



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



**Audit of the
Office on Violence Against Women
Grant Awarded to
Two Feathers Native American
Family Services
McKinleyville, California**

**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN
GRANT AWARDED TO
TWO FEATHERS NATIVE AMERICAN FAMILY SERVICES
MCKINLEYVILLE, CALIFORNIA**

EXECUTIVE SUMMARY

The U.S. Department of Justice Office of the Inspector General has completed an audit of a Tribal Governments Program grant 2013-TW-AX-0001, in the amount of \$399,525, awarded by the Office on Violence Against Women (OVW), to Two Feathers Native American Family Services (Two Feathers) located in McKinleyville, California. The purpose of the grant was to: (1) strengthen and enlarge existing direct services that are available to help Native Americans who are victims of domestic violence, sexual assault, stalking, or dating violence; (2) facilitate Native Women's beading group events; (3) facilitate monthly Inter-Tribal Women's Advocacy Network meetings to develop and strengthen collaborations with the seven local federally recognized tribes and law enforcement agencies; and (4) support annual awareness month outreach activities. As of October 26, 2015, Two Feathers had expended \$281,662 (70 percent) of the total grant award.

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

As a result of our audit, we found that Two Feathers did not comply with essential award requirements in three of the six areas we tested. Two Feathers generally complied with requirements related to drawdowns, budget management, and program performance and accomplishments. However, we found weaknesses in the internal control environment, grant expenditures, and reporting, including non-compliance with award requirements. Specifically, we questioned \$7,470 in contractor expenditures that were not supported by timesheets, \$3,304 in overhead expenses (e.g., office rent, auto insurance premiums, janitorial services, and utilities) that were not based on a logical and supportable allocation methodology, and \$7,920 in contractor costs that were based on an unreasonable rate. Further, we questioned \$119,629 in salary and fringe benefit costs as a result of an unsupported allocation methodology. Two Feathers also submitted to OVW inaccurate Federal Financial Reports and a Progress Report. Lastly, Two Feathers failed to comply with a special condition requiring it to maintain all supporting documentation for contractor hourly or daily rates.

These items are discussed in detail in the Findings and Recommendations section of the report. Our report questions a total of \$138,323 and contains seven recommendations to OVW. We discussed the results of our audit with Two Feathers

officials and have included their comments in the report, as applicable. Our audit objective, scope, and methodology are discussed in Appendix 1. Our Schedule of Dollar-related Findings is located in Appendix 2. In addition, we requested from Two Feathers and OVW written responses to our audit report. We received those responses and they are found in Appendices 3 and 4, respectively. Our analysis of those responses and the status of the recommendations can be found in Appendix 5.

**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN
GRANT AWARDED TO
TWO FEATHERS NATIVE AMERICAN FAMILY SERVICES
MCKINLEYVILLE, CALIFORNIA**

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INTRODUCTION

The U.S. Department of Justice Office of the Inspector General (OIG) has completed an audit of a Tribal Governments Program grant 2013-TW-AX-0001, in the amount of \$399,525, awarded by the Office on Violence Against Women (OVW) to Two Feathers Native American Family Services (Two Feathers) located in McKinleyville, California. As of October 26, 2015, Two Feathers had expended \$281,662 (70 percent) of the total grant award.

**Table 1
OVW Grant Awarded to
Two Feathers Native American Family Services**

Grant Award Number	Award Start Date	Award End Date^a	Award Amount
2013-TW-AX-0001	10/01/13	09/30/16	\$ 399,525

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

Source: OVW

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

Background Information

Two Feathers is a 501c not-for-profit entity of Big Lagoon Rancheria, a federally recognized tribe. It is located in McKinleyville, California in the county of Humboldt, which is 284 miles North of San Francisco, California. According to the 2010 Census, Humboldt County had a population of 11,972 Native American people. The 2013 Uniformed Crime Report stated that there were 18 rape cases in Humboldt County. Two Feathers provides culturally appropriate services to all Native Americans who are victims of domestic violence, sexual assault, stalking, and dating violence.

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

The purpose of the grant was to: (1) strengthen and enlarge existing direct services that are available to help Native Americans who are victims of domestic violence, sexual assault, stalking, or dating violence; (2) facilitate Native Women's beading group events; (3) facilitate monthly Inter-Tribal Women's Advocacy Network (ITWAN) meetings to develop and strengthen collaborations with the seven local federally recognized tribes and law enforcement agencies; and (4) support annual awareness month outreach activities.

OIG Audit Approach

We tested Two Feathers' compliance with what we consider to be the most important conditions of the grant award. Unless otherwise stated in our report, the criteria we audited against are contained in the OVW Financial Grants Management Guide, award documents, Code of Federal Regulations, and Office of Management and Budget Circulars. Specifically, we tested:

- **Internal Control Environment** – to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard the funds awarded to Two Feathers and ensure compliance with the terms and conditions of the grant.
- **Drawdowns** – to determine whether drawdowns were adequately supported and if Two Feathers was managing receipts in accordance with federal requirements.
- **Expenditures** – to determine whether costs charged to the grant, including payroll and fringe benefits, were accurate, adequately supported, allowable, reasonable, and allocable and to determine whether there was adequate oversight and monitoring of its sub-recipients and contractors.
- **Budget Management** – to determine whether there were deviations between the amounts budgeted and the actual costs for each category.

¹ Pub. L. No 108-322 (1994).

- **Reports** – to determine if the required financial and programmatic reports were submitted on time and accurately reflected grant activity.
- **Additional Award Requirements** – to determine whether Two Feathers complied with award guidelines, special conditions, and solicitation criteria.
- **Program Performance and Accomplishments** – to determine whether Two Feathers made a reasonable effort to accomplish stated objectives.

The results of our audit are discussed in detail in the Findings and Recommendations section of this report. We discussed the results of our audit with Two Feathers officials and have included their comments in the report, as applicable. Our report contains seven recommendations to OVW. The audit objective, scope, and methodology are discussed in Appendix 1. Our Schedule of Dollar-related Findings is located in Appendix 2. In addition, we requested from Two Feathers and OVW written responses to our audit report. We received those responses and they are found in Appendices 3 and 4, respectively. Our analysis of those responses and the status of the recommendations can be found in Appendix 5.

