AUDIT OF THE OFFICE OF JUSTICE PROGRAMS OFFICE FOR VICTIMS OF CRIME GRANTS AWARDED TO UNIFIED SOLUTIONS TRIBAL COMMUNITY DEVELOPMENT GROUP, INC., TEMPE, ARIZONA

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

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AUDIT OF THE OFFICE OF JUSTICE PROGRAMS OFFICE FOR VICTIMS OF CRIME GRANTS AWARDED TO UNIFIED SOLUTIONS TRIBAL COMMUNITY DEVELOPMENT GROUP, INC., TEMPE, ARIZONA

EXECUTIVE SUMMARY

The Office of the Inspector General, Audit Division, has completed an audit of grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC), to Unified Solutions Tribal Community Development Group (Unified Solutions), formerly known as Unified Solutions Coaching and Consulting Group. As shown in Exhibit 1 below, Unified Solutions was awarded a total of $6,520,000 to implement five Training and Technical Assistance (T&TA) grant programs.

EXHIBIT 1: OFFICE FOR VICTIMS OF CRIME GRANTS AWARDED TO UNIFIED SOLUTIONS

GRANT AWARD	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
2005-VR-GX-0012	09/01/05	08/31/06	$ 250,000
Supplement 1		08/31/07	250,000
Supplement 2		02/28/09	250,000
2006-MU-GX-0001	12/01/06	11/30/07	600,000
Supplement 1		11/30/08	600,000
Supplement 2		09/30/10	420,000
2008-VR-GX-0010	09/01/08	08/31/09	350,000
Supplement 1		08/31/10	500,000
Supplement 2		03/31/12	300,000
2009-MU-GX-K012	09/01/09	08/31/10	500,000
Supplement 1		08/31/11	500,000
Supplement 2		08/31/12	500,000
2009-VI-GX-0001	09/01/09	08/31/10	500,000
Supplement 1		08/31/11	500,000
Supplement 2		08/31/12	500,000
		Total:	**$6,520,000**

Source: OJP

The purpose of the T&TA Counseling for Crime Victims in Indian Country by Faith-Based Organizations grant program was to support fiscal year (FY) 2004 Faith-Based Counseling for Crime Victims in Indian Country award recipients by providing culturally relevant training and technical assistance. The purpose of the Tribal Victim Assistance T&TA grant program was to assist victims by enhancing the capacity of remote victim service providers to serve victims and sustain the services

developed. The purpose of the T&TA for Counseling & Faith-Based Services for Crime Victims in Indian Country Competitive Grant Program was to support the award recipients of the FY 2008 Counseling for Crime Victims in Indian Country by Faith-Based Organizations grant program. The purpose of the T&TA for Tribal Victim Assistance Grant Programs is to support training and technical assistance to Tribal Victim Assistance grant recipients. The purpose of the Multidisciplinary Technical Assistance (TA) Project for Children's Justice Act (CJA) Partnerships in Indian Country grant program is to support the award recipients of the FY 2009 Children's Justice Act Partnerships for Indian Communities grant program.

Since 1984, OJP has provided federal leadership in developing the nation's capacity to prevent and control crime, improve the criminal and juvenile justice systems, increase knowledge about crime and related issues, and assist crime victims. The OVC is charged by Congress with administering the Crime Victims Fund, a major source of funding for victim services throughout the Nation. Established by the Victims of Crime Act (VOCA) in 1984, the Crime Victims Fund supports thousands of programs annually that represent millions of dollars invested in victim compensation and assistance in every U.S. state and territory, as well as training and demonstration projects designed to enhance the skills of those who provide services to victims. Altogether, VOCA funds support a broad array of programs and services that focus on helping victims in the immediate aftermath of crime and supporting them as they rebuild their lives. Although the specific type of outreach provided varies by need and location, the common goal of the OVC and VOCA is to reach out with a compassionate, skilled, and effective response to victims who have suffered physical, sexual, emotional, and financial harm as a result of crime.

According to Unified Solutions, the organization is dedicated to partnering with American Indian/Alaska Native communities to end violent crime, heal from the effects of trauma, and promote resilience, through examination and dismantling of internalized oppression at all levels. Unified Solutions provides training and resources to build confident and responsive grassroots leadership, by working in partnership with diverse community sectors, actively seeking the participation and involvement of resident community members, and recognizing equitable, shared power among all stakeholders involved in a project. Unified Solutions facilitates learning environments and promotes links between multi-cultural, multi-disciplinary, and multi-faith communities to develop a best practices network of "unified solutions" to sustain peace in our world. Unified Solutions tailors its services and products to uphold the unique cultural heritage and spiritual vitality of those served.

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) grant expenditures, including personnel and indirect costs, (4) budget management and control, (5) headcount and payroll testing, (6) property management, (7) financial status and progress reports, (8) grant requirements, (9) program performance and accomplishments, (10) monitoring of contractors, and (11) grant closeout. We determined that indirect costs were not applicable to these grants.

We examined Unified Solutions' accounting records, financial and progress reports, and operating policies and procedures for each of the five grants and determined that:

- for Grant Nos. 2005-VR-GX-0012, 2006-MU-GX-0001, 2008-VR-GX-0010, and 2009-MU-GX-K012, 149 of 364 drawdown periods indicated cumulative drawdowns in excess of cumulative expenditures within the 10-day window dictated by the *OJP Financial Guide*.

- for Grant Nos. 2006-MU-GX-0001 and 2008-VR-GX-0010, cumulative drawdowns exceeded cumulative expenditures at the time of our audit.

- two drawdowns for Grant Nos. 2009-MU-GX-K012 and 2009-VI-GX-0001 were recorded in accounting records to the wrong grant, and one drawdown for Grant No. 2008-VR-GX-0010 was not recorded in accounting records.

- of 328 transactions tested for all 5 grants, 155 expenditures totaling $62,976 were unallowable according to grant criteria and 49 expenditures totaling $62,660 lacked adequate supporting documentation.

- of 328 transactions tested for all 5 grants, 26 transactions did not fully comply with management requirements, including 20 transactions that lacked proper authorization, 3 expenditures approved by the payee, 2 expenditures listed in the incorrect budget category, and 1 invoice not marked as paid.

- for Grant Nos. 2005-VR-GX-0012 and 2006-MU-GX-0001, expenditures exceeded the grant budget in several categories. Cumulatively, these expenditures surpassed the 10-percent allowance in the *OJP Financial Guide* by $129,682 and $10,309, respectively.

- Unified Solutions personnel did not check the Excluded Parties List System (EPLS) when selecting a contractor or consultant.

- Unified Solutions' asset and disposal lists were not complete or accurate, and did not ensure that property and equipment acquired with grant funds was used in accordance with grant requirements.

- all 20 of the Financial Status Reports reviewed were inaccurate when compared to the general ledger.

These items are discussed in detail in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology are discussed in Appendix I.

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AUDIT OF THE OFFICE OF JUSTICE PROGRAMS OFFICE FOR VICTIMS OF CRIME GRANTS AWARDED TO UNIFIED SOLUTIONS TRIBAL COMMUNITY DEVELOPMENT GROUP, INC., TEMPE, ARIZONA

INTRODUCTION

The Office of the Inspector General, Audit Division, has completed an audit of grants awarded by the Office of Justice Programs (OJP), Office for Victims of Crime (OVC), to Unified Solutions Tribal Community Development Group (Unified Solutions), formerly known as Unified Solutions Coaching and Consulting Group. As shown in Exhibit 1 below, Unified Solutions was awarded a total of $6,520,000 to implement Training and Technical Assistance (T&TA) for five grant programs.

EXHIBIT 1. OFFICE FOR VICTIMS OF CRIME GRANTS AWARDED TO UNIFIED SOLUTIONS

GRANT AWARD	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
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Supplement 1		08/31/11	500,000
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Source: OJP

The purpose of the T&TA Counseling for Crime Victims in Indian Country by Faith-Based Organizations grant program was to support fiscal year (FY) 2004 Faith-Based Counseling for Crime Victims in Indian Country award recipients by providing culturally relevant training and technical assistance. The purpose of the Tribal Victim Assistance T&TA grant program was to assist victims by enhancing the capacity of remote victim service providers to serve victims and sustain the services developed. The purpose

of the T&TA for Counseling & Faith-Based Services for Crime Victims in Indian Country Competitive Grant Program was to support the award recipients of the FY 2008 Counseling for Crime Victims in Indian Country by Faith-Based Organizations grant program. The purpose of the T&TA for Tribal Victim Assistance Grant Programs is to support training and technical assistance to Tribal Victim Assistance grant recipients. The purpose of the Multidisciplinary Technical Assistance (TA) Project for Children's Justice Act (CJA) Partnerships in Indian Country grant program is to support the award recipients of the FY 2009 Children's Justice Act Partnerships for Indian Communities grant program.

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) grant expenditures, including personnel and indirect costs, (4) budget management and control, (5) headcount and payroll testing, (6) property management, (7) financial status and progress reports, (8) grant requirements, (9) program performance and accomplishments, (10) monitoring of contractors, and (11) grant closeout. We determined that indirect costs were not applicable to these grants.

Background

OJP provides federal leadership in developing the nation's capacity to prevent and control crime, improve the criminal and juvenile justice systems, increase knowledge about crime and related issues, and assist crime victims. The OVC is charged by Congress with administering the Crime Victims Fund, a major source of funding for victim services throughout the Nation. Established by the Victims of Crime Act (VOCA) in 1984, the Crime Victims Fund supports thousands of programs annually that represent millions of dollars invested in victim compensation and assistance in every U.S. state and territory, as well as training and demonstration projects designed to enhance the skills of those who provide services to victims. Altogether, VOCA funds support a broad array of programs and services that focus on helping victims in the immediate after math of crime and supporting them as they rebuild their lives. Although the specific type of outreach provided varies by need and location, the common goal of the OVC and VOCA is to reach out with a compassionate, skilled, and effective response to victims who have suffered physical, sexual, emotional, and financial harm as a result of crime.

According to Unified Solutions, the organization is dedicated to partnering with American Indian/Alaska Native communities to end violent crime, heal from the effects of trauma, and promote resilience, through examination and dismantling of internalized oppression at all levels. Unified Solutions provides training and resources to build confident and responsive grassroots leadership, by working in partnership with diverse community sectors, actively seeking the participation and involvement of resident community members, and recognizing equitable, shared power among all stakeholders involved in a project. Unified Solutions facilitates learning environments and promotes links between multi-cultural, multi-disciplinary, and multi-faith communities to develop a best practices network of "unified solutions" to sustain peace in our world. Unified Solutions tailors its services and products to uphold the unique cultural heritage and spiritual vitality of those served.

Our Audit Approach

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

In conducting our audit, we performed sample testing in the areas of drawdowns, grant expenditures, payroll, and property management. In addition, we reviewed the timeliness and accuracy of Financial Status Reports (FSR) and progress reports, evaluated performance to grant objectives, evaluated the grantee's monitoring of contractors, and reviewed the internal controls of the financial management system.

We tested Unified Solutions':

- **internal control environment** to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grants;

- **grant drawdowns** to determine whether grant drawdowns were adequately supported and if Unified Solutions was managing grant receipts in accordance with federal requirements;

- **grant expenditures** to determine the accuracy and allowability of costs charged to the grants;

- **budget management** to determine whether actual expenditures are in accordance with approved budgets;

- **accountable property** to determine controls over equipment purchased with grant funds;

- **Financial Status Reports and Progress Reports** to determine if the required Financial Status Reports and Progress Reports were submitted on time and accurately reflect grant activity; and

- **grant objectives and accomplishments** to determine if Unified Solutions met or is capable of meeting the grants' objectives.

These items are discussed in detail in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology are discussed in Appendix I.

FINDINGS AND RECOMMENDATIONS

We found that Unified Solutions' accounting records reflected that cumulative drawdowns exceeded cumulative expenditures for 149 of 364 drawdown periods; two drawdowns were recorded in accounting records for the wrong grant and one drawdown was not recorded in accounting records. Of the 328 transactions tested for all 5 grants, we identified 26 expenditures related to management improvement findings, 155 expenditures totaling $62,976 that were unallowable according to grant criteria, and 49 expenditures totaling $62,660 that lacked adequate supporting documentation. Additionally, we questioned a total of $139,991, for two grants that were non-compliant with the 10-percent allowance in the *OJP Financial Guide*. Further, Unified Solutions personnel did not refer to the Excluded Parties List System (EPLS) when selecting a contractor or consultant as required. In addition, asset and disposal lists were incomplete, inaccurate, and inconsistent, and did not ensure that property and equipment acquired with grant funds was used in accordance with grant requirements. Finally, we found that all 20 of the Financial Status Reports reviewed were inaccurate when compared to accounting records.

Internal Control Environment

We reviewed Unified Solutions' financial management system, policies and procedures, and Single Audit Reports to assess the risk of non-compliance with laws, regulations, guidelines, and terms and conditions of the grants. We also interviewed Unified Solutions personnel regarding areas such as payroll, purchasing, receiving, and accounts payable, and observed accounting activities to further assess risk.

Single Audit

According to Office of Management and Budget (OMB) Circular A-133, Unified Solutions is required to perform a Single Audit annually with the report due no later than 9 months after the end of the fiscal year. Unified Solutions fiscal year is from October 1 through September 30. We reviewed the Single Audits for Unified Solutions from FYs 2005 through 2010 and found that each of Unified Solutions Single Audits in the scope of this audit had been submitted within the 9 month deadline. The FY 2011 Single Audit Report was not completed nor due at the time of our audit.

The following Findings were reported in the FYs 2007 through 2010 Single Audit Reports and are directly related to DOJ grants.

- **Finding 07-1 grant drawdowns in excess of expenditures** – "…several grant advances remained in Unified's bank account for an excessive period of time. Unified was not in compliance with the cash management requirements of its Crime Victim Assistance Grant." Seven drawdowns were identified as exceeding the allowable period of time, ranging from 32 to 73 days, to drawdown funds. This finding was noted as a significant deficiency and material noncompliance.

- **Finding 08-1 grant drawdowns in excess of expenditures –** "…multiple grant advances remained in Unified's bank account for an excessive period of time. Unified was not in compliance with the cash management requirements of its Crime Victim Assistance Grants." Three drawdowns were identified as exceeding the allowable period of time, ranging from 20 to 39 days, to drawdown funds. This finding was noted as a significant deficiency in internal control and material noncompliance, and was a repeat finding from FY 2007 (Finding 07-1).

- **Finding 08-2 unadjusted general ledger was not materially correct –** "…material audit adjustments were required for the financial statements to be correct at year-end. The unadjusted general ledger was not materially correct under generally accepted accounting principles." "Government grants are not accounted for on an accrual basis throughout the year and accruals were not done for several accounts payable at year-end. Revenues, grants receivable, and unearned revenues were materially misstated throughout the year and at year-end. Accounts payable was also materially misstated at year end." This finding was noted as a significant deficiency in internal control.

- **Finding 09-1 grant drawdowns in excess of expenditures –** "…grant advances remained in Unified's bank account for an excessive period of time. Unified was not in compliance with the cash management requirements of its Crime Victim Assistance Grants during part of the year audited." This finding was noted as a significant deficiency in internal control and material noncompliance, and was a repeat finding from FYs 2007 and 2008 (Findings 07-1 and 08-1).

- **Finding 09-2 unadjusted general ledger was not materially correct –** "…material audit adjustments were required for the financial statements to be correct at year-end. The unadjusted general ledger

was not materially correct under generally accepted accounting principles." "Government grants are accounted for on a cash basis throughout the year and the correct accrual was not done for the grants receivable at year-end, causing revenues and grants receivable to be materially misstated." This finding was noted as a significant deficiency in internal control and was a repeat finding from FY 2008 (Finding 08-2).

- **Finding 10-1 unadjusted general ledger was not materially correct –** "…material audit adjustments were required for the financial statements to be correct at year-end. The unadjusted general ledger was not materially correct under generally accepted accounting principles." "Government grants are accounted for on a cash basis throughout the year and the correct accrual was not done for the grants receivable at year-end, causing revenues and grants receivable to be materially misstated." This finding was noted as a material weakness in internal control and was a repeat finding from FYs 2008 and 2009 (Findings 08-2 and 09-2).

