ledger.

As seen in Exhibit 2, we tested five drawdowns by comparing the drawdown amounts to the expenditures recorded in the general ledger. We found that the Tribe drew down more than necessary on December 1, 2009, and February 1, 2010, but spent these funds within 10 days of

³ Swinomish's fiscal year is from January 1 to December 31.

the drawdown. Therefore, Swinomish was in compliance with the *OJP Financial Guide's* cash on hand requirements.

**EXHIBIT 2
DRAWDOWN HISTORY FOR
GRANT 2008-TW-AX-0003**

| DATE OF DRAWDOWN | AMOUNT DRAWN (\$) | CUMULATIVE DRAWDOWNS (\$) | GRANT EXPENDITURES (\$) | CUMULATIVE EXPENDITURES (\$) | CUMULATIVE DIFFERENCES (\$) |
|-----------------------------|----------------------------------|--|--|---|--|
| 04/21/09 | \$ 251 | \$ 251 | \$ 251 | \$ 251 | \$ 0 |
| 12/01/09 | 44,397 | 44,648 | 44,323 | 44,574 | (74) |
| 02/01/10 | 17,444 | 62,092 | 17,411 | 61,985 | (107) |
| 05/03/10 | 16,136 | 78,228 | 17,644 | 79,629 | 1,401 |
| 09/01/10 | 40,945 | 119,173 | 44,244 | 123,873 | 4,700 |

Source: OIG analysis of Swinomish's drawdowns and general ledger

Expenditures

We reviewed Swinomish's grant-related general ledger and noted that as of December 31, 2010, Swinomish had \$131,594 of grant-related direct cost expenditures. The expenditures comprised of payments made to vendors for the purchase of supplies, reimbursements to Swinomish employees for OVW-related travel, and employee's salary compensation. From the universe of 771 transactions, totaling \$177,771, we selected and tested a sample of 25 transactions. Thirteen of the sample transactions were selected from the highest dollar amount and the remaining were judgmentally selected. We reviewed supporting documentation, such as purchase requisitions, purchase orders, receiving reports, invoices, and photocopies of checks for each of the sampled transactions. In our review of expenditures, we found some transactions that were unallowable and unsupported.

Unallowable Expenditures

According to the *OJP Financial Guide*, "Recipients and sub-recipients are prohibited from commingling funds on either a program-by-program or project-by-project basis." In reviewing the grant's general ledger as of May 24, 2011, we identified a total of \$7,575 in expenditures that were improperly charged to the grant. The transactions that we identified were expenditures related to another OVW grant, in which the tribe was awarded funds for the development of a domestic violence shelter. We discussed our finding with Swinomish officials and learned that Swinomish's employees had sometimes identified the wrong grant program when processing expenditures. Swinomish's Program Director agreed that the expenditures applicable to the domestic violence shelter were not related, and therefore

unallowed under the scope of Grant 2008-TW-AX-0003. According to Swinomish's Comptroller, there were procedures that provided guidance to Swinomish's employees on how to properly record grant-related transactions. Swinomish's Comptroller stated that she would reverse the unrelated transactions. In May 2011, the Comptroller recorded a \$2,550 correcting journal entry for the portions of the unrelated expenditures. However, as of February 2012, Swinomish did not correct the remaining \$5,025 in unrelated expenditures. Therefore we question \$5,025 as unallowable expenditures that were charged to Grant 2008-TW-AX-0003. Also, we recommend that OVW ensure that Swinomish strengthens its guidance to its employees on how to properly code and record expenditures to the applicable grant program.

Unsupported Expenditures

According to 28 C.F.R. Part 66, grantees must maintain records which adequately identify the source and application of funds. In our testing of the 25 sampled transactions, 24 transactions were supported by purchase requisitions, purchase orders, receiving reports, invoices, and photocopies of checks. However, we noted that a \$1,311 transaction representing payment of a travel voucher for a Swinomish employee's travel to an OVW-approved and required training course lacked a required signature. Swinomish's travel protocol requires each travel voucher to have the employee's signature. The travel voucher in question included the supervisor's signature, but it lacked the employee's signature. According to Swinomish's Director of Social Services, the employee is responsible for signing their travel vouchers. Therefore, we question the \$1,311 as being inadequately supported and we recommend that OVW ensure that Swinomish establishes internal controls to make certain that all necessary signatures are obtained before it makes payment on any travel vouchers.

Personnel

According to 2 C.F.R. Part 225, Cost Principles for State, Local, and Indian Tribal Governments (formerly known as OMB Circular A-87):

. . . where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the

employee and supervisory official having first-hand knowledge of the work performed by the employee.

Additionally, 2 C.F.R. 225 requires that the distribution of salaries and wages of employees who work on multiple grants be supported by activity reports to support billable grant-related hours. According to the OVW-approved grant budget, Swinomish planned to pay \$25,577 in salary expense and \$7,673 in fringe benefits for three grant-related tribal employees.

We tested the grant-related payroll expenditures to determine if these expenditures were allowable, reasonable, and adequately supported. Specifically, we selected a judgmental sample of two non-consecutive payroll periods, which included the months of March and December 2010. We also selected at least one payroll period for several personnel who were no longer with the Tribe. In our review of timesheets for these months, we found: that Swinomish employees did not maintain adequate supporting documentation for about \$6,881 worth of grant-related salaries, including one timesheet that had a \$100 mathematical error, and \$637 in non-grant related hours were charged to the OVW grant that we audited. Specifically, when we reviewed the timesheets for Swinomish's Mental Health Supervisor and Family Service Coordinator, we discovered that actual grant-related hours worked were not specified on a timesheet. Instead, a flat percentage of the Mental Health Supervisor's and Family Service Coordinator's salaries were allocated to the grant. Neither position worked exclusively on the OVW grant that we audited. We asked Swinomish's Social Services Program Director why a flat percentage of his salary was allocated to the grant instead of actual hours worked. He stated that grant-funded employees are directed with dedicating a certain portion of their billable hours to grant-related activities and those grant-funded employees are aware of how much time they should devote to grant-related activities. In accordance with 2 C.F.R. Part 225, a distribution of salaries should be supported by timesheets, therefore only actual hours worked on grant-related activities supported by a timesheet should be charged to the grant. Regarding the mathematical error, we noted in our examination of the employee's timesheet that the employee miscalculated the number of hours that she had worked. In addition, in our review of timesheets for two employees, we identified non-grant related hours totaling \$637 that were charged to the grant we audited. As a result, we questioned \$6,881 of personnel expenses as being inadequately supported. We did not question the \$637 in unallowable hours charged to the grant because of its *de minimis* nature. We recommend that OVW remedy the questioned costs and ensure that Swinomish implement controls to make sure that personnel expenditures are accurate and adequately supported.

