



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



**Audit of the Office on
Violence Against Women Grants
Awarded to the Dawson County
Domestic Violence Program
Glendive, Montana**

Audit Division GR-60-16-002

November 2015

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**AUDIT OF THE OFFICE ON VIOLENCE AGAINST
WOMEN GRANTS AWARDED TO THE DAWSON
COUNTY DOMESTIC VIOLENCE PROGRAM
GLENDDIVE, MONTANA**

EXECUTIVE SUMMARY*

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of five grants awarded by the Office on Violence Against Women to the Dawson County Domestic Violence Program (DCDV) in Glendive, Montana. The DCDV was awarded \$4,826,299, as shown below.

**Table 1
Grants Awarded to the DCDV**

GRANT NUMBER	PROJECT START DATE	PROJECT END DATE	AWARD AMOUNT
2004-WL-AX-0013	07/01/04	12/31/12	\$1,298,409
2005-WR-AX-0113	10/01/05	09/30/13	1,447,307
2007-WH-AX-0006	10/01/07	09/30/15	504,996
2011-WL-AX-0021	10/01/11	09/30/16	650,000
2011-WR-AX-0033	10/01/11	09/30/15	925,587
TOTAL:			\$4,826,299

Source: The Office of Justice Programs (OJP) Grants Management System

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, expenditures, budget management and control, drawdowns, federal financial reports, and program performance. The criteria we audited against are contained in the OVW Financial Grants Management Guide, the OJP Financial Guide, and the award documents.

As of February 12, 2015, the DCDV had drawn down \$3,975,716 of the total grant funds awarded. We examined the DCDV's operating policies and procedures, accounting records, and financial and progress reports, and found that the DCDV did not comply with essential award conditions in every area tested. Most significantly, the DCDV did not maintain a set of accounting records that provided reasonable support for reimbursements claimed or financial data reported to the OVW, and was unable to provide a complete and accurate set of accounting records over the course of this audit. We also identified unsupported and unallowable expenditures, found that drawdowns were not consistently made in compliance with grant terms, found that excessive delays existed in utilizing funds for two awards, and found that federal financial reports and semiannual progress reports had been

* A redaction was made to the full version of this report for privacy reasons. The redaction is contained only in Appendix 3, the auditee's response.

submitted inaccurately. Finally, we found that the DCDV was unable to fully support the accomplishment of grant goals and objectives.

Based on our audit results, we questioned \$3,975,716, the total amount drawn down. Our report contains 13 recommendations, which are detailed in the Findings and Recommendations section of this report. Our audit objective, scope, and methodology are discussed in Appendix 1 and our Schedule of Dollar Related Findings appears in Appendix 2.

We discussed the results of our audit with DCDV officials and have included their comments in the report, as applicable. In addition, we requested from the DCDV and the OVW written responses to a draft copy of our audit report. We received those responses and have included them in Appendices 3 and 4, respectively.

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TABLE OF CONTENTS

INTRODUCTION	1
Background.....	1
Audit Approach	2
FINDINGS AND RECOMMENDATIONS.....	3
Grant Financial Management	3
Prior Audits	3
Internal Control Environment	4
Grant Expenditures	6
Personnel Costs	6
Other Direct Costs	8
Budget Management and Control	12
Drawdowns	12
Federal Financial Reports	13
Program Performance and Accomplishments	14
Categorical Assistance Progress Reports	15
Conclusion	16
Recommendations.....	16
APPENDIX 1: OBJECTIVE, SCOPE, AND METHODOLOGY	18
APPENDIX 2: SCHEDULE OF DOLLAR-RELATED FINDINGS.....	19
APPENDIX 3: DAWSON COUNTY DOMESTIC VIOLENCE PROGRAM RESPONSE TO THE DRAFT AUDIT REPORT	20
APPENDIX 4: THE OFFICE ON VIOLENCE AGAINST WOMEN RESPONSE TO THE DRAFT AUDIT REPORT	25
APPENDIX 5: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT	29

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INTRODUCTION

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of five grants awarded by the Office on Violence Against Women to the Dawson County Domestic Violence Program (DCDV) in Glendive, Montana. The DCDV was awarded \$4,826,299, as shown below.

Table 2
Grants Awarded to the DCDV

GRANT NUMBER	PROJECT START DATE	PROJECT END DATE	AWARD AMOUNT
2004-WL-AX-0013	07/01/04	12/31/12	\$1,298,409
2005-WR-AX-0113	10/01/05	09/30/13	1,447,307
2007-WH-AX-0006	10/01/07	09/30/15	504,996
2011-WL-AX-0021	10/01/11	09/30/16	650,000
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TOTAL:			\$4,826,299

Source: The Office of Justice Programs (OJP) Grants Management System

Background

The DCDV was organized in 1979, and works to provide outreach to victims in the towns and remote areas of Eastern Montana. Services offered by the organization include education, assistance, and resources for those at risk of domestic violence, dating violence, sexual assault and stalking. This audit covers five grants awarded by the OVW to the DCDV to fund programs providing services in rural areas, transitional housing services, and legal services. Specifically, Grant Numbers 2004-WL-AX-0013 and 2011-WL-AX-0021 were awarded under the OVW's Legal Assistance for Victims Grant Program (LAV). The purpose of the LAV program is to provide survivors with comprehensive legal services through direct representation and advocacy, which enhances victim safety and autonomy. Grant Number 2007-WH-AX-0006 was awarded under OVW's Transitional Housing Grant Program (Housing). The primary purpose of the Housing program is to provide assistance to victims of domestic violence, dating violence, sexual assault, and stalking who are homeless, or in need of transitional housing, short-term housing assistance, and related services. Finally, Grant Numbers 2005-WR-AX-0113 and 2011-WR-AX-0033 were awarded under the Rural Grant Program (Rural).¹ The primary purpose of the Rural program is to enhance victim services in rural areas by encouraging collaborative partnerships between criminal justice agencies, victim service providers, and community organizations.

¹ Grant Number 2005-WR-AX-0113 was made under the FY 2005 Rural Domestic Violence and Child Victimization Enforcement Program, and Grant Number 2011-WR-AX-0033 was made under the Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program.

Created in 1995, the OVW administers financial and technical assistance to communities across the country that are developing programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking. Currently, the OVW administers 4 formula-based and 20 discretionary grant programs.

Audit Approach

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, expenditures, budget management and control, drawdowns, federal financial reports, and program performance. The criteria we audited against are contained in the OVW Financial Grants Management Guide, the OJP Financial Guide, and the award documents.

As of February 12, 2015, the DCDV had drawn down \$3,975,716 of the total grant funds awarded. We examined the DCDV's operating policies and procedures, accounting records, and financial and progress reports, and found the DCDV did not comply with essential award conditions in every area we tested. Most significantly, the DCDV did not maintain a set of accounting records that provided reasonable support for reimbursements claimed or financial data reported to the OVW, and was unable to provide a complete and accurate set of accounting records over the course of this audit. Additionally, the DCDV made unallowable and unsupported purchases, requested unallowable drawdowns, submitted inaccurate FFRs and progress reports, and did not maintain documentation to adequately support performance related data submitted to the OVW. Based on our audit results, we questioned \$3,975,716, the total amount drawn down, as unsupported.

We tested compliance with what we consider to be the most important conditions of the grants. The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix 1 contains additional information on the audit's objective, scope, and methodology, and our Schedule of Dollar-Related Findings appears in Appendix 2. In addition, we requested from the DCDV and the OVW written responses to a draft copy of our audit report. We received those responses and have included them in Appendices 3 and 4, respectively.

FINDINGS AND RECOMMENDATIONS

We examined the DCDV's operating policies and procedures, accounting records, and financial and progress reports, and found the DCDV did not comply with essential award conditions in every area we tested. Ultimately, we questioned \$3,975,716, the entire amount drawn down. Based on our audit results, we make four recommendations to address dollar-related findings and nine recommendations to improve the management of DOJ grants.

Grant Financial Management

According to the OVW Financial Grants Management Guide, all award recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. We reviewed the DCDV's prior Single Audit Reports (SAR), internal control environment, and payroll system to determine whether the financial management system in use by the DCDV provided adequate safeguarding of grant funds and ensures compliance with the terms and conditions of the grants. We expand on these issues below.

Prior Audits

We reviewed the DCDV's SARs for Fiscal Years (FY) 2011, 2012, 2013, and 2014. The SARs for FYs 2011 – 2013 did not include findings. The SAR for FY 2014 included three findings:

- **2014-001**: The DCDV does not have specific controls in place to review the selection and application of accounting principles and resulting disclosures within the financial statements.
- **2014-002**: The DCDV's general accounting system does not fully track grant activity. Grant activity is fully tracked in a separate accounting system and reconciliations between the two are not regularly performed.
- **2014-003**: The DCDV is not timing its drawdown requests to minimize Federal cash on hand. Four of the 12 drawdowns were tested for 1 grant, resulting in the determination that 3 of the drawdowns had not been spent within 10 days. Overall expenditures were compared to draws for both grants for the year and one had draws in excess of expenditures of \$6,666 and the second had draws in excess of expenditures of \$4,067.