FINDINGS AND RECOMMENDATIONS

Two Feathers did not comply with essential award requirements in three of the six areas we tested. Specifically, we found that Two Feathers failed to maintain adequate supporting documents on a consultant contract and grant-related expenditures. Further, Two Feathers allocated salary and fringe benefit costs based on a method that was not adequately documented. Two Feathers also submitted inaccurate Federal Financial Reports (FFRs) and one Progress Report, and it failed to adhere to an award special condition that required Two Feathers to maintain all supporting documentation related to consultant hourly or daily rates. Lastly, we identified contractor costs that were based on an unreasonable rate. As a result, we questioned a total of \$138,323 and made 7 recommendations.²

Internal Control Environment

We reviewed Two Feathers' policies and procedures, 2011 and 2012 Single Audit Reports, and financial management system to assess its risk of noncompliance with laws, regulations, guidelines, and terms and conditions of the grant. We also interviewed Two Feathers' Director regarding internal controls and processes related to payroll, purchasing, and accounts payable functions.

Single Audit

According to Office of Management and Budget Circular A-133, non-federal entities that expend \$500,000 or more in federal awards in a year shall have a Single Audit conducted. At the start of our fieldwork, the most recent Single Audits available for Two Feathers were for fiscal years ending June 30, 2011, and June 30, 2012. We reviewed these Single Audit Reports and found that the independent auditors had issued an unqualified opinion for both fiscal years. The independent auditors reported no significant deficiencies in the design or operation of the internal controls over major federal programs. In addition, the auditors found no deficiencies that were considered material weaknesses.

Financial Management System

The OVW Financial Grants Management Guide requires that all grant fund recipients “. . . establish and maintain accounting systems and financial records to accurately account for funds awarded to them.” This requirement includes maintaining adequate financial data to record and report on the receipt, obligation,

² The Inspector General Act of 1978, as amended, contains our reporting requirements for questioned costs. However, not all findings are dollar-related. See Appendix 2 for a breakdown of our dollar-related findings and the definitions of questioned costs.

and expenditure of grant funds. Furthermore, the guide stipulates that grantees must account for each award separately and may not commingle grant funds.

Overall, we found that Two Feathers adequately maintained grant-related financial records and data in accordance with the OVW Financial Grants Management Guide. Two Feathers utilized an accounting system called QuickBooks. Based on our review of grant-related transactions that were recorded in QuickBooks, we generally found that the system accurately accounted for grant-related receipts and expenditures. Further, we found that grant-related transactions (i.e., receipts and expenditures) were separately tracked from all other funding.

In our evaluation of internal controls, we found that Two Feathers did not establish any policies and procedures to ensure that it received the correct items that it purchased. We asked Two Feathers' Director why policies and procedures were not developed for its receiving process and she stated that she did not realize it was needed. After we pointed out this deficiency to Two Feathers, the Director established a policy. Specifically, in April 2015, Two Feathers implemented its Receiving and Inspecting Materials policy to ensure items purchased are received. We believe that Two Feathers' new policy addressed our concern.

Drawdowns

According to the OVW Financial Grants Management Guide, grant recipients should request funds based upon immediate disbursement or reimbursement needs. Specifically, recipients should time their drawdown requests to ensure that federal cash-on-hand is the minimum needed for disbursement or reimbursement to be made immediately or within 10 days. Two Feathers officials stated that grant funds were drawn down on a reimbursement basis.

We analyzed all drawdowns from the start of the grant on October 1, 2013, through the start of our fieldwork on March 9, 2015, by comparing the amounts and dates of the drawdowns to Two Feather's accounting records. Based on our analysis we found that Two Feathers generally complied with the established requirements related to drawdowns.

Expenditures

As of October 26, 2015, Two Feathers had expended a total of \$281,662 (70 percent) of the total grant award. The expenditures were comprised of personnel, fringe benefits, travel, supplies, and other costs. We judgmentally selected a sample of 25 non-personnel transactions totaling \$12,355 in order to determine if costs charged to the grant were allowable, properly authorized, adequately supported, and in compliance with grant terms and conditions. Thirteen of the sample transactions were selected from the highest dollar transactions in the universe and the remaining sample transactions were judgmentally selected.

The expenditures we selected included gift cards, rent, travel, temporary housing, and other expenditures. We reviewed supporting documentation including purchase orders, invoices, receipts, and check copies. Additionally, we judgmentally selected two non-consecutive payroll periods for the testing of personnel and fringe benefits expenses. For these expenditures, we reviewed payroll reports, timesheets, and other supporting documentation. Each of these tests (direct costs, payroll, and fringe benefits) are discussed below.

Gift Cards

Two Feathers spent grant funds to purchase gas and food gift cards. Two Feathers' staff members utilized these gift cards to provide short-term food and fuel support for victims of domestic violence. According to Two Feathers' Director, the unwritten policy requires that all gift card requests be completed by the Office Coordinator and approved by the Director. The Cultural Coordinator purchases gift cards with Two Feathers' debit Visa card, which is maintained in the Director's name and locked in the Director's office. The gift cards are then provided to a Social Worker. The Social Worker will then go with the victim of domestic violence to a store to purchase emergency items listed on the request forms and bring back receipts and gift cards (with or without a remaining balance on them). Receipts are attached to the requests as supporting documentation. If there is no remaining balance on gift cards then the cards are shredded. If there are balances left on the gift cards the gift cards are kept in a binder to be made available for the next eligible client.

In our sample, we reviewed one transaction related to a gift card expense and found that Two Feathers recorded in its accounting records the actual amount spent on the gift card that was utilized for grant-related services. Specifically, Two Feathers recorded the full amount (\$50) of the gift card in its general ledger when it purchased the gift card. There were no adjustments to reflect the actual amount of the grant-related purchases (\$47) because Two Feathers maintains gift cards that continue to have a balance and it utilizes the remaining balance on future grant-related purchases. In this instance, the purchase of the gift card along with how it was utilized was adequately supported with documents and properly recorded in Two Feathers' accounting records.

