



**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN  
GRANTS AWARDED TO FRIENDSHIP HOME OF LINCOLN  
LINCOLN, NEBRASKA**

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

Audit Report GR-60-10-011  
September 2010

**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN  
GRANTS AWARDED TO FRIENDSHIP HOME OF LINCOLN  
LINCOLN, NEBRASKA**

**EXECUTIVE SUMMARY**

The Office of the Inspector General, Audit Division, has completed an audit of two grants totaling \$1,417,165, awarded to the Friendship Home of Lincoln (Friendship Home) by the Office on Violence Against Women (OVW), as shown in Exhibit 1.

**EXHIBIT 1. GRANTS AWARDED TO FRIENDSHIP HOME BY THE OFFICE ON VIOLENCE AGAINST WOMEN**

GRANT AWARD	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
2005-WH-AX-0056 Supplement 1	09/01/2005 09/01/2008	08/31/2008 08/31/2011	\$342,165 475,000
2008-FW-AX-K009	10/01/2008	09/30/2011	600,000
<b>Total</b>			<b>\$1,417,165</b>

Source: Grant Management System

OVW provides national leadership in developing the nation's capacity to reduce violence against women through the implementation of the Violence Against Women Act. 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, OVW grant programs 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.

Grant Number 2005-WH-AX-0056 is a Transitional Housing Assistance Program Grant for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault Program (Transitional Housing Grant) and Grant Number 2008-FW-AX-K009 is an Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities Discretionary Grant (Disabilities Grant).

The Transitional Housing Grant Program focuses on a holistic, victim-centered approach to provide transitional housing services that move individuals into permanent housing. Grants made under this grant program support programs that provide assistance to victims of domestic violence, dating violence, sexual assault, and stalking who are in need of transitional housing, short-term housing assistance, and related support services. Transitional housing programs may offer individualized services such as counseling, support groups, safety planning, and advocacy services as well as practical services such as licensed child care, employment services, transportation vouchers, telephones, and referrals to other agencies.

The goal of the Disabilities Grant Program is to build the capacity of jurisdictions to address violence against individuals with disabilities through the creation of multidisciplinary teams. Disabilities Grant Program recipients will provide training, consultation, and information on domestic violence, dating violence, stalking, and sexual assault against individuals with disabilities and enhance direct services to such individuals.

Friendship Home was founded by the Daughters of Charity and Catholic Social Services in 1978, as a short-term shelter for women. Its mission is to support, shelter, and advocate for women and children who are victims of domestic violence. Currently, this project includes two duplex units, two apartments, and a house, allowing the agency to provide transitional shelter for up to 31 women and children every day.

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

As of April 12, 2010, Friendship Home has been reimbursed \$747,921 of the \$1,417,165 awarded under the two grants covered by our audit. We examined Friendship Home's accounting records, financial and progress reports, and operating policies and procedures and found the following:

- The expenditure transactions tested were properly authorized, included in the approved grant budget, and accurately recorded in the accounting records. However, not all transactions tested were properly supported or charged to a grant budget category.
- Friendship Home did not comply with one of the two training requirement special conditions listed in the Transitional Housing Grant Supplement 00.
- Financial Status Reports (FSRs) were accurate and submitted on time.
- Required Categorical Progress Reports (Progress Reports) contained all required program performance statistical data and were submitted on time.
- Grant objectives were being met, along with grant requirements.
- Friendship Home's internal control environment did not reveal any significant weaknesses beyond those identified in the single audit.

Our report contains one recommendation to address the transactions that were not properly supported, which is discussed in detail in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology are discussed in Appendix I.

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**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN GRANTS  
AWARDED TO FRIENDSHIP HOME OF LINCOLN  
LINCOLN, NEBRASKA**

**INTRODUCTION**

The Office of the Inspector General, Audit Division, has completed an audit of Grant Number 2005-WH-AX-0056 and Grant Number 2008-FW-AX-K009, totaling \$1,417,165 awarded to Friendship Home of Lincoln (Friendship Home) by the Office on Violence Against Women (OVW). Grant Number 2005-WH-AX-0056 was awarded under the Transitional Housing Assistance Program Grant for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault Program (Transitional Housing Grant). Grant Number 2008-FW-AX-K009 was awarded under the Education, Training and Enhanced Services to End Violence Against and Abuse of Women with Disabilities Discretionary Grant Program (Disabilities Grant Program). The award dates and individual amounts are shown in Exhibit 1.