Non-Supplanting Requirement

According to the *OJP Financial Guide*, "federal funds must be used to supplement existing funds for program activities and must not replace those funds that have been appropriated for the same purpose." In February 2008, Swinomish agreed to abide by the non-supplanting requirement when the Director of Social Services signed a non-supplanting assurance. All of the grant-related Swinomish employees were assigned to either its Department of Social Services or Health Clinic. To test whether grant funds were used by Swinomish to supplant local funding, we reviewed the annually budgeted staffing levels for Swinomish's Department of Social Services and Health Clinic from January 2008 through July 2011 and we compared the budgeted staffing levels to the actual headcount levels for the same time frame. As a result, we found that Swinomish complied with the grant's non-supplanting requirement.

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." According to Swinomish's grant general ledger, the Tribe charged indirect costs to the grant. According to the OVW-approved budget, Swinomish was allowed to charge indirect costs to the grant. Swinomish's official approved indirect cost rate was approximately 34 percent for 2009 and approximately 32 percent for 2010.⁴ We selected a judgmental sample of 10 indirect cost charges that were recorded on the grant general ledger in order to test the charges and determine if the indirect costs were allowable, reasonable, and adequately supported. We found all of the sampled indirect cost charges were adequately supported. However, Swinomish did not charge the official approved indirect cost rate to the grant, but instead it utilized a different, higher rate. As a result, Swinomish overcharged the grant by \$3,851 (see Exhibit 3).

⁴ Swinomish's approved indirect cost rates were approved by its cognizant federal agency, the Department of the Interior.

**EXHIBIT 3
INDIRECT COSTS ALLOWED VS. INDIRECT COSTS CHARGED
FOR GRANT 2008-TW-AX-0003**

| DATE | SWINOMISH- DETERMINED BASIS FOR INDIRECT COST CALCULATION | OIG- DETERMINED BASIS FOR INDIRECT COST CALCULATION | INDIRECT COST - ALLOWED | INDIRECT COST - CHARGED | DIFFERENCE |
|--------------|--|--|--|--|-------------------|
| MAR 2009 | \$ 1,055 | \$ 1,124 | \$ 383 | \$ 918 | \$ (535) |
| JUL 2009 | 4,036 | 4,036 | 1,376 | 1,504 | (128) |
| AUG 2009 | 3,312 | 3,312 | 1,129 | 1,162 | (33) |
| OCT 2009 | 6,454 | 5,963 | 2,033 | 1,985 | 48 |
| NOV 2009 | 6,236 | 6,236 | 2,126 | 2,188 | (62) |
| DEC 2009 | 6,677 | 6,677 | 2,276 | 2,343 | (67) |
| MAR 2010 | 6,013 | 9,479 | 3,025 | 2,969 | 56 |
| JUL 2010 | 11,864 | 12,973 | 4,140 | 4,163 | (23) |
| SEP 2010 | 9,479 | 15,411 | 4,918 | 4,808 | 110 |
| DEC 2010 | 12,525 | 12,525 | 3,997 | 7,214 | (3,217) |
| TOTAL | | | | | \$(3,851) |

Source: OIG analysis of Swinomish's indirect costs and general ledger

We asked the Swinomish Comptroller about the discrepancy in the amount of indirect cost that was charged to the grant. The Comptroller explained that she utilized the rate that was listed on the OVW-approved budget. The OVW-approved budget specified an indirect cost rate of approximately 35 percent, which was higher than the official approved indirect cost rate as established by Swinomish's federal cognizant agency, the Department of the Interior. However, even when we took into consideration the rate shown on the OVW-approved budget, it still did not account for the discrepancies between what was allowed and what was charged to the grant. Further, according to the grant's award requirements, Swinomish was required to submit a Grant Adjustment Notice (GAN) to OVW in order to update the indirect cost rate and make it comparable to the indirect cost rate that was approved by the Department of the Interior. In our review of OJP's Grant Management Systems (GMS), as of February 2012, we did not find that Swinomish submitted to OVW a GAN requesting its approval to utilize the Department of the Interior's approved rate for the OVW grant. Since a GAN was not obtained to approve the indirect cost rate charged by Swinomish and Swinomish was not using its cognizant agency's approved indirect cost rate, we questioned \$3,851 of unallowed indirect costs expenditures.

Budget and Management

According to the *OJP Financial Guide*, any budget modifications in excess of 10 percent of the total grant award require a GAN as it is considered to be a programmatic change. We reviewed the OVW approved

budget and all GANs that OVW approved. The OVW-approved grant budget included \$203,333 primarily for consultant services such as the development and maintenance of a domestic violence prevention program at Swinomish. However, instead of acquiring contractors, Swinomish hired employees for the following six positions: (1) Batter Intervention Program Counselor, (2) Victim's Counselor, (3) Victim's Advocate, (4) Mental Health Supervisor, (5) Family Services Coordinator, and (6) Domestic Violence Youth Education Provider. We asked Swinomish officials why the additional positions were hired as these positions were not part of the original budget that it submitted to OVW for approval. Swinomish officials explained that it was difficult for the Tribe to find contractors to provide the required services for its domestic violence program. As a solution, Swinomish instead hired staff members to fill the needed positions. Since these positions were already listed in the contractor's section of the OVW-approved budget, Swinomish did not consider it necessary to notify OVW of this change and seek OVW's approval. Exhibit 4 compares Swinomish's OVW-approved budget to its actual expenditures as of January 31, 2011.