All findings noted above directly impacted these grants and this audit. The auditors conducting the Single Audit also notified Unified Solutions of other matters involving internal controls and its operation from FYs 2007 through 2010 in separate documentation from the Single Audit Reports. Issues noted included:

- Cash disbursement and check management (noted in FY 2006, FY 2007, FY 2008, FY 2009, FY 2010);

- Payroll, including missing timesheets, missing incomplete I-9's, and authorized pay rate not approved with a physical signature (noted in FY 2006, FY 2007, FY 2008, FY 2010);

- Inadequate Board oversight (noted in FY 2007, FY 2008, FY 2009, FY 2010);

- Grant drawdowns did not match expenditures, by immaterial amounts (noted in FY 2010);

- Letter sent to a donor did not contain required IRS wording (noted FY 2010);

- Management of petty cash (noted in FY 2006, FY 2007, FY 2008, FY 2009);

- Inadequate bank reconciliations (noted in FY 2008);
- Lack of oversight over adjusting entries (noted in FY 2008);
- Credit card management (noted in FY 2007); and
- No written whistleblower policy (noted in FY 2007).

Financial Management System

A review of Unified Solutions' financial management system did not indicate any significant issues related to internal controls for the accounting system. There is sufficient separation of duties for the organization's size, and the operating procedures appear to be documented. We found Unified Solutions' management structure is geographically decentralized; the primary business is located in Tempe, Arizona, while the Executive Director is located in Virginia. However, extensive use of telecommunications and document shipping services appears to mitigate potential issues caused by distance. We also noted numerous adjusting entries to the general ledger for each fiscal year, which created issues for Unified Solutions in regard to accurate reporting; these issues are discussed in the *Reports* section of this report.

Drawdowns

According to the *OJP Financial Guide*, award recipient organizations should request funds based upon immediate disbursement/reimbursement requirements. Recipients should time their drawdown requests to ensure that Federal cash on hand is the minimum needed for reimbursements to be made immediately, or within 10 days. Unified Solutions officials stated that drawdowns were based on actual expenditures in the accounting records and short-term advances based on actual payroll to be paid. We reviewed the accounting records and compared expenditures to actual drawdown amounts and found weaknesses in Unified Solutions' cash management and accounting in relation to drawdowns, including drawdown amounts that exceeded expenditures for the draw period and drawdowns that were recorded to the wrong grant in the accounting records, or were not recorded at all.

Drawdown amounts in excess of expenditures

As shown in Exhibit 2, in four of the five grants audited, we found periods in which cumulative drawdowns exceeded cumulative expenditures within the 10-day requirement stated in the *OJP Financial Guide*:

- 2005-VR-GX-0012: 30 of 48 drawdown periods indicated cumulative overdraws;

- 2006-MU-GX-0001: 27 of 105 drawdown periods indicated cumulative overdraws (this grant was closed out on February 18, 2011, and accounting records indicated that final drawdowns of $1,620,000 exceeded final expenditures of $1,574,147.71 by $45,852.29);

- 2008-VR-GX-0010: 82 of 124 drawdown periods indicated cumulative overdraws (as of December 31, 2011, accounting records indicated that cumulative drawdowns exceeded cumulative expenditures by $23,411.24); and,

- 2009-MU-GX-K012: 10 of 87 drawdown periods indicated cumulative overdraws.

EXHIBIT 2: DRAWDOWNS IN EXCESS OF EXPENDITURES

	GRANT NO. 2005-VR-GX-0012	GRANT NO. 2006-MU-GX-0001	GRANT NO. 2008-VR-GX-0010	GRANT NO. 2009-MU-GX-K012	GRANT NO. 2009-VI-GX-0001
Number of drawdown periods	48	105	124	87	88
Number of periods with cumulative overdraw	30	27	82	10	0

Source: OJP and Unified Solutions

As shown in Exhibit 3, for two of the five grants audited, we found that total drawdowns exceeded total expenditures at the time of our audit.

- 2006-MU-GX-0001: total drawdowns of $1,620,000 exceeded total expenditures of $1,574,148 by $45,852. This grant ended September 30, 2010, and has been closed out.

- 2008-VR-GX-0010: total drawdowns of $1,075,442 exceeded total expenditures of $1,052,031 by $23,411.

EXHIBIT 3: DRAWDOWNS VERSUS ACCOUNTING RECORDS[1]

	GRANT NO. 2005-VR-GX-0012	GRANT NO. 2006-MU-GX-0001	GRANT NO. 2008-VR-GX-0010	GRANT NO. 2009-MU-GX-K012	GRANT NO. 2009-VI-GX-0001
Total expenses per accounting records	$751,861	$1,574,148	$1,052,031	$1,065,768	$965,885
Total drawdowns per accounting records	750,000	1,620,000	1,075,442	1,041,302	933,242
Total expenses minus total drawdowns	$ 1,861	$ (45,852)	$ (23,411)	$ 24,466	$ 32,643

Source: OJP and Unified Solutions

Drawdowns not accurately recorded in accounting records

We also found that accounting records did not match Grant Management System (GMS) drawdown records in five instances for the three active grants, as shown in Exhibit 4.

- A drawdown for $7,910 was recorded for Grant No. 2009-VI-GX-0001 on July 28, 2010, but there was no corresponding drawdown in GMS for this grant. For Grant No. 2009-MU-GX-K012, GMS indicated a drawdown of $7,910 on July 26, 2010. We determined this drawdown was recorded to the incorrect grant in the accounting records.

- A drawdown of $6,687 was recorded for Grant No. 2009-MU-GX-K012 on November 16, 2011, but there was no corresponding drawdown in GMS for this grant. There was a drawdown of $6,687 for Grant No. 2009-VI-GX-0001 on November 14, 2011, that was noted in GMS but not in Unified Solutions' accounting records for this grant. We determined this drawdown was recorded to the incorrect grant in the accounting records.

- We also identified a drawdown of $5,321 noted in GMS for Grant No. 2008-VR-GX-0010 on December 12, 2011, but there was no entry in the accounting records for any of the grants audited that corresponds with this amount.

[1] Differences in total amounts are due to rounding, e.g., the sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded.

EXHIBIT 4: DRAWDOWNS NOT ACCURATELY RECORDED

	GRANT NO. 2005-VR-GX-0012	GRANT NO. 2006-MU-GX-0001	GRANT NO. 2008-VR-GX-0010	GRANT NO. 2009-MU-GX-K012	GRANT NO. 2009-VI-GX-0001
Total drawdowns per GMS as of 12/31/2011	$750,000	$1,620,000	$1,080,763	$1,042,525	$932,019
Total drawdowns per accounting records	750,000	1,620,000	1,075,442	1,041,302	933,242
Periods where GMS drawdown did not match accounting records	0	0	1	2	2
GMS total drawdowns minus accounting drawdowns	$ 0	$ 0	$ 5,321	$ 1,223	$ (1,223)

Source: OJP and Unified Solutions

Transaction Testing

We reviewed personnel and direct cost expenditures. We identified two discrepancies with documentation and budget information related to personnel expenditures and determined both discrepancies to be immaterial. We reviewed 328 direct cost expenditures and found 155 unallowable expenditures totaling $62,976; 49 unsupported expenditures totaling $62,660; and 26 expenditures requiring management improvements.

Personnel Expenditures

We obtained a list of employees paid through grant funds and compared actual pay rates to budgeted rates. Generally, we found that employee pay rates for each position were reasonable and in line with the established grant budget. However, we determined one employee was paid a higher salary rate than established in the budgets, by $6,540 in 2007. The employee was paid below the budgeted rate in subsequent sampled periods; therefore, we take no exception to the 2007 overage.

We then traced payroll expenditures back to timesheets for two sampled pay periods for each grant. We found one timesheet was missing for one employee charged to Grant 2005-VR-GX-0012 for the pay period starting November 20, 2005, and ending December 3, 2005. Due to the age of the missing timesheet, and the lack of the issues with the other 9 pay periods we reviewed, we determined the missing timesheet to be immaterial.

We also reviewed fringe benefits for each grant. We were unable to analyze fringe benefits for individual employees since the grant budgets and general ledger entries did not identify expenditures for specific

employees. When analyzing individual fringe benefit expenditures, we found actual costs exceeded those budgeted for some elements. However, we determined none of these to be material, as we found that total fringe benefits paid did not exceed budgeted fringe benefits.

Other Direct Costs

We reviewed the general ledgers for the five grants audited and identified a total of 17,760 transactions with a debit total of $5,837,237, consisting of expenditures and adjusting entries. We reviewed 328 transactions and found the following exceptions:

- 155 unallowable expenditures;
- 49 unsupported expenditures; and
- 26 expenditures requiring management improvements.

As detailed in Appendix III, unallowable expenditures included 64 unbudgeted bonus payments to employees, 37 employee insurance reimbursements that exceeded allowable amounts per Unified Solutions guidelines, 31 unbudgeted expenditures, 10 instances of noncompliance with Unified Solutions vehicle rental policies, 8 penalty and late fees, 4 contractor payments to an employee, and 1 consultant payment that exceeded contractual amounts. Forty-nine unsupported expenditures were identified due to inadequate documentation. Management improvement findings included 20 transactions that lacked proper authorization, 3 expenditures approved by the payee, 2 expenditures listed in the incorrect budget category, and 1 invoice not marked as paid.

We identified total questioned costs of $124,052, which included unallowable expenditures of $62,976 and unsupported expenditures of $62,660.[2] We also identified expenditures that we felt were excessive, but we did not question these expenditures as they were purchases of budgeted items. For example, the approved grant budget for Grant No. 2009-VI-GX-0001, Supplement 1, included a line item for $5,371 for purchase of office furniture and bookcases to replace “older broken” furniture. On August 2, 2010, one leather executive chair was purchased for $700 and five leather executive chairs were purchased for $600 each; all

[2] We identified four expenditures for Grant No. 2005-VR-GX-0012 that we found to be unsupported and also unallowable under grant guidelines. Therefore, while unallowable expenditures totaled $62,976 and unsupported expenditures totaled $62,660, total questioned costs in this audit were $124,052.

were purchased from one supplier. Based on our review of other executive chairs sold by the supplier, the prices paid by Unified Solutions appeared to us to be excessive.

Budget Management and Control

According to the *OJP Financial Guide*, movement of dollars between approved budget categories without a Grant Adjustment Notice (GAN) is allowable up to 10 percent of the total award amount for awards greater than $100,000. As noted in Exhibit 1, Unified Solutions received five awards; each award was greater than $100,000. We compared the approved budgets for each award to the actual expenditures as shown in the Unified Solutions' accounting system and determined two grants did not comply with OJP guidelines.

We determined that grant expenditures exceeded multiple budget categories in excess of 10 percent of the total award amounts for Grant Nos. 2005-VR-GX-0012 and 2006-MU-GX-0001, as shown in Exhibit 5. Based on our analysis, we determined that $129,682 in expenditures from Grant No. 2005-VR-GX-0012, and $10,309 in expenditures from Grant No. 2006-MU-GX-0001, are unallowable because these expenditures were in excess of the 10 percent threshold per the *OJP Financial Guide.*

EXHIBIT 5: BUDGET MANAGEMENT AND CONTROL

COST CATEGORY	BUDGETED	EXPENDITURES	DIFFERENCE
Grant No. 2005-VR-GX-0012 (categories in excess of budget)			
Equipment	$ -	$6,600	$6,600
Contractual/Consultant	73,836	227,959	154,123
Other	95,262	141,081	45,819
TOTAL OVER BUDGET			**$206,543**
TOTAL FEDERAL FUNDS			750,000
10-PERCENT ALLOWANCE			75,000
TOTAL EXPENDITURES IN EXCESS OF TOTAL BUDGET	$750,000	$751,861	($1,861)
COSTS IN EXCESS OF 10-PERCENT THRESHOLD			**$129,682**
Grant No. 2006-MU-GX-0001 (categories in excess of budget)			
Contractual/Consultant	$218,951	$373,125	$154,174
Other	267,850	285,984	18,134
TOTAL OVER BUDGET			**$172,309**
TOTAL FEDERAL FUNDS			1,620,000
10-PERCENT ALLOWANCE			162,000
TOTAL EXPENDITURES IN EXCESS OF TOTAL BUDGET	$1,620,000	$1,569,551	$ -
COSTS IN EXCESS OF 10-PERCENT THRESHOLD			**$10,309**

Source: OJP and Unified Solutions

Accountable Property

We analyzed purchasing policies and procedures and determined there appears to be a separation of procurement duties. Unified Solutions personnel stated that for all purchases, including property and equipment, a purchase request must be submitted by the requester and management must approve of a purchase before it is made. Per Unified Solutions' financial policies, purchase orders must be placed in writing and purchase requests are submitted for approval prior to ordering. All purchase orders must be authorized by management.

The *OJP Financial Guide* requires grantees to implement controls to ensure property and equipment purchased with federal funds are properly safeguarded, and inventories be conducted every 2 years and reconciled against accounting records. We did not identify any procedures for periodic inventories of property or equipment.

The *OJP Financial Guide* states that the use of award funds to purchase new property when suitable property is already available within the recipient's organization will be considered an unnecessary expenditure. The *OJP Financial Guide* also requires grant recipients to maintain property records for equipment acquired in whole or part with project funds, including:

- Description of the property;
- Serial number or other identification number;
- Source of the property;
- Identification of the title holder;
- Acquisition date;
- Cost of the property;
- Percentage of Federal participation in the cost of the property;
- Location of the property;
- Use and condition of the property; and
- Disposition data, including the date of disposal and sale price.

Unified Solutions personnel provided us with a capital equipment list, list of assets, asset disposal list, and list of where assets were located in the Tempe office. Unified Solutions personnel stated that they maintain a log of serial numbers for equipment and account for purchased equipment separately for each grant; however, we determined none of the asset or equipment logs we received indicated which grant was used to purchase individual items of property or equipment.

According to Unified Solutions officials, the threshold for accountable property was $5,000, which met the requirements stated in the *OJP Financial Guide*. Unified Solutions personnel provided us with a capital equipment list, from which we identified three items of accountable property and tested all three items. We verified that the property and equipment were shown in the inventory and shown as federally funded.

We also identified equipment and property purchased with grant funds, below the $5,000 accountable property threshold but accounted for by Unified Solutions in asset and disposal lists. We analyzed Unified Solutions' asset and disposal lists to verify compliance with *OJP Financial Guide* requirements, accuracy of the lists, and existence of the items listed, and determined that the lists were not complete or accurate. We also determined Unified Solutions did not ensure that property and equipment acquired with grant funds was used according to the terms and conditions of the grants. We specifically noted that:

- the list of who was assigned equipment only tracks property located in the Tempe office; it did not account for equipment assigned to personnel working in other locations.

- a Dell laptop was assigned to the front desk; however, our physical verification identified a Dell desktop computer at that location.

- the assignment list indicated an iPad assigned to a Tempe employee; however, during our physical verification the employee stated the iPad was not at the office.

- the assignment list listed a phone for the Executive Director; however, during transaction testing we noted computers, iPads, furniture, and other equipment were purchased for use at the Director's Virginia work location that were not presented on the assignment list. We confirmed during physical verification that the Director was traveling with an HP Pavilion DV8 laptop, but we were told the iPad was not at the office.

- the assignment list indicated that an employee was issued a laptop, but there was no brand, model, serial number, or description of the laptop on the list.

- the assignment list stated that a Dell Dimension computer was located in the back room, but the computer was not at that location during our physical verification.

- the assignment list stated that one employee had a Dell Latitude E6400 laptop that was not in use in their office; however, during physical verification we noted that there were actually two Dell Latitude E6400 laptops unused in a locked file cabinet in that office.

- the assignment list stated that the library did not have a computer; however, we identified a Dell Latitude E6400 laptop in that room connected to the projection system.

- the list of assets was incomplete; the list contained asset descriptions, but no serial numbers; did not identify specific locations or assigned employees for each asset; and was missing information for some assets, such as the date and location of purchase, and where the asset is located.