Other Non-Personnel Direct Costs

In our judgmental sample, we selected 24 transactions pertaining to supplies, travel, and other expenditures in the amount of \$12,305. These 24 transactions were not related to grant-related personnel costs or gift card purchases. We reviewed the 24 transactions to determine if costs charged to the grant were accurate, adequately supported, allowable, reasonable, and properly allocated.

Overall, we found 17 of the 24 sample transactions to be accurately recorded in the accounting records, adequately supported, allowable, reasonable, and

properly allocable. Regarding our exceptions, we found a \$450 transaction for which Two Feathers failed to maintain adequate supporting documentation. The transaction was for accounting services provided by a Certified Public Accountant (CPA). The invoice submitted for payment did not include a timesheet. *OVW Grants Financial Management Guide* states, "Time and effort reports are also required for consultants, as well as justification of consultant rates in accordance with market value." We asked the Director of Two Feathers why the invoice we reviewed did not have a timesheet. She stated that the CPA bills Two Feathers a flat fee of \$1,500 for an estimated 30 hours of work every month and does not provide a timesheet showing actual hours worked. This methodology is unallowable as it is not based on actual hours worked, but rather only estimates. As a result, we concluded that the invoice was inadequately supported and therefore, we reviewed the vendor file for the CPA and noted that all of the CPA invoices lacked a supporting timesheet. After we informed Two Feathers of this finding, Two Feathers obtained a few timesheets and provided one to us for our originally sampled transaction. The timesheet provided for the selected transaction shows 31.5 hours were worked for the month of January 2014 which would support the claim that the contractor worked at least 30 hours in January 2014 to support the invoice. However, without the CPA's timesheets to support all of the CPA's invoices, we were unable to determine whether the CPA's billings were in accordance with established requirements. Therefore, we questioned the remaining \$7,470 associated with this contractor. We recommend OVW remedy \$7,470 in unsupported questioned costs related to contractor (CPA) costs.

In addition to the contractor invoices, we found 6 transactions totaling \$3,304 for office rent, auto insurance premiums, janitorial services, and utilities that were allocated to the grant based on the budgeted rate of 30 percent. According to 2 C.F.R. § 230:

Joint costs, such as depreciation, rental costs, operation and maintenance of facilities, telephone expenses, and the like are prorated individually as direct costs to each category and to each award or other activity using a base most appropriate to the particular cost being prorated. This method is acceptable, provided each joint cost is prorated using a base which accurately measures the benefits provided to each award or other activity. The bases must be established in accordance with reasonable criteria, and be supported by current data.

We asked Two Feathers' Director why these expenditures were allocated based on what appeared to be an arbitrary rate of 30 percent and not based on a logical and supportable allocation methodology. The Director stated that she allocated these costs to the grant based on the OVW-approved budget and the allocation rate contained therein. Since the budgeted amounts were estimates and not based on historical or actual expenditures for these costs, we determined that the allocation methodology for the expenditures in question was not justifiable nor

was it a logical method for allocating costs to the grant. Therefore, we questioned these transactions in the total amount of \$3,304. We recommend OVW remedy \$3,304 in questioned costs associated with an unsupported allocation methodology.

Personnel

We tested the grant-related payroll expenditures to determine if these expenditures were allowable, reasonable, and adequately supported. Specifically, we selected a judgmental sample of two non-consecutive pay periods to test, which included salaries and fringe benefit expenditures for the months of March 2014 and January 2015. In our review, we reviewed supporting documentation, such as time and attendance records, to determine: (1) if the positions paid with grant funds appeared reasonable with the stated intent of the program and were consistent with the final OVW-approved budget, (2) whether the salaries of the employees paid with grant funds were within a reasonable range, and (3) if the salary and fringe benefit expenditures were adequately supported.

We obtained a list of employees paid using grant funds. We compared this list of personnel working on grant-related activities to the approved positions in the OVW-approved grant budget. We also compared the salaries paid with salaries paid in that area of the country for similar positions. We determined that the positions funded by the grant were in the approved budget and the salaries paid were reasonable.

According to 2 C.F.R. § 230, “[t]he reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards. . . The reports must be prepared at least monthly and must coincide with one or more pay periods.” We reviewed Two Feathers’ payroll records and supporting timecards and found that the payroll was generally supported, as the supporting documentation and the amounts recorded in the grant’s general ledger were in agreement. However, in our review of timesheets, we found that all of the timesheets did not record the actual labor efforts expended on this grant. Instead, the timesheets all had a pre-set percentage for the grant. In some instances, we found that the pre-set percentage was crossed out and replaced with a handwritten percentage without any explanation or justification. For one pay period, all of the employees had charged 100 percent of their time to this grant.

The OVW Grants Financial Management Guide states:

. . .when recipient employees work solely on a specific grant award, no other documentation is required. However, after-the-fact certifications that the employee is working 100 percent of their time on the grant award must be prepared no less frequently than every 6 months, and must be signed by the employee and

supervisory official having firsthand knowledge of the work performed.

We did not find any after-the-fact certifications in these employees' payroll packages. Additionally, we asked Two Feathers' Director about these pre-set percentages on the timecards. She stated that the percentages were based on the percentage in the approved budget and not based on actual time worked on grant-related activity. We informed her of the requirement in the OVW Grants Financial Management Guide and that we would be questioning all the payroll costs paid for by the grant. She agreed with our finding and stated that Two Feathers will change its policy.

In April 2015 and in response to our payroll-related finding, Two Feathers informed us that it had implemented a new timekeeping method that allows employees to record actual labor efforts spent on each project daily. Two Feathers provided an example of actual timesheets recorded by employees for the pay period ending March 31, 2015. We reviewed the timesheets and noted that the new timekeeping method allows for the recording of actual labor efforts spent on each project on a daily basis. This policy and process change should ensure future payroll costs are adequately supported. It does not address the previous payroll costs allocated to the grant based on an unsupported allocation method. As a result of these inadequately supported payroll transactions, we questioned \$119,629 in salary (\$106,073) and associated fringe benefit costs (\$13,456) prior to the March 31, 2015, payroll.