**EXHIBIT 4
BUDGET VS. ACTUAL EXPENDITURES BY CATEGORY
FOR GRANT 2008-TW-AX-0003**

| COST CATEGORIES | BUDGET | ACTUAL EXPENSE (01/31/11) | OVER/UNDER BUDGET | PERCENT OF TOTAL (%) |
|---------------------------|------------------|----------------------------------|--------------------------|-----------------------------|
| Personnel | \$ 25,577 | \$ 93,170 | \$ 67,593 | 17.3 |
| Fringe Benefits | 7,673 | 13,859 | 6,186 | 1.6 |
| Travel | 16,841 | 7,403 | (9,438) | 2.4 |
| Equipment | 0 | 0 | 0 | 0.0 |
| Supplies | 13,413 | 14,652 | 1,239 | 0.3 |
| Contractual | 203,333 | 2,349 | (200,984) | 51.4 |
| Other | 22,800 | 2,378 | (20,422) | 5.2 |
| SUBTOTAL OF DIRECT | \$289,637 | \$133,811 | | |
| INDIRECT | 101,634 | | | N/A⁵ |
| TOTAL | \$391,271 | | | |

Source: OIG analysis of OVW and Swinomish records

As shown in Exhibit 4, Swinomish overspent \$75,018 in three budget categories (personnel costs, fringe benefits, and supplies), exceeding the total approved budget amount of \$391,271 by 19 percent. Swinomish is allowed to exceed the budgeted amounts up to a maximum of 10 percent (\$39,127) without OVW approval. Changes exceeding 10 percent require

⁵ The *OJP Financial Guide*, which states the movement in dollars between budget categories is allowed up to 10 percent of the total budget amount, does not apply to indirect costs.

OVW's approval before the changes are implemented. Swinomish failed to obtain pre-approval from OVW for its programmatic changes to its grant project. We discussed our finding with Swinomish's Program Director and he stated that a GAN would be submitted to OVW. As of February 2012, a GAN has not been submitted. We recommend that OVW remedy the \$35,891 in unallowable questioned costs.

Reporting Requirements

According to OJP, award recipients were required to submit quarterly Financial Status Reports (FSR) up until the end of FY 2009 and effective at the start of FY 2010, the quarterly Federal Financial Report (FFR) replaced the FSR. Award recipients are also required to submit semiannual Progress Reports. These reports describe the status of the funds, compare actual accomplishments to the objectives of the grant, and report other pertinent information. We reviewed the FSRs and FFRs that Swinomish submitted to OJP, and Progress Reports that Swinomish submitted to OVW in order to determine whether each report was accurate and submitted in a timely manner.

Financial Reports

According to the *OJP Financial Guide*, FSRs were due 45 days after the last day of each calendar quarter with the final FSR due 90 days after the end of the grant period. Beginning on October 1, 2009, the FFR replaced the FSR. FFRs are due 30 days after the end of each calendar quarter with the final FFR due 90 days after the end of the grant period. We reviewed all of the FSRs and FFRs that Swinomish submitted to determine if Swinomish submitted these reports on time. As shown in Exhibit 5, we found that Swinomish submitted one FSR 3 days late, one FFR 1 day late, and a combination of nine FSRs and FFRs were submitted in a timely manner. Given that only one FSR was submitted a total of 3 days late and one FFR was submitted only 1 day late, we did not take exception to these two late filings.

EXHIBIT 5
FINANCIAL STATUS REPORT AND FEDERAL FINANCIAL REPORT HISTORY
GRANT 2008-TW-AX-0003

| Report No. | Reporting Period | Report Due Date | Date Submitted | Days Late |
|------------|----------------------|-----------------|----------------|-----------|
| 1 | 07/01/08 to 09/30/08 | 11/14/08 | 11/17/08 | 3 |
| 2 | 10/01/08 to 12/31/08 | 02/14/09 | 02/04/09 | 0 |
| 3 | 01/01/09 to 03/31/09 | 05/15/09 | 05/14/09 | 0 |
| 4 | 04/01/09 to 06/30/09 | 08/14/09 | 07/09/09 | 0 |
| 5 | 07/01/09 to 09/30/09 | 11/14/09 | 10/22/09 | 0 |
| 6 | 10/01/09 to 12/31/09 | 01/30/10 | 01/27/10 | 0 |
| 7 | 01/01/10 to 03/31/10 | 04/30/10 | 04/19/10 | 0 |
| 8 | 04/01/10 to 06/30/10 | 07/30/10 | 07/14/10 | 0 |
| 9 | 07/01/10 to 09/30/10 | 10/30/10 | 10/27/10 | 0 |
| 10 | 10/01/10 to 12/31/10 | 01/30/11 | 01/31/11 | 1 |
| 11 | 01/01/11 to 03/31/11 | 04/30/11 | 04/18/11 | 0 |

Source: OIG analysis of FSRs and FFRs

According to 28 C.F.R. § 66.20, grantees are required to disclose accurate, current, and complete financial results for financially assisted activities. We reviewed each FSR and FFR to determine whether the reports contained accurate information related to actual expenditures for the award. As shown in Exhibit 6, we compared the FSRs and FFRs to Swinomish's general ledger and we found the FSRs and FFRs to be generally inaccurate.

EXHIBIT 6
ACCURACY OF SWINOMISH'S
FINANCIAL STATUS REPORTS AND FEDERAL FINANCIAL REPORTS
GRANT 2008-TW-AX-0003

| Report No. | Reporting Period | Cumulative Expenditures Reported on FSR/FFR | Cumulative Grant-Related Expenditures | Difference Between FSRs/FFRs and Accounting Records |
|------------|----------------------|---|---------------------------------------|---|
| 1 | 07/01/08 to 09/30/08 | \$ 0 | \$ 0 | \$ 0 |
| 2 | 10/01/08 to 12/31/08 | 251 | 251 | 0 |
| 3 | 01/01/09 to 03/31/09 | 3,535 | 3,604 | (69) |
| 4 | 04/01/09 to 06/30/09 | 18,158 | 18,070 | 88 |
| 5 | 07/01/09 to 09/30/09 | 37,095 | 36,210 | 885 |
| 6 | 10/01/09 to 12/31/09 | 62,977 | 61,601 | 1,376 |
| 7 | 01/01/10 to 03/31/10 | 78,228 | 79,245 | (1,017) |
| 8 | 04/01/10 to 06/30/10 | 103,145 | 106,566 | (3,421) |
| 9 | 07/01/10 to 09/30/10 | 137,684 | 143,920 | (6,236) |
| 10 | 10/01/10 to 12/31/10 | 177,771 | 177,532 | 239 |
| 11 | 01/01/11 to 03/31/11 | 222,838 | 221,206 | 1,632 |

Source: OIG analysis of Swinomish's accounting records

The financial reports were prepared by Swinomish's Comptroller and Senior Accountant. Swinomish officials who were responsible for the preparation and submission of the FSRs and FFRs, told us that they utilized the grant's general ledger in preparing the financial reports and waited until closing adjustments to the grant's general ledger were made before preparing the financial reports. However, we found that only two financial reports were accurate, four reports overstated its cumulative expenditures, and five reports understated its cumulative expenditures. Swinomish officials could not explain what caused the differences. We recommend that the OVW ensure that Swinomish prepares and submits accurate financial reports.