As noted above, the *OJP Financial Guide* requires grant recipients to maintain disposition data, including the date of disposal and sale price. The *OJP Financial Guide* also states grant recipients are responsible for replacing or repairing property that is willfully or negligently lost, stolen, damaged, or destroyed, and requires grant recipients to fully document any loss or damage and make that documentation part of the grant records. Unified Solutions officials provided us with an asset disposal list that indicated 48 individual asset dispositions with an original cost total of $42,030; some asset dispositions recorded multiple items that were disposed of simultaneously. We identified issues with documentation and procedures related to disposed assets. Specifically, we noted issues with completeness of Unified Solutions' asset disposal list and short durations between the purchase and disposal of some assets:

- A computer purchased February 19, 2005, valued at $1,542 and printer and fax purchased February 11, 2005, valued at $518 were disposed of on a date of "unknown" and with no description of disposal method.

- A desk purchased February 11, 2005, valued at $600 did not include a disposal date or disposal method.

- Ten asset dispositions were disposed of on June 15, 2007, and the disposal location was described only as "Asotin County" or "Asotin Co."

- Eight asset dispositions, including computer equipment and office furniture purchased between September 20, 2004, and August 11, 2008, were recorded as disposed on July 24, 2009, through purchase by a former employee, but there was no record of the purchase amount.

- One asset disposition of a digital copier, purchased January 29, 2003, for $9,470, was recorded as disposed "by people from whom we purchased new copier."

- Thirteen asset dispositions valued at $8,330 were recorded between 10 and 22 months from purchase.

- Twelve chairs valued at $1,200 were recorded in one asset disposition by donation 22 months after being purchased.

- A computer server was purchased March 24, 2009, and recorded as disposed January 21, 2010, less than 10 months after purchase. Unified Solutions officials stated the original server was acquired in January 2007 and may have been leased prior to purchase.

- We were unable to locate an iPad on the asset disposal list, which Unified Solutions' management stated broke, resulting in the purchase of a second iPad (the list of assets indicated these two iPads were located in Virginia).

We interviewed three Unified Solutions personnel who work in locations outside the Tempe, Arizona office and identified discrepancies with regard to equipment assigned according to the asset list.

- According to the asset list, a laptop, monitor, and printer was assigned to South Dakota; however, the employee assigned to South Dakota stated that they did not have a monitor or printer.

- The asset list indicated that a Dell laptop purchased in 2009, an HP laptop purchased in 2010, monitor, and printer were assigned to Oklahoma; however, the employee assigned to Oklahoma stated they had a 2010 HP laptop for daily use and a 2005 Dell laptop as a backup, and that they did not have a monitor or printer.

In our review of grant expenditures, we identified two laptops that were purchased in the same year for one employee. We determined the laptops were allowable per grant budgets, but grant records did not identify a disposal for the first laptop or any other reason for the purchase of the second laptop. Unified Solutions officials stated the first laptop was not purchased for the employee as reflected in the grant records, but was instead purchased for general administrative grant management use.

Based on the results of our review and analysis of asset monitoring documents, we have determined that accountable property, asset, and disposition lists are not recorded or reconciled in accordance with OJP guidelines, and the Unified Solutions asset management system as a whole needs improvement. The issues with the completeness, accuracy, and consistency of Unified Solutions' asset and equipment lists could be resolved by use of one document that combines the content of the asset list and the details noted in the equipment assignment list.

Reports

We reviewed the Financial Status Reports (FSRs) and the Categorical Assistance Progress Reports (Progress Reports), and found the FSRs were submitted timely but were generally inaccurate. We determined Progress Reports were generally submitted timely and appeared adequate in presentation and content of required information.

Financial Status Reports

For financial reporting prior to October 1, 2009, the *OJP Financial Guide* states that FSRs should be submitted online no later than 45 days after the last day of each quarter. The *OJP Financial Guide* also states that effective for the quarter beginning October 1, 2009, instead of using FSRs, grant recipients must report expenditures online using the Federal Financial Report (FFR) no later than 30 days after the end of each calendar quarter. We reviewed the five most recent FSRs submitted for each grant and found they were timely.[3]

[3] The Office of Justice Programs changed from using SF-269 Financial Status Reports (FSRs) to SF-425 Federal Financial Reports (FFRs), beginning October 1, 2009. For consistency purposes, we use the term "FSR" throughout this report when discussing any financial reports submitted by Unified Solutions for the audited grants.

According to the *OJP Financial Guide*, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each Financial Report. As such, we also reviewed the four most recently submitted FSRs for each grant for accuracy, as shown in Exhibit 6.

EXHIBIT 6: FINANCIAL STATUS REPORT ACCURACY

FSR No.	FSR Report Period End Date	Grant Expenses Per Accounting Records	Cumulative Expenses per FSRs	Cumulative Expenses per Accounting Records	Difference Between FSRs & Accounting Records
Grant No. 2005-VR-GX-0012					
1	3/31/08	$ 65,720	$ 566,901	$ 565,953	$ 948
2	6/30/08	70,744	637,645	636,697	948
3	9/30/08	74,590	705,564	711,287	(5,723)
4	12/31/08	38,074	750,000	749,361	639
Grant No. 2006-MU-GX-0001					
1	9/30/09	$147,288	$1,522,954	$1,521,617	$ 1,337
2	12/31/09	66,000	1,599,153	1,587,617	11,536
3	3/31/10	7,048	1,606,897	1,594,664	12,232
4	6/30/10	13,104	1,620,000	1,607,768	12,232
Grant No. 2008-MU-GX-0010					
1	12/31/10	$ 66,642	$ 740,565	$ 733,270	$ 7,295
2	3/31/11	72,769	812,951	806,039	6,912
3	6/30/11	121,178	934,589	927,217	7,372
4	9/30/11	82,553	1,017,275	1,009,770	7,504
Grant No. 2009-MU-GX-K012					
1	12/31/10	$137,079	$ 504,706	$ 533,856	$(29,150)
2	3/31/11	115,943	620,326	649,799	(29,473)
3	6/30/11	169,008	788,684	818,807	(30,122)
4	9/30/11	129,086	918,731	947,893	(29,162)
Grant No. 2005-VR-GX-0012					
1	12/31/10	$101,173	$ 488,362	$ 490,244	$ (1,882)
2	3/31/11	93,259	580,621	583,503	(2,882)
3	6/30/11	150,963	732,553	734,467	(1,913)
4	9/30/11	120,718	853,266	855,184	(1,918)

Source: OJP and Unified Solutions

As shown in Exhibit 6, we determined that none of the FSRs accurately reflected grant expenditures. Unified Solutions officials explained that expenses are occasionally adjusted after FSRs are filed and journal entries are made by Unified Solutions' accountants or auditors at year end.

Categorical Assistance Progress Reports

According to the *OJP Financial Guide*, Progress Reports were due semiannually on January 30 and July 30 for the life of the grants. We reviewed the four most recent Progress Reports due for each grant, covering the past 2 years or the last 2 years of the grant period if the grant has ended.

EXHIBIT 7: CATEGORICAL ASSISTANCE PROGRESS REPORT HISTORY

Report Period From - To Dates	Due Date	Date Submitted	Days Late
Grant No. 2005-VR-GX-0012			
01/01/09 - 02/28/09*	05/29/09	06/17/09	19
07/01/08 – 12/13/08	01/30/09	02/10/09	11
01/01/08 – 06/30/08	07/30/08	Unknown	Unknown
07/01/07 – 12/31/07	01/30/08	01/30/08	0
Grant No. 2006-MU-GX-0001			
07/01/10 – 09/30/10*	12/29/10	12/27/10	0
01/01/10 – 06/30/10	07/30/10	07/29/10	0
07/01/09 – 12/31/09	01/30/10	01/30/10	0
01/01/09 – 06/30/09	07/30/09	08/10/09	11
Grant No. 2008-VR-GX-0010			
01/01/11 – 06/30/11	07/30/11	07/29/11	0
07/01/10 – 12/31/10	01/30/11	01/26/11	0
01/01/10 – 06/30/10	07/30/10	07/29/10	0
07/01/09 – 12/31/09	01/30/10	01/30/10	0
Grant No. 2009-MU-GX-K012			
01/01/11 – 06/30/11	07/30/11	07/29/11	0
07/01/10 – 12/31/11	01/30/11	01/25/11	0
01/01/10 – 06/30/10	07/30/10	07/29/10	0
07/01/09 – 12/31/09	01/30/10	01/30/10	0
Grant No. 2009-VI-GX-0001			
01/01/11 – 06/30/11	07/30/11	07/29/11	0
07/01/10 – 12/31/11	01/30/11	01/26/11	0
01/01/10 – 06/30/10	07/30/10	07/29/10	0
07/01/09 – 12/31/09	01/30/10	01/30/10	0

Source: Office of Justice Programs
*Final Report

As shown in Exhibit 7, 3 of the 20 Progress Reports we evaluated were submitted late. The late reports were submitted in 2009 for the two ended grants; the reports for the three current grants were submitted timely. One report due in 2008 for Grant No. 2005-VR-GX-0012 could not be located, although OJP records did not indicate that the report was submitted late.

All Progress Reports we reviewed appeared to be acceptable in form and content. The Progress Reports contained measured data and narrative discussions of grant-funded programs, including types of services provided, products created, and individuals helped. The Progress Reports contained relevant statistical data and descriptions of progress made toward accomplishing goals and objectives.

Program Performance and Accomplishments

We reviewed programmatic details and accomplishments for the five audited grants and determined the goals and objectives as stated by Unified Solution personnel appeared to be consistent with the goals, objectives, and requirements stated in the grant awards. For each grant, we determined that performance measures appeared to be reasonable indicators for evaluating actual performance. We determined Unified Solutions did not conduct any specific self-assessments related to the effectiveness of specific programs and outcomes; however, each grant program had an advisory board for oversight of program function and effectiveness. Advisory boards appeared to meet regularly and kept adequate records of discussion of grant-funded programs.

According to the award documentation, Grant No. 2005-VR-GX-0012 (*Office for Victims of Crime FY2005 Training and Technical Assistance Counseling for Crime Victims in Indian Country by Faith-Based Organizations*) was to support FY 2004 Faith-Based Counseling for Crime Victims in Indian Country award recipients by providing culturally relevant training and technical assistance (T&TA), using various collaborative models to build partnerships between local victim assistance programs and the faith-based community. We determined this grant was ended and closed, but the grant-funded program was continued by another grant with the same objectives (Grant No. 2008-VR-GX-0010). We reviewed the new grant for consistency to goals and objectives.

Grant No. 2006-MU-GX-0001 (*Office for Victims of Crime FY2006 Training and Technical Assistance to Tribal Victim Assistance (TVA) Grantees*) stated the T&TA for TVA grantees was designed to assist victims by enhancing the capacity of remote victim service providers to serve victims and sustain the services developed. We determined this grant was ended and closed, but the grant-funded program was continued by another grant with the same objectives (Grant No. 2009-MU-GX-K012). We reviewed the new grant for consistency to goals and objectives.

Grant No. 2008-VR-GX-0010 (*Office for Victims of Crimes FY2008 Training and Technical Assistance Counseling & Faith-Based Services for*

Crime Victims in Indian Country) stated this award was to provide the T&TA needed to encourage and strengthen the collaboration between victim services programs, traditional healers, and other faith-based clergy and to provide comprehensive T&TA to ensure the successful establishment and implementation of victim assistance programs in American Indian/Alaska Native communities. We determined the goals and objectives as stated by Unified Solutions personnel appeared to be consistent with the goals and objectives stated in the grant award.

Grant No. 2009-MU-GX-K012 (*Office for Victims of Crime FY2009 Training and Technical Assistance to TVA Grantees*) stated it was to provide support for American Indian/Alaska Native (AI/AN) communities to improve their ability to identify the needs of crime victims and the types of victimization on which to focus; provide direct services to victims of crime; and address the needs of unserved and underserved victims, particularly those victimized by crimes such as child abuse, homicide, elder abuse, driving while intoxicated, and gang violence. We determined the goals and objectives as stated by Unified Solutions personnel appeared to be consistent with the goals and objectives stated in the grant award.

Grant No. 2009-VI-GX-0001 (*Office for Victims of Crimes FY2009 Training and Technical Assistance for Children's of Justice Act (CJA) Partnerships for Indian Grant Program*) stated the goal was to provide FY 2009 CJA grantees with hands-on T&TA that was culturally relevant, to enhance their ability to improve the investigation, prosecution, and handling of child abuse cases, especially cases of child sexual abuse, in a manner that increases support for and lessens trauma to child abuse victims. We determined the goals and objectives as stated by Unified Solutions personnel appeared to be consistent with the goals and objectives stated in the grant award.

For all five grants audited, we observed that the grantee evaluated performance using a combination of metric and narrative information, which included summaries of program evaluations. We reviewed raw data related to this information and the information in the progress reports. We determined the performance measures appeared to be reasonable indicators for evaluating actual performance. Each grant program was intended to provide support services to tribal grantees, and we determined that Unified Solutions was providing tribal grantees with instruction and support related to management of their grants.

We determined that Unified Solutions did not conduct any specific self-assessments related to the effectiveness of specific programs and outcomes. However, Unified Solutions personnel provided information on

the advisory board for each grant program, including meeting agendas and minutes. We reviewed meeting minutes for the advisory boards and determined that program function and effectiveness was frequently discussed. We determined that Unified Solutions personnel attend training and technical assistance events as part of their primary function, as required, to meet the objective of each of the grant programs.

Unified Solutions also maintains a website (http://www.unified-solutions.org) through which it discusses the impact that the grant programs have had on the community through blogs, service and program descriptions, support offerings, and publications. We received and reviewed grantee program evaluations for each training and technical assistance conference. Unified Solutions personnel review each individual evaluation and create summary sheets of responses. We determined that the grantee has not formally partnered with other agencies for the grant programs; however, based on our reviews of program attendees, speakers, evaluations, and reports, we found that Unified Solutions maintains close relationships with the OVC and tribal grantees to provide the grant-funded programs. Unified Solutions management stated the organization will be unable to sustain the program after the grant expires, unless additional future grants are received.

Compliance with Grant Requirements

We reviewed the special conditions of the grant award for key requirements for each of the five grants audited and two supplements for each grant (15 total sets of special conditions). We determined most of the special conditions for each grant and each grant supplement were met. However, we identified three discrepancies related to noncompliance with reporting requirements, which included one discrepancy each for the three active grants.

For Grant No. 2008-VR-GX-0010, the first supplement included a requirement that the recipient submit semiannual payroll reports showing actual time and attendance made per person to all employees whose salaries are paid with OJP grant funds. We did not identify any payroll reports submitted to OJP through GMS or in grant files, although we determined that payroll records were maintained by Unified Solutions by pay period and that Unified Solutions maintained salary histories for each employee.

For Grant No. 2009-VI-GX-0001, the original award included a requirement that the recipient submit semiannual payroll reports showing actual time and attendance made per person to all employees whose salaries are paid with OJP grant funds. We did not identify any payroll reports

submitted to OJP through GMS or in grant files, although we determined that payroll records were maintained by Unified Solutions by pay period and that Unified Solutions maintained salary histories for each employee.

For Grant No. 2009-MU-GX-K012, the original award included a requirement that the recipient itemize and report attendee costs that are paid or reimbursed with cooperative agreement funds, including meals and incidental expenses, lodging, and transportation. Unified Solutions officials stated that they were not aware of any reports that were sent or needed to be sent to the OVC related to attendee costs. We did not identify any attendee costs that were paid, thus no reports appeared to be required.

Monitoring Contractors

According to the *OJP Financial Guide*, grantees should ensure that they monitor organizations under contract to them in a manner that will ensure compliance with their own overall financial management requirements, although the *Guide* does not provide specific instructions for monitoring compliance. The grant awards did not indicate any requirements for Unified Solutions to monitor contractors.

We determined that Unified Solutions uses consultants on a contract basis. Consultants perform part-time staff roles, including Business Manager and IT support. In addition to these roles, consultants were primarily used as subject matter experts for training and technical assistance programs. Unified Solutions officials stated that consultants were located from past use and through the OVC recommendation. Consultants are contracted by event and long term, and contracts specify deliverables, timelines, and amounts to be paid.

Unified Solutions officials stated that consultants were evaluated for contractual performance through evaluation forms completed by training and technical assistance program attendees, as well as through direct observation by Unified Solutions personnel. Completed evaluation forms are compiled, analyzed, and retained by Unified Solutions. Unified Solutions regulations provide direction on staff oversight of contractors, which includes monitoring and program evaluations.