**EXHIBIT 1. GRANTS AWARDED TO FRIENDSHIP HOME BY THE OFFICE ON VIOLENCE AGAINST WOMEN**

GRANT AWARD	AWARD START DATE	AWARD END DATE	AWARD AMOUNT
2005-WH-AX-0056 Supplement 1	09/01/2005 09/01/2008	08/31/2008 08/31/2011	\$342,165 475,000
2008-FW-AX-K009	10/01/2008	09/30/2011	600,000
<b>Total</b>			<b>\$1,417,165</b>

Source: Grant Management System

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

## **Background**

OVW provides national leadership in developing the nation's capacity to reduce violence against women through the implementation of the Violence Against Women Act. 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, OVW grant programs 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.

### *Program Background*

The Transitional Housing Grant Program focuses on a holistic, victim-centered approach to provide transitional housing services that move individuals into permanent housing. Grants awarded under this program support programs that provide assistance to victims of domestic violence, dating violence, sexual assault, and stalking who are in need of transitional housing, short-term housing assistance, and related support services. Transitional housing programs may offer individualized services such as counseling, support groups, safety planning, and advocacy services, as well as practical services such as licensed child care, employment services, transportation vouchers, telephones, and referrals to other agencies.

The goal of the Disabilities Grant Program is to build the capacity of jurisdictions to address violence against individuals with disabilities through the creation of multidisciplinary teams. Disabilities Grant Program recipients will provide training, consultation, and information on domestic violence, dating violence, stalking, and sexual assault against individuals with disabilities and enhance direct services to such individuals.

### *Friendship Home of Lincoln*

Friendship Home was founded by the Daughters of Charity and Catholic Social Services in 1978, as a short-term shelter for women. Its mission is to support, shelter, and advocate for women and children who are victims of domestic violence. Currently, this project includes two duplex units, two apartments, and a house, allowing the agency to provide transitional shelter for up to 31 women and children every day.

## Our Audit Approach

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

In conducting our audit, we performed sample testing of grant expenditures, reviewed the timeliness and accuracy of Financial Status Reports (FSRs) and progress reports, evaluated performance to grant objectives, and reviewed the internal controls of the financial management system.

As of April 12, 2010, Friendship Home has been reimbursed \$747,921 of the \$1,417,165 awarded under the two grants covered by our audit. We examined Friendship Home's accounting records, financial and progress reports, and operating policies and procedures, and found the following:

- The expenditure transactions tested were properly authorized, included in the approved grant budget, and accurately recorded in the accounting records. However, not all transactions tested were properly supported or charged to a grant budget category.
- Friendship Home did not comply with one of the two training requirement special conditions listed in the Transitional Housing Grant Supplement 00.
- FSRs were accurate and submitted on time.
- Required Categorical Progress Reports (Progress Reports) contained all required program performance statistical data and were submitted on time.
- Grant objectives were being met, along with grant requirements.
- Friendship Home's internal control environment did not reveal any significant weaknesses beyond those identified in the single audit.

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



## **FINDINGS AND RECOMMENDATIONS**

We found that FSRs and Progress Reports were accurate and timely and grant objectives were being met, along with grant requirements. However, we found that 9 of the 50 transactions in our Transitional Housing sample did not have an invoice, only a purchase order, and the same 9 transactions were not properly charged to a grant budget category. We also found one of the special conditions of the Transitional Housing Grant was not met.

### **Internal Control Environment**

We reviewed Friendship Home's financial management system and Single Audit Report and interviewed Friendship Home officials to assess Friendship Home's risk of non-compliance to laws, regulations, guidelines, and terms and conditions of the grants.

#### *Single Audit*

According to Office of Management and Budget (OMB) Circular A-133, Friendship Home is required to perform a single audit. The most recent single audit was obtained, and it contained a financial statement finding related to segregation of duties. Specifically, due to the limited number of personnel involved in the accounting function, Friendship Home of Lincoln has limited internal control procedures. During our review of the financial management system internal controls, we interviewed Friendship Home officials and asked about their internal control environment and did not identify any additional concerns or weaknesses.