Progress Reports

According to the *OJP Financial Guide*, grantees are required to submit program performance reports, or Progress Reports, twice a year. In preparing the Progress Reports, the grantee is required to comment on its success in performing grant-related activities and its progress in accomplishing the grant objectives as stipulated in the grant application and award documentation. These Progress Reports are due 30 days after the reporting period. We reviewed the semi-annual Progress Reports to determine if the reports were submitted in a timely manner and were accurate.

**EXHIBIT 7
PROGRESS REPORT HISTORY
GRANT 2008-TW-AX-0003**

| Report No. | Reporting Period | Report Due Date | Date Submitted | Days Late |
|-------------------|-------------------------|------------------------|-----------------------|------------------|
| 1 | 07/01/08 - 12/31/08 | 01/30/09 | 02/04/09 | 5 |
| 2 | 01/01/09 - 06/30/09 | 07/30/09 | 07/28/09 | 0 |
| 3 | 07/01/09 - 12/31/09 | 01/30/10 | 01/12/10 | 0 |
| 4 | 01/01/10 - 06/30/10 | 07/30/10 | 07/26/10 | 0 |
| 5 | 07/01/10 - 12/31/10 | 01/30/11 | 02/03/11 | 4 |

Source: OIG data analysis of OVW data

As shown in Exhibit 7, Swinomish submitted three Progress Reports in a timely manner and it submitted two Progress Reports between 4 to 5 days late. Given that these Progress Reports were filed only 4 and 5 days late, we did not take exception to these late filings. In addition, we reviewed the information that Swinomish included in its 2010 Progress Reports and found the information to be generally accurate.

Compliance with Additional Grant Requirements

We reviewed Swinomish's compliance with additional grant requirements, such as the grant program's solicitation material and special conditions included as part of the grant's award documentation. We found that Swinomish generally complied with the additional grant requirements, except for one instance of non-compliance.

According to the grant award documentation, Swinomish was required to provide either an Equal Employment Opportunity plan or an exemption form to OJP's Office for Civil Rights (OCR). According to OCR and Swinomish's Human Resources Department, the Tribe did not submit an approved Equal Employment Opportunity plan or an exemption form to OCR. A Swinomish official from its Human Resources Department told us that the Tribe had preferential hiring status. In August 2011, Swinomish provided us with a copy of its Equal Employment Opportunity exemption form. However, as of September 2011, OCR had not received the Tribe's exemption form. When we checked with OCR again in March 2012, OCR stated that it had not yet received Swinomish's Equal Employment Opportunity exemption form. We recommend that OVW ensure that Swinomish complies with the award requirement by providing to OCR either an approved Equal Employment Opportunity plan or an exception form.

Program Performance and Accomplishments

According to the grant application, the purpose of the grant was to (1) establish an offender treatment program, referred to as a "batter" treatment program; (2) establish victims' counseling and emergency assistance services; (3) create a community education program; and (4) increase community responsiveness through training and a victim's advocate program. We interviewed Swinomish personnel, observed a youth domestic violence afterschool program, reviewed 911 call statistics, and we analyzed the grant's approved timeline to assess program performance.

We confirmed that Swinomish had a batter treatment program and it was certified by the State of Washington, as required by the grant. Likewise, we confirmed that Swinomish established a victim's counselor program as of February 2011. We also observed a youth domestic violence afterschool program class and we noted that the class was operational as of February 2011. Further, according to Swinomish's Health Services Coordinator, the Tribe disseminated information on domestic violence at a Swinomish Health Fair and informational pamphlets were created and distributed to Tribal members. In addition, Swinomish's local tribal publication, entitled the *Kee Yoks*, contained articles concerning domestic

violence and information on how to obtain services for victims of domestic violence. We also verified the existence of Swinomish victims advocate program. We reviewed travel vouchers and training agendas to verify that designated Swinomish personnel attended OVW's mandatory training in this subject area. Therefore, based on our review of available documents and our observations, it appeared to us that Swinomish was accomplishing its grant objectives.

Grant Application

In our review of the pre-award process, we analyzed the grant application and we attempted to validate the data reported to OVW. Given that the grant for which Swinomish applied was a discretionary grant, it was important that the Tribe provide to OVW accurate information in order to enable OVW to make an accurate and proper decision on Swinomish's grant award. In Swinomish's grant application, the Tribe stated that from 2003 to 2007 (a 5-year period) there were an estimated 532 domestic violence-related 911 calls to the Swinomish Police Department. In OVW's award determination letter to Swinomish, OVW misstated that tribal authorities responded to 532 domestic violence 911 calls for the past 4 years. According to the Swinomish Police Department's 911 dispatch statistics for calendar years 2003 to 2010, the Swinomish Police Department responded to 423 domestic violence-related 911 calls. Exhibit 8 provides a breakdown, by calendar year, of the domestic violence-related calls to which the Swinomish Police Department responded.

**EXHIBIT 8
DOMESTIC VIOLENCE-RELATED 911 CALLS
FOR CALENDAR YEARS 2003 TO 2010
GRANT 2008-TW-AX-0003**

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | Total |
|---------------------------------|------|------|------|------|------|------|------|------|-------|
| Domestic Violence Related Calls | 46 | 49 | 52 | 77 | 60 | 58 | 37 | 44 | 423 |

Source: OIG analysis of Swinomish Police Department data

We compared the 911 call data we obtained from the Swinomish Police Department to the information that the Tribe submitted as part of its grant application. The 911 domestic violence call information in Swinomish's grant application was overstated by 248 calls for the period between 2003 and 2007. We asked Swinomish officials to explain the difference in 911 call statistics. According to Swinomish officials, when a call is initially received by the police department, the police records the call as either domestic violence or some other category. However, after the police officers respond to the call, Swinomish officials estimated that 50 percent or more of the

“other” category calls should have been marked domestic violence. However, there was no statistical information available for us to verify this assertion. We recommend that OVW ensure Swinomish creates a policy to include only verifiable, adequately supported data when preparing its grant applications in order to provide OVW with accurate information that can be relied upon when grant award decisions are made.