In regard to finding 2014-001, the auditor recommended that the DCDV evaluate the benefits of having a separate entity prepare its financial statements prior to audit. DCDV officials responded by stating that, at this time, it is not feasible to hire a separate firm to draft financial statements.

For finding 2014-002, the auditor recommended that the DCDV revise its system of accounting so that grant activity is fully tracked in the general accounting system, not just the grant accounting system. The DCDV agreed to revise its system of accounting so that grant activity is fully tracked in the general accounting system.

Finally, for finding 2014-003, the auditor recommended that the DCDV time its drawdowns to ensure compliance with federal guidelines. DCDV officials agreed to change drawdown procedures to better comply with this requirement. We expand on this issue in the Drawdowns section of this audit report.

Internal Control Environment

Upon initiation of this audit, we requested complete accounting records for each grant from DCDV officials. The Executive Director provided us with three files exported from its accounting system. Upon review of the files, we found that expenditures for Rural Grant Numbers 2005-WR-AX-0013 and 2011-WR-AX-0033 were recorded in one file, which also included expenditures from Grant No. 2001-WR-BX-0009, an award made to the DCDV in 2001.² Similarly, the expenditures for Legal Grant Numbers 2004-WL-AX-0013 and 2011-WL-AX-0021 were recorded in one file.

Additionally, we determined that the files provided may not be complete, as the total amounts appeared to significantly understate total grant expenditures. We inquired as to the reason for the discrepancy, and found that, early in the grant periods, DCDV utilized its accounting system only to provide an overall total for individual budget categories. The DCDV's payroll, which was processed by a third party, had not always been entered in the accounting system, and was recorded in separate, handwritten ledgers maintained by the DCDV's Executive Director.

We requested the handwritten ledgers and attempted to reconcile them to the transactions recorded in the accounting system. We identified numerous discrepancies between the handwritten records and the records in the accounting system. These discrepancies included:

- Instances in which expenditures recorded in the handwritten ledger were not included in the accounting system.
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- Instances in which the payee in one set of accounting records did not match the payee in the other set of accounting records.
- Instances in which the amounts in one set of accounting records did not match the amounts in the second set of accounting records.
- Instances in which a dollar amount was entered in the handwritten records, but a zero dollar amount was entered in the accounting system.

² Due to record retention requirements, Grant Number 2001-WR-BX-0009 was not in the scope of this audit.

- Instances in which the handwritten records included multiple dollar amounts that did not clearly or fully reconcile to the amounts recorded in the accounting system.
- Instances in which credits appeared to be noted in the handwritten ledgers, but were not entered into the accounting system.
- Instances in which the transaction date in one set of accounting records was significantly different (by a period of months) from the date in the other set of accounting records.
- Instances in which entries in the handwritten records appeared to be blacked out or erased rather than debited/credited through a corresponding or reversal entry.
- Instances in which payroll was not entered into the accounting system after the integration, but is entered in the handwritten records.³

Finally, we encountered issues in attempting to reconcile the salary and fringe payments in the handwritten ledgers with those recorded in the accounting system. We tested the 2 pay periods after the integration for each award, and found that the totals paid for payroll and fringe did not reconcile between the 2 sets of records for any of the 10 periods tested.

DCDV officials were unaware of some of the discrepancies, and unable to explain why others existed. Ultimately, the DCDV contracted with an accountant in order to “make some needed corrections” within the office. We explained to DCDV officials that, absent a set of accounting records that can be relied upon for the purposes of this audit, we may be required to question all DCDV drawdowns as unsupported. In light of the fact that the DCDV hired an accountant to address the discrepancies, we provided the DCDV with additional time in order to reconcile the accounting records. At the expiration of that deadline, the newly hired accountant stated that she had not been able to reconcile the ledgers, and did not know how long the task would take. The accountant also confirmed that her review found that transactions were not consistently recorded in the same manner between accounts.

As noted, the OVW Financial Grants Management Guide requires that all recipients establish and maintain accounting systems and financial records to accurately account for funds awarded to them. Additionally, recipients must be able to account for the receipt, obligation, and expenditure of funds awarded on an individual basis. Where a recipient’s accounting system cannot comply with this requirement, the recipient shall establish a system to provide adequate fund accountability for each project it has been awarded.

Ultimately, the records maintained do not provide reasonable support for reimbursements claimed. Therefore, we question \$3,975,716, the total amount drawn down, as unsupported.

³ The DCDV began recording payroll in their accounting system in June 2012.

Table 3
Unsupported Drawdowns

GRANT NUMBER	AMOUNT DRAWN
2004-WL-AX-0013	\$1,298,409
2005-WR-AX-0113	1,447,307
2007-WH-AX-0006	460,000
2011-WL-AX-0021	290,000
2011-WR-AX-0033	480,000
TOTAL:	\$3,975,716

Source: OJP

We recommend that the OVW coordinate with the DCDV to ensure that the DCDV reconcile its accounting records to provide a complete and accurate record of grant transactions, and that the DCDV establish and maintain an accounting system going forward that will effectively safeguard the use of federal funds. Additionally, we recommend that the OVW remedy the \$3,975,716 in drawdowns claimed based on unreliable accounting records.

Grant Expenditures

The DCDV received budget approval for cost categories including Personnel, Fringe Benefits, Travel, Equipment, Supplies, Contractual, and Other. In order to determine whether expenditures were allowable, supported, reasonable, and in compliance with award requirements, we reviewed 168 transactions totaling \$228,371. The results of our review are presented below.

Personnel Costs

Our review of salary and fringe benefit expenses identified three positions that were not included in the approved budget, but were paid using grant funds. Specifically, we identified two attorneys and one maintenance worker who were paid a total of \$44,311, as shown below.

Table 4
Unallowable Personnel Costs

GRANT NUMBER	EMPLOYEE	AMOUNT PAID
2004-WL-AX-0013	Maintenance	\$2,615
2005-WR-AX-0113	Maintenance	7,421
	Attorney	6,125
2007-WH-AX-0006	Maintenance	5,913
2011-WL-AX-0021	Maintenance	1,441
2011-WR-AX-0033	Maintenance	7,090
	Attorney	13,707
TOTAL:		\$44,311⁴

Source: DCDV accounting records

⁴ Here and throughout the report, differences in the total amounts are due to rounding.

We recommend that the OVW coordinate with the DCDV to remedy the \$44,311 in grant reimbursements claimed for personnel costs not in the OVW-approved budgets.

The OVW Financial Grants Management Guide requires that, where salaries apply to the execution of two or more grant programs, proration of costs to each activity must be made based on time and/or effort reports. These reports should reflect an after-the-fact distribution of the actual activity of each employee. During our review, we identified employees whose time was charged to the grants based on allocations rather than detailed time and effort reports that reflect an after the fact distribution of actual time worked.

We asked the DCDV Executive Director why the charges were based on allocations rather than actual activity, and the Executive Director stated that she believed either method to be allowable, and had therefore elected to use allocations. As noted above, allocations are not an allowable method of tracking time according to the OVW Financial Grants Management Guide. Because we are unable to verify the allowability of the actual time charged to each grant, we question the associated salaries as unsupported.

**Table 5
Unsupported Personnel Costs⁵**

POSITION	AMOUNT
2004-WL-AX-0013	
Executive Director	\$181,150
Advocate (G)	34,797
Administrative Assistant	26,501
Maintenance	2,615
Grant Total:	\$245,063
2005-WR-AX-0113	
Executive Director	\$189,770
Advocate (B)	2,263
Advocate (G)	136,039
Administrative Assistant/Bookkeeper	64,470
Maintenance	7,421
Grant Total:	\$399,963
2007-WH-AX-0006	
Executive Director	\$21,404
Administrative Assistant/Bookkeeper	11,830
Maintenance	5,913
Grant Total:	\$39,147

⁵ In the majority of cases, most or all transactions indicated that payments were made based on allocations. Therefore, we questioned all payroll transactions for those employees. However, for Advocate (B) payments were minimal and allocations occurred only twice. Therefore, we questioned only those two instances.