The *OJP Financial Guide* requires grantees to have a process in place to ensure that contracts are not awarded to contractors or individuals excluded from federal procurement programs. Lists of excluded contractors are accessible at the Excluded Parties List System (EPLS) website. While Unified Solutions' monitoring of contractor performance appeared to be adequate, we noted that most Unified Solutions staff we interviewed stated

they had not heard of the EPLS, and none refer to EPLS when selecting suppliers, consultants or contractors. Although we did not identify that Unified Solutions hired any excluded contractors, Unified Solutions should develop and implement procedures for use of the EPLS when selecting suppliers, consultants, or contractors.

Grant Closeout

Two grants had ended at the time of our audit. Grant No. 2005-VR-GX-0012, ended February 28, 2009, and Grant No. 2006-MU-GX-0001, ended September 30, 2010. Final FSRs and Progress Reports had been submitted by Unified Solutions for each grant, as noted in Exhibit 8. As required by the *OJP Financial Guide,* both grants were administratively closed by OJP because no closeout package had been submitted by Unified Solutions within 90 days of the grant end date.

EXHIBIT 8: GRANT CLOSEOUT

GRANT NO.	END DATE	FINAL DRAWDOWN	FINAL FSR	FINAL PROGRESS REPORT
2005-VR-GX-0012	02/28/09	09/24/08	02/13/09	08/06/09
2006-MU-GX-0001	09/30/10	12/03/09	07/30/10	12/30/10

Source: OJP

We did not identify any discrepancies in our verification of post end date activities.

Recommendations

We recommend that OJP coordinates with Unified Solutions to:

1. Ensure that Unified Solutions develops and implements procedures for accurate recording of drawdowns in the general ledger.

2. Ensure that Unified Solutions develops and implements procedures for accurate recording of expenditures in the general ledger.

3. Remedy the $62,976 in questioned costs due to expenditures that were unallowable.

4. Remedy the $61,076[4] in questioned costs due to expenditures that lacked adequate support.

5. Remedy the $129,682 for expenditures in excess of the budget for Grant No. 2005-VR-GX-0012.

6. Remedy the $10,309 for expenditures in excess of the budget for Grant No. 2006-MU-GX-0001.

7. Ensure that Unified Solutions develops and implements policies and procedures to ensure consistent monitoring of expenditures in relation to budgeted amounts.

8. Ensure that Unified Solutions develops and implements policies and procedures to monitor equipment purchased with grant funds.

9. Ensure that Unified Solutions develops and implements policies and procedures for the disposal of equipment purchased with grant funds and maintains documentation of disposed items in accordance with the *OJP Financial Guide*.

10. Ensure that Unified Solutions develops and implements procedures for the submission of accurate FSRs.

11. Ensure that Unified Solutions develops and implements procedures for the consistent submission of timely Progress Reports.

12. Ensure that Unified Solutions develops and implements procedures for compliance with all grant special conditions.

13. Ensure that Unified Solutions develops and implements procedures for use of the Excluded Parties List System when selecting vendors, consultants, or contractors.

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[4] We identified four expenditures for Grant No. 2005-VR-GX-0012 that we found to be unsupported and also unallowable under grant guidelines. Therefore, while unsupported expenditures totaled $62,660, we subtracted $1,584 from the total amount to remove the duplicated questioned costs.

APPENDIX I

OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) grant expenditures, including personnel and indirect costs, (4) budget management and control, (5) headcount and payroll testing, (6) property management, (7) financial status and progress reports, (8) grant requirements, (9) program performance and accomplishments, (10) monitoring of contractors, and (11) grant closeout. We determined that matching costs, indirect costs, program income, and subgrantees 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. Our audit concentrated on, but was not limited to, the award of grants on September 1, 2005, through December 31, 2011. This was an audit of Training and Technical Assistance (T&TA) Counseling for Crime Victims in Indian Country by Faith-Based Organizations Grant No. 2005-VR-GX-0012 in the amount of $750,000 (including two supplements); Tribal Victim Assistance T&TA Grant No. 2006-MU-GX-0001 in the amount of $1,620,000 (including two supplements); T&TA for Counseling & Faith-Based Services for Crime Victims in Indian Country Competitive Grant Program Grant No. 2008-VR-GX-0010 in the amount of $1,150,000 (including two supplements); T&TA for Tribal Victim Assistance Grant Programs Cooperative Agreement No. 2009-MU-GX-K012 in the amount of $1,500,000 (including two supplements); and Multidisciplinary Technical Assistance Project for CJA Partnerships in Indian Country Grant No. 2009-VI-GX-0001 in the amount of $1,500,000 (including two supplements). According to the Office of Justice Programs, Unified Solutions had a total of $5,425,307 in drawdowns through December 31, 2011.

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

In conducting our audit, we performed sample testing in four areas, which were drawdowns, grant expenditures, payroll, and property management. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed, such as dollar amounts or expenditure category. We identified samples of 452 drawdowns, 328 grant expenditures, 10 payroll periods, and 3 items of accountable equipment. This non-statistical sample design does not allow projection of the test results to the universes from which the samples were selected.

In addition, we reviewed the timeliness and accuracy of Financial Status Reports and Progress Reports, evaluated performance to grant objectives, and evaluated the grantee's monitoring of consultants; however, we did not test the reliability of the financial management system as a whole.

APPENDIX II

SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS[5]	AMOUNT	PAGE
Unallowable Direct Costs	$62,976	5
Unsupported Direct Costs	$62,660	5
Unallowable Budget Transfers for Grant No. 2005-VR-GX-0012	$129,682	13
Unallowable Budget Transfers for Grant No. 2006-MU-GX-0001	$10,309	13
Total Questioned Costs	**$265,627**	
Less: Duplicated Questioned Costs	**($1,584)**	
TOTAL DOLLAR-RELATED FINDINGS	**$264,043**	

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

APPENDIX III

SUMMARY OF UNALLOWABLE EXPENDITURES, UNSUPPORTED EXPENDITURES, AND MANAGEMENT IMPROVEMENT FINDINGS

Total Unallowable Expenditures – All Grants:	**$ 62,976**
Total Unsupported Expenditures – All Grants:	**$ 62,660**
Total Questioned Costs – All Grants:	**$124,052**

Grant No. 2005-VR-GX-0012

Tested Transaction Number	Transaction Date	Reason	Amount Questioned
Unallowable Expenditures			
1	10/19/05	penalty fee	$ 106
2	12/10/05	employee simultaneously paid as contractor[6]	800
3	12/10/05	employee simultaneously paid as contractor[6]	103
4	12/10/05	employee simultaneously paid as contractor[6]	549
5	12/10/05	employee simultaneously paid as contractor[6]	132
6	12/16/05	Bonus	141
7	01/10/06	penalty fee	83
8	02/21/06	Bonus	522
12	03/14/06	penalty fee	25
20	12/22/06	Bonus	288
37	12/15/07	Bonus	271
38	12/15/07	Bonus	89
		Total Unallowable:	**$3,110**
Unsupported Expenditures			
2	12/10/05	no contract[6]	$ 800
3	12/10/05	no contract[6]	103
4	12/10/05	no contract[6]	549
5	12/10/05	no contract[6]	132
10	03/01/06	inadequate documentation	577
11	03/01/06	inadequate documentation	1,134
21	04/03/07	inadequate documentation	2,070
		Total Unsupported:	**$5,364**
Management Improvement			
16	08/03/06	lacks proper authorization	
20	12/22/06	lacks proper authorization	

[6] This transaction was determined to be both unsupported and unallowable under grant guidelines. The total amount questioned under this grant was reduced accordingly.

Tested Transaction Number	Transaction Date	Reason	Amount Questioned
23	04/05/07	improper budget category	
51	04/03/08	improper budget category	
		Grant No. 2005-VR-GX-0012 Total:	**$6,890**

Grant No. 2006-MU-GX-0001

Tested Transaction Number	Transaction Date	Reason	Amount Questioned
Unallowable Expenditures			
30	09/30/07	exceeds allowable reimbursement	$ 73
39	12/15/07	Bonus	271
40	12/15/07	Bonus	135
41	12/15/07	Bonus	181
42	12/15/07	Bonus	271
45	01/29/08	exceeds allowable reimbursement	9
47	03/04/08	exceeds allowable reimbursement	9
48	03/28/08	exceeds allowable reimbursement	9
60	05/06/08	exceeds allowable reimbursement	9
63	07/15/08	exceeds allowable reimbursement	242
67	07/27/08	exceeds allowable reimbursement	220
73	10/24/08	exceeds allowable reimbursement	660
75	11/14/08	exceeds allowable reimbursement	220
79	12/27/08	Bonus	271
80	12/27/08	Bonus	276
81	12/27/08	Bonus	271
83	01/10/09	exceeds allowable reimbursement	220
84	01/10/09	exceeds allowable reimbursement	220
86	02/23/09	exceeds allowable reimbursement	220
89	04/05/09	exceeds allowable reimbursement	220
90	04/05/09	exceeds allowable reimbursement	220
92	05/04/09	exceeds allowable reimbursement	220
94	05/04/09	Unbudgeted	493
99	05/25/09	exceeds allowable reimbursement	220
106	07/03/09	exceeds allowable reimbursement	220
112	07/20/09	exceeds allowable reimbursement	220
119	09/06/09	exceeds allowable reimbursement	220
120	09/28/09	exceeds allowable reimbursement	220
122	10/27/09	exceeds allowable reimbursement	110
124	11/24/09	exceeds allowable reimbursement	110

Tested Transaction Number	Transaction Date	Reason	Amount Questioned
132	12/16/09	Bonus	189
133	12/16/09	Bonus	271
134	12/16/09	Bonus	91
135	12/16/09	Bonus	89
144	01/22/10	penalty fee	234
		Total Unallowable:	**$7,133**
Unsupported Expenditures			
31	11/17/07	inadequate documentation	$ 250
32	11/17/07	inadequate documentation	250
33	11/17/07	inadequate documentation	250
34	11/17/07	inadequate documentation	250
35	11/17/07	inadequate documentation	250
36	11/17/07	inadequate documentation	250
55	04/23/08	inadequate documentation	369
96	05/16/09	inadequate documentation	98
102	06/01/09	exceeded contract allowance	249
163	06/21/10	inadequate documentation	10,000
		Total Unsupported:	**$12,216**
Management Improvement			
31	11/17/07	lacks proper authorization	
32	11/17/07	lacks proper authorization	
33	11/17/07	lacks proper authorization	
34	11/17/07	lacks proper authorization	
35	11/17/07	lacks proper authorization	
36	11/17/07	lacks proper authorization	
46	02/19/08	invoice not marked as paid	
111	07/11/09	lacks proper authorization	
		Grant No. 2006-MU-GX-0001 Total:	**$19,350**

Grant No. 2008-VR-GX-0010

Tested Transaction Number	Transaction Date	Reason	Amount Questioned
Unallowable Expenditures			
78	12/27/08	bonus	$ 271
93	05/04/09	unbudgeted	403
95	05/11/09	exceeded contract allowance	1,000
129	12/16/09	bonus	94
130	12/16/09	bonus	95

Tested Transaction Number	Transaction Date	Reason	Amount Questioned
131	12/16/09	bonus	92
143	01/22/10	penalty fee	192
165	06/27/10	unbudgeted	305
168	06/27/10	unbudgeted	51
176	07/21/10	bonus	186
179	07/21/10	bonus	129
181	07/21/10	bonus	163
183	07/21/10	bonus	1,237
185	07/21/10	unbudgeted	351
188	07/22/10	unbudgeted	69
192	07/23/10	noncompliance with vehicle rental policies	312
231	09/30/10	noncompliance with vehicle rental policies	173
234	10/06/10	penalty fee	10
238	10/22/10	unbudgeted; invoice indicates 3rd party recipient	60
242	11/01/10	unbudgeted	131
250	12/16/10	bonus	165
252	12/16/10	bonus	1,237
254	12/16/10	bonus	134
256	12/16/10	bonus	169
261	12/16/10	bonus	917
285	07/12/11	unbudgeted	319
291	08/19/11	noncompliance with vehicle rental policies	9
295	08/27/11	unbudgeted	242
313	11/03/11	unbudgeted	2,589
321	12/09/11	bonus	2,640
322	12/09/11	bonus	231
		Total Unallowable:	**$13,973**
Unsupported Expenditures			
101	06/01/09	exceeded contract allowance	$ 204
150	04/07/10	inadequate documentation	1,044
195	07/26/10	inadequate documentation	2,742
196	07/26/10	inadequate documentation	2,742
212	08/06/10	inadequate documentation	1,686
218	08/10/10	inadequate documentation	190
219	08/10/10	inadequate documentation	48
269	04/01/11	inadequate documentation	826
274	05/01/11	inadequate documentation	1,296
309	10/06/11	inadequate documentation	2,205
311	10/26/11	inadequate documentation	120

Tested Transaction Number	Transaction Date	Reason	Amount Questioned
		Total Unsupported:	**$13,102**
Management Improvement			
137	12/26/09	lacks proper authorization	
229	09/23/10	second laptop purchase for employee in one year	
261	12/16/10	self-approved	
269	04/01/11	lacks proper authorization	
285	07/12/11	no authorization for purchase	
		Grant No. 2008-VR-GX-0010 Total:	**$27,075**

Grant No. 2009-VI-GX-0001

Tested Transaction Number	Transaction Date	Reason	Amount Questioned
Unallowable Expenditures			
121	10/27/09	exceeds allowable reimbursement	$ 110
123	11/24/09	exceeds allowable reimbursement	110
125	12/16/09	bonus	81
126	12/16/09	bonus	91
127	12/16/09	bonus	176
128	12/16/09	bonus	89
139	01/10/10	exceeds allowable reimbursement	110
141	01/18/10	exceeds allowable reimbursement	120
145	03/07/10	exceeds allowable reimbursement	120
147	03/27/10	exceeds allowable reimbursement	120
164	06/27/10	unbudgeted	296
167	06/27/10	unbudgeted	49
174	07/21/10	bonus	1,041
175	07/21/10	bonus	180
178	07/21/10	bonus	65
184	07/21/10	unbudgeted	341
187	07/22/10	unbudgeted	67
191	07/23/10	noncompliance with vehicle rental policies	302
230	09/30/10	noncompliance with vehicle rental policies	168
233	10/06/10	penalty fee	14
237	10/22/10	unbudgeted; invoice indicates 3rd party recipient	79
241	11/01/10	unbudgeted	175
248	12/16/10	bonus	1,132
249	12/16/10	bonus	220
253	12/16/10	bonus	67

Tested Transaction Number	Transaction Date	Reason	Amount Questioned
260	12/16/10	bonus	1,223
284	07/12/11	unbudgeted	425
292	08/19/11	noncompliance with vehicle rental policies	78
294	08/27/11	unbudgeted	323
312	11/03/11	unbudgeted	3,452
316	12/09/11	bonus	710
317	12/09/11	bonus	1,658
318	12/09/11	bonus	2,468
319	12/09/11	bonus	634
320	12/09/11	bonus	231
		Total Unallowable:	**$16,524**
Unsupported Expenditures			
149	04/07/10	inadequate documentation	$ 1,044
154	04/24/10	inadequate documentation	500
161	05/04/10	inadequate documentation	900
194	07/26/10	inadequate documentation	2,661
210	08/06/10	inadequate documentation	1,637
216	08/10/10	inadequate documentation	190
217	08/10/10	inadequate documentation	41
268	04/01/11	inadequate documentation	1,101
273	05/01/11	inadequate documentation	1,728
308	10/06/11	inadequate documentation	2,940
		Total Unsupported:	**$12,742**
Management Improvement			
136	12/26/09	lacks proper authorization	
240	10/26/10	lacks proper authorization	
260	12/16/10	self-approved	
268	04/01/11	lacks proper authorization	
284	07/12/11	no authorization for purchase	
		Grant No. 2009-VI-GX-0001 Total:	**$29,266**

Grant No. 2009-MU-GX-K012

Tested Transaction Number	Transaction Date	Reason	Amount Questioned
Unallowable Expenditures			
140	01/10/10	exceeds allowable reimbursement	$ 110
142	01/18/10	exceeds allowable reimbursement	100