Conclusion

Based on our audit, we found that Swinomish was accomplishing its grant objectives. We observed that Swinomish maintained domestic violence programs as planned in Swinomish’s grant application.

However, we also found deficiencies in Swinomish’s administration of the grant that it received from OVW. We noted that Swinomish had unsupported and unallowable grant expenditures pertaining to indirect costs, budget modifications, personnel costs, travel, and unrelated expenditures. Specifically, Swinomish applied an incorrect indirect cost rate that differed from the official rate that was approved by Swinomish’s cognizant federal agency, resulting in \$3,851 in unallowable expenditures. The *OJP Financial Guide* requires award recipients to seek approval for budgetary changes in excess of 10 percent of the total grant award, which Swinomish failed to do for \$35,891 in budgetary changes. In our testing, we found a travel voucher that was not signed by the traveling employee, as required. In addition, we found that Swinomish charged to the grant \$5,025 in expenditures that belonged to another, unrelated grant. Lastly, Swinomish submitted inaccurate financial reports and we found no evidence that Swinomish submitted an Equal Employment Opportunity exemption form, as required. As a result, we questioned \$52,959 and made 9 recommendations to OVW to ensure appropriate corrective action is taken on our findings.

Recommendations

We recommend that OVW:

1. Remedy \$5,025 questioned costs related to unallowable grant expenditures that were unrelated to the grant we audited.
2. Ensure that Swinomish provides enhanced guidance to its employees on how to properly code and record expenditures to applicable grant programs.
3. Remedy \$1,311 questioned costs related to a travel voucher lacking an employee’s signature.

4. Remedy \$6,881 of inadequately supported payroll expenditures for grant-funded personnel.
5. Remedy \$3,851 in unallowed indirect cost expenditures.
6. Remedy \$35,891 in unallowable costs related to improper budget and scope modifications.
7. Ensure that Swinomish establishes internal controls that make certain that it submits to OVW accurate financial reports.
8. Ensure that Swinomish complies with its award requirement by providing to OCR either an approved Equal Employment Opportunity plan or an exception form.
9. Ensure that Swinomish creates a policy to include only verifiable, adequately supported data when preparing its grant applications in order to provide OVW with accurate information that can be relied upon when grant award decisions are made.

APPENDIX I

OBJECTIVE, SCOPE, AND METHODOLOGY

The purpose of our audit was to determine whether costs claimed under Grant 2008-TW-AX-0003 were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) program income; (4) expenditures including payroll, fringe benefits, indirect costs, and accountable property; (5) matching; (6) budget management; (7) monitoring of sub-recipients and contractors; (8) reporting; (9) award requirements; (10) program performance and accomplishments; and (11) post end date activity. We determined that program income, accountable property, matching, monitoring of sub-recipients and contractors, and post end date activity were not applicable to this grant.

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.

Unless otherwise specified, our audit covered, but was not limited to, activities that occurred between the start of Grant 2008-TW-AX-0003 in August 2008 through May 2011. Further, the criteria we audited against are contained in the *OJP Financial Guide*, Code of Federal Regulation, OMB Circulars and specific program guidance, such as award documents.

In conducting our audit, we performed sample testing in four areas, which included: grant expenditures, personnel costs, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grant we reviewed, such as dollar amounts or expenditure categories. We reviewed a judgmentally selected sample of transactions that were recorded in Swinomish's grant related accounting records as of May 2011. This included 25 expenditures related to Grant 2008-TW-AX-0003. Additionally, we judgmentally sampled two non-consecutive payroll periods. Further, we tested 2 Progress Reports, 5 FSRs, 6 FFRs, 10 indirect cost expenditures, and 5 drawdowns.

We did not test internal controls for Swinomish taken as a whole or specifically for the grant program administered by Swinomish. An independent Certified Public Accountant conducted an audit of Swinomish's financial statements. The results of this audit were reported in the Single Audit Report that accompanied the Independent Auditors' Report for the year ending 2010. The Single Audit Report was prepared under the provisions of OMB Circular A-133. We reviewed the independent auditor's assessment to identify control weaknesses and significant noncompliance issues related to Swinomish or the federal programs it was administering, and assessed the risks of those findings on our audit.

In addition, we reviewed the timeliness and accuracy of FSRs, FFRs, Progress Reports, and evaluated performance to grant objectives. However, we did not test the reliability of the financial management system as a whole, nor did we place reliance on computerized data or systems in determining whether the transactions we tested were allowable, supported, and in accordance with applicable laws, regulations, and guidelines. We also performed limited testing of information obtained from OJP's GMS and found no discrepancies. We thus have reasonable confidence in the GMS data for the purposes of our audit. However, the OIG has not performed tests of the GMS system specifically, and we therefore cannot definitively attest to the reliability of GMS data.

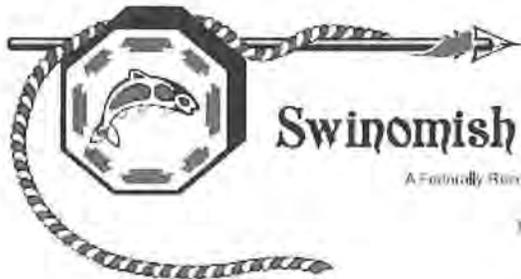
APPENDIX II

SCHEDULE OF DOLLAR-RELATED FINDINGS

| QUESTIONED COSTS: | <u>AMOUNT (\$)</u> | <u>PAGE</u> |
|---|---------------------------|--------------------|
| Unsupported Costs | | |
| Inadequately supported travel expenditures | \$ 1,311 | 7 |
| Inadequately supported personnel expenditures | 6,881 | 8 |
| | \$ 8,192 | |
| Unallowable Costs | | |
| Program Scope Alterations | \$ 35,891 | 12 |
| Grant Program commingled expenditures | 5,025 | 7 |
| Indirect costs expenditures | 3,851 | 10 |
| | \$ 44,767 | |
| TOTAL QUESTIONED COSTS | \$ 52,959 | |
| TOTAL DOLLAR RELATED FINDINGS | \$ 52,959 | |