POSITION	AMOUNT
2011-WL-AX-0021	
Executive Director	\$23,859
Advocate (B)	566
Advocate (G)	665
Administrative Assistant/Bookkeeper	556
Maintenance	1,441
Attorney	19,516
Grant Total:	\$46,602
2011-WR-AX-0033	
Executive Director	\$56,610
Advocate (G)	53,909
Administrative Assistant/Bookkeeper	10,157
Maintenance	7,090
Attorney	13,707
Grant Total:	\$141,472
TOTAL:	\$872,246

Source: DCDV accounting records, DCDV Employee List

We recommend that the OVW coordinate with the DCDV to remedy the \$872,246 in grant reimbursements expended on personnel costs that are not supported by detailed time and attendance reports.

Finally, we found that the DCDV Executive Director approves her own timesheets. We asked for the reason, and were told that the Executive Director's timesheets are reviewed by the board of directors, but the review is not documented in the form of written approval on the timesheet. The OVW Financial Grants Management Guide requires that time and effort reports be reviewed and approved on a regular basis by a supervisory official having firsthand knowledge of the work performed. Because documentation of this review is not maintained, and because of the allocation issues detailed above, we recommend that the OVW coordinate with the DCDV to ensure that time and attendance reports are recorded and approved in accordance with the requirements in the OVW Financial Grants Management Guide.

Other Direct Costs

We reviewed 115 other direct cost transactions totaling \$150,564, and determined that 12 transactions were unallowable, and 23 transactions were unsupported, as shown in Tables 6 and 8 below.

Table 6
Unallowable Other Direct Costs

DATE	REASON QUESTIONED	AMOUNT
Grant Number 2004-WL-AX-0013		
03/09/06	Exceeds allowable consultant rate	\$ 3,671
07/21/10	Unallowable Salary	5,400 ⁶
09/06/12	Equipment not in budget	4,444
Grant Total:		\$13,515
Grant Number 2005-WR-AX-0013		
10/28/09	Equipment not in budget	\$ 330
07/21/10	Unallowable salary	6,000
05/02/12	Audit fees not in budget	4,000
Grant Total:		\$ 10,330
Grant Number 2007-WH-AX-0006		
01/16/13	Equipment not in budget	\$ 600
01/02/09	Rent paid to selves	700
07/21/10	Unallowable salary	3,000
01/30/15	Audit fees not in budget	1,699
Grant Total:		\$5,999
Grant Number 2011-WL-AX-0021		
11/05/14	Exceeds allowable consultant rate	\$ 354
Grant Total:		\$354
Grant Number 2011-WR-AX-0033		
11/06/13	Equipment not in budget	\$ 155
Grant Total:		\$155
TOTAL:		\$30,353

Source: DCDV accounting records

We recommend that the OVW coordinate with the DCDV to remedy the \$30,353 in grant reimbursements claimed for costs that were unallowable under the terms and conditions of the awards.

During our initial transaction testing, we found that the DCDV paid rent to itself for a building it owned. The OVW Financial Grants Management Guide states that rental costs are not allowable for property owned by the applicant, or if the applicant has a financial interest in the property. Based on the initial identification of unallowable rent costs, we expanded our testing to identify all instances in which the DCDV paid itself rent using DOJ funds. The results of our analysis are presented below.

⁶ The three items in this table dated July 21, 2010 represent one bill. On this bill, the DCDV made a \$14,400 payment to their building account that they claimed was reimbursement for past utility bills, water bills, and maintenance costs. The allocations of \$5,400, \$6,000, and \$3,000 as shown above are lump-sum allocations with no detailed methodology. While some items, such as the water bills, were supported by receipts, other utility bills did not reconcile to the amounts charged. Additionally, the total included unallowable maintenance costs paid as salary with fringe benefits. Because we cannot evaluate the DCDV's allocation methodology to determine allowable amounts, we question the entire amount of the bill as unallowable, and unsupported, as shown in Tables 6 and 8.

Table 7
Unallowable Rent Costs

GRANT NUMBER	AMOUNT PAID
2004-WL-AX-0013	\$ 6,600
2005-WR-AX-0113	5,125
2007-WH-AX-0006	17,950 ⁷
TOTAL:	\$ 29,675

Source: DCDV accounting records

We recommend that the OVW coordinate with the DCDV to remedy the additional \$29,675 in grant reimbursements claimed for rent the DCDV paid to itself for a building it owns.

Our review of grant transactions also identified 23 items for which sufficient supporting documentation was not provided.

Table 8
Unsupported Other Direct Costs

DATE	AMOUNT
Grant Number 2004-WL-AX-0013	
05/03/05	\$ 2,000
01/19/06	1,000
07/20/06	7,500
09/07/06	4,750
04/29/09	1,000
05/20/09	6
07/21/10	5,400
11/02/11	289
05/02/12	300
Grant Total:	\$ 22,246
Grant Number 2005-WR-AX-0113	
07/20/06	\$ 1,373
08/29/06	96
12/06/06	1,375
02/20/07	1,126
03/06/07	2,498
05/22/07	334
04/02/08	70
07/21/10	6,000
11/02/11	2,044
09/06/12	3,924
Grant Total:	\$ 18,839
Grant Number 2007-WH-AX-0006	
01/16/13	\$ 600
07/21/10	3,000
01/21/10	1,000
Grant Total:	\$ 4,600

⁷ This amount excludes the \$700 payment identified in Table 4.

DATE	AMOUNT
Grant Number 2011-WR-AX-0033	
11/06/13	\$ 155
Grant Total:	\$ 155
TOTAL:	\$ 45,840

Source: DCDV accounting records

We recommend that the OVW coordinate with the DCDV to remedy the \$45,840 in grant reimbursements claimed for costs that are unsupported by grant documentation.

During our review of direct costs, we found the DCDV was unable to provide any supporting documentation for six items sampled from Grant Number 2005-WR-AX-0113. We asked for the reason, and found that supporting documentation for this award had been comingled with supporting documentation for FY 2001 Rural Grant No. 2001-WR-BX-0009. When the retention period for the 2001 award expired, some supporting documentation for Grant Number 2005-WR-AX-0113 was inadvertently destroyed along with all documentation for the 2001 grant.⁸ Based on this information, we expanded our review to include all expenditures made against Grant Number 2005-WR-AX-0113 during the first two FYs, ultimately identifying an additional \$199,427 in unsupported grant expenditures.⁹ We recommend that the OVW coordinate with the DCDV to remedy the additional \$199,427 in grant reimbursements claimed for expenditures for which supporting documentation has been destroyed.

Finally, during our testing of grant expenditures and our interviews with DCDV staff, we found that credit card bills may be reimbursed from the grants even if adequate supporting documentation has not been provided. In one instance, the DCDV approved and paid an expenditure exceeding \$3,000 despite being unaware of the item that had been purchased. The DCDV's internal policies and procedures state that every instance of credit card or other purchase use must be documented with travel authorizations, receipts, individuals paid for, nature of business, etc., before the expense will be considered authorized and approved for reimbursement. We asked why the expenditure would have been paid without sufficient support. DCDV officials stated that many items are paid from the credit card bill without an actual invoice or receipt for the item in question, and would only be questioned upon receipt of the item bill. We recommend that the OVW coordinate with the DCDV to ensure compliance with internal policies, and with the terms and conditions of the OVW Financial Grants Management Guide, in order to ensure that items reimbursed under the grants are allowable and supported.

⁸ The record retention period is generally 3 years from the date of submission of the final expenditure report.

⁹ This amount includes \$59,590 also questioned as unsupported under unsupported personnel costs.

Budget Management and Control

The budget is the financial expression of a program and relates to the performance for program evaluation purposes. The OVW Financial Grants Management Guide requires that recipients report deviations from approved budgets, and must request prior approval for cumulative transfers among approved cost categories in excess of 10 percent of the current total approved budget.

Because the DCDV did not maintain accounting records that provide adequate support for grant expenditures, we were unable to effectively evaluate compliance with OVW budget criteria. In the handwritten ledgers, the DCDV Executive Director did track some expenditures by OVW-approved budget categories such as personnel, fringe, supplies, etc.; however, transactions were also recorded under categories that did not directly correspond to approved OVW budget categories, such as dues or notary. Additionally, we identified erroneous coding when items were entered into the accounting system. For example, multiple years of rent payments for office space had been entered as "PO Box Rental" or "Miscellaneous". We asked the Executive Director for the reason, and she was unsure of the cause.

All recipients are required to establish and maintain accounting systems and financial records to accurately account for funds awarded to them. Because the DCDV did not track grant expenditures in a manner that allows effective evaluation of categorical spending, and because of the errors identified in budget coding, we recommend that the OVW coordinate with the DCDV to ensure that future categorical spending is tracked in a manner that ensures compliance with criteria established in the OVW Financial Grants Management Guide.