In our review of fringe benefits, we found the associated fringe benefits were generally computed correctly, properly authorized, accurately recorded, and reasonable. However, as noted above, we questioned the fringe benefits that were associated with the timesheets that lacked a supportable methodology for allocating the payroll to the grant. We recommend OVW remedy \$106,173 in personnel costs and \$13,456 in fringe benefit costs related to the unsupported allocation methodology.

Monitoring of Sub-Recipients and Contractors

Two Feathers had one contractor, a CPA, approved in its budget. The CPA posted monthly journal entries, compiled monthly financial statements, and prepared Two Feathers' tax returns. As noted in the Expenditure section of this report, Two Feathers had contracted with a CPA for accounting services related to the OVW grant program and we found that the related expenditures for accounting services were not adequately supported with timesheets. We also reviewed the CPA's rate that it stated it charged to Two Feathers, which was \$50 per hour. However, we were not provided timesheets to substantiate the rate and determined that the methodology of paying the CPA a flat fee of \$1,500 each month without verifying actual hours worked was unreasonable and unallowable. Further, we found the estimated rate of \$50 per hour to be higher than those for Humboldt County, California, as the market rates for CPAs for non-profits range from

\$38 to \$43 per hour with an average of \$41 per hour. Additionally, we did not find that Two Feathers had established procedures for evaluating its contractor's performance. According to a Two Feathers' official, Two Feathers did not believe it was necessary to establish procedures for evaluating its CPA's performance as it had a close working relationship with the contractor and there were no significant issues requiring such procedures. The Director stated that the CPA had been performing services for Two Feathers when she became the Director 10 years ago. Additionally, a sole-source justification was provided to OVW as part of the grant application. We do not take issue with the oversight of the contractor as it is clear the organization had a close working relationship with the CPA contractor and it did obtain sole source approval. However, given the unreasonable rate that the CPA was billing Two Feathers for that location, we question the cost of \$7,920 in contractor expenditures. We recommend OVW remedy \$7,920 in questioned costs related to the contractor (CPA) costs that are based on an unreasonable methodology and rate.

Budget Management

The OVW Financial Grants Management Guide and 28 C.F.R. 70 require prior approval from the awarding agency if the movement of dollars between budget categories exceeds 10 percent of the total award amount for awards over \$100,000. Based on our review of the award package and grant solicitation, we determined that the grant exceeded the \$100,000 threshold and was subject to the 10 percent rule. Our analysis of the budget as compared to actual expenditures did not identify budget deviations that would require OVW approval.

Reports

According to the OVW Financial Grants Management Guide, award recipients are required to submit quarterly FFRs and semi-annual Progress Reports. These reports describe the status of the funds, compare actual accomplishments to the objectives of the grant, and report other pertinent information. We reviewed the FFRs and Progress Reports submitted by Two Feathers to determine whether each report was accurate and submitted in a timely manner.

Overall, we found that Two Feathers submitted its financial reports and Progress Reports in a timely manner. However, the expenditures on Two Feathers' FFRs did not agree with the actual expenditures in its official accounting records. Further, one of the two Progress Reports included statistics that were not fully supported. We discuss the results of our testing in more detail below.

Federal Financial Reports

According to the OVW Financial Grants Management Guide and 2 C.F.R. 215, the quarterly FFRs are due no later than 30 days after the end of each quarter, with the final FFR due within 90 days after the end date of the award. We reviewed the

five most recent FFRs to determine if Two Feathers submitted these reports on time. We found that Two Feathers submitted all five reports in a timely manner.

We also reviewed each FFR to determine whether they contained accurate financial information related to actual expenditures for the award. According to the OVW Financial Grants Management Guide, award recipients must report program outlays and revenue in accordance with their accounting system. We compared the five most recently submitted FFRs to Two Feathers' grant accounting records. As shown in Table 3, we found the FFRs to be inaccurate by a total of \$5,798, with the actual expenditures recorded in Two Feathers' general ledger being less than the expenditures that were reported on the FFRs.

Table 3
Accuracy of Two Feathers' Federal Financial Reports
OVW Grant 2013-TW-AX-0001

Report No.	Reporting Period	Expenditures Reported on FFR	Grant-Related Expenditures	Difference Between FFRs and Accounting Records
1	10/01/13 - 12/31/13	\$6,821	\$21,186	<\$14,365>
2	01/01/14 - 03/31/14	51,230	33,908	17,322
3	04/01/14 - 06/30/14	30,217	33,689	<3,472>
4	07/01/14 - 09/30/14	20,169	20,630	<461>
5	10/01/14 - 12/31/14	45,981	39,207	6,774
Total		\$154,418	\$148,620	\$5,798^c

^c The total amounts do not equate to the mathematical totals calculated within the table because of rounding.

Source: OIG analysis of OVW data and Two Feathers' accounting records.

The financial reports were prepared by Two Feathers' CPA contractor and Two Feathers' Director told us that she did not know why the FFRs were inaccurate. We recommend that OVW ensure that Two Feathers establishes policy and procedures to make sure that its FFRs are accurate.

Progress Reports

According to the 2013 OVW Financial Grants Management Guide, Progress Reports are due semiannually for all OVW awards that contain a special condition on the award requiring recipients to comply with the submission of these progress reports. For this award, Two Feathers was required to submit the required Progress Reports semi-annually within 30 days of the end of the reporting period. We reviewed the most recent two Progress Reports to determine if Two Feathers submitted the reports on time and were accurate. We found that Two Feathers submitted the two Progress Reports in a timely manner.

The 2013 OVW Financial Grants Management Guide states that:

. . . under the Government Performance and Results Act (GRPA) and VAWA 2000, grantees are required to collect and maintain data that measure the effectiveness of their grant-funded activities. Each grant program’s progress reporting form reflects the different statutorily authorized activities that grantees perform, and collects uniform information on victims served, demographics, and common activities that occur across grant programs.

The performance measures captured on its progress reports included: the type and number of victims served, services provided to children of victims, the type and number of times transitional housing services were provided, the type of housing assistance services provided, and the amount spent for each type of housing assistance services provided. We tested the accuracy of the information in these statistical categories that Two Feathers included in its two Progress Reports that we selected.