Questioned Costs are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

AUDITEE RESPONSE



Phone (360) 466-3163
Fax (360) 466-5309

Swinomish Indian Tribal Community

A Federally Recognized Indian Tribe Organized Pursuant to 25 U.S.C. § 476
11404 Moorage Way
LaConner, Washington 98257-0817

May 15th, 2012

David J Gaschke
Regional Audit Manager
San Francisco Regional Office
1200 Bayhill Drive, Suite 201
San Bruno, CA 94066

Dear Mr. Gaschke:

Following is our written response to the Department of Justice's Draft Audit Report on the audit of the Office on Violence Against Women (OVW) grant awarded to the Swinomish Indian Tribal Community.

The following recommendations were made, and addressed by the Swinomish Indian Tribal Community.

1. Recommendation: Remedy \$5,025 questioned costs related to unallowable grant expenditures that were unrelated to the grant we audited.
 - These costs were understood to be allowable by the Swinomish Tribe under the 10% transfer rule. GAN #306391 has been submitted to amend the original budget to include supply costs.
2. Recommendation: Ensure that Swinomish provides enhanced guidance to its employees on how to properly code and record expenditures to applicable grant programs.
 - The Swinomish tribe agrees with this recommendation. The Tribe distributes current contract listings to all directors and program managers to assist in account coding and funding descriptions. Account codes are reviewed by accounting personnel prior to expense disbursement.
 - Items sampled and determined unallowable by the Department of Justice in the amount of \$5,025 were understood to be allowable under the 10% transfer rule.

3. Recommendation: Remedy \$1,311 questioned costs related to a travel voucher lacking an employee's signature.

- The Swinomish Tribe agrees with this recommendation and the questioned cost has been remedied. The Swinomish Tribe contacted the employee who promptly signed the original travel expense report.

4. Recommendation: Remedy \$6,881 of inadequately supported payroll expenditures for grant-funded personnel.

- The Swinomish Tribe agrees with this recommendation but offers the follow justification of grant funds used for personnel costs.
- Response to \$100 mathematical error: The Swinomish Tribe has updated its time and effort reporting and has standardized electronic timesheets for time keeping. Eliminating mathematical errors and allowing for daily time and effort reports to be produced.
- Response to \$637 of Non-grant related hours: All tribal employees have Personnel Action Forms on file with the Human Resources Department authorizing their fund source. The sampled employees have Personnel Action Forms on file and were authorized to work solely on the OVV grant.
- Response to \$5,370 of unsupported salaries: Both the Mental Health Supervisor and the Family Services Coordinator address various issues surrounding domestic violence daily. A large portion of the services they provide are related to Domestic Violence. Their cost objectives overlap by providing mental health services and family services to victims of domestic violence. DOJ funding only provides for a small portion of the time spent by the Mental Health Supervisor and the Family Services Coordinator on domestic violence related cases.
- Currently, the Comptroller reviews all timesheets for completeness and accuracy before salary and fringe costs are allocated to various funds.

5. Recommendation: Remedy \$3,855 in unallowed indirect cost expenditures.

- The Swinomish Tribe agrees with this recommendation but had already remedied the unallowed expenditure during the DOJ site visit in May 2011.
- Monthly indirect expenses allocated to the grant program do not exceed the Swinomish Tribes official approved indirect cost rate established by the Department of Interior. Below is a summary of direct and indirect costs charged to the grant:

| DOI IDC Approved Rates | Rate | Direct Costs | Actual IDC Billed | Maximum Allowed | Variance |
|------------------------|--------|-------------------|-------------------|------------------|---------------|
| 2008 | 45.34% | 250.75 | - | 113.69 | (113.69) |
| 2009 | 34.09% | 45,221.73 | 16,128.64 | 15,416.09 | 712.55 |
| 2010 | 31.91% | 85,882.82 | 30,047.95 | 27,405.21 | 2,642.74 |
| 2011 | 33.45% | 112,449.74 | 34,372.83 | 37,614.44 | (3,241.61) |
| TOTAL COSTS | | 243,805.04 | 80,549.42 | 80,549.42 | (0.00) |

6. Recommendation: Remedy \$35,891 in unallowable costs related to improper budget and scope modifications.

- The Swinomish Tribe agrees with this recommendation and has submitted GAN #306391 that includes these salary / employee costs as part of a salary line item rather than contractual.

7. Recommendation: Ensure that Swinomish establishes internal controls that make certain that it submits to OVV accurate financial reports

- The Swinomish Tribe has grant reporting procedures to reconcile general ledger balances to monthly reporting.
- The Swinomish Tribe submitted accurate financial records based on current general ledger data. Financial reports are due to the DOJ 30 days after the period close, but encumbrances are required to be liquidated within 60 days, according to tribal policy. This caused discrepancies between financial reports submitted and ending general ledger balances.

8. Recommendation: Ensure that Swinomish complies with its award requirement by providing to OCR either an approved Equal Employment Opportunity plan or an exception form.

- The Swinomish Tribe agrees with this recommendation and the request has been submitted to the OCR. A copy of the Certification form is included with this response.

9. Recommendation: Ensure that Swinomish creates a policy to include only verifiable, adequately supported data when preparing its grant applications in order to provide OVV with accurate information that can be relied upon when grant award decisions are made.

- The Swinomish Tribe agrees with this recommendation. Our guidance on submitting the original application was to form our best educated estimates as recommended by Department of Justice program personnel. For the original application the tribe had no infrastructure capacity for data gathering and monitoring domestic violence. The tribe now has the capacity to ensure accurate data collection and has infrastructure in place to gather needed information.

If you have any questions concerning this response, please contact Dawn Fidler, Comptroller at (360) 466-7366 or by email at dfidler@swinomish.nsn.us.