Drawdowns

In order to minimize the amount of cash on hand, the OVW requires that grant recipients request funds based on immediate disbursement or reimbursement requirements. Specifically, recipients should time their drawdown requests to ensure that federal cash on hand is the minimum needed for disbursements/reimbursements to be made immediately or within 10 days. In response to their 2014 SAR, DCDV officials agreed with a finding stating that drawdowns were not consistently in compliance with the 10-day rule, and agreed to change drawdown procedures to better comply with the requirement. Due to the unreliable accounting records, we were unable to effectively test compliance with this requirement. We recommend that the OVW coordinate with the DCDV to verify that the changes in drawdown procedures will ensure that future drawdowns are made in compliance with the OVW Financial Grants Management Guide.

We also identified anomalies in DCDV drawdowns from the inception of two awards. Specifically, the lapse between project start date and first drawdown date was 429 days for Grant Number 2011-WL-AX-0021, and 460 days for Grant Number 2011-WR-AX-0033. Additionally, the OVW granted a \$400,000 supplement to Grant Number 2011-WL-AX-0021 in September 2013 despite the fact that the DCDV had only begun utilizing grant funds in December 2012, and despite the fact that only \$130,000 of the initial \$250,000 award had been drawn down.

Failure to draw down grant funds is not a definitive indicator of grant activity as the possibility exists that the recipient has expended funds, but not yet requested reimbursement. Therefore, we reviewed the DCDV's FFRs, Progress Reports, and accounting records for this period, and found that no project activity had taken place and no expenditures were reported on the FFRs or recorded in the ledgers. Our review also found that the DCDV disclosed to the OVW that program goals were being funded from existing balances in Grant Numbers 2004-WL-AX-0013 and 2005-WR-AX-0113.

We asked DCDV officials why grants were applied for in FY 2011 considering the remaining balances in Grant Numbers 2004-WL-AX-0013 and 2005-WR-AX-0113. The Executive Director stated that while she was aware the prior funding would cover activities for a period exceeding 1 year, she was concerned about problems that might arise if the DCDV waited until FY 2012 to apply, and was not funded. We understand that a denial of funding may present challenges to the organization. However, OVW solicitations require the identification of project activity, as detailed in the applicant's budget, for the project period specified. The DCDV's FY 2011 applications did identify project activity beginning in month one. However, as noted above, grant activity during the first year of the FY 2011 awards was actually funded from existing balances in Grant Numbers 2004-WL-AX-0013 and 2005-WR-AX-0113.

Both the Legal and Rural grant programs are competitive awards that should be granted to organizations best equipped to use OVW funds to provide services within the project period specified.¹⁰ In our judgment, an implementation delay exceeding 1 year indicates lack of immediate need for program funds, and may indicate difficulties in program implementation. This also indicates that an application in the following fiscal year may have been sufficient.¹¹ Considering the delay in utilization of funds, and the considerable amount of time it has taken the DCDV to spend prior awards, we recommend that the OVW monitor future applications to ensure that funds awarded are based on current need and are utilized within a reasonable timeframe.

Federal Financial Reports

The OVW requires direct grant recipients to report on a quarterly basis using the Federal Financial Report (FFR). The FFR contains the cumulative expenditures and unliquidated obligations incurred for the grant as well as program income and indirect costs, and are due no later than 30 days after the end of the calendar quarter for the entire period of the award.¹²

Without reliable accounting records, we cannot evaluate the accuracy of period or cumulative financial data reported in the DCDV's FFRs. However, our review of past FFRs did demonstrate that prior reports included information that was not

¹⁰ The Executive Director also noted that she had attempted to obtain funding under the Transitional Housing program in FY 2013, but was denied for that funding based on existing balances.

¹¹ Both the Rural and Legal programs were opened for competition in FY 2012.

¹² The final report must be submitted no later than 90 days following the end of the grant period.

accurate. Specifically, we found that the FFRs for Grant Number 2004-WL-AX-0013 included \$30,192 reported as a recipient share. In response to our inquiry regarding the share, the DCDV Executive Director stated that the DCDV did not contribute the funds to the project, and that the report was an error that was never corrected.

Because the DCDV did not maintain accounting records that provide reasonable support for the financial data reported to the OVW, and because of the error identified in FFRs submitted for Grant Number 2004-WL-AX-0013, we recommend that the OVW coordinate with the DCDV to ensure the accurate submission of future FFRs.

Program Performance and Accomplishments

We reviewed the program narratives for all grants in this audit, and interviewed DCDV officials, to determine if the grant goals and objectives were implemented. Goals and objectives for each grant, and the degree to which those goals and objectives were met, are detailed below. We also reviewed the Categorical Assistance Progress Reports (progress reports), which are completed semiannually, to determine if the reports were accurate.

The goals and objectives for Legal Grant Number 2004-WL-AX-0013 included, but were not limited to, employing necessary staff, the development of mentoring relationships with two service providers and two Tribes, the development of victim satisfaction surveys, and the provision of legal advice and representation to victims. We found that while the DCDV does employ legal staff, they are currently unable to serve one Tribe as they lack an attorney licensed to practice law in the Reservation's courts. We were unable to review the development of the two other mentoring relationships as contracts or detailed support were not maintained. We were able to verify that the DCDV did provide legal services to victims.

Goals and objectives for the second Legal award, Grant Number 2011-WL-AX-0021, included employing necessary staff, the provision of legal representation, and the provision of various trainings. Again, we found that the DCDV does employ legal staff. Additionally, a DCDV staff attorney provided documentation demonstrating that legal services are being provided, and that a cultural competency training had been conducted. We consider progress towards the goals and objectives of this grant to be ongoing, as the grant is currently open.

Goals and objectives for Rural Grant Number 2005-WR-AX-0113 included, but were not limited to, conducting Safety and Accountability audits, the employment of appropriate staff, assistance with orders of protection, the offering of support groups to teenage survivors of sexual assault, and the provision of services to victims of sexual assault. We found that the DCDV had conducted the Safety and Accountability Audits, employed staff to assist in the implementation of the Rural program, and assisted victims with orders of protection. The DCDV did offer support groups for teens, but found that interest was low; these difficulties were reported to the OVW on the semiannual progress reports. Finally, while we were unable to verify the total number of sexual assault victims served due to limitations in the DCDV's tracking database, DCDV officials did provide documentation demonstrating that services were being provided to victims.

Goals and objectives for the second Rural award, Grant Number 2011-WR-AX-0033, include, but are not limited to, the expansion of outreach to hospitals, the provision of service to rural victims, the enhancement of sexual assault advocacy services, and the facilitation of Coordinated Community Response Teams (CCRT). We found that the DCDV is working with local hospitals to expand outreach, has employed CCRT facilitators, and continues providing direct services to victims. While challenges were faced in one of DCDV's satellite locations, those challenges were disclosed to the OVW through a grant adjustment notice. We consider progress towards the goals and objectives of this grant to be ongoing, as the grant is currently open.

Finally, for Grant Number 2007-WH-AX-0006, goals and objectives included provision of transitional housing units for victims, the employment of case managers, the provision of rental assistance, relocation funds, incidentals such as gas vouchers to victims, and various methods of community outreach to improve the overall provision of services. We reviewed lease information and accounting records and found that the DCDV had assisted victims with transitional housing units, did employ case managers, did provide relocation funds and other incidentals to victims, and did participate in housing related community efforts. However, we were unable to verify the exact numbers of individuals to whom assistance had been provided in areas such as rental payments, deposits, or utilities as the DCDV's tracking system does not identify actions in these terms. Again, we consider progress towards the goals and objectives of this grant to be ongoing, as the grant is currently open.

In summary, DCDV programmatic staff were able to provide documentation demonstrating progress in many areas of grant management. However, because we were unable to verify some partnerships based on lack of documentation, and because we were unable to verify the total numbers of victims served due to limitations in the DCDV's tracking database, we recommend that the OVW coordinate with the DCDV to ensure that the accomplishment of future goals and objectives are documented and tracked in order to ensure that accurate information is provided to the OVW.

Categorical Assistance Progress Reports

Under the *Government Performance and Results Act* and the *Violence Against Women Act 2000*, grantees are required to collect and maintain data that measure the effectiveness of their grant-funded activities. These reports should reflect information on victims served, demographics, and activities that occur across grant programs. To determine whether the progress reports submitted by the DCDV accurately reflected the activity of the grants, we performed testing of a sample of accomplishments described in the two most recent Progress Reports for each award.¹³

We selected accomplishments including training and educational events, program materials developed, and victims served. Of the 20 items judgmentally

¹³ The two most recent progress reports for Grant Number 2005-WR-AX-0013 were numbers 16 and 17. However, no data was reported on Progress Report 17; therefore, we used Progress Reports 15 and 16 in our analysis.

selected for testing, we were able to confirm the data reported to the OVW for six items. We were not able to verify the accuracy of the data reported for the remaining 14 items. In some cases, the records provided to us were not sufficient to make a determination that the data reported was supported; in other cases, DCDV staff stated that they knew the data reported to be inaccurate. In one case, the DCDV Executive Director acknowledged that data reported to the OVW on Progress Report #7 for Grant Number 2011-WL-AX-0021 in January 2015 did not reflect current activity, and should not have been included since 2012. Additionally, DCDV staff acknowledged that funds reported to OVW as relocation expenses on Progress Report #15 for Grant Number 2007-WH-AX-0006 were not actually paid with grant funds. As we were unable to verify the accuracy of data reported to the OVW in a majority of the items we reviewed, we recommend that the OVW coordinate with the DCDV to ensure that future progress reports are submitted accurately and properly supported.