We found that the Progress Report for period ending June 30, 2014, did not accurately reflect the number of victims (clients) serviced by Two Feathers. Two Feathers has a Progress Report process where victim intake forms and files were entered into a database that was designed specifically for reporting purposes and contains all of the questions listed on the progress reports. The statistics included on each Progress Report that was submitted electronically into the Office of Justice Program’s Grant Management System (GMS) were obtained from this database. Two Feathers provided all case files for each of the two reporting periods as well as the statistics from each case file period. We compared the statistics included in the case files for each of the two reporting periods against the statistics included in the Progress Reports that Two Feathers submitted into GMS. As shown in Table 4, we found one performance measurement value that was overstated and thereby inaccurate.

Table 4

**Accuracy of Two Feathers’ Progress Reports
OVW Grant 2013-TW-AX-0001**

Progress Report Period Ending Date	Number of Clients Served According to Case Files	Number of Clients Served Reported on Progress Report	Difference
06/30/14	57	59	2

Source: OIG analysis of OVW data and Two Feathers’ records

The Progress Reports were prepared by Two Feathers’ Director who confirmed that she could not locate any records in the case files demonstrating services were provided to 2 of the 59 clients reported on the Progress Report. The Director stated there must have been changes made to the database after the

original report was prepared on July 29, 2014, and she confirmed that the correct number of clients served for the reporting period ending June 30, 2014, was 57. We recommend that OVW ensure that Two Feathers prepares and submits accurate Progress Reports and maintains sufficient documentation to support grant-related accomplishments.

Additional Award Requirements

We reviewed Two Feathers' compliance with specific program requirements outlined in the grant special conditions found in the award documents. We tested a sample of 5 special conditions out of 58, and we determined that Two Feathers did not comply with 1 of the 5 tested grant requirements. Specifically, as mentioned in other sections of our report, we found non-compliance with award requirements pertaining to our expenditure testing. Two Feathers did not comply with Special Condition 28, which states:

Approval of this award does not indicate approval of any consultant rate in excess of \$650 per day or \$81.25 per hour. A detailed justification must be submitted to and approved by the Office on Violence Against Women prior to obligation or expenditure of such funds. Although prior approval is not required for consultant rates below these specified amounts, grantees are required to maintain documentation to support all daily or hourly rates.

Two Feathers did not have timesheets to support the hours that its CPA invoiced. Previously in the report, we stated that we questioned these transactions based on the lack of timesheet support. Likewise, based on the lack of compliance with Special Condition 28, we recommend that OVW ensure that Two Feathers complies with the grant special condition requirement of maintaining all supporting documentation related to contractor hourly or daily rates.

Two Feathers complied with the remaining four special conditions related to providing transitional housing assistance to eligible victims and the timely submission of: progress reports, financial status reports, and policies and procedures governing transitional housing and related support services.

Program Performance and Accomplishments

According to OVW's grant solicitation, the primary purposes of the grant were to provide services to victims of domestic violence, sexual assault or stalking, including rape crisis hotlines; emergency shelter services; accompaniment and advocacy; crisis intervention, short-term individual and group support services, and comprehensive service coordination and supervision; information and referrals; community-based, linguistically, and culturally specific services and support mechanisms; and transitional housing assistance for victims of domestic violence, dating violence, sexual assault, or stalking. The specific goals listed by

Two Feathers within their grant application was to: (1) strengthen and enlarge existing services to help Native Americans who are victims of domestic violence, sexual assault, stalking, or dating violence; (2) to present two community outreach events annually and provide education and awareness to 50 native and non-native community members and agencies about domestic violence, sexual assault, stalking and dating violence; (3) facilitate one 10-week Native Women's Beading group annually for at least 10 Native American women victims; and (4) monthly facilitate ITWAN meetings to develop and strengthen collaboration with seven local, federally recognized tribes, Law Enforcement, District Attorney's office, Department of Health and Human Services, Humboldt Domestic Violence Services, North Coast Rape Crisis Team, Sexual Assault Response Team, and Child Abuse Services Team.

We discussed program accomplishments with the Grant Manager and reviewed relevant documentation including information that was electronically submitted to OJP's GMS. We found that as of March 2015, Two Feathers had provided on-site services including individual counseling; case management; clothing, food, and shelter; and transitional housing assistance to victims of sexual, domestic violence, dating violence, and stalking. Two Feathers also hosted two community outreach events and provided informational brochures on domestic violence, sexual assault, stalking and dating violence to more than 50 native and non-native community members. Two Feathers hosted 20 weekly beading group meetings with 3 to 9 participants for each meeting and it facilitated ITWAN meetings. Based on our review of available documents and interviews of Two Feathers' Director, it appeared to us that Two Feathers was accomplishing its grant goals and objectives.

Conclusion

Based on our audit, we determined that the financial management system used by Two Feathers provided for adequate record keeping of grant-related activities. We also determined that Two Feathers' expenditures were generally within the approved budgeted constraints. We found that Two Feathers abided by the requirements to drawdown funds on a reimbursement basis and stayed within the grant's requirements for the budget. Further, it appeared that Two Feathers was achieving the goals and objectives of the grant.

However, \$7,470 in contractor (CPA) expenditures lacked proper supporting documentation as required by the grant and \$3,304 in expenditures were allocated to the grant based on an unsupported allocation methodology. Further, we found \$119,629 in salary and fringe benefit costs that were likewise allocated to the grant based on an unsupported allocation methodology. In addition, Two Feathers paid a contractor above the local market rate, which we deemed unreasonable for Humboldt County, California. Lastly, Two Feathers submitted inaccurate FFRs and Progress Reports.

Recommendations

We recommend that OVW:

1. Remedy \$7,470 in unsupported questioned costs related to contractor (CPA) costs.
2. Remedy \$3,304 in questioned costs associated with an unsupported allocation methodology.
3. Remedy \$119,629 in salary and fringe benefit costs related to an unsupported allocation methodology.
4. Remedy \$7,920 in questioned costs related to the contractor (CPA) costs that were based on an unreasonable rate.
5. Ensure that Two Feathers establishes policy and procedures to make sure that its FFRs are accurate.
6. Ensure that Two Feathers prepares and submits accurate Progress Reports and maintains sufficient documentation to support grant-related accomplishments.
7. Ensure that Two Feathers complies with the grant special condition requirement of maintaining all supporting documentation related to contractor hourly or daily rates.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether costs claimed under the grant 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, federal financial reports, budget management and control, drawdowns, expenditures, 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise specified, our audit covered, but was not limited to, activities that occurred between the start of grant 2013-TW-AX-0001 on October 1, 2013, through the date of our fieldwork on March 5, 2015. We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the OVW Financial Grants Management Guide, award documents, Code of Federal Regulations, and Office of Management and Budget Circulars.