#### *Financial Management System*

Our review of Friendship Home's financial management system indicated their operating procedures were documented and adequate. We did not detect any transactions that were not at arm's length, and Friendship Home had procedures for verification of invoices, payment of invoices, and payment of employees.

### **Drawdowns**

Grant officials stated that drawdowns were based on reimbursements. We reviewed the accounting records and compared expenditures to the actual drawdowns for both the Transitional Housing Grant and the Disabilities Grant. For the Transitional Housing Grant (Exhibit 2), we found that the drawdowns matched the expenditures, with the exception of the

March 9, 2006, and July 12, 2006, drawdowns. For the Disabilities Grant (Exhibit 3) the drawdowns matched the expenditures except in the January 9, 2010, drawdown.

**EXHIBIT 2. DRAWDOWNS VERSUS ACCOUNTING RECORDS  
TRANSITIONAL HOUSING GRANT<sup>1</sup>**

DATE OF DRAWDOWN PER OJP	AMOUNT DRAWN PER OJP	GRANT EXPENDITURES PER ACCOUNTING RECORDS FOR DRAWDOWN PERIOD	DIFFERENCE BETWEEN DRAWDOWN AND EXPENDITURES
03/09/2006	\$ 28,383	\$ 23,683	\$ (4,700)
05/18/2006	23,682	23,682	-
07/12/2006	23,299	23,313	14
10/18/2006	27,078	27,078	-
01/16/2007	30,374	30,374	-
04/13/2007	28,519	28,519	-
07/10/2007	26,764	26,764	-
10/11/2007	20,861	20,861	-
01/17/2008	26,872	26,872	-
04/14/2008	22,168	22,168	-
07/09/2008	21,505	21,505	-
10/14/2008	21,706	21,706	-
02/05/2009	29,745	29,745	-
04/16/2009	38,997	38,997	-
07/13/2009	40,440	40,440	-
10/13/2009	40,748	40,748	-
01/19/2010	37,255	37,255	-
04/12/2010	43,989	43,989	-

Source: Office of Justice Programs and Friendship Home of Lincoln

According to Friendship Home officials, the \$4,700 difference from the March 9, 2006, drawdown was for equipment and the drawdown amount was based on the amount allowed in the budget, not the actual invoice amount. When the equipment was actually purchased, the total amount of the purchase was for \$4,686, so Friendship Home decreased the drawdown amount of the July 12, 2006, drawdown by the \$14 difference. No costs are being questioned since the equipment purchased is an allowable expense in the budget.

<sup>1</sup> Differences in total amounts are due to rounding, e.g., the sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded.

**EXHIBIT 3. DRAWDOWNS VERSUS ACCOUNTING RECORDS  
DISABILITIES GRANT<sup>2</sup>**

DATE OF DRAWDOWN PER OJP	AMOUNT DRAWN PER OJP	GRANT EXPENDITURES PER ACCOUNTING RECORDS FOR DRAWDOWN PERIOD	DIFFERENCE BETWEEN DRAWDOWN AND EXPENDITURES
06/01/2009	\$ 42,621	\$ 42,621	\$ -
07/13/2009	41,241	41,241	-
10/13/2009	54,989	54,989	-
01/19/2010	40,026	38,764	(1,261)
04/12/2010	36,660	36,660	-

Source: Office of Justice Programs and Friendship Home of Lincoln

According to Friendship Home officials, the \$1,261 was used to purchase computer equipment. The equipment was purchased from the Friendship Home building fund in the amount of \$1,261 and is an allowable expense in the budget. As a result, no costs are being questioned.

**Grant Expenditure**

We reviewed the general ledger accounts designated for grant funds and found that for the Transitional Housing Grant there were a total of 728 transactions. We sampled 50 grant-funded transactions totaling \$60,218 and found that 9 of the 50 transactions in our sample did not have an invoice, only a purchase order.

We reviewed the general ledger accounts designated for grant funds and found there were a total of 103 transactions for the Disabilities Grant. We sampled 25 grant-funded transactions totaling \$43,570 and found that 1 of the 25 transactions did not have the proper authorization and lacked the required support; there was only a purchase order.

We are recommending that Friendship Home of Lincoln implement policies and procedures requiring staff to obtain and keep proper accounting records.

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<sup>2</sup> Differences in total amounts are due to rounding, e.g., the sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded.