Sincerely,



Merril Burke
Tribal CFO

APPENDIX IV

DEPARTMENT OF JUSTICE RESPONSE



U.S. Department of Justice

Office on Violence Against Women

Washington, D.C. 20530

May 18, 2012

MEMORANDUM

TO: David Gaschke
Regional Audit Manager
San Francisco Regional Audit Office

FROM: Bea Hanson 
Acting Director
Office on Violence Against Women

Rodney Samuels 
Audit Liaison
Office on Violence Against Women

SUBJECT: Audit of the Office on Violence Against Women Grant Awarded to the
Swinomish Indians of the Swinomish Reservation
La Conner, Washington – Draft Audit Report

This memorandum is in response to your correspondence dated April 13, 2012 transmitting the above draft audit report for Swinomish Indians of the Swinomish Reservation. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains **nine** recommendations which include \$8192.00 in unsupported costs and \$44,771 in unallowable costs. The Office on Violence Against Women (OVW) agrees with the recommendations and is committed to working with the grantee to address each item and bring them to a close as quickly as possible. The following is an analysis of the audit recommendations:

- 1. Remedy \$5,025 in questioned costs related to unallowable grant expenditures that were unrelated to the grant we audited.**

We agree with this recommendation. We will coordinate with Swinomish to ensure that they remedy the \$5,025 in questioned costs related to unallowable grant expenditures that were unrelated to the grant you audited.

- 2. Ensure that Swinomish provides enhanced guidance to its employees on how to properly code and record expenditures to applicable grant programs.**

We agree with this recommendation. We will coordinate with Swinomish to ensure that they provide enhanced guidance to its employees on how to properly code and record expenditures to applicable grant programs.

- 3. Remedy \$1,311 in questioned costs related to a travel voucher lacking an employee's signature.**

We agree with this recommendation. We will coordinate with Swinomish to remedy \$1,311 in questioned costs related to a travel voucher lacking an employee's signature.

- 4. Remedy the \$6,881 of inadequately supported payroll expenditures for grant-funded personnel.**

We agree with this recommendation. We will coordinate with Swinomish to remedy the \$6,881 of inadequately supported payroll expenditures for grant-funded personnel.

- 5. Remedy \$3,855 in unallowed indirect cost expenditures.**

We agree with this recommendation. We will coordinate with Swinomish to remedy \$3,855 in unallowed indirect cost expenditures.

- 6. Remedy \$35,891 in unallowable costs related to improper budget and scope modifications.**

We agree with this recommendation. We will coordinate with Swinomish to remedy \$35,891 in unallowable costs related to improper budget and scope modifications.

- 7. Ensure that Swinomish establishes internal controls that make certain that it submits to OVW accurate financial reports.**

We agree with this recommendation. We will coordinate with Swinomish to ensure that Swinomish establishes internal controls that make certain that it submits to OVW accurate financial reports.

8. **Ensure that Swinomish complies with its award requirement by providing to OCR either an approved Equal Employment Opportunity plan or an exception form.**

We agree with this recommendation. We will coordinate with Swinomish to ensure that they comply with its award requirement by providing to the Office of Civil Rights (OCR) either an approved Equal Employment Opportunity plan or an exception form.

9. **Ensure that Swinomish creates a policy to include only verifiable, adequately supported data when preparing its grant applications in order to provide OVW with accurate information that can be relied upon when grant award decisions are made.**

We agree with this recommendation. We will coordinate with Swinomish to ensure that they create a policy to include only verifiable, adequately supported data when preparing its grant applications in order to provide OVW with accurate information that can be relied upon when grant award decisions are made.

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

cc: Louise M. DuHamel
Acting Assistant Director
Audit Liaison Group
Justice Management Division

Angela Wood
Budget Officer
Office on Violence Against Women

Beverly Fletcher
Program Specialist
Office on Violence Against Women

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

The OIG provided a draft copy of this audit report to the Swinomish and OVW. Individual responses from the Swinomish and OVW are found in Appendices III and IV, respectively. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation Number:

- 1. Resolved.** OVW concurred with our recommendation to remedy the \$5,025 in questioned costs related to unallowable grant expenditures that were unrelated to the grant that we audited. OVW stated that it would ensure that the \$5,025 in questioned costs would be remedied. Swinomish stated in its response that it understood these expenditures to be allowable based on the 10 percent budgetary transfer rule. However, as we explain in our report, the expenditures were unrelated to the grant's objectives and primary activities; therefore, we questioned the expenditures as being unallowable. Swinomish submitted a Grant Adjustment Notice (GAN) in May 2012 in order to seek approval to add the questioned costs to the grant budget. As of July 11, 2012, the GAN had not been approved.

This recommendation can be closed when we receive OVW's plan for how it will remedy the \$5,025 in questioned costs. Based on OVW's plan, we will require evidence that adequate corrective actions have been implemented.

- 2. Resolved.** OVW and Swinomish concurred with our recommendation to ensure that Swinomish provides enhanced guidance to its employees on how to properly code and record expenditures to applicable grant programs. OVW stated that it would ensure that Swinomish provides enhanced guidance to Swinomish employees on how to properly code and record grant-related expenditures to the proper grant program. Swinomish stated in its response that it distributes current contract listings to all directors and program managers to assist in account coding and funding descriptions. Swinomish accounting personnel review account codes before making disbursements.

This recommendation can be closed when we receive a copy of the enhanced guidance that Swinomish provided to its employees on how to properly code and record expenditures to applicable grant programs. Also, we request Swinomish's written procedures for distributing contract listings to all directors and program managers as well as procedures to its accounting personnel on reviewing account codes before expenses are disbursed.

3. **Resolved.** OVW and Swinomish concurred with our recommendation to remedy the \$1,311 questioned costs related to a travel voucher lacking an employee's signature. OVW stated that it would coordinate with Swinomish to remedy the \$1,311 in questioned costs. Swinomish stated in its response that it contacted its employee who promptly signed the original travel expense report, suggesting that it has remedied the questioned cost. On May 14, 2012, Swinomish separately provided to us a copy of the travel voucher in question with the signature of the employee.

This recommendation can be closed when we receive OVW's plan for how it will remedy the \$1,311 in questioned costs. Based on OVW's plan, we may require additional evidence that adequate corrective actions have been implemented.

4. **Resolved.** OVW and Swinomish concurred with our recommendation to remedy \$6,881 of inadequately supported personnel expenditures for grant-funded personnel. OVW stated that it would coordinate with Swinomish to remedy the \$6,881 in questioned costs.