In conducting our audit, we performed sample testing in four areas, which included: grant expenditures, personnel costs, financial reports, and progress reports. In this effort, we employed judgmental sampling design to obtain broad exposure to different facets of the grant we reviewed, such as dollar amounts or expenditure categories. We reviewed a judgmentally selected sample of transactions that were recorded in Two Feathers' grant-related accounting records as of March 5, 2015. This included 25 expenditures related to grant 2013-TW-AX-0001. Additionally, we selected a judgmental sample of two non-consecutive payroll periods. Further, we tested 2 Progress Reports, 5 FFRs, and 27 drawdown requests.

We did not test internal controls for Two Feathers taken as a whole or specifically for the grant program administered by Two Feathers. An independent Certified Public Accountant conducted an audit of Two Feathers' financial statements. The results of this audit were reported in the Single Audit Report that accompanied the Independent Auditors' Report for the year ending June 30, 2012. The Single Audit Report was prepared under the provisions of Office of Management and Budget Circular A-133. We reviewed the independent auditor's assessment to identify control weaknesses and significant noncompliance issues related to

Two Feathers or the federal programs it was administering, and assessed the risks of those findings on our audit.

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

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>QUESTIONED COSTS:</u>³	<u>AMOUNT</u>	<u>PAGE</u>
<u>Unsupported Costs:</u>		
Contractor Billing – Unsupported Allocation Method	\$7,470	7
Direct – Unsupported Allocation Method	\$3,304	7
Labor and Fringe Benefits – Unsupported Allocation Method	\$119,629	9
Contractor Billing – Unreasonable Rate	\$7,920	10
Total Unsupported Costs	\$138,323	
<u>GROSS QUESTIONED COSTS:</u>	\$138,323	
<i>Less Duplicative Costs⁴</i>	<i><\$7,470></i>	
NET QUESTIONED COSTS	<u>\$130,853</u>	

³ **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.

⁴ Some costs were questioned for more than one reason. Net questioned costs exclude the duplicative amounts.

**TWO FEATHERS NATIVE AMERICAN FAMILY SERVICES
RESPONSE TO THE DRAFT REPORT⁵**



Two Feathers Native American Family Services
1560 Betty Court, Suite A, McKinleyville, California 95519
(707)839-1933 ♦ 1-800-341-9454 ♦ Fax (707)839-1726

December 9, 2015

David J. Gaschke
Regional Audit Manager
Office of the Inspector General
U.S. Department of Justice
90 7th Street, Suite 3-100
San Francisco, California 94103

Reference: Official Response Draft Audit Report Office on Violence Against Women Grant

Mr. Gaschke,

This letter is Two Feathers official response to the draft audit report for the above referenced grant as requested to address the Recommendations. I understand that Two Feathers will work with the grant agencies to address the Recommendations from OIG. Also, Two Feathers was not provided the breakdown of each questioned cost and only have the totals for the Recommendations.

1. \$7,470 in unsupported questioned costs related to contractor (CPA) costs. AGREE. The CPA has all supporting documentation for each Invoice that has been provided to Two Feathers. At the time of the Audit this was not questioned of the CPA. The supporting documentation is attached to the Invoices as applicable effective October 1, 2015.
2. \$3,304 in questioned costs associated with an unsupported methodology. AGREE. Functional Time Sheets have being utilized since March 1, 2015, personnel percentages charged to payroll will reflect percentages of grants charged to operating expenses with a supported allocation methodology.
3. \$119,629 in salary and fringe benefit costs related to an unsupported allocation methodology. AGREE. Functional timesheet for the project should have been utilized to support the time charged to the grants. Effective March 1, 2015 a functional time sheet is being utilized by all Two Feathers staff and not as a result of the OIG Audit as stated in the draft audit.
4. \$7,920 questioned costs related to the contractor (CPA) costs that were based on an unreasonable rate. DISAGREE. Special Condition #28 States "Approval of this award does not indicate approval of any consultant rate in excess of \$650 per day or \$81.25 per hour."

⁵ Enclosures referenced in this response were not included in this final report.

The grant approved CPA's Consultant rate per CPA Contract was \$50 an hour and clearly less than \$650 per day or \$81.25 an hour. OIG Auditors found this rate to be unreasonable for this area of the country as CPA rates range from \$38 to \$43 per hour with an average of \$41 per hour and did not cite the source. Because the CPA rate did not exceed the allowed consultant rate this should not be a questioned cost.

5. Ensure that Two Feathers establishes policy and procedures to make sure that its FFRs are accurate. AGREE. Two Feathers will include a duty in the Consultant Contract the CPA will attach a spreadsheet of the bi-monthly draw downs to match the quarterly Financial Report by December 31, 2015 to be attached to the quarterly Financial Report to ensure accuracy.
6. Ensures that Two Feathers prepares and submits accurate Progress Reports and maintains sufficient documentation to support grant-related accomplishments. DISAGREE. One Progress Report was in question not Progress Reports as indicated in the draft audit. The Progress Report was prepared and submitted accurately and documentation was maintained to support number of clients served according to case files. A review of the data base report for this report period with the OIG Auditors showed 57 and not 59 clients. Discussion with the staff indicated that the Progress Report had been changed since the submission of the report without the Director's knowledge. The Director had a meeting with the Two Feathers staff stating the importance of never changing a Progress Report once it has been submitted to maintain accuracy.
7. Ensure that Two Feathers complies with the grant special condition requirement of maintaining all supporting documentation of contractor hourly or daily rates. AGREE. Effective October 1, 2015 Consultant Contracts will specify as part of the Contract to provide all supporting documentation with the Invoice of contractor hourly or daily rates.