Tested Transaction Number	Transaction Date	Reason	Amount Questioned
146	03/07/10	exceeds allowable reimbursement	100
148	03/27/10	exceeds allowable reimbursement	100
153	04/24/10	exceeds allowable reimbursement	220
162	05/31/10	exceeds allowable reimbursement	220
166	06/27/10	unbudgeted	296
169	06/27/10	unbudgeted	49
170	07/13/10	exceeds allowable reimbursement	220
171	07/20/10	exceeds allowable reimbursement	220
172	07/21/10	bonus	1,041
173	07/21/10	bonus	538
177	07/21/10	bonus	180
180	07/21/10	bonus	129
182	07/21/10	bonus	163
186	07/21/10	unbudgeted	341
189	07/22/10	unbudgeted	1,160
190	07/22/10	unbudgeted	67
193	07/23/10	noncompliance with vehicle rental policies	302
215	08/09/10	unbudgeted	900
224	08/31/10	exceeds allowable reimbursement	220
232	09/30/10	noncompliance with vehicle rental policies	168
235	10/06/10	penalty fee	14
236	10/09/10	noncompliance with vehicle rental policies	34
239	10/22/10	unbudgeted; invoice indicates 3rd party recipient	82
243	11/01/10	unbudgeted	179
251	12/16/10	bonus	226
255	12/16/10	bonus	134
257	12/16/10	bonus	169
258	12/16/10	bonus	1,163
259	12/16/10	bonus	570
262	12/16/10	bonus	1,257
286	07/12/11	unbudgeted	437
293	08/19/11	noncompliance with vehicle rental policies	310
296	08/27/11	unbudgeted	332
314	11/03/11	unbudgeted	3,548
323	12/09/11	bonus	2,515
324	12/09/11	bonus	1,208
325	12/09/11	bonus	1,658
326	12/09/11	bonus	634
327	12/09/11	bonus	683

Tested Transaction Number	Transaction Date	Reason	Amount Questioned
328	12/09/11	bonus	238
		Total Unallowable:	**$22,236**
Unsupported Expenditures			
151	04/07/10	inadequate documentation	$ 1,076
197	07/26/10	inadequate documentation	2,661
198	07/26/10	inadequate documentation	2,661
202	08/02/10	inadequate documentation	2,452
204	08/02/10	inadequate documentation	2,588
213	08/06/10	inadequate documentation	1,637
220	08/10/10	inadequate documentation	190
221	08/10/10	inadequate documentation	41
270	04/01/11	inadequate documentation	1,132
275	05/01/11	inadequate documentation	1,776
310	10/06/11	inadequate documentation	3,022
		Total Unsupported:	**$19,235**
Management Improvement			
138	12/26/09	lacks proper authorization	
262	12/16/10	self-approved	
270	04/01/11	lacks proper authorization	
276	05/02/11	lacks proper authorization	
286	07/12/11	no authorization for purchase	
		Grant No. 2009-MU-GX-K012 Total:	**$41,471**

APPENDIX IV

UNIFIED SOLUTIONS' RESPONSE TO DRAFT REPORT

UNIFIED SOLUTIONS
TRIBAL COMMUNITY DEVELOPMENT GROUP, INC.

USTCDGI

ADDRESS: 2164 E BROADWAY RD SUITE 200 TEMPE, AZ 85282-1961
BILLING ADDRESS: PO BOX 90020 TUCSON, AZ 85752-0020
TOLL FREE: 877-438-4400
FAX: 480-966-3599
WEBSITE: www.unified-solutions.org

September 26, 2012

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

RE: Unified Solutions Tribal Community Development Group, Inc.

Dear Mr. Sheeran:

Attached please find Unified Solutions response to the Recommendations and Findings of the Audit of the Office of Justice Programs, Office for Victims of Crime Grants Awarded to Unified Solutions Tribal Community Development Group, Inc., in Tempe, Arizona

Thank you for the opportunity to respond to this report.

Sincerely,

Stanley L. Pryor

Stanley L. Pryor
Executive Director
Email: stan@unified-solutions.org

"Building capacity through education, training and resource support."

UNIFIED SOLUTIONS TRIBAL COMMUNITY DEVELOPMENT GROUP, INC. RESPONSE TO THE RECOMMENDATIONS AND FINDINGS OF THE AUDIT OF THE OFFICE OF JUSTICE PROGRAMS, OFFICE FOR VICTIMS OF CRIME GRANTS AWARDED TO UNIFIED SOLUTIONS TRIBAL COMMUNITY DEVELOPMENT GROUP, INC., TEMPE, ARIZONA

1. Ensure that Unified Solutions develops and implements procedures for accurate recording of drawdowns in the general ledger.

Unified Solutions (Unified) acknowledges that drawdowns were not accurately recorded in the past. However, Unified now has procedures in place that allow for accurate recording of drawdowns. At the end of each week, the Business Manager sends a spreadsheet listing all payables, divided by grant, to the Executive Director. Attached to that spreadsheet is a "Fund Withdrawal Request" (see attachment A-1) that lists the grant, the grant number, the amount of the draw, the date the money was drawn, the date the money was received in the bank and the date the amount was posted into the accounting system. This form is first signed by the Executive Director when the payables are submitted to him, signed by the Business Manager when the funds are received and entered into the account program and then by the Treasurer after a review of the attachments.

Out of 444 transaction draws listed on the GMS system between 5/16/09 and 8/22/12, the OIG audit identified five bookkeeping errors. One identified in 2011 as not having been entered in the accounting records was found to actually be in the accounting system and recorded on 12/15/11. The other "four" were actually two errors as the same amount was posted incorrectly. That error has been corrected. As mentioned above, the new process will ensure accurate recording of the drawdowns in the general ledger.

2. Ensure that Unified Solutions develops and implements procedures for accurate recording of expenditures in the general ledger.

Unified Solutions does its best to maintain accurate procedures for recording of expenditures in the general ledger. The Business Manager or Unified's Certified Public Accountant (CPA) reconciles accounts and a full complete audit is done by DeVries, CPA, on a yearly basis and submitted to OVC. Unified acknowledges that there have been issues in the past with expenditures not being accurately recorded that have had to be corrected during the audit, and is working to implement better procedures to ensure that the expenditures are recorded by the Business Manager and then reviewed by the outside CPA firm during the year so that these items will not need to be corrected during the audit.

3. Remedy the $62,976 in questioned costs due to expenditures that were unallowable.

Unified Solutions does not agree with the amount of questioned costs in this finding. Please see the attached schedule (attachment A-2) showing our analysis of all of the findings in this area with our explanation below each category and additional support for some of the expenditures that were in fact properly supported and allowed. We do agree with certain questioned costs such as the penalties being disallowed and have adopted better procedures for identifying those costs that are not allowable under OMB Circular A-122 and either finding other funds to pay for them or avoiding those costs altogether. As you are aware, Unified does not typically have other funding sources, but exists almost solely to conduct the programs under these OVC grants. For us now to come up with past-disallowed costs would put a serious constraint on the ability for Unified to continue and we sincerely ask that you consider waiving these older disallowed costs with our assurance that we will no longer charge these

costs to the grants in the future. We will also ensure that any consultants and/or staff who handle the financial matters for Unified are fully trained in OMB Circular A-122 Cost Principles as well as OMB Circular A-110 compliance procedures, so that things of this nature do not occur again.

4. Remedy the $61,076 in questioned costs due to expenditures that lacked adequate support.

Unified Solutions does not agree with the amount of questioned costs in this finding.
Please see the attached schedule (attachment A-2) showing our analysis of all of the findings in this area with our explanation below each category and additional support for some of the expenditures that were in fact properly supported and therefore allowable. We do still have a few questioned costs that were not supported and those are marked as such. However, Unified has adopted better procedures for supporting costs as is required under OMB Circular A-122 to ensure that all appropriate support is fully maintained. As you are aware, Unified does not typically have other funding sources, but exists almost solely to conduct the programs under these OVC grants. For us now to come up with these past questioned costs would put a serious constraint on the ability for Unified to continue and we sincerely ask that you consider waiving these older questioned costs with our assurance that we will fully support all costs to the grants in future. We will also ensure that any consultants and/or staff who handle the financial matters for Unified are fully trained in OMB Circular A-122 Cost Principles as well as OMB Circular A-110 compliance procedures, so that things of this nature do not occur again.

5. Remedy the $129,682 for expenditures in excess of budget for Grant No. 2005-VR-GX-0012.

Unified Solutions does not agree with the dollar amount in excess of budget for this finding. See attached spreadsheet (attachment A-2) showing analysis of budget to actual costs in summary for the total grant (summary tab) as well as detail for each grant period. As you can see from the summary tab, we have reclassified the travel costs from where they were misclassified in the QuickBooks file under both the consultants/contracts and other costs categories. However, even by doing that, we acknowledge that we are still over budget in contractual/consultant as well as now in Supplies and in Travel. The main issue was that instead of hiring staff that would have been charged under personnel and fringe benefit costs, we contracted with consultants and other contract staff to assist us with providing the services. Unfortunately, at the time staff was unaware of the requirement to get a revision to the budget when costs need to be adjusted by line item, as they should have been in this case. We kept looking at the budget in total for each year and knew that we were within the 10% in total, without looking at each separate line item. We will ensure that any amendments to each and every line item in the budget are fully approved by OVC prior to each year-end within each contract in accordance with OMB compliance regulations.

6. Remedy the $10,309 for expenditures in excess of budget for Grant No. 2006-MU-GX-0001.

Unified Solutions does not concur with this finding.

Although the P&L (attachment A-3) for this grant, 2006-MU-GX-0001 (TVA#2) does indicate the total under Contractual/consultants to be $373,125.22, this section also includes consultant travel in the

amount of $103,264.85. Our P&L was set up to follow consultant expenses under this category. This would put us over in this category in the amount of $50,909.37 once the travel was subtracted. Under "Other Costs", the total figure of $285,984.32 also contains lodging of $11,699.32 under "Advisory/Planning Meeting" and $11,695.53 for lodging under "Annual Conference: Room Rental/AV Services". Lodging has since been changed over to the section under "Travel". These two figures subtracted from the total of "Other Costs" leaves a surplus in this category of $5,260.53. The total of these figures is $45,648.84, which is under the 10% allowable.

7. **Ensure that Unified Solutions develops and implements policies and procedures to ensure consistent monitoring of expenditures in relation to budgeted amounts.**

As noted above, Unified agrees that there should have been a consistent monitoring of expenditures in relation to budgeted amounts. As such, we have implemented procedures whereby financial consultants will prepare a budget to actual report for each line item of the budget for each grant that will then be reviewed by the Executive Director. Any consideration for revisions to the budget line item categories will be submitted to OVC to ensure that approval for those revisions is obtained.

8. **Ensure that Unified Solutions develops and implements policies and procedures to monitor equipment purchased with grant funds.**

Unified Solutions has an inventory list with the purchase date of the item, description, where it is located and where it was disposed of, and when. The grant funds used to purchase the item were not on the inventory list because we thought it was adequate to access that information was obtainable through QuickBooks, Unified's accounting system. However, as in accordance with OMB compliance regulations, Unified will update its equipment list to show which funding sources paid for all equipment. In addition, at least every two years Unified will perform a physical inventory of all equipment purchased with grant funds and will revise where the equipment is located.

9. **Ensure that Unified Solutions develops and implements policies and procedures for the disposal of equipment purchased with grant funds and maintain documentation of disposed items in accordance with the *OJP Financial Guide.***

Unified concurs that it did not obtain permission from OVC in the past for any asset disposals as in accordance with OMB Compliance requirements and the OJP Financial Guide. Instead, equipment that was no longer usable was disposed of and other arrangements were made that the Board determined was an acceptable way of disposing of the assets. In the future, however, Unified will ensure that it complies with OMB compliance regulations and the OJP Financial Guide in disposing of all equipment.

Specifically referenced in the OIG draft report was the disposal of equipment to "Asotin" or "Asotin County". There was a Closing Agreement between Unified Solutions and the Asotin County Commissioner's Office relative to a satellite office we maintained at William Clark Plaza in Clarkston, WA. The agreement dated June 8, 2007 is attached (see attachment A-36). The agreement stated that Asotin County would assume lease payments (two months early), along with utility payments, in

exchange for the existing furnishings and equipment on the premises. This agreement eliminated the cost of shipping furniture back to Arizona and paying a lease for another two months after the office was closed. The description of the assets disposal is abbreviated; however, back-up is available in the inventory file maintained by the Business Manager.

The OIG draft report also referenced items sold to a former employee. Although the sale price is not listed on the inventory list, the amount is listed in QuickBooks and was deducted from the employee's paycheck on 7/24/09. Money from this sale went back into the grant funds.

Repairing the digital copier referred to in the OIG draft report as purchased January 29, 2003 was not cost feasible. When Unified purchased the new copier from Arizona Office Technologies, they agreed to dispose of the digital copier for Unified. The Business Manager added Arizona Office Technologies to the asset disposal list.

10. Ensure that Unified Solutions develops and implements procedures for the submission of accurate FSRs.

Unified acknowledges that FSRs were not always accurate. Much of this occurred because adjustments were made in one period for costs in a different period by financial consultants who were unaware of the impact of these improperly dated adjustments. Unified will ensure every effort is made to file accurate FSRs in the future.

In summary, all "Cumulative Expenses per Accounting Records" are going to include adjustments and depreciation entered by Unified's CPA and Unified's auditor for September and October of each year—the end of one year and the beginning of the next fiscal year. None of these adjustments was taken into account in OIG Exhibit 6. Depreciation and adjustments were not taken into account for "Grant Expenses per Accounting Records" in most cases. Adjustments are also made in-house to account for voided or lost checks and expenses that were not available until after the FSR was filed. In-house changes are also made when errors are found and then corrected.

11. Ensure that Unified Solutions develops and implements procedures for the consistent submission of timely Progress Reports.

Unified concurs that progress report(s) were late in 2009 due to the former Executive Director's terminal illness. However, as stated on page 19 of the OIG draft report "We determine Progress Reports were generally submitted timely and appear adequate in presentation and content of required information", Unified has submitted all Progress Reports on time following guidelines established by the current Executive Director and believes that it currently has good procedures to continue to ensure consistent submission of Progress Reports on a timely basis.

12. Ensure that Unified Solutions develops and implements procedures for compliance with all grant special conditions.

Unified concurs that one specific special condition stated in the first supplement for grant No. 2008-VR-GX-0010 and original award for Grant No. 2009-VI-GX-0001 requiring semi-annual payroll reports submission to OJP through GMS did not occur. The former Executive Director died in November of 2009 and the special condition requiring this report was not provided to the Business Manager or Interim Executive Director. All other special conditions are followed and that specific requirement was not mandated in prior special conditions, thus we believe that we do have sufficient procedures for compliance with all grant special conditions.

13. Ensure that Unified Solutions develops and implements procedures for use of the Excluded Parties List System (EPLS) when selecting vendors, consultants, or contractors.

Unified concurs with this finding. Unified has developed a form and protocol to insure the EPLS is used and documented when selecting vendors, consultants and contractors in all future activities (see attachment A-4).

OFFICE OF JUSTICE PROGRAMS' RESPONSE TO DRAFT REPORT

U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

OCT -9 2012

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

FROM: Maureen A. Henneberg
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs' Office for Victims of Crime Grants Awarded to Unified Solutions Tribal Community Development Group, Inc., Tempe, Arizona*

This memorandum is in response to your correspondence, dated August 23, 2012, transmitting the subject draft audit report for Unified Solutions Tribal Community Development Group, Inc. (Unified Solutions). We consider the subject report resolved and request written acceptance of this action from your office.

The draft audit report contains **13** recommendations and **$264,043** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. **We recommend that OJP ensure that Unified Solutions develops and implements procedures for accurate recording of drawdowns in the general ledger.**

   OJP agrees with the recommendation. We will coordinate with Unified Solutions to obtain a copy of procedures implemented to ensure accurate recording of grant drawdowns in their general ledger.

2. **We recommend that OJP ensure that Unified Solutions develops and implements procedures for accurate recording of expenditures in the general ledger.**

   OJP agrees with the recommendation. We will coordinate with Unified Solutions to obtain a copy of procedures implemented to ensure that grant expenditures are accurately recorded in their general ledger.