Conclusion

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. We examined the DCDV's operating policies and procedures, accounting records, and financial and progress reports, and found that the DCDV did not comply with essential award conditions in every area we tested. Most significantly, the DCDV did not maintain a set of accounting records that provides sufficient support for reimbursements claimed, and was unable to provide a complete and accurate set of accounting records over the course of this audit. We also identified unsupported and unallowable personnel expenditures, and unsupported and unallowable other direct cost expenditures. Additionally, we found that drawdowns were not consistently made in compliance with grant terms, excessive delays existed in utilizing funds for two awards, and that federal financial reports and semiannual progress reports had been submitted inaccurately. Finally, we found that the DCDV was unable to fully support the accomplishment of grant goals and objectives. Overall, we questioned \$3,975,716, the total amount drawn down. Based on our audit results, we make four recommendations to address dollar-related findings and nine recommendations to improve the management of DOJ grants.

Recommendations

We recommend that the OVW coordinate with the DCDV to:

1. Ensure that the DCDV reconcile its accounting records to provide a complete and accurate record of grant transactions, and that the DCDV establish and maintain an accounting system going forward that will effectively safeguard the use of federal funds.
2. Remedy the \$3,975,716 in net unsupported grant expenditures associated with the following issues:
 - a. Remedy \$3,975,716 in drawdowns claimed based on unreliable accounting records.

- b. Remedy \$872,246 in grant reimbursements expended on personnel costs that are not supported by detailed time and attendance reports.
 - c. Remedy the \$45,840 in grant reimbursements claimed for costs which are unsupported by grant documentation.
 - d. Remedy the \$199,427 in grant reimbursements claimed for expenditures for which supporting documentation has been destroyed.
3. Remedy the \$44,311 in grant reimbursements claimed for personnel costs not in the OVW-approved budgets.
 4. Remedy the \$30,353 in grant reimbursements claimed for costs that were unallowable under the terms and conditions of the awards.
 5. Remedy the \$29,675 in grant reimbursements claimed for rent the DCDV paid to itself for a building it owns.
 6. Ensure that time and attendance reports are recorded and approved in accordance with the requirements in the OVW Financial Grants Management Guide.
 7. Ensure compliance with internal policies, and with the terms and conditions of the OVW Financial Grants Management Guide, in order to ensure that items reimbursed under the grants are allowable and supported.
 8. Coordinate with the DCDV to ensure that future categorical spending is tracked in a manner that ensures compliance with criteria established in the OVW Financial Grants Management Guide.
 9. Coordinate with the DCDV to verify that changes in drawdown procedures will ensure that future drawdowns are made in compliance with the OVW Financial Grants Management Guide.
 10. Monitor future applications to ensure that funds awarded are based on current need and are utilized within a reasonable timeframe.
 11. Coordinate with the DCDV to ensure the accurate submission of future FFRs.
 12. Coordinate with the DCDV to ensure that the accomplishment of future goals and objectives are documented and tracked in order to ensure that accurate information is provided to the OVW.
 13. Coordinate with the DCDV to ensure that future progress reports are submitted accurately and properly supported.

OBJECTIVE, SCOPE, AND METHODOLOGY

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

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

This was an audit of five Office on Violence Against Women grants awarded to the Dawson County Domestic Violence Program (DCDV). The DCDV was awarded a total of \$4,826,299 under grant numbers 2004-WL-AX-0013, 2005-WR-AX-0113, 2007-WH-AX-0006, 2011-WL-AX-0021, and 2011-WR-AX-0033. As of February 12, 2015, the DCDV had drawn down \$3,975,716 of the total awarded. Our audit concentrated on, but was not limited to July 1, 2004, the project start date for Grant Number 2004-WR-AX-0013, through April 23, 2015, the last day of our fieldwork.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the DCDV's activities related to the audited grants. We performed sample-based audit testing for grant expenditures, including direct cost expenditures and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The criteria we audit against are contained in the OVW Financial Grants Management Guide, the OJP Financial Guide, and the award documents. In addition, we evaluated the DCDV's: (1) financial management system; (2) budget management and controls; (3) drawdowns; (4) federal financial reports; and (5) program performance.

During our audit, we obtained information from the Office of Justice Programs' Grants Management System, as well as the DCDV accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole; therefore any findings identified involving information from those systems was verified with documentation from other sources.

SCHEDULE OF DOLLAR-RELATED FINDINGS

DESCRIPTION	AMOUNT	PAGE
Questioned Costs¹⁴		
Unsupported Drawdowns:	\$3,975,716	6
Unsupported Personnel:	\$872,246	7-8
Unsupported Other Direct Costs:	\$45,840	10-11
Unsupported, Documentation Destroyed:	\$199,427	11
<i>Total Unsupported:</i>	\$5,093,229	
Unallowable Personnel:	\$44,311	6
Unallowable Other Direct Costs:	\$30,353	9
Unallowable Rent:	\$29,675	10
<i>Total Unallowable:</i>	\$104,339	
<i>Total (Gross):</i>	\$5,197,567	
<i>Less Duplication¹⁵:</i>	\$1,221,851	
Net Questioned Costs:	\$3,975,716	

¹⁴ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; 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.

¹⁵ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which include unsupported personnel costs (\$872,246); unsupported other direct costs (\$45,840); unsupported, documentation destroyed costs (\$199,427); unallowable personnel costs (\$44,311); unallowable other direct costs (\$30,353), and; unallowable rent (\$29,675). Additionally, a total of \$59,590 in costs were duplicated between unsupported personnel and unsupported, documentation destroyed.

**DAWSON COUNTY DOMESTIC VIOLENCE PROGRAM
RESPONSE TO THE DRAFT AUDIT REPORT**



Dawson County Domestic Violence Program
Serving Dawson, Prairie and Wibaux Counties

October 15, 2015

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

Re: Response to Draft Office of Inspector General (OIG) report on the Audit of the Office on Violence against Women Grant Awarded to the Dawson County Domestic Violence Program, Grant Award Numbers:

2004-WL-AX-0013
2007-WH-AX-0006
2011-WR-AX-0033

2005-WR-AX-0113
2011-WL-AX-0021

Dear Mr. Sheeren:

Dawson County Domestic Violence Program has reviewed the draft audit report prepared by your office dated September 24, 2015 and our response is as follows:

Recommendation #1:

Ensure that the DCDV reconcile its accounting records to provide a complete and accurate record of grant transactions, and that the DCDV establish and maintain an accounting system going forward that will effectively safeguard the use of federal funds.

Dawson County Domestic Violence Program hired a part-time Controller on June 1, 2015, a CPA who has experience with QuickBooks, non-profit entities and grant reporting. With the assistance of our Controller we are in the process of reconciling our accounting records and ensuring that all transactions have been recorded with the correct dates, amounts, etc. and allocated to the correct grant. During this process, reconciliations of DCDV QuickBooks file to the manual ledgers that were used for grant reporting are being prepared.

Effective July 1, 2015, with input and training from our Controller, DCDV modified and implemented changes in their accounting system using only QuickBooks. Our system now ensures that transactions are being recorded timely, allocated to the correct grant, and is reconciled monthly. Already, we have a much greater understanding of how QuickBooks can be a valuable tool for tracking and maintaining complete and accurate accounting records for both management use, grant tracking and reporting.

Recommendation #2:

Remedy the \$3,975,716 in net unsupported grant expenditures associated with the following issues: a) Remedy \$3,975,716 in drawdown's claimed based on unreliable accounting records, b) Remedy \$872,246 in grant reimbursements expended on personnel costs that are not supported by detailed time and attendance reports, c) Remedy the \$45,840 in grant

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reimbursements claimed for costs which are unsupported by grant documentation, d) Remedy the \$199,427 in grant reimbursements claimed for expenditures for which supporting documentation has been destroyed.

- a) See response to Recommendation #1
- b) See response to Recommendation #6
- c) & d) DCDV is looking at these items and searching further to be certain that supporting documentation was not inadvertently filed incorrectly and to determine if some costs may very well need to be paid back.

Going forward DCDV will follow procedures that ensure that no bills are paid without adequate supporting documentation and that records are maintained in accordance with OVW Financial Grants Management Guide.