If you have any questions or need additional information, please contact myself. I have attached Brenda Rosdahl, CPA, response as well.

Sincerely,



Barbara E. Orr
Director

Enclosure

Cc: Virgil Moorehead
Chairman, Big Lagoon Rancheria
OVW

THE OFFICE ON VIOLENCE AGAINST WOMEN
RESPONSE TO THE DRAFT REPORT



U.S. Department of Justice

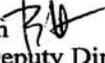
Office on Violence Against Women

Washington, DC 20530

January 5, 2016

MEMORANDUM

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

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

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

SUBJECT: Draft Audit Report - Audit of the Office on Violence Against Women Grant Awarded to Two Feathers Native American Family Services, McKinleyville, California

This memorandum is in response to your correspondence dated November 20, 2016 transmitting the above draft audit report for Two Feathers Native American Family Services. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains seven recommendations that include \$7,470 in unsupported questioned, \$11,224 in questioned costs and \$119,629 in salary and fringe benefit costs related to an unsupported allocation methodology. The Office on Violence Against Women (OVW) is committed to working with the grantee to address and bring the open recommendations to a close as quickly as possible. The following is our analysis of the audit recommendations.

1. Remedy the \$7,470 in unsupported questioned costs related to contractor (CPA) costs.

OVW does agree with the recommendation. We will coordinate with Two Feathers Native American Family Services to remedy the \$7,470 in unsupported questioned costs related to contractor (CPA) costs.

2. Remedy the \$3,304 in questioned costs associated with an unsupported allocation methodology.

OVW does agree with the recommendation. We will coordinate with Two Feathers Native American Family Services to remedy the \$3,304 in questioned costs associated with an unsupported allocation methodology.

3. Remedy the \$119,629 in salary and fringe benefit costs related to an unsupported allocation methodology.

OVW does agree with the recommendation. We will coordinate with Two Feathers Native Family Services to remedy the \$119,629 in salary and fringe benefit costs related to an unsupported allocation methodology.

4. Remedy the \$7,920 in questioned costs related to the contractor (CPA) costs that were based on an unreasonable rate.

OVW does agree with the recommendation. We will coordinate with Two Feathers Native Family Services to remedy the \$7,920 in questioned costs related to the contractor costs that were based on an unreasonable rate.

5. Ensure that Two Feathers establishes policy and procedures to make sure that its FFRs are accurate.

OVW does agree with the recommendation. We will coordinate with Two Feathers Native Family Services to ensure that they develop policy and procedures to ensure that their FFRs are accurate.

6. Ensure that Two Feathers prepares and submits accurate Progress Reports and maintains sufficient documentation to support grant-related accomplishments.

OVW does agree with the recommendation. We will coordinate with Two Feathers Native Family Services to ensure that they prepare and submit accurate Progress Reports and maintain sufficient documentation to support grant-related accomplishments.

7. Ensure that Two Feathers complies with the grant special condition requirement of maintaining all supporting documentation of contractor hourly or daily rates.

OVW does agree with the recommendation. We will coordinate with Two Feathers Native Family Services to ensure that they comply with the grant special condition requirement of maintaining all supporting documentation of contractor hourly or daily rates.

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

cc Donna Simmons
Associate Director, Grants Financial Management Division
Office on Violence Against Women (OVW)

Louise M. Duhamel, Ph.D.
Acting Assistant Director
Audit Liaison Group
Justice Management Division

Darla Sims
Program Manager
Office on Violence Against Women (OVW)

**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 Two Feathers and OVW for their review and comment. Two Feather's and OVW's responses are incorporated in Appendices 3 and 4, respectively, of this final report. The following provides the OIG's analysis of the responses and summary of actions necessary to close the report.

Recommendation:

1. Remedy \$7,470 in unsupported questioned costs related to contractor (CPA) costs.

Resolved. Both OVW and Two Feathers agreed with our recommendation. OVW stated that it will coordinate with Two Feathers to remedy the \$7,470 in unsupported questioned costs related to contractor (CPA) costs. Two Feathers stated that its CPA maintains all supporting documentation for each invoice that it has provided to Two Feathers. Further, Two Feathers stated that we did not request this documentation directly from the CPA during our audit. According to Two Feathers, effective October 1, 2015, supporting documentation is attached to the invoices, as applicable. Also, Two Feathers stated that the OIG did not provide a breakdown of each questioned cost but rather only provided the totals.

According to the OVW Financial Grants Management Guide:

Recipients and subrecipients are required to retain all financial records, supporting documents, statistical records, and all other records pertinent to the award in accordance with the requirements set forth 28 CFR 66.42 and 70.53, as applicable . . . Time and effort reports are also required for consultants, as well as justification of consultant rates in accordance with market value.

Two Feathers was required to maintain adequate supporting documentation related to its contractor payments. During our audit we asked Two Feathers to provide support for the \$7,470 in consultant expenditures, but it provided only invoices. We also requested the required timesheets for the payments, but Two Feathers only provided one timesheet to support one invoice. We have yet to receive timesheets for all of the payments. Further, we found that the method that Two Feathers used to pay the contractor a flat \$1,500 fee for an estimated 30 hours per month was deficient and unallowable because it was based on estimated hours worked instead of actual. As the

entity responsible for management of the grant, Two Feathers should have verified that each invoice was supported by the adequate timesheets to ensure the payments adhered to rules governing payments to consultants. To facilitate the remedy of these costs, we provided Two Feathers with a separate listing of specific transactions that are included in the \$7,470 prior to the issuance of our final report.

This recommendation can be closed when we receive and review documentation evidencing that OVW has remedied the questioned costs related to unsupported CPA expenses, including the timesheets supporting each CPA invoice.

2. Remedy \$3,304 in questioned costs associated with an unsupported allocation methodology.

Resolved. Both OVW and Two Feathers agreed with our recommendation. OVW stated that it will coordinate with Two Feathers to remedy the \$3,304 in questioned costs associated with an unsupported allocation methodology. Two Feathers stated that functional timesheets have been utilized since March 1, 2015, and that personnel percentages charged to payroll will reflect percentages of grants charged to operating expenses with a supported allocation methodology.