## *Personnel Costs*

We performed payroll testing to verify the reasonableness, accuracy, and completeness of salary and fringe benefit transactions charged to the grants. We judgmentally selected two nonconsecutive pay periods during the grant period and reviewed the payroll documentation for employees paid during those periods. We found the salaries and fringe benefits charged to the grants to be reasonable, accurate, and complete.

We also compared the list of Friendship Home employees paid with grant funds with positions approved in the grant budgets and found that all positions were included in the approved budgets.

## **Budget Management and Control**

According to the *OJP Financial Guide*, a grantee may transfer funds between approved budget categories without OJP approval if the total transfers are 10 percent or less than the award amount. We compared the amounts charged to each budget category per the accounting records to the OVW approved budget. Generally, we found that all budget management and controls were within the amounts allowable by OJP.

During our testing of Transitional Housing Grant-funded transactions, we identified 9 transactions from our sample of 50 that were not properly charged to a grant budget category. The nine transactions were for direct assistance and, according to the budget narratives, \$9,600 was approved for direct assistance for 4 years. Friendship Home had expensed \$30,654 to direct assistance and, as a result, exceeded its budget category by \$21,054.<sup>3</sup> These costs are not being questioned because they fall within the 10 percent rule.

During our testing of the Disabilities Grant-funded transactions, we identified 3 transactions from our sample of 25 that were improperly charged to a grant budget category. The three transactions were for advertisements to fill the Disabilities Grant Project Coordinator position. The budget specifically said one advertisement at \$520. The total expenses charged to the grant for the advertisements placed were \$4,537. As a result, Friendship Home of Lincoln exceeded the budget category by \$4,071. We are not questioning the \$4,071 because it falls within the 10 percent rule.

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<sup>3</sup> Year two of Supplement 01 ends on August 31, 2010, so our calculations for that year are as of April 26, 2010, the date the general ledger detail was run. As of April 26, 2010, Friendship Home was already over budget for the direct assistance.

## **Reports**

We reviewed the last four quarters of FSRs and found that they were timely and accurate. We also reviewed Friendship Home's Progress Reports from the last 2 years and determined they were timely and that the grantee accurately completed the Progress Reports by including a comparison of actual accomplishments to the objectives established for the period.

## **Compliance with Grant Requirements**

To determine if Friendship Home was in compliance with the special conditions of the grants, we reviewed the award documentation and identified the special conditions placed on the grantee. We interviewed Friendship Home officials regarding the special conditions identified in the award documentation and determined they were in compliance with all special conditions except one.

Special Condition Number 19 from Supplement 00 of the Transitional Housing grant stated that "...all grantees must attend and participate in a minimum of three OVW sponsored trainings per year... ." Friendship Home attended two OVW-sponsored trainings during year one, three during year two, and during year three they registered for one, but were unable to attend the training due to weather and flight cancellations.

Upon discussing the situation with Friendship Home officials, we learned that attending three trainings per year was difficult for a small organization. After they discussed the situation with OVW project managers and other grantees at an orientation training the special condition was changed in Supplement 01 to require grantees to attend and participate in a minimum of three OVW-sponsored trainings during the course of the 36-month project period. While Friendship Home did not comply with training requirements in Special Condition Number 19 of Supplement 00, we do not make a recommendation because the problem was rectified in Supplement 01, Special Condition Number 25.

## **Program Performance and Accomplishments**

### *Transitional Housing Grant – 2005-WH-AX-0056*

According to the Supplement 00 award documentation, the objectives of the Transitional Housing grant are as follows:

- (1) Sustain 31 transitional shelter beds provided to battered women and their children each day.
- (2) Provide enhanced Strengths-Based Case Management services to women and children in transitional shelter.
- (3) Provide proactive post-shelter supportive services to women, using the Strengths-Based Case Management services model.

According to Supplement 01 award documentation, the Transitional Housing Grant goals are to help battered women and their children receive the transitional housing and supportive services they need from Friendship Home as they work towards permanent housing and self-sufficiency apart from their batterers. More specifically, the budget narrative stated that it will focus on four objectives:

- (1) Maintain current inventory of 6 transitional housing units (31 beds total), while adding a seventh, 6-bed transitional housing unit.
- (2) Provide case management and advocacy services to women using Friendship Home's Strengths-Based Interventions model.
- (3) Provide advocacy services to children using Friendship Home's Strengths-Based Interventions model.
- (4) Provide at least 3 months of proactive, post-transitional housing follow-up services to women after they have secured permanent housing, using Friendship Home's Strengths-Based Interventions model.