3. **We recommend that OJP remedy the $62,976 in questioned costs due to expenditures that were unallowable.**

   OJP agrees with the recommendation. We will coordinate with Unified Solutions to remedy the $62,976 in questioned costs identified as unallowable. If adequate documentation cannot be provided to demonstrate that the costs were allowable, we will request that Unified Solutions return the funds to the U.S. Department of Justice (DOJ), adjust their accounting records to remove the costs, and submit a revised final Federal Financial Report (FFR) for each grant.

4. **We recommend that OJP remedy the $61,076 in questioned costs due to expenditures that lacked adequate support.**

   OJP agrees with the recommendation. We will coordinate with Unified Solutions to remedy the $61,076 in questioned costs, related to expenditures that lacked adequate support. If adequate supporting documentation cannot be provided, we will request that Unified Solutions return the funds to the DOJ, adjust their accounting records to remove the costs, and submit a revised final FFR for each grant.

5. **We recommend that OJP remedy the $129,682 for expenditures in excess of the budget for Grant Number 2005-VR-GX-0012.**

   OJP agrees with the recommendation. We will coordinate with Unified Solutions to remedy the $129,682 in questioned costs for Grant Number 2005-VR-GX-0012, related to expenditures in excess of the grant budget. If adequate documentation cannot be provided, we will request that Unified Solutions return the funds to the DOJ, adjust their accounting records to remove the costs, and submit a revised final FFR for the grant.

6. **We recommend that OJP remedy the $10,309 for expenditures in excess of the budget for Grant Number 2006-MU-GX-0001.**

   OJP agrees with the recommendation. We will coordinate with Unified Solutions to remedy the $10,309 in questioned costs for Grant Number 2005-MU-GX-0001, related to expenditures in excess of the grant budget. If adequate documentation cannot be provided, we will request that Unified Solutions return the funds to the DOJ, adjust their accounting records to remove the costs, and submit a revised final FFR for the grant.

7. **We recommend that OJP ensure that Unified Solutions develops and implements policies and procedures to ensure consistent monitoring of expenditures in relation to budgeted amounts.**

   OJP agrees with the recommendation. We will coordinate with Unified Solutions to obtain a copy of policies and procedures implemented to ensure the consistent monitoring of expenditures in relation to budgeted amounts.

8. **We recommend that OJP ensure that Unified Solutions develops and implements policies and procedures to monitor equipment purchased with grant funds.**

   OJP agrees with the recommendation. We will coordinate with Unified Solutions to obtain a copy of policies and procedures implemented to monitor equipment purchased with Federal grant funds.

9. **We recommend that OJP ensure that Unified Solutions develops and implements policies and procedures for the disposal of equipment purchased with grant funds, and maintains documentation of disposed items in accordance with the *OJP Financial Guide*.**

   OJP agrees with the recommendation. We will coordinate with Unified Solutions to obtain a copy of policies and procedures implemented for the disposal of equipment purchased with Federal grant funds, and maintains documentation of disposed items in accordance with the *OJP Financial Guide*.

10. **We recommend that OJP ensure that Unified Solutions develops and implements procedures for the submission of accurate FFRs.**

    OJP agrees with the recommendation. We will coordinate with Unified Solutions to obtain a copy of procedures implemented to ensure that FFRs are accurately submitted.

11. **We recommend that OJP ensure that Unified Solutions develops and implements procedures for the consistent submission of timely Progress Reports.**

    OJP agrees with the recommendation. We will coordinate with Unified Solutions to obtain a copy of procedures implemented to ensure that Progress Reports are timely submitted.

12. **We recommend that OJP ensure that Unified Solutions develops and implements procedures for compliance with all grant special conditions.**

    OJP agrees with the recommendation. We will coordinate with Unified Solutions to obtain a copy of procedures implemented to ensure compliance with all grant special conditions.

13. **We recommend that OJP ensure that Unified Solutions develops and implements procedures for use of the Excluded Parties List System when selecting vendors, consultants, or contractors.**

    OJP agrees with the recommendation. We will coordinate with Unified Solutions to obtain a copy of procedures implemented to ensure that the Excluded Parties List System is used when selecting vendors, consultants, or contractors.

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

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APPENDIX VI

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

The Department of Justice (DOJ), Office of the Inspector General (OIG) provided a draft of this audit report to the Office of Justice Programs (OJP) and Unified Solutions Tribal Community Development Group, Inc., (Unified Solutions). Unified Solutions' response is incorporated as Appendix IV of this final report. OJP's response is incorporated as Appendix V of this final report. The following provides the OIG analysis of the responses and summary of actions necessary to resolve the report.

Analysis of OJP's Response

In response to our audit report, OJP concurred with our recommendations and discussed the actions it will implement in response to our findings. As noted in Appendix V of this final report, OJP stated that it will coordinate with Unified Solutions to remedy each recommendation.

Analysis of Unified Solutions' Response

In its response to our audit report, Unified Solutions concurred with the nine management improvement recommendations and discussed the actions it will implement in response to these findings. However, Unified Solutions stated that it disagreed with all four recommendations related to questioned costs, and it provided 36 attachments concerning our findings. Specifically, Unified Solutions disagreed with $55,870 of $62,976 in expenditures identified as unallowable under grant guidelines; $60,956 of $61,076 in expenditures identified as lacking adequate supporting documentation; $129,682 in expenditures in excess of the budget for Grant No. 2005-VR-GX-0012; and $10,309 in expenditures in excess of the budget for Grant No. 2006-MU-GX-0001.

Summary of Actions Necessary to Close the Report

1. **Resolved.** OJP agreed with our recommendation that Unified Solutions develops and implements procedures for accurate recording of drawdowns in the general ledger. OJP stated in its response that it will coordinate with Unified Solutions to obtain a copy of the procedures implemented to ensure accurate recording of grant drawdowns in Unified Solutions' general ledger.

In its response, Unified Solutions concurred with this recommendation. Unified Solutions stated that it had corrected four drawdowns that it had allocated to incorrect grants and had identified the missing drawdown in its accounting records, although we were not provided documentation of the corrections or the missing drawdown. Unified Solutions also stated that it now has procedures in place for the accurate recording of drawdowns. Unified Solutions provided us with an example of a "Fund Withdrawal Request" document as additional support. While this document would support the approval of a drawdown, it does not constitute a procedure that would ensure that drawdowns are recorded accurately in the general ledger.

This recommendation can be closed when we receive evidence that Unified Solutions has developed and implemented procedures for the accurate recording of drawdowns in the general ledger.

2. **Resolved.** OJP agreed with our recommendation that Unified Solutions develops and implements procedures for accurate recording of expenditures in the general ledger. OJP stated in its response that it will coordinate with Unified Solutions to obtain a copy of the procedures implemented to ensure that grant expenditures are accurately recorded in their general ledger.

   In its response, Unified Solutions concurred with this recommendation. Unified Solutions acknowledged that there have been issues in the past with the accuracy of expenditures, which had to be corrected during annual audits. Unified Solutions stated it is working to implement better procedures so that expenditures will be accurately recorded and will not need to be corrected during its annual audit.

   This recommendation can be closed when we receive evidence that Unified Solutions has developed and implemented procedures for the accurate recording of expenditures in the general ledger.

3. **Resolved.** OJP agreed with our recommendation to remedy $62,976 in questioned costs due to unallowable expenditures. OJP stated in its response that if adequate documentation cannot be provided to demonstrate that the costs were allowable, it will request that Unified Solutions return the funds to the DOJ, adjust its accounting records to remove the costs, and submit a revised final Federal Financial Report (FFR) for each grant.

   Unified Solutions stated that it did not agree with $55,870 of the $62,976 in unallowable expenditures. Unified Solutions stated that it

agreed that expenditures for penalties are unallowable, noting that it has adopted better procedures for identifying those unallowable costs under OMB Circular A-122. Unified Solutions further stated that it would either find other funds to pay for those costs or start avoiding the costs altogether. Although OMB Circulars are used as criteria to determine the allowability of certain types of costs, we also use the *OJP Financial Guide*, grant award documents, and approved grant budgets as criteria for grant audits to assess the allowability of specific expenditures.

With regard to the $55,870 in unallowable expenditures for which Unified Solutions disagreed, it provided its own analysis of our findings, with an explanation for each category of unallowable expenditure and additional support for some of the expenditures that it felt were properly supported and allowable. These responses follow below, summarized by category of unallowable questioned cost.

Penalty Fees

Unified Solutions stated that it could not verify $595 of $678 in questioned costs for penalty fees and late payment fees paid with grant funds. Unified Solutions stated that penalties paid in January 2010 occurred prior to a change in the method of transmitting payroll and payroll taxes, and late fees were due to late credit card payments.

Unified Solutions stated that it disagreed with $83 questioned for an IRS penalty for a late payment and stated this was part of $252 refunded to Unified Solutions by the U.S. Treasury on February 22, 2007. As support, Unified Solutions provided a printout of a transaction from its general journal. This one page document contained two offsetting line items – the first had no transaction description, a memo note of "refund," and indicated a debit of $273 to the account "[redacted] Bank-TVA." The second line item had no transaction description, a memo note of "refund," and indicated a credit of $273 to the account "Rebates and Refunds." Since this document was created by Unified Solutions and contains no external support, does not reference the IRS penalty, and is for a different dollar amount than the questioned expenditure, we cannot accept this document as evidence of allowability for this expenditure.

The *OJP Financial Guide* specifically lists fines and penalties as unallowable costs. Unified Solutions' accounting records contained documentation for each of the fines and penalty fees questioned as a result of our audit. As Unified Solutions did not provide support for the allowability of these expenditures, we question expenditures of $678 for

penalty fees as unallowable costs.

Bonus Payments to Personnel

Unified Solutions stated in its response that it did not agree that $33,196 of $33,957 questioned for employee bonuses paid with grant funds was unallowable. Unified Solutions stated that bonus payments to employees were budgeted items for individual salaries, including the Executive Director. Unified Solutions also stated that the Board of Directors, "in most cases," voted on employee bonuses, which were approved by the Executive Director and the Board of Directors. Unified Solutions cited an *OJP Financial Guide* rule allowing bonuses as long as they do not exceed 110 percent of SES pay, and stated that no salaries were in excess of the SES level.

We reviewed the approved budget detail for each grant and each supplement and noted that Unified Solutions provided specific information for personnel expenses, including a specific salary for each employee and percentage of time budgeted for each employee to each grant. Unified Solutions did not list bonus payments in the approved budgets for any of the grants or supplements. Additionally, the *OJP Financial Guide* states that bonuses to officers or board members of profit or non-profit organizations are unallowable, as they are determined to be a profit or fee. Based on that criterion, bonus payments to the Executive Director would be unallowable even if included in the approved budget.

Therefore, based on the criteria used for this audit, Unified Solutions did not provide support for the allowability of these expenditures and we question expenditures of $33,957 for employee bonuses paid with grant funds as unallowable.

Excess Allowable Reimbursements

Unified Solutions stated in its response that it did not agree with $1,540 of $6,290 questioned as unallowable for excessive reimbursements for spousal health care insurance. Unified Solutions provided an e-mail from the former Executive Director dated July 14, 2008, approving one payment in excess of Unified Solutions' reimbursement limit. Unified Solutions also provided Board of Directors meeting minutes dated January 25, 2010, which included a suggested revision to spousal health insurance reimbursement. The suggested revision would have resulted in a monthly allowance of $400 for premiums paid directly to an insurance agency, while removing the

$180 allowance for third party insurance plans.

During our transaction testing, the expenditures we reviewed relating to spousal health insurance reimbursement included multiple documents supporting a $180 monthly limit, and we questioned all expenditures in excess of that limit. These documents included an e-mail to a former Executive Director and the Business Manager, a memo from a former Executive Director to employees, and the past employee handbook. We reviewed Unified Solutions' current employee handbook and determined that it did not contain any language regarding allowances for the reimbursement of third party insurance premiums, nor did it include the January 25, 2010, suggested revision by Unified Solutions discussed above. Further, had the suggested language above been enacted, all payments made as reimbursement for spousal health insurance after that date would have been unallowable, as in each instance they were paid directly to an individual and not to an insurance agency. Therefore, we question expenditures of $6,290 for excessive reimbursements for spousal health care insurance as unallowable.

Unbudgeted Items – Storage Rental

Unified Solutions stated in its response that it does not agree that $2,839 in questioned costs for rental of a storage locker were unallowable. Unified Solutions stated that these expenditures were for the rental of space for document storage. Unified Solutions included as support a February 2009 e-mail correspondence between a former Executive Director and the Business Manager discussing storage unit rental costs. Unified Solutions also stated that storage rental expenditures were approved by the Executive Director and were included in the approved grant budgets under "office rent." Unified Solutions stated that there is a separate line item for "storage" in the grant budgets for Grant Nos. 2009-MU-GX-K012 and 2009-VI-GX-0001.

While "office rent" was listed in the approved budget for each grant and each supplement, it described office rental by specific square footage, as well as the number and type of rooms in the space rented; none of those descriptions include an allowance for external rental. We also reviewed the approved grant budgets for Grant Nos. 2009-MU-GX-K012 and 2009-VI-GX-0001, and determined that storage was a line item in the approved budgets for those grants, but did not appear until Supplement 2. Supplement 2 for each grant funded the period from September 1, 2011, to August 31, 2012. Storage expenditures that we questioned as unallowable occurred from May 4, 2009, to August 27, 2011; we did not question any storage expenditures that

occurred after September 1, 2011. Therefore, these storage rental expenditures for $2,839 are still questioned as unallowable.

Unbudgeted Items – Electronics

Unified Solutions stated in its response that it does not agree that $485 in questioned costs for unbudgeted electronics items were unallowable. Unified Solutions stated that this purchase was for office supplies, and also stated that Unified Solutions considers any purchase under $5,000 per item, per grant, to be office supplies.

These questioned expenditures occurred on November 1, 2010. The approved grant budgets for this period specifically listed what equipment and supplies were to be purchased, including three laptop computers, office furniture, specific consumable supplies for training and technical assistance events, specific promotional supplies for training and technical assistance events, and videos and books for the resource library. The budgets included specific items to be purchased, and the quantity and unit price for each item to be purchased. The electronics items questioned were not listed in the approved grant budgets and the expenditure for $485 is therefore unallowable.

Unbudgeted Items - iPads

Unified Solutions stated in its response that it does not agree that $2,396 in questioned expenditures for two unbudgeted Apple iPads purchased in July 2010 was unallowable; it does not agree that $1,181 in questioned expenditures for one unbudgeted Apple iPad purchased in July 2011 was unallowable; and it does not agree that $900 in questioned expenditures for one unbudgeted Apple iPad purchased in August 2011 was unallowable. Unified Solutions stated that these purchases were for office supplies, and also stated that Unified Solutions considers any purchase under $5,000 per item, per grant, to be office supplies.

The questioned expenditures occurred in July 2010, July 2011, and August 2011. The approved grant budgets for these periods specifically listed what equipment and supplies were to be purchased, and included one desktop computer, one phone, three laptop computers, office furniture, specific consumable office supplies, specific consumable supplies for training and technical assistance events, specific promotional supplies for training and technical assistance events, and videos and books for the resource library. The budgets included specific items to be purchased, and the quantity and unit price for each item to

be purchased. The Apple iPads questioned were not listed in the approved grant budgets and the expenditures for $2,396; $1,181; and $900 were therefore unallowable.

We also questioned the need and purpose of the iPads. When asked why the iPads were purchased, Unified Solutions management stated that they were purchased because their laptops were too large to use on airplanes. Two Unified Solutions employees at the Tempe office, during the time of our audit, were assigned iPads. We asked the first employee to provide their iPad for verification and the employee stated that it was not at the office. The second employee was the Executive Director, who is based in Virginia and flew to Tempe for our audit; we asked him to provide his iPad for verification and we were told that the iPad was located in Virginia.