As our report states, we found 6 transactions totaling \$3,304 for office rent, auto insurance premiums, janitorial services, and utilities that were allocated to the grant based on the budgeted rate of 30 percent. According to 2 C.F.R. § 230, direct costs should be "prorated as direct costs . . . to each award . . . using a base most appropriate to the particular cost." We agree that using the functional timesheet for all personnel would be an appropriate method to allocated direct costs (office rent, auto insurance premiums, janitorial services, and utilities).

This recommendation can be closed when we receive and review documentation evidencing that OVW has remedied the questioned costs, and Two Feathers has begun maintaining functional timesheets and allocating direct costs accordingly.

3. Remedy \$119,629 in salary and fringe benefit costs related to an unsupported allocation methodology.

Resolved. Both OVW and Two Feathers agreed with our recommendation. OVW stated that it will coordinate with Two Feathers to remedy the \$119,629 in salary and fringe benefit costs related to an unsupported allocation methodology. Two Feathers stated that effective March 1, 2015, a functional timesheet has been utilized by all Two Feathers staff and not as a result of the OIG audit as stated in the draft copy of the audit report.

During our fieldwork, we discussed this finding with Two Feathers' officials who agreed that Two Feathers will change its timekeeping method with a functional timesheet. As we state in our report, Two Feathers provided an example of actual timesheets recorded by employees for the pay period ending March 31, 2015. We agree that this new timesheet will address this issue for pay periods after March 1, 2015. However, it does not address the historical issue of the use of non-functional timesheet used prior to March 1, 2015.

This recommendation can be closed when we receive and review documentation evidencing that OVW has remedied the questioned costs, and Two Feathers has begun maintaining functional timesheets.

4. Remedy \$7,920 in questioned costs related to the contractor (CPA) costs that were based on an unreasonable rate.

Resolved. OVW agreed with our recommendation and stated that it will coordinate with Two Feathers to remedy the \$7,920 in questioned costs related to the contractor costs that were based on an unreasonable rate.

Two Feathers disagreed with our recommendation citing Special Condition 28, which states "Approval of this award does not indicate approval of any consultant rate in excess of \$650 per day or \$81.25 per hour." Two Feathers stated that OVW's awarding of the grant in essence approved its CPA's consultant rate which was \$50 an hour and clearly less than \$650 per day or \$81.25 an hour. Also, Two Feathers stated in its response that the OIG did not cite a source in its report for the statement that a reasonable CPA rate fell between \$38 to \$43 per hour. According to Two Feathers, since its CPA did not exceed the allowed consultant rate as indicated by Special Condition 28, the \$7,920 should not have been questioned.

The consultant rate as stated in Special Condition 28 serves as a maximum allowed daily and hourly rates. It does not permit grantees to allow consultants to charge up to the maximum \$81.25 per hour without regard to reasonableness. The OVW Financial Management Guide states "A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost." As we state in the report, Two Feathers paid its CPA a monthly rate of \$1,500 for an estimated 30 hours per month without validating actual hours worked. Because Two Feathers did not supply timesheets to support its payments to its CPA, we could not validate the actual rate that the CPA charged, but rather Two Feathers only substantiated to us an estimated rate. Further, our analysis indicated that the estimated rate was higher than the average hourly rate for a CPA for a non-profit organization in Humboldt County, California. We conclude that Two Feather's methodology and rate is unreasonable and unallowable because it is not based on actual hours worked, only estimates.

This recommendation can be closed when we review documentation that OVW has remedied the questioned costs related to the unreasonable CPA rate, including timesheets substantiating the actual rate Two Feathers paid the CPA.

5. Ensure that Two Feathers establishes policy and procedures to make sure that its FFRs are accurate.

Resolved. Both OVW and Two Feathers agreed with our recommendation. OVW stated that it will coordinate with Two Feathers to ensure that Two Feathers develops policy and procedures to ensure that its FFRs are accurate. Two Feathers stated that it will include a provision in its CPA contract to require the CPA to compare Two Feathers' bi-monthly drawdowns to its quarterly Federal Financial Report and attach supporting spreadsheets accordingly.

We believe this corrective action adequately addresses this issue. This recommendation can be closed when we receive evidence that Two Feathers has added a provision to its CPA contract requiring the CPA to compare Two Feathers' drawdowns to its quarterly Federal Financial Reports and attach supporting documentation.

6. Ensure that Two Feathers prepares and submits accurate Progress Reports and maintains sufficient documentation to support grant-related accomplishments.

Closed. OVW agreed with our recommendation and stated that it will coordinate with Two Feathers to ensure that Two Feathers prepares and submits accurate Progress Reports and maintains sufficient documentation to support grant-related accomplishments.

Two Feathers disagreed with our recommendation and stated that only one Progress Report was in question not multiple Progress Reports as indicated in the draft audit. The Progress Report was prepared and submitted accurately and documentation was maintained to support the number of clients served according to case files. A review of the database report for the reporting period in question showed 57 clients, not 59 clients. Based on Two Feathers' further research into the matter, it appears that the Progress Report had been changed after its submission without the Director's knowledge. The Director had a meeting with Two Feathers' staff impressing on them the importance of not changing a Progress Report once it has been submitted.

We agree that only one Progress Report was in question. As we state in the report, our review of the supporting documentation did not reconcile with the reported number in the Progress Report for the period ending June 30, 2014. However, our recommendation to ensure accuracy is for all Progress Reports submitted in the future, and not just the one in question.

Based on Two Feathers' meeting with its staff, this recommendation is now closed.

7. Ensure that Two Feathers complies with the grant special condition requirement of maintaining all supporting documentation related to contractor hourly or daily rates.

Resolved. Both OVW and Two Feathers agreed with our recommendation. OVW stated that it will coordinate with Two Feathers to ensure that Two Feathers complies with the grant special condition requirement of maintaining all supporting documentation related to contractor hourly or daily rates. Two Feathers stated that effective October 1, 2015, its CPA contractor will provide all supporting documentation of the contractor hourly or daily rates along with the invoice.

We believe this corrective action adequately addresses this issue. This recommendation can be closed when we receive documentation that Two Feathers has revised its contract with the CPA to provide all supporting documentation of the contractor's hourly or daily rates along with the invoice.

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