Swinomish offered in its response justifications for its use of grant funds for personnel costs. Regarding the \$100 mathematical error that we identified, Swinomish stated that it updated its time and effort reporting and standardized its electronic timesheets. These changes will eliminate mathematical errors and allow for daily time and effort reports to be produced. Regarding the \$637 in non-grant related hours, Swinomish stated that all tribal employees have Personnel Action Forms on file with its Human Resources Department authorizing them to work solely on the OVW grant. However, the \$637 amount was not calculated in the summation of unsupported expenditures of \$6,881 due to its *de minimis* nature as we state in the report. In addition, the \$637 of non-grant related hours were attributable to two former employees who had been funded by multiple grants. Of the \$6,881, we questioned \$1,565 of unsupported personnel expenditures relating to the Mental Health Supervisor's and Family Services Coordinator's timesheets and \$5,316 relating to other grant-related personnel's unsupported timesheets.

Swinomish stated in its responses, the both the Mental Health Supervisor and Family Service Coordinator address domestic violence as an overlapping issue and Department of Justice funding only provides for a small portion of the time spent by the Mental Health Supervisor and Family Services Coordinator on domestic violence related cases. While we agree that the duties of Mental Health Supervisors and Family Services Coordinator's duties may overlap with issues of domestic violence, it is our belief that in accordance with 28 C.F.R. 225 a distribution of salaries should be supported by timesheets, therefore, actual grant activity hours should be charged to the grant.

This recommendation can be closed when we receive OVW's plan for how it will remedy the \$6,881 in questioned costs. Based on OVW's plan, we will require evidence that adequate corrective actions have been implemented.

5. **Closed.** OVW and Swinomish concurred with our recommendation to remedy \$3,851 in unallowed indirect cost expenditures. OVW stated that it will coordinate with Swinomish to remedy the \$3,851 in questioned costs. Swinomish stated in its response that that monthly indirect expenses allocated to the grant program do not exceed Swinomish's official approved indirect cost rate established by the Department of the Interior. Swinomish also provided a table with calculations showing a variance of the actual indirect cost billed and maximum amount allowed by year. Swinomish's financial reports reflected the approved indirect cost rate. After we discussed the audit finding with Swinomish during the course of our fieldwork, Swinomish stated that it remedied the unallowable expenditure.

Based on our review of the direct and indirect costs charged to the grant and the grant's general ledger, we have determined that the evidence provided adequately addresses our recommendation. Therefore, this recommendation is closed.

6. **Resolved.** OVW and Swinomish concurred with our recommendation to remedy \$35,891 in unallowable costs related to improper budget and scope modifications. OVW stated that it will coordinate with Swinomish to remedy the \$35,891 in questioned costs. Swinomish stated in its response that it has submitted a GAN to include personnel expenditures as an increased budgetary category rather than have it be reflected in the contract category. As of July 11, 2012, the GAN had not been approved.

This recommendation can be closed when we receive OVW's plan for how it will remedy the \$35,891 in questioned costs. Based on OVW's plan, we will require evidence that adequate corrective actions have been implemented.

7. **Resolved.** OVW concurred with our recommendation that Swinomish establish internal controls that make certain that it submits to OVW accurate financial reports. OVW stated that it will coordinate with Swinomish to ensure that Swinomish establishes the recommended internal controls. In its response, Swinomish did not explicitly agree with our recommendation but instead stated that it has grant reporting procedures to reconcile general ledger balances to monthly reporting. Swinomish further stated that it submitted accurate financial records based on current general ledger data. Yet, Swinomish also explained that discrepancies between the financial reports it submitted and its ending general ledger balances were the result of a timing difference between encumbrances being liquidated within 60 days according to tribal policy and financial reports being submitted to the Department of Justice within 30 days after a period closes.

Based on our audit work, we cannot confirm Swinomish's statement that it submitted accurate financial reports. As we describe in our report and illustrate in Exhibit 6, we compared grant expenditures as reported on Swinomish's financial reports that it submitted to Swinomish's general ledger and we found a number of discrepancies. We were not provided the grant-reporting procedures and internal tribal policy that Swinomish referenced in its response; therefore, we did not assess the adequacy of those procedures and policy. Swinomish stated in its response that those procedures and policy resulted in discrepancies between its general ledger balances and financial reports. However, according to the *OJP Financial Guide*, grant recipients must ensure compliance with grant terms, including maintaining adequate support of data reported on its financial reports. Because Swinomish could not provide adequate support for its financial reports, we recommended that OVW ensure Swinomish establishes internal controls that would make certain that it submits accurate financial reports.

This recommendation can be closed when we receive evidence that Swinomish established internal controls to ensure that it submits to OVW accurate financial reports. Also, we request that a copy of Swinomish's grant-reporting procedures be provided to us.

8. **Resolved.** OVW and Swinomish concurred with our recommendation to ensure that Swinomish comply with its award requirement by providing

to OCR either an approved Equal Employment Opportunity plan or an exemption form. OVW stated that it will coordinate with Swinomish to ensure Swinomish complies with the award requirement related to equal employment opportunities. Swinomish provided a copy of the Certification Form that Swinomish stated it had submitted to OCR claiming an exemption from the Equal Employment Opportunity plan requirement based on Swinomish being an Indian Tribe. However, we did not see any evidence that the Certification Form was submitted to OCR.

This recommendation can be closed when we receive evidence that Swinomish has submitted its exemption form to OCR.

9. **Resolved.** OVW and Swinomish concurred with our recommendation to ensure that Swinomish creates a policy to include only verifiable, adequately supported data when preparing its grant applications in order to provide OVW with accurate information that can be relied upon when grant award decisions are made. OVW stated that it will coordinate with Swinomish to ensure that Swinomish creates a policy to address our recommendation. Swinomish stated in its response that its guidance on submitting the original application was to form its best educated estimates as recommended by Department of Justice program personnel. Swinomish further described that when it prepared the original application it had no infrastructure capacity for data gathering and monitoring domestic violence. However, Swinomish now has the infrastructure and capacity to ensure needed information is gathered and that the data that is collected is accurate.

This recommendation can be closed when we obtain Swinomish's policy that will ensure only verifiable, adequately supported data is included in future grant applications that are submitted to OVW.