Recommendation #3:

Remedy the \$44,311 in grant reimbursements claimed for personnel costs not in the OVW approved budgets.

DCDV does not agree with Finding #3.

Under Legal Grant #2011-WL-AX-0021, we are budgeted for a part-time attorney whom we employed to provide direct legal representation. We also hired this attorney to work part time under Rural Grant #2011-WR-AX-0033 as a CCR/SART facilitator for five counties covered under this grant. Salaries were allocated to each grant based on which one the attorney was working on.

A similar case came up under Rural Grant #2005-WR-AX-0113; the staff attorney assisted the CCR/SART teams in reviewing their policies, procedures and protocols. His time for that work was properly charged to the Rural Grant.

When budgeted, the money paid to the maintenance worker was included in the "Other" category, but inadvertently was reported in the "personnel" category. Those costs were allocable to the contract.

After receiving training from our Controller on allocation of overhead and building costs, we are now recording those costs to our building fund and then budgeting and allocating to the grants based on use.

Recommendation #4:

Remedy the \$30,353 in grant reimbursements claimed for costs that were unallowable under the terms and conditions of the awards.

DCDV welcomes the opportunity to explain the above expenditures and how we feel that although not directly budgeted under the grant contributed to the overall project and assisting DCDV in meeting their outlined goals and objectives.

Grant #2004-WL-AX-0013 (\$3,671) and #2011-WL-AX-0021 (\$354) both have expenditures exceeding the consultant rate. These expenditures were directly related to contracting with an outside attorney to assist with current assigned cases. One of the cases was assigned as the

new attorney on staff had a conflict with the assigned legal case. The other was to finish a case for a departing attorney.

Grant #2004-WL-AX-0013 (\$4,444) was to purchase a copy machine for implementation of this project. The Executive Director attended a Regional Financial Management Training in Washington, DC and it was her understanding that if the item was below \$5,000 and used directly to support the project that prior approval was not necessary. Now that she is aware that she misunderstood, correction has been made to procedures and if the item is not in the budget a GANS must be done within GMS.

Grant #2005-WR-AX-0013 (\$4,000) & #2007-WH-AX-0006 (\$1,699): These were funds allocated for a portion of the single audit of DCDV's financial statements, however, a budget modification had not been done to include these costs.

Grant #2005-WR-AX-0013 (\$330) – This was for a television set utilized in support groups, training CCR facilitators and used to provide training to CCR participants.

Grant #2007-WH-AX-0006 (\$600) – The equipment was purchased to help transitional housing participants develop peer support with other participants. Participants attended support group and had access to a common area during “non-support” group times.

Grant #2007-WH-AX-0006 (\$700) – Rent paid to DCDV for a transitional housing unit. The Executive Director attended a Regional Financial Management Training where she was informed that she could not pay DCDV for rent. The practice was stopped once she returned from the training. However, the cost was for two rental units.

Grant #2011-WR-AX-0033 (\$155) – Purchase of DVD/DVR located in a satellite office for support group.

Grant #2004-WL-AX-0013 (\$5,400), #2005-WR-AX-0013 (\$6,000), and #2007-WH-AX-0006 (\$3,000) – Money had not been charged to grants to cover “Other category” Building Maintenance from 03-2009 – 06-30-2015, which included utilities, water bills and cleaning and maintenance. The Executive Director had [REDACTED] during the 03-2009 time periods when this occurred, and it was not realized until July 2010 when preparing the annual 990's.

Recommendation #5:

Remedy the \$29,675 in grant reimbursements claimed for rent the DCDV paid to itself for a building it owns.

DCDV purchased the building in 2006, and charged rent for two of the apartments utilized under the Transitional Housing Grant. When management from DCDV attended a Regional Financial Management Training Seminar in Washington, DC and were informed this was not an acceptable practice, the practice was changed immediately. DCDV feels that the amount of rent charged is less than the amount currently charged under building maintenance, therefore we are asking that this be reviewed.

Effective July 1, 2015 the controller has changed how DCDV is allocating building maintenance costs to the appropriate grants based on use.

Recommendation #6:

Ensure that time and attendance reports are recorded and approved in accordance with the requirements in the OVW Financial Grants Management Guide.

Most of DCDV employees are hired to cover one grant, however on the occasions in which an employee covers multiple grants; DCDV has implemented changes for employees to track their time as to what grant they are working under.

Recommendation #7:

Ensure compliance with internal policies and with the terms and conditions of the OVW Financial Grants Management Guide, in order to ensure that items reimbursed under the grants are allowable and supported.

A review of DCDV's current Financial Management Policies and Procedures is currently underway by the Financial Coordinator, Executive Director and Controller to ensure that DCDV meets the terms and conditions of OVW Financial Grants Management Guide.

Recommendation #8:

Coordinate with the DCDV to ensure that future categorical spending is tracked in a manner that ensures compliance with criteria established in the OVW Financial Grants Management Guide.

DCDV has reviewed how transactions are recorded in our accounting records and have adopted methods to better track categorical spending and to ensure that it is in compliance with OVW Financial Grants Management Guide.

Recommendation #9:

Coordinate with the DCDV to verify that changes in drawdown procedures will ensure that future drawdown's are made in compliance with the OVW Financial Grants Management Guide.

After the Single Scope Audit FY 2014, which included a finding on the timing of its drawdown requests, DCDV implemented a reimbursement only policy to prevent this from happening in the future.

Recommendation #10:

Monitor future applications to ensure that funds awarded are based on current need and are utilized within a reasonable timeframe.

DCDV will coordinate between the Executive Director, Financial Coordinator and Controller to review where projects are and if additional grant funding is in the best interest of the organization. Further strategic planning will follow with DCDV's Board of Directors.

Recommendation #11:

Coordinate with the DCDV to ensure the accurate submission of future FFRs.

DCDV included an incorrect match on the 2004-WL-AX-0013 in the amount of \$30,192 which was also the same amount expended in that report period. The DCDV Executive Director was unaware of this mistake. Therefore in the future, FFR's will be reviewed by the Executive Director and the Financial Coordinator prior to submittal.

Recommendation #12:

Coordinate with the DCDV to ensure that the accomplishment of future goals and objectives are documented and tracked in order to ensure that accurate information is provided to the OVW.

In grant awards 2004-WL-AX-0013, 2011-WL-AX-0021, and 2007-WH-AX-0006, which is the Legal and Transitional Housing Grant Awards, the Muskie data base is utilized and accurately provide intake forms that substantiated our database. However, with the Rural 2005-WR-AX-0113 and 2011-WR-AX-0033 we utilize Montana's AVID database. This database is unable to provide supporting documents to correspond with the semi-annual progress reports. DCDV also relies on the statistical data from project partners, without gathering actual client intake forms to substantiate the numbers. Montana is in the process of updating and making the necessary changes to meet STOP requirements, which will also coincide with OVW requirements.

DCDV has always tracked goals and objectives in a grant evaluation tool, however after OIG was on site we realized we needed to track and maintain the records annually and for each grant individually. DCDV understands the importance of securing adequate records for individual grants to substantiate the outlined goals and objectives.

Recommendation #13:

Coordinate with the DCDV to ensure that future progress reports are submitted accurately and properly supported.

DCDV has assigned individual employees that are hired under their respective grant to accurately track the data needed to submit a properly supported progress report. However, this was not the case in our earlier grant awards. The data information will be reviewed by the employee under the grant award and the Executive Director semi-annually to make sure proper documentation is occurring.

Sincerely,



Susan K. Anderson
Executive Director

Cc: Office on Violence Against Women

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



U.S. Department of Justice

Office on Violence Against Women

Washington, DC 20530

October 21, 2015

MEMORANDUM

TO: David Sheeren
Regional Audit Manager
Denver Regional Audit Office

FROM: Bea Hanson *BH*
Principal Deputy Director
Office on Violence Against Women

Rodney Samuels *RS*
Audit Liaison/Staff Accountant
Office on Violence Against Women

SUBJECT: Draft Audit Report - Audit of the Office on Violence Against Women (OVW) Grants Awarded to the Dawson County Domestic Violence Program, Glendive, Montana

This memorandum is in response to your correspondence dated September 24, 2015 transmitting the above draft audit report for Dawson County Domestic Violence Program (DCDV). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains 13 recommendations and \$3,975,716 in net questioned costs. OVW is committed to working with the Dawson County Domestic Violence Program (DCDV) to address and bring these recommendations to a close as quickly as possible. The following is our analysis of the audit recommendations.

- 1. Ensure that DCDV reconcile its accounting records to provide a complete and accurate record of grant transactions, and that the DCDV establish and maintain an accounting system going forward that will effectively safeguard the use of federal funds.**

OVW does agree with the recommendation. We will coordinate with DCDV to

ensure that they reconcile its accounting records to provide a complete and accurate record of grant transactions, and that the DCDV establish and maintain an accounting system going forward that will effectively safeguard the use of federal funds.