To evaluate the program performance and accomplishments of the Transitional Housing Grant, we interviewed Friendship Home officials, surveyed collaborative partners, attended a group session, and visited one of the transitional housing units.

According to Friendship Home officials, one method utilized to measure performance of the Transitional Housing Grant is adherence to the grant

documentation. In addition, statistical data is gathered and maintained by Friendship Home. Specifically, data is gathered by the women's advocates on a daily basis and used to generate service statistics reports. This information is used to complete Progress Reports. The completion of Progress Reports is another method for measuring the grant performance.

To obtain feedback from individuals benefiting from the Transitional Housing Grant, we attended an economic self-sufficiency group meeting called SEEDS, Self Economic Empowerment – Drawing on our Strengths. At that meeting we asked the six female attendees questions regarding the Transitional Housing Grant Program. The women who participated in the meeting stated that they were informed about the Transitional Housing Program by counselors and child advocates.

In addition, the attendees stated that Friendship Home provided assistance with training, transportation, and food. One of the women stated that she was going to be taking college classes and Friendship Home was helping her with her tuition, as well as child care. Women also stated that Friendship Home was paying for the transportation to and from the group meetings, since many of the women do not drive and the public transportation system in Lincoln does not operate after a certain hour of the day. Friendship Home also provides initial supplies for the transitional units. We also visited one of the Transitional Housing Units, a three bedroom unit rented to Friendship Home by Eastridge Presbyterian Church.

Finally, we contacted Friendship Home's nine Transitional Housing Collaborative Partners and asked them to provide feedback on the program by completing a questionnaire. Based on the six out of nine responses received, we determined that the program was providing transitional housing and supportive services to women and their children who have been in emergency shelter and were ready to move on to independent living. Some of the support services provided by the program include counseling, job readiness skill development, nutrition education, and financial support.

#### *Disabilities Grant – 2008-FW-AX-K009*

According to the award documentation, the goals of the Disabilities Grant are to: (1) create a rapid, client-focused, holistic service response and (2) enhance case management.

To evaluate the program performance and accomplishments of the Disabilities Grant, we interviewed Friendship Home officials and surveyed collaborative partners.

According to Friendship Home officials, there were no quantifiable methods that seemed usable for this particular program. Grant officials went on to say they were ensuring all products in the planning and development phase were completed in a timely manner, so that the implementation phase can begin in February 2011. Friendship Home cannot move on to the next phase of the program if they have not completed the requirements of the previous phase.

Finally, we contacted Friendship Home's five Disabilities Grant Collaborative Partners and asked them to provide feedback on the program by completing a questionnaire. Based on the two out of five responses received, we determined that the partner agencies have created the Open Door Initiative, written a collaboration charter, and have written and submitted a needs assessment plan. In addition, the Disabilities Grant Program has improved communication between partner agencies. We also determined that collaboration between Friendship Home and its collaborative partners was very beneficial to planning better and more comprehensive services for its clients.

## **Conclusion**

The purpose of this audit was to determine whether reimbursements claimed for costs under the grants were allowable, supported and in accordance with applicable laws, regulations, guidelines, terms and conditions of the grants, and to determine program performance and accomplishments.

We determined that FSRs and Progress Reports were submitted on time and were accurate. One special condition of Supplement 00 was not complied with, but no recommendation is made because the problem was rectified in Supplement 01, Special Condition Number 25. We evaluated the program performance and accomplishments of both grant programs and determined both are on track to meet the objectives of the programs.

We found expenditure transactions tested were properly authorized, included in the approved grant budget, and accurately recorded in the accounting records. However, not all transactions tested were properly supported or charged to a grant budget category. No costs are questioned because according to the *OJP Financial Guide*, a grantee may transfer funds between approved budget categories without OJP approval if the total transfers are 10 percent or less than the award amount. The following recommendation is made to address the missing support identified during transaction testing.



## Recommendations

We recommend that the OVW:

1. Ensure that Friendship Home implement policies and procedures requiring staff to obtain and keep proper accounting records to address the missing support identified during the transaction testing of both grants.