The Executive Director also stated that he had purchased two iPads, in the same year, for his use because the first one had broken, was too expensive to fix, and the warranty had expired. We noted no iPads listed on the disposal sheet and we were unable to locate any documentation or investigation by Unified Solutions of the broken iPad, as required by the *OJP Financial Guide*. Additionally, according to Apple, iPads come with a warranty of 1 year of hardware repair coverage.[7] According to Unified Solutions' accounting records, the Executive Director's first iPad was purchased July 21, 2010, and the replacement iPad was purchased July 12, 2011, before expiration of Apple's 1 year hardware repair warranty.

Considering Unified Solutions' assignment of a laptop computer to each employee, coupled with staff inabilities to produce their assigned iPads for verification, we determined that the iPads do not appear to be needed for the grant funded programs or serve the purposes stated by Unified Solutions management.

Unbudgeted Items – Home Shopping Network

Unified Solutions stated in its response that it does not agree that $220 in questioned expenditures for a DVD recorder purchased from a home shopping network were unallowable. Unified Solutions stated that the device was purchased to convert VHS tapes to DVDs, as Unified Solutions has a large library of VHS tapes. Unified Solutions stated that

[7] *http://www.apple.com/legal/warranty/archived/20110101/ipad-english.html* explains the warranty that was valid for iPads purchased before October 4, 2011.

these purchases were budgeted under office supplies.

This questioned expenditure occurred in October 2010. The approved grant budgets for these periods specifically listed what equipment and supplies were to be purchased, and included one desktop computer, one phone, specific consumable office supplies, specific consumable supplies for training and technical assistance events, specific promotional supplies for training and technical assistance events, and videos and books for the resource library. The budgets included specific items to be purchased, and the quantity and unit price for each item to be purchased. The DVD recorder purchased was not listed in the approved grant budgets and the expenditure for $220 was therefore unallowable.

During our audit, we observed that the purchase order for this expenditure was signed by the Executive Director. We also observed that the invoice was billed to a relative of the Executive Director, with a Pennsylvania address, and was delivered to the same relative at a Virginia address. Unified Solutions stated in its response that this relative was noted on the invoice because the home shopping network account was in the relative's name. Recipients of grant funds need to ensure that grant funded expenditures are only made by authorized grantee officials.

Additionally, the DVD recorder was shipped to Virginia and therefore does not appear to be used by Unified Solutions for converting its library of VHS tapes to DVDs, as that library is located in Tempe, Arizona. The DVD recorder also does not appear on Unified Solutions' equipment list for the Tempe office.

Unbudgeted Items – Video Conferencing

Unified Solutions stated in its response that it does not agree that $9,590 in questioned expenditures for unbudgeted video conferencing equipment and software was unallowable. Unified Solutions stated that these purchases were for office supplies, and also stated that it considers any purchase under $5,000 per item, per grant, to be office supplies.

These questioned expenditures occurred in November 2011. The approved grant budgets for these periods specifically listed what equipment and supplies were to be purchased, including three laptop computers, office furniture, specific consumable supplies for training and technical assistance events, specific promotional supplies for training and technical assistance events, and videos and books for the resource

library. The budgets included specific items to be purchased, and the quantity and unit price for each item to be purchased. The video conferencing equipment and software questioned were not listed in the approved grant budgets and the expenditures for $9,590 were therefore unallowable.

Additionally, the *OJP Financial Guide* defines Equipment as "tangible, nonexpendable personal property having a useful life of more than 1 year and an acquisition cost of $5,000 or more per unit. A recipient may use its own definition of equipment provided that such definition would at least include all equipment defined above." Unified Solutions' policy of accounting for expenditures by allocating the purchase of one item to multiple grants, rather than by total asset cost, does not include all equipment as defined by OJP; the video conferencing equipment and software should have been accounted for as equipment.

Noncompliance With Vehicle Rental Policies

Unified Solutions stated in its response that it does not agree that $1,856 in questioned expenditures for noncompliance with vehicle rental policies was unallowable. Unified Solutions stated its car rental policy needs to be updated to "what actually occurs," and the policy allows a waiver if "authorized by the Executive Director." Unified Solutions also stated the costs were approved by the Executive Director and two of the questioned rental expenditures were for the Executive Director.

The *OJP Financial Guide* states that travel expenses are allowable costs for employees who are in travel status on official business related to the award. These costs must be in accordance with federal policy or an organizationally approved travel policy. The Unified Solutions Operations Manual states "Rentals shall be compact or mid-size automobiles. Use of a full-size car, van, or sports utility vehicle is acceptable only when four (4) or more persons are traveling together and sharing the rental. Travelers must return the rental car with the correct amount of gas per the rental agreement. Any refilling charge or gas charges imposed by the rental agency, in excess of the average gas price at the time of the rental, will be the financial responsibility of the traveler, unless a waiver is authorized by the Executive Director."

Unified Solutions stated in its response that approval of a vehicle rental by the Executive Director constitutes a blanket waiver for deviations from the stated vehicle rental policy. We disagree with this statement, as any deviation from grant guidelines should require advance written approval. Additionally, blanket deviations from grant guidelines create

increased risk and potential for misuse of grant funds, as internal controls over grant funds can be more easily overridden without proper oversight. During our audit, we did not identify any documented requests for, or approvals of, waivers from the stated vehicle rental policy for size of vehicle or for fuel refilling costs. Therefore, the questioned expenditures of $1,856 for noncompliance with vehicle rental policies were unallowable.

We also note that one of the questioned vehicle rentals for the Executive Director was a Chevrolet Camaro sports car. That 4 day rental cost was twice as much as another employee's weeklong intermediate class rental that was rented for the same time period and location. It is our opinion that rental of a sports car is not the best use of limited grant funding.

Contractor Concurrently Paid As Employee

Unified Solutions stated in its response that it does not agree that $1,584 in questioned expenditures for an employee that was concurrently paid as a contractor was unallowable. Unified Solutions stated that the employee was paid as a contractor for attending a conference from October 31 to November 2, 2005, and was not hired as an employee until November 21, 2005.

In its response, Unified Solutions provided an independent contractor's invoice from the individual for attendance at a conference from October 31 to November 2, 2005, and included a detailed list of $1,708 in expenses, including salary, hotel, per diem, mileage, parking, and ground transportation. The document includes handwritten notes by Unified Solutions personnel that reduced the invoice amount to $1,584 and indicated a need for original receipts and original invoice. We determined that this document does not constitute adequate support for this expenditure, as it does not include a signed contract that details the purpose of the independent contracting agreement, an agenda for the conference, or evidence of the individual's hire date as an employee of Unified Solutions. Therefore, the questioned expenditure of $1,584 for an employee that was concurrently paid as a contractor was unallowable.

Excessive Contractor Payment

Unified Solutions stated that it agrees that documentation to support $1,000 for payments in excess of contract allowance for one contractor could not be located. Unified Solutions stated that an addendum to the contract should have been completed, and it will monitor contractors for compliance with invoices.

After considering Unified Solutions' responses to questioned costs for unallowable expenditures, we determined that Unified Solutions has not provided adequate documentation to support the reduction of any of the questioned costs noted in our audit due to unallowable expenditures. This recommendation can be closed when we receive evidence that Unified Solutions has remedied the $62,976 in questioned costs identified as unallowable.

4. **Resolved.** OJP agreed with the recommendation to remedy $61,076 in questioned costs due to expenditures that lacked adequate support. OJP stated in its response that it will coordinate with Unified Solutions to remedy the $61,076 in questioned costs related to expenditures that lacked adequate support. OJP stated that if adequate supporting documentation cannot be provided, OJP will request that Unified Solutions return the funds to the DOJ, adjust its accounting records to remove the costs, and submit a revised final FFR for each grant.

   In its response, Unified Solutions stated that it did not agree with $60,956 of the $61,076 in expenditures that we identified as lacking adequate supporting documentation. Unified Solutions provided its own analysis of our findings related to unsupported expenditures, with an explanation for each unsupported expenditure organized by payee, and additional support for some of the expenditures that it felt were properly supported. These responses are presented below, as organized by Unified Solutions, by payee.

   Office Max

   Unified Solutions stated in its response that it did not agree that $1,711 for questioned expenditures for office furniture purchased on March 1, 2006, was unsupported. Unified Solutions stated that the two transactions listed in the general ledger were a duplication of the same charge. As additional support, Unified Solutions provided a ledger of 13 journal entries for this transaction dated December 4, 2006, and a purchase request for $2,765 for furniture from Office Max dated March 6, 2006.

After reviewing the additional documentation provided by Unified Solutions, we remain unable to conclude that the $1,711 for these transactions were adequately supported. While Unified Solutions stated that the two expenditures were a duplication of the same charge, the accounting records contained two line items in differing amounts for purchases from Office Max on March 6, 2006; one transaction occurred in the amount of $577 and the second transaction in the amount of $1,134. Additionally, the ledger of journal entries provided by Unified Solutions is dated December 4, 2006, and did not include any documentation explaining what the journal entries are adjusting. Further, the purchase request for furniture was the same document that we reviewed during our audit, with the exception that there was handwriting across the front of the new document that said "credit 12/4/06 'charges cleared under different amount'."

The additional documentation did not provide support for Unified Solutions' explanation of duplicate expenditures, nor did it adequately support specifically what was purchased through these expenditures. Therefore, the questioned expenditure of $1,711 for office furniture was unsupported.

Advisory Board Dinner

Unified Solutions stated in its response that it did not agree that $369 for a working dinner for the Advisory Board on April 23, 2008, was unsupported. Unified Solutions stated the charge was for a working dinner and was adequately supported because the Unified Solutions credit card was used to pay for the dinner and the card was in the possession of the former Executive Director. Unified Solutions also provided an e-mail dated April 17, 2008, from the former Executive Director regarding an advisory board dinner whose attendees were the OVC Director, Deputy Director, and Program Specialist, three Unified Solutions Board Members, Unified Solutions staff, and five other individuals.

After reviewing the additional documentation provided by Unified Solutions, which included an e-mail invitation to the dinner and a credit card receipt for $369, we determined this expenditure to be unsupported. The documentation did not include an itemized receipt or a list of attendees. It also did not include evidence that OVC officials paid their own food and beverage costs, as required by the *OJP Financial Guide*. Since we were unable to verify specifics of what this transaction purchased and for whom, we determined the expenditure of $369 for a

working dinner for the Advisory Board was unsupported.

AlphaGraphics

Unified Solutions stated in its response that it did not agree that $2,070 for forum materials purchased on April 3, 2007, was unsupported. Unified Solutions stated that there were several items on the invoice that were not on the original estimate.

During our audit, we reviewed documentation for this expenditure. The original estimate for 60 participant guides and 60 instructor guides was dated March 15, 2007, and indicated an estimated total of $5,651. The invoice dated March 30, 2007, indicated the same quantities of guides and a total due of $7,720, which was paid by Unified Solutions on April 3, 2007. Unified Solutions was unable to provide documentation to support the $2,070 increase from the estimate, which was paid. Therefore, we determined the expenditure of $2,070 for forum materials was unsupported.

Legal Fees

Unified Solutions stated in its response that it did not agree that $98 for fees paid to a law firm on May 16, 2009, was unsupported. Unified Solutions stated that the transaction was for preparation of an audit response required by Unified Solutions' annual auditors, and provided a check request, invoice, and an e-mail discussing the transaction.

The additional documentation provided by Unified Solutions included an approved check request and an invoice from the law firm to Unified Solutions. We were not provided these documents in Unified Solutions' grant records at the time of our audit, but after receiving them from Unified Solutions we determined they constituted adequate support for this transaction. As a result of this additional documentation, total unsupported questioned costs will be reduced by $98.

HP Home Store

Unified Solutions stated in its response that it did not agree that $10,000 for five questioned expenditures for office furniture purchased August 2 and August 6, 2010, was unsupported. Unified Solutions stated that the expenditures were "very confusing," and stated that they were part of a larger purchase of $23,698. Unified Solutions provided additional documentation for this expenditure, including a purchase request for $23,698, dated August 2, 2010; an order confirmation with

the same date and total; an American Express bill for $85,458, dated August 16, 2010, that listed 10 different Office Max purchases from August 2, 2010, to August 12, 2010, which ranged between $144 and $11,802; and 19 pages of delivery receipts totaling $15,273.

The additional documentation provided by Unified Solutions was the same documentation we reviewed in grant files during our audit. The amount of the purchase request that was paid did not match the expenditures noted in the general ledger, nor did it match the items listed on the delivery receipt. The amounts noted on the American Express bill did not match the general ledger, nor did they match the delivery receipt. Since we were unable to verify specifics of what this transaction purchased, we determined that the expenditure of $10,000 for the purchase of office furniture was unsupported.

Consultant 1

Unified Solutions stated in its response that it did not agree that $4,800 for consulting fees paid on May 1, 2011, was unsupported. Unified Solutions stated that the transaction was for a conference coordinator, and provided a check request, invoice, time log, and contract.

The additional documentation provided by Unified Solutions included an approved check request, invoice, time log, and contract. At the time of our audit, we were able to locate all of these documents in Unified Solutions' grant records except for the contract. After receiving the contract from Unified Solutions, we determined the documentation constituted adequate support for this transaction. As a result of this additional documentation, total unsupported questioned costs will be reduced by $4,800.

Memory Suppliers, Inc.

Unified Solutions stated in its response that it did not agree that $3,165 for questioned expenditures for memory sticks purchased on April 7, 2010, was unsupported. Unified Solutions stated that the purchase was made using the Unified Solutions credit card that is co-signed by the Executive Director and Board Treasurer. Unified Solutions provided a signed check request and a quotation and invoice for the purchase.

The additional documentation provided by Unified Solutions included a check request, quotation, and invoice. At the time of our audit, we were

not provided these documents in Unified Solutions' grant records. After receiving these documents from Unified Solutions, we determined that they constituted adequate support for this transaction. As a result of this additional documentation, total unsupported questioned costs will be reduced by $3,165.

Consultant 2

Unified Solutions stated in its response that it did not agree that $13,467 for questioned expenditures for a contracted consultant paid July 26, 2010, was unsupported. Unified Solutions stated the contractor owns TAIWA and the check should have been written to TAIWA. Unified Solutions provided documentation, including an approved check request for $8,064, dated August 5, 2010; an invoice for $8,064, dated July 21, 2010; and a log of 144 billable hours from April 27, 2010, to July 10, 2010.

During our audit, we were not provided any documentation for this transaction in the grant files under the contractors' name or under TAIWA. The additional documentation provided by Unified Solutions as support for this transaction did not match the expenditure in terms of payee, date, or dollar amount. Therefore, we determined the expenditure of $13,467 for contractor costs was unsupported.

TAIWA, LLC

Unified Solutions stated in its response that it did not agree that $8,167 for questioned expenditures for TAIWA, LLC on October 6, 2011, was unsupported. Unified Solutions provided documentation, including an approved check request, invoice, and three contracts for content development and technical support.

The additional documentation provided by Unified Solutions included a check request, invoice, and three contracts for content development and technical support. At the time of our audit, we were not provided these documents in Unified Solutions' grant records. After receiving these documents from Unified Solutions, we determined they constituted adequate support for this transaction. As a result of this additional documentation, total unsupported questioned costs will be reduced by $8,167.

Consultant 3

Unified Solutions stated in its response that it did not agree that $10,000 for questioned expenditures for consultant expenses paid October 6, 2011, was unsupported. Unified Solutions provided additional documentation, including an approved check request, consultant invoice, and e-mail from the Program Director discussing a contract.

The additional documentation provided by Unified Solutions included a check request, consultant invoice, and e-mail from a Program Director discussing a contract. We previously reviewed each of these documents in Unified Solutions' grant records during our audit. We were not provided a contract detailing deliverables, timelines, and price; this document is referenced in an e-mail provided by Unified Solutions, but the contract itself has not been provided to us. Therefore, we determined the expenditure of $10,000 for consultant expenses was unsupported.

Consultant 4

Unified Solutions stated in its response that it did not agree that $2,099 in questioned expenditures for consultant expenses dated April 24, 2010; May 4, 2010; and August 10, 2010, that we determined were unsupported. Unified Solutions provided additional documentation, including approved check requests, consultant invoices, and contracts.

The additional documentation provided by Unified Solutions included two approved check requests, three consultant invoices, and three contracts that specified deliverables and fees. At the time of our audit, we were not provided these documents in Unified Solutions' grant records. After receiving these documents from Unified Solutions, we determined that they constituted adequate support for this transaction. As a result of this additional documentation, total unsupported questioned costs will be reduced by $2,099.