2. Remedy \$3,975,716 in net unsupported grant expenditures associated with the following issues:

- a. Remedy \$3,975,716 in drawdowns claimed based on unreliable accounting records.**
- b. Remedy \$872,246 in grant reimbursements expended on personnel costs that are not supported by detailed time and attendance reports.**
- c. Remedy the \$45,840 in grant reimbursements claimed for costs which are unsupported by grant documentation.**
- d. Remedy the \$199,427 in grant reimbursements claimed for expenditures for which supporting documentation has been destroyed.**

OVW does agree with the recommendation. We will coordinate with DCDV to remedy the \$3,975,716 in net unsupported questioned grant expenditures.

3. Remedy the \$44,311 in grant reimbursements claimed for personnel costs not in the OVW approved budgets.

OVW does agree with the recommendation. We will coordinate with DCDV to remedy \$44,311 in grant reimbursements claimed for personnel costs not in the OVW approved budgets.

4. Remedy the \$30,353 in grant reimbursements claimed for costs that were unallowable under the terms and conditions of the awards.

OVW does agree with the recommendation. We will coordinate with DCDV to remedy the \$30,353 in grant reimbursements claimed for costs that were unallowable under the terms and conditions of the awards.

5. Remedy the \$29,675 in grant reimbursements claimed for rent the DCDV paid to itself for a building it owns.

OVW does agree with the recommendation. We will coordinate with DCDV to remedy the \$29,675 in grant reimbursements claimed for rent the DCDV paid to itself for a building it owns.

6. Ensure that time and attendance reports are recorded and approved in accordance with the requirements in the OVW Financial Grants Management Guide.

OVW does agree with the recommendation. We will coordinate with DCDV to ensure that

time and attendance reports are recorded and approved in accordance with the requirements in the OVW Financial Grants Management Guide.

7. Ensure compliance with internal policies, and with the terms and conditions of the OVW Financial Grants Management Guide, in order to ensure that items reimbursed under the grants are allowable and supported.

OVW does agree with the recommendation. We will coordinate with DCDV to ensure compliance with internal policies, and with the terms and conditions of the OVW Financial Grants Management Guide, in order to ensure that items reimbursed under the grants are allowable and supported.

8. Coordinate with the DCDV to ensure that future categorical spending is tracked in a manner that ensures compliance with criteria established in the OVW Financial Grants Management Guide.

OVW does agree with the recommendation. We will coordinate with DCDV to ensure that future categorical spending is tracked in a manner that ensures compliance with criteria established in the OVW Financial Grants Management Guide.

9. Coordinate with the DCDV to verify that changes in drawdown procedures will ensure that future drawdowns are made in compliance with the OVW Financial Grants Management Guide.

OVW does agree with the recommendation. We will coordinate with the DCDV to verify that changes in drawdown procedures will ensure that future drawdowns are made in compliance with the OVW Financial Grants Management Guide.

10. Monitor future applications to ensure that funds awarded are based on current need and are utilized within a reasonable timeframe.

OVW does agree with the recommendation. We will coordinate with DCDV to ensure that Monitor future applications to ensure that funds awarded are based on current need and are utilized within a reasonable timeframe.

11. Coordinate with DCDV to ensure the accurate submission of future FFRs.

OVW does agree with the recommendation. We will coordinate with DCDV to ensure the accurate submission of future FFRs.

12. Coordinate with the DCDV to ensure that the accomplishment of future goals and objectives are documented and tracked in order to ensure that accurate information is provided to the OVW.

OVW does agree with the recommendation. We will coordinate with coordinate with the

DCDV to ensure that the accomplishment of future goals and objectives are documented and tracked in order to ensure that accurate information is provided to the OVW.

13. Coordinate with the DCDV to ensure that future progress reports are submitted accurately and properly supported.

OVW does agree with the recommendation. We will coordinate with the DCDV to ensure that future progress reports are submitted accurately and properly supported.

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

cc Donna Simmons
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Office on Violence Against Women (OVW)

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

The OIG provided a draft of this audit report to the Dawson County Domestic Violence Program (DCDV), and the Office on Violence Against Women (OVW) for review and official comment. The DCDV's response is included as Appendix 3 of this final report, and OVW's response is included as Appendix 4. The following provides the OIG analysis of the responses and summary of actions necessary to resolve the report.

In its response, the OVW agreed with all 13 of our recommendations and stated that it will coordinate with the DCDV to address each. The DCDV did not specifically indicate agreement or disagreement with twelve of the thirteen recommendations, but did include summaries of actions taken to address the items. The DCDV disagreed with one recommendation.

Recommendation:

- 1. Ensure that the DCDV reconcile its accounting records to provide a complete and accurate record of grant transactions, and that the DCDV establish and maintain an accounting system going forward that will effectively safeguard the use of federal funds.**

Resolved. The OVW agreed with the recommendation and stated it will coordinate with the DCDV to ensure that the DCDV reconciles its accounting system to provide a complete and accurate record of grant transactions, and that the DCDV establish and maintain an accounting system going forward that will effectively safeguard the use of federal funds.

The DCDV neither agreed nor disagreed with the recommendation, but stated that it is in the process of reconciling past accounting records to ensure that transactions have been recorded with the correct dates, amounts, and are allocated to the correct grant. Additionally, the DCDV stated that, effective July 1, 2015, the accounting system has been modified to ensure that current transactions are being recorded timely, allocated to the correct grant, and reconciled on a monthly basis.

This recommendation can be closed when we receive documentation demonstrating that past accounting records have been reconciled, and documentation of approved and adopted policy that will ensure that the accounting system going forward effectively safeguards the use of federal funds.

2. **Remedy the \$3,975,716 in net unsupported grant expenditures associated with the following issues:**
 - a. **Remedy \$3,975,716 in drawdowns claimed based on unreliable accounting records.**
 - b. **Remedy \$872,246 in grant reimbursements expended on personnel costs that are not supported by detailed time and attendance reports.**
 - c. **Remedy the \$45,840 in grant reimbursements claimed for costs which are unsupported by grant documentation.**
 - d. **Remedy the \$199,427 in grant reimbursements claimed for expenditures for which supporting documentation has been destroyed.**

Resolved. The OVW agreed with all parts of the recommendation and stated it would coordinate with the DCDV to remedy the \$3,975,716 in questioned costs.

The DCDV neither agreed nor disagreed with the recommendation, but addressed each individual subpart. The DCDV responded to subpart a by referring to their response to recommendation one. We addressed that response above. The DCDV responded to subpart b by referring to their response to recommendation six, which states that updated procedures for tracking employee time have been implemented. For subparts c and d, the DCDV stated that it is reviewing the items questioned and searching further to be certain that supporting documentation was not inadvertently filed incorrectly, and to determine if some costs may need to be returned to the OVW. The DCDV also stated that, going forward, it will follow procedures to ensure that no bills are paid without adequate supporting documentation, and that records are maintained in accordance with the OVW Financial Grants Management Guide.

This recommendation can be closed when we receive documentation to support the remedy of the \$3,975,716 in unsupported expenditures. This includes the remedy of \$3,975,716 in total unsupported expenditures, the \$872,246 in unsupported personnel costs, the \$45,840 in unsupported other direct costs, and the \$199,427 in unsupported costs related to documentation that has been destroyed.

3. **Remedy the \$44,311 in grant reimbursements claimed for personnel costs not in the OVW-approved budgets.**

Resolved. The OVW agreed with the recommendation and stated that it would coordinate with the DCDV to remedy the \$44,311 in grant reimbursements claimed for personnel costs not in the OVW-approved budgets.

The DCDV disagreed with the recommendation. The DCDV stated that the attorney, who was budgeted under Grant Number 2011-WL-AX-0021, was also hired as a Coordinated Community Response/Sexual Assault Response Team

(CCR/SART) facilitator under Grant Number 2011-WR-AX-0033, and that salaries were allocated to each grant based on actual activity. Similarly, the DCDV stated that the staff attorney assisted the CCR/SART teams under Grant Number 2005-WR-AX-0113, and that his time was properly charged to that grant.

The OIG evaluates grant expenditures by comparing actual expenditures to the items approved by the OVW in the budget narratives for each award, and by evaluating expenditures against the criteria in the OVW Financial Grants Management Guide. The OVW Financial Grants Management Guide states that changes in scope, duration, activities, or other significant activities, including changes in scope that affect a grantee's budget, should be documented through a Grant Adjustment Notice (GAN). The GAN allows OVW the opportunity to review and approve, or disapprove, proposed changes to the approved budgets. In our judgment, hiring an individual who was approved as an attorney under the legal grant program to perform additional programmatic services under the rural grant program constitutes a potential change in scope that should have been disclosed to the OVW through a GAN to ensure compliance with the previously approved grant budgets.

Regarding the maintenance costs, the DCDV stated that the personnel costs related to the maintenance worker were budgeted under "Other," but inadvertently reported in the personnel category. While costs related to building maintenance, water, garbage, and utilities were budgeted in the "Other" category, approval was not sought for the payment of a maintenance worker as a salaried employee with fringe benefits. Because this salaried position was not included in the grant budget, specific approval for the payment of salary and fringe benefits should have been requested from the OVW through a GAN.

This recommendation can be closed when we receive documentation demonstrating that the OVW has remedied the \$44,311 in unallowable personnel costs.

4. Remedy the \$30,353 in grant reimbursements claimed for costs that were unallowable under the terms and conditions of the awards.

Resolved. The OVW agreed with the recommendation, and stated that it will coordinate with the DCDV to remedy the \$30,353 in grant reimbursements claimed for costs that were unallowable under the terms and conditions of the awards.

The DCDV neither agreed nor disagreed with the recommendation, but did acknowledge that the items questioned were not directly budgeted. Additionally, the DCDV stated that it welcomes the opportunity to explain the questioned expenditures and that, while not directly budgeted, it feels that the items contributed to the overall project and assisted the DCDV in meeting outlined goals and objectives. As noted above, the OIG evaluates allowable costs by comparing actual expenditures to the items approved by the OVW in the budget narratives for each award, and by evaluating expenditures against the criteria contained in the OVW Financial Grants Management Guide. Some expenditures,

such as consultants paid at a rate exceeding that which is allowable by the OVW, directly violate the terms and conditions of the OVW Financial Grants Management Guide, while others represent material deviations from the DCDV's approved budget that were not approved through the submission of a GAN. For these reasons, the costs are questioned as unallowable.

This recommendation can be closed when we received documentation demonstrating that the OVW has remedied the \$30,353 in costs that were unallowable under the terms and conditions of the awards.

5. **Remedy the \$29,675 in grant reimbursements claimed for rent the DCDV paid to itself for a building it owns.**

Resolved. The OVW agreed with the recommendation, and stated that it will coordinate with the DCDV to remedy the \$29,675 in grant reimbursements claimed for rent the DCDV paid to itself for a building it owns.

The DCDV neither agreed nor disagreed with the recommendation. However, the DCDV acknowledged that it purchased its building in 2006 and did charge rent for two of the apartments utilized under the Transitional Housing Grant. The DCDV also stated that it ended this practice after learning that it was unacceptable. However, the DCDV requested that this item be reviewed as it believes the amount of rent charged is less than the amount currently charged under building maintenance.

Rental costs paid by the DCDV to itself for a building it owns and maintenance costs paid for general building maintenance are separate issues. We described issues related to the DCDV's payment of building maintenance costs in recommendation 3. Regarding rental costs the DCDV paid to itself, the OVW Financial Grants Management Guide states that rental costs are not allowable for property owned by the applicant or if the applicant has a financial interest in the property. Therefore, the rental costs are unallowable.

This recommendation can be closed when we receive documentation that the OVW has remedied the \$29,675 in grant reimbursements claimed for rent the DCDV paid to itself for a building it owns.

6. **Ensure that time and attendance reports are recorded and approved in accordance with the requirements in the OVW Financial Grants Management Guide.**

Resolved. The OVW agreed with the recommendation and stated that it will coordinate with the DCDV to ensure that time and attendance reports are recorded and approved in accordance with the requirements in the OVW Financial Grants Management Guide.

The DCDV neither agreed nor disagreed with the recommendation, but stated that it has implemented changes for employees to track their time separately, according to the grant that employee is working under.

This recommendation can be closed when we receive documentation of the approved updated policies that address this issue.

7. Ensure compliance with internal policies, and with the terms and conditions of the OVW Financial Grants Management Guide, in order to ensure that items reimbursed under the grants are allowable and supported.

Resolved. The OVW agreed with the recommendation, and stated that it will coordinate with the DCDV to ensure compliance with internal policies, and with the terms and conditions of the OVW Financial Grants Management Guide in order to ensure that items reimbursed under the grants are allowable and supported.

The DCDV neither agreed nor disagreed with the recommendation, but stated that a review of the DCDV's current Financial Management Policies and Procedures is underway by the Financial Coordinator, Executive Director, and Controller to ensure that the DCDV meets the terms and conditions of the OVW Financial Grants Management Guide.

This recommendation can be closed when we receive documentation of the approved updated policies that address this issue.

8. Coordinate with the DCDV to ensure that future categorical spending is tracked in a manner that ensures compliance with criteria established in the OVW Financial Grants Management Guide.

Resolved. The OVW agreed with the recommendation, and stated that it will coordinate with the DCDV to ensure that future categorical spending is tracked in a manner that ensures compliance with criteria established in the OVW Financial Grants Management Guide.

The DCDV neither agreed nor disagreed with the recommendation, but stated that it has reviewed the manner in which transactions are recorded in the accounting records, and has adopted methods to better track categorical spending and to ensure that it is in compliance with the OVW Financial Grants Management Guide.

This recommendation can be closed when we receive documentation of the approved updated policies that address this issue.

9. Coordinate with the DCDV to verify that changes in drawdown procedures will ensure that future drawdowns are made in compliance with the OVW Financial Grants Management Guide.

Resolved. The OVW agreed with the recommendation, and stated that it will coordinate with the DCDV to verify that changes in drawdown procedures will ensure that future drawdowns are made in compliance with the OVW Financial Grants Management Guide.

The DCDV neither agreed nor disagreed with the recommendation, but stated that after its Fiscal Year 2014 Single Scope Audit, it implemented a reimbursement only policy to prevent this from happening in the future.

This recommendation can be closed when we receive documentation of the approved updated policies that address this issue.

10. Monitor future applications to ensure that funds awarded are based on current need and are utilized within a reasonable timeframe.

Resolved. The OVW agreed with the recommendation, and stated that it will coordinate with the DCDV to monitor future applications to ensure that funds awarded are based on current need and are utilized within a reasonable timeframe.

The DCDV neither agreed nor disagreed with the recommendation, but stated that that it will coordinate between the Executive Director, Financial Coordinator, and Controller to review project status, and to determine if additional grant funding is in the best interest of the organization.

This recommendation can be closed when we receive documentation of the approved updated policies that address the issue, which is to ensure that future funds are requested based on current need and are utilized within a reasonable timeframe.

11. Coordinate with the DCDV to ensure the accurate submission of future FFRs.

Resolved. The OVW agreed with the recommendation, and stated that it will coordinate with the DCDV to ensure the accurate submission of future FFRs.

The DCDV neither agreed nor disagreed with the recommendation, but acknowledged that prior FFRs had been submitted inaccurately, and stated that, in the future, FFRs will be reviewed by the Executive Director and the Financial Coordinator prior to submittal.

This recommendation can be closed when we receive documentation of the approved updated policies that address this issue.

12. Coordinate with the DCDV to ensure that the accomplishment of future goals and objectives are documented and tracked in order to ensure that accurate information is provided to the OVW.

Resolved. The OVW agreed with the recommendation, and stated that it will coordinate with the DCDV to ensure that the accomplishment of future goals and objectives are documented and tracked in order to ensure that accurate information is provided to the OVW.

The DCDV neither agreed nor disagreed with the recommendation, but summarized challenges it faces in relation to the limitations of the state of Montana's database, which is used to track progress for Grant Numbers 2005-WR-AX-0113 and 2011-WR-AX-0033. The DCDV also acknowledged that it relies on statistical data from project partners, but does not gather the forms necessary to substantiate the numbers reported. The DCDV reported that the state of Montana is in the process of updating its database, which will coincide with OVW requirements. The DCDV additionally reported that it realizes the need to track and maintain records for each grant individually.

This recommendation can be closed when we receive documentation of the approved updated policies that strengthen the tracking of DCDV goals and objectives in order to ensure that accurate information is provided to the OVW.

13. Coordinate with the DCDV to ensure that future progress reports are submitted accurately and properly supported.

Resolved. The OVW agreed with the recommendation, and stated that it will coordinate with the DCDV to ensure that future progress reports are submitted accurately and properly supported.

The DCDV neither agreed nor disagreed with the recommendation, but stated that it has assigned individual employees hired under their respective grant to accurately track the data needed to submit a properly supported progress report, and acknowledged that such a system was not in place for earlier awards. In the future, information will be reviewed by the employee under the grant, and by the Executive Director semiannually, to ensure that items have been properly documented.

This recommendation can be closed when we receive documentation of the approved updated policies that address this issue.

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