Consultant Stipends

Unified Solutions stated in its response that it did not agree that $1,500 in questioned expenditures for six consultant stipends paid on November 17, 2007 were unsupported. Unified Solutions provided additional documentation, including approved check requests, emails, hotel receipts, and a meeting agenda.

The additional documentation provided by Unified Solutions included six approved check requests, an agenda for the 2007 TVA National Advisory Board Meeting, two emails discussing the meeting, and seven pages of hotel receipts. The agenda indicates that the meeting date was December 4, 2007, and hotel receipts indicate arrival dates of December 2, 2007, and departure dates of December 6, 2007. The stipends were paid on November 17, 2007, more than 2 weeks before the meeting date. We were not provided with a list of meeting attendees and were unable to verify that stipend recipients attended the meeting. Therefore, we determined the expenditure of $1,500 for consultant stipends was unsupported.

Executive Director's Computer

Unified Solutions stated in its response that it did not agree that $3,059 in questioned expenditures for a computer purchased on April 1, 2011 was unsupported. Unified Solutions provided documentation, including an approved check request and order receipts.

The additional documentation provided by Unified Solutions included an approved check request and four order receipts. The order receipts indicate that the computer was purchased on March 28, 2011. The purchase request was submitted April 1, 2011, and approved by the Executive Director on April 19, 2011. We determined that the purchase request and purchase receipts constituted adequate support for this transaction. As a result of this additional documentation, total unsupported questioned costs will be reduced by $3,059.

While this transaction was supported with the additional documentation, we noted the transaction was requested 3 days after purchase and approved by the purchaser 22 days after purchase. According to section one of Unified Solutions' Financial Procedures Manual, purchase requests should be submitted in writing prior to the placement of orders and credit card purchases must also be pre-authorized. Unified Solutions should ensure that purchases are not made without advance written approval.

Consultant 5

Unified Solutions stated in its response that it did not agree that $452 in questioned expenditures for consultant expenses paid on June 1, 2009, was unsupported. Unified Solutions provided documentation, including approved check requests, invoices, and contracts.

The additional documentation provided by Unified Solutions included two check requests, two consultant invoices, an unsigned contract for 2006 and a contract amendment dated June 13, 2006, and a signed contract dated November 30, 2009. The 2006 contract stated an hourly rate of $22 and the 2009 contract stated an hourly rate of $30. The additional contracts differed from documents we reviewed in Unified Solutions' grant records during our audit; we previously reviewed a signed contract for 2006, which was signed by the contractor and Unified Solutions on June 16, 2006, and stated an hourly rate of $24. Based on the signature dates, we determined none of the contracts or amendments were relevant at the time of the $452 in expenditures we questioned as unsupported. The first contract expired on December 31, 2006, and the second contract was signed on November 30, 2009, while the unsupported expenditures occurred on June 1, 2009. However, we determined the consultant had been providing services to Unified Solutions consistently since at least 2006, so we did not question the entire amount paid to this consultant. We only noted the difference between the unsupported $27 hourly rate that was paid for 151 hours of work and the $24 hourly rate that was specified in the most recent contract provided by Unified Solutions. Therefore, we determined the expenditure of $452 for consultant expenses was unsupported.

After considering Unified Solutions' responses to questioned costs for unsupported expenditures, we determined that Unified Solutions has provided adequate documentation to support the reduction of questioned costs due to unsupported expenditures by $21,388. This recommendation can be closed when we receive evidence that Unified Solutions has remedied the remaining $39,688 in questioned costs identified as unsupported.

5. **Resolved.** OJP agreed with the recommendation to remedy $129,682 for expenditures in excess of the budget for Grant No. 2005-VR-GX-0012. OJP stated in its response that it will coordinate with Unified Solutions to remedy the $129,682 in questioned costs for Grant No. 2005-VR-GX-0012 related to expenditures in excess of the grant budget. OJP stated that if adequate documentation cannot be provided, OJP will request that Unified Solutions return the funds to the DOJ, adjust its accounting records to remove the costs, and submit a revised final FFR for the grant.

Unified Solutions stated in its response that it did not agree with the dollar amount in excess of the budget for this finding. Unified Solutions referenced a spreadsheet "A-2" that we were not originally provided;

the attachment labeled by Unified Solutions as "A-2" was a summary sheet of questioned expenditures and did not include any notes related to the budget. Unified Solutions stated in its response that it had reclassified travel costs from where they were misclassified in the QuickBooks file under both the Consultants/Contracts and Other Costs budget categories. Unified Solutions acknowledged that it was still over budget in the Contractual/Consultant category as well as Supplies and Travel. Unified Solutions stated that this was because it had utilized consultants and other contract staff to provide services, instead of hiring staff that would have been charged under personnel and fringe benefit costs.

Unified Solutions also stated that its staff was unaware of OJP requirements for budget revisions. According to Unified Solutions, its staff reviewed the budget in total for each year and knew that the overall budget was within 10 percent of the total, without looking at separate budget items. Unified Solutions stated that it will ensure that any amendments to budget items are fully approved by OVC prior to each year-end in accordance with OMB compliance regulations.

We reviewed Unified Solutions' response to this recommendation and determined that Unified Solutions provided no documentation to show that it was not over budget for Grant No. 2005-VR-GX-0012. Unified Solutions' response included admissions that budget categories exceeded allowances, as well as statements that staff did not monitor the budget regularly or by budget category. The *OJP Financial Guide* requires prior approval of Grant Adjustment Notices (GAN) for proposed cumulative changes greater than 10 percent of the total award amount; changes must be approved prior to the occurrence of the cumulative change, not "prior to each year-end" as offered by Unified Solutions as a resolution to this recommendation.

After considering Unified Solutions' responses to $129,682 for expenditures in excess of the budget for Grant No. 2005-VR-GX-0012, we determined Unified Solutions had not provided documentation to support reduction of any of the expenditures in excess of the budget. This recommendation can be closed when we receive evidence that the $129,682 for expenditures in excess of the budget for Grant No. 2005-VR-GX-0012 have been remedied.

6. **Resolved.** OJP agreed with the recommendation to remedy $10,309 for expenditures in excess of the budget for Grant No.

2006-MU-GX-0001.[8] OJP stated in its response that it will coordinate with Unified Solutions to remedy the $10,309 in questioned costs for Grant No. 2006-MU-GX-0001, related to expenditures in excess of the grant budget. OJP further stated that if adequate documentation cannot be provided, it will request that Unified Solutions return the funds to the DOJ, adjust its accounting records to remove the costs, and submit a revised final FFR for the grant.

Unified Solutions stated in its response that it did not agree with the dollar amount in excess of the budget for this finding. In its response, Unified Solutions stated that the Profit & Loss statement (P&L) indicated that the total under the Contractual/Consultants budget category was $373,125. Unified Solutions stated that this category also included consultant travel in the amount of nearly $103,265. Unified Solutions stated that the P&L was set up to monitor consultant expenses under this category and that this would create an overage in this category in the amount of $50,909 once travel was subtracted from the Contractual/Consultant category. Unified Solutions also stated that, under the Other Costs budget category, the total figure of $285,984 contained lodging expenses of $11,699 under "Advisory/Planning Meeting" and $11,696 for lodging under "Annual Conference: Room Rental/AV Services." Unified Solutions stated that lodging has since been changed to the Travel budget category and these two figures subtracted from the total of Other Costs leaves a surplus in this category of nearly $5,261. Unified Solutions calculated the total of these figures as nearly $45,649 and stated that this amount is under the allowable 10 percent threshold.

After considering Unified Solutions' responses to $10,309 for expenditures in excess of the budget for Grant No. 2006-MU-GX-0001, we determined that Unified Solutions had not provided documentation to support the reduction of any of the expenditures in excess of the budget. Expenditures, according to Unified Solutions accounting records, did not match expenditures according to the approved grant budget. Unified Solutions provided a narrative explanation of expenditures that it had moved between budget categories after our audit, but no specific documentation was provided to support this explanation. This recommendation can be closed when we receive

[8] In its response to Recommendation 6, OJP referred to Grant No. 2005-MU-GX-0001. This recommendation addressed Grant No. 2006-MU-GX-0001. We determined OJP's response to be a typographical error, as the other information in its response addressed the 2006 grant specified in our recommendation.

evidence that the $10,309 for expenditures in excess of the budget for Grant No. 2006-MU-GX-0001 have been remedied.

7. **Resolved.** OJP agreed with our recommendation that Unified Solutions develops and implements policies and procedures to ensure consistent monitoring of expenditures in relation to budgeted amounts. OJP stated in its response that it will coordinate with Unified Solutions to obtain a copy of the policies and procedures implemented to ensure the consistent monitoring of expenditures in relation to budgeted amounts.

   In its response, Unified Solutions concurred with this recommendation. Unified Solutions stated that it had implemented procedures whereby financial consultants will prepare a budget to actual report for each line item of the budget for each grant, which will then be reviewed by the Executive Director. Unified Solutions also stated that requests for revisions to budget line item categories will be submitted to OVC to ensure that approval for those revisions is obtained. We note that the submission of a GAN, requesting prior approval for budget changes in excess of 10 percent of the total award amount, has been a requirement of the *OJP Financial Guide* since at least 2005.

   This recommendation can be closed when we receive evidence that Unified Solutions has developed and implemented policies and procedures to ensure consistent monitoring of expenditures in relation to budgeted amounts.

8. **Resolved.** OJP agreed with our recommendation that Unified Solutions develops and implements policies and procedures to monitor equipment purchased with grant funds. OJP stated in its response that it will coordinate with Unified Solutions to obtain a copy of the policies and procedures implemented to monitor equipment purchased with Federal grant funds.

   Unified Solutions stated in its response that it will update its equipment list to show which funding sources paid for all equipment. Unified Solutions also stated that it will perform a physical inventory of all equipment purchased with grant funds at least every 2 years and will accordingly revise where equipment is located. We note that this has been a requirement of the *OJP Financial Guide* since at least 2005.

   This recommendation can be closed when we receive evidence that Unified Solutions has developed and implemented policies and procedures to monitor equipment purchased with grant funds.

9. **Resolved.** OJP agreed with our recommendation that Unified Solutions develops and implements policies and procedures for the disposal of equipment purchased with grant funds, and maintains documentation of disposed items in accordance with the *OJP Financial Guide*. OJP stated in its response that it will coordinate with Unified Solutions to obtain a copy of the policies and procedures implemented for the disposal of equipment purchased with Federal grant funds, and maintains documentation of disposed items in accordance with the *OJP Financial Guide*.

   In its response, Unified Solutions concurred with this recommendation. Unified Solutions stated that, in the past, equipment that was no longer usable was disposed of and other arrangements were made that the Board determined were acceptable ways to dispose of assets. Unified Solutions stated that, in the future, it will ensure that it complies with OMB compliance regulations and the *OJP Financial Guide* in the disposal of all equipment.

   Unified Solutions stated in its response that the disposals noted as "Asotin" or "Asotin County" were disposed based upon an agreement with the Asotin County Commissioner's Office relative to a satellite office maintained in Clarkston, Washington, whereby Asotin County would assume lease payments 2 months early for a property rented by Unified Solutions and, in exchange, would take ownership from Unified Solutions of furnishings and equipment that had been located in the office. In its response, Unified Solutions provided us with a copy of a closing agreement between Unified Solutions and the Asotin County Commissioner's Office, which stated the exchange of property; however, the agreement was signed by Unified Solutions management but was not signed by Asotin County officials. While we appreciate the additional documentation provided by Unified Solutions in its response to the Asotin County disposals, the additional documentation did not provide evidence of acceptance by the Asotin County Commissioner of the agreement nor did it resolve the lack of clarity for these disposals in Unified Solutions' asset disposal list.

   In response to the draft report reference to items that were sold to a former employee, Unified Solutions agreed that the sale price was not noted on the inventory list, but stated that the purchase was noted in the accounting records and was deducted from the employee's paycheck in July 2009. Unified Solutions also stated that the income from the purchase was credited to the grant. In our review of this explanation, we determined that items placed on the disposal list by Unified Solutions should accurately reflect disposition data, including sales price.

Unified Solutions stated in its response that repairing the digital copier noted in the disposal list as purchased for $9,470 on January 29, 2003, was not cost feasible. Unified Solutions stated that it purchased a new copier from a supplier that agreed to dispose of the old copier and that they have added the supplier's name to the asset disposal list.

In its response to this recommendation, we note that Unified Solutions specifically addressed three of the nine items we identified in this report as having issues with disposal documentation. Unified Solutions did not address the remaining 6 issues, which include inadequately documented disposals of a computer and fax, as well as a desk; 13 assets disposed of in durations of 10 to 22 months from purchase to disposal; 12 chairs valued at $1,200 disposed of 22 months after purchase; a computer server disposed of less than 10 months after purchase; and an iPad, which Unified Solutions management stated had broken, but was not listed on the asset disposal list. Since at least 2005, the *OJP Financial Guide* has required OVC grant recipients to maintain a control system that ensures adequate safeguards to prevent loss, damage, or theft of property, any of which must be investigated by the recipient.

This recommendation can be closed when we receive evidence that Unified Solutions has developed and implemented procedures for the disposal of equipment purchased with grant funds, and maintain documentation of disposed items in accordance with the *OJP Financial Guide*.

10. **Resolved.** OJP agreed with our recommendation that Unified Solutions develops and implements procedures for the submission of accurate FSRs. OJP stated in its response that it will coordinate with Unified Solutions to obtain a copy of the procedures implemented to ensure that FFRs are accurately submitted.

    In its response, Unified Solutions concurred with this recommendation. Unified Solutions acknowledged in its response that FSRs were not always accurate, and stated that this occurred because adjustments were made in one period for expenditures that had occurred in a different period, such as correction of errors and adjustments for voided or lost checks. Unified Solutions stated that it will ensure every effort is made to file accurate FSRs in the future.

    We note the *OJP Financial Guide* requires grant recipients to establish and maintain an acceptable and adequate system of accounting, which supports current, accurate, and complete financial reporting.

This recommendation can be closed when we receive evidence that Unified Solutions has developed and implemented procedures to ensure that FSRs are accurately submitted.

11. **Resolved.** OJP agreed with our recommendation that Unified Solutions develops and implements procedures for the consistent submission of timely Progress Reports. OJP stated in its response that it will coordinate with Unified Solutions to obtain a copy of the procedures implemented to ensure that Progress Reports are timely submitted.

    In its response, Unified Solutions concurred with this recommendation. However, Unified Solutions stated that progress reports have been submitted on time under the current Executive Director and that it believes its current procedures will continue to ensure consistent submission of Progress Reports on a timely basis.

    This recommendation can be closed when we receive evidence that Unified Solutions has developed and implemented procedures for the consistent submission of timely Progress Reports.

12. **Resolved.** OJP agreed with our recommendation that Unified Solutions develops and implements procedures for compliance with all grant special conditions. OJP stated in its response it will coordinate with Unified Solutions to obtain a copy of the procedures implemented to ensure compliance with all grant special conditions.

    In its response, Unified Solutions concurred with this recommendation. Unified Solutions stated that it believes it has sufficient procedures for compliance with all grant special conditions; however, it also stated that the special condition for which we identified noncompliance was not mandated in prior special conditions. During our audit, however, Unified Solutions management stated that they were familiar with the grant award documents; these documents included all the special conditions that were attached to the original grant awards and each supplement.

    This recommendation can be closed when we receive evidence that Unified Solutions has developed and implemented procedures to ensure compliance with all grant special conditions.

13. **Resolved.** OJP agreed with our recommendation that Unified Solutions develops and implements procedures for use of the Excluded Parties List System (EPLS) when selecting vendors, consultants, or contractors. OJP stated in its response that it will coordinate with Unified Solutions to

obtain a copy of the procedures implemented to ensure that the EPLS is used when selecting vendors, consultants, or contractors.

In its response, Unified Solutions concurred with this recommendation. Unified Solutions stated that it had developed a form and protocol to ensure that the EPLS will be used and documented when selecting vendors, consultants, and contractors in all future activities.

This recommendation can be closed when we receive evidence that Unified Solutions has developed and implemented procedures for use of the EPLS when selecting vendors, consultants, or contractors.