We provided copies of the draft audit report to Friendship Home of Lincoln and the Office on Violence Against Women and requested written comments. Friendship Home of Lincoln officials provided us an e-mail correspondence on September 1, 2010, including a copy of their revised financial policies and procedures.

The Office on Violence Against Women also provided us an e-mail correspondence on September 17, 2010, requesting the recommendation be closed, as Friendship Home of Lincoln had revised their financial policies and procedures. As a result, we consider Recommendation Number 1 and the overall report status closed.

## OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our audit concentrated on, but was not limited to, the award of the initial Transitional Housing grant on September 01, 2005, through April 12, 2010, the most recent drawdown date for both grants.

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

In conducting our audit, we performed sample testing for grant expenditures. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed, such as dollar amounts or expenditure category. We selected a sample of 50 grant expenditures for the Transitional Housing Grant and 25 grant expenditures for the Disabilities Grant. This nonstatistical sample design does not allow projection of the test results to the universes from which the samples were selected.

In addition, we reviewed the timeliness and accuracy of FSRs and Progress Reports and evaluated performance to grant objectives; however,

we did not test the reliability of the financial management system as a whole.

OVW RESPONSE TO THE DRAFT REPORT

September 13, 2010

MEMORANDUM

TO: David Sheeren  
Regional Audit Manager  
Denver Regional Audit Office

FROM: Susan B. Carbon  
Director  
Office on Violence Against Women

Rodney Samuels  
Audit Liaison  
Office on Violence Against Women

SUBJECT: Response to the Draft Audit Report – Office on Violence Against Women Grants to the Friendship Home of Lincoln, Lincoln, Nebraska

This memorandum is in response to your correspondence dated August 12, 2010 transmitting the above draft audit report for the Friendship Home of Lincoln. OVW is requesting closure of the referenced audit. The Friendship Home of Lincoln has submitted the necessary documentation to support the recommendation listed in the referenced Draft Report.

The report contains **one** recommendation and **no** unsupported questioned costs. The following is an analysis of the audit recommendation:

- 1) Ensure that Friendship Home implement policies and procedures requiring staff to obtain and keep proper accounting records to address the missing support identified during the transaction testing of both grants.**

The Friendship Home of Lincoln has submitted the updated policies and procedures to ensure that staff is required to obtain and keep proper accounting records to address the missing support identified during the transaction testing of both grants (See section II of attachment).

We appreciate the opportunity to review and comment on the draft report. The Friendship Home of Lincoln was diligent in addressing the recommendation and provided the support in a timely manner. If you have any questions or require additional information, please contact Rodney Samuels of my staff at (202) 514-9820.

cc: Richard Theis  
Assistance Director  
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FRIENDSHIP HOME OF LINCOLN RESPONSE TO THE DRAFT REPORT

August 31, 2010

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

Dear Mr. Sheeren:

I am writing in response to the Draft Audit Report letter issued August 12, 2010 regarding the audit of two Office on Violence Against Women grants awarded to Friendship Home of Lincoln.

The Draft Report contains one recommendation: that Friendship Home implement policies and procedures requiring staff to obtain and keep proper accounting records to address the missing support identified during the transaction testing of both grants. We have revised our financial policies and procedures accordingly and the Board of Directors has approved this revision. The addition to the policies and procedures is as follows:

All expenditure transactions shall be properly supported by required documentation (invoice, statement, purchase order, receipt for petty cash purchases and internally created petty cash or cash slip signed by staff member and recipient). Purchase order and vendor invoice or statement shall be obtained prior to the check being cut and attached to the payment stub. Purchase orders shall be signed by requesting staff member and approved by signature from their supervisor before payment to vendor is made. Direct assistance to clients in form of payment for housing deposit or first month's rent shall be supported by signed letter from the landlord stating his/her acceptance of renter's application and amount of rent or deposit. **Page 4-5 (II L) of our attachment: FH Financial Policies and Procedures**

In May, our auditors brought to our attention that a purchase order is not adequate support in some instances when our agency is providing direct aid to clients. We immediately instituted an additional requirement for documentation of direct aid in the form of first month's rent or deposit. Please find attached Landlord Letter.

Please contact me at (402) 434-0161 if you have any questions.

Sincerely,

/s/  
Amy Evans  
Executive Director

cc: Amy Loder, Program Specialist OVW  
Paule Tessier, Program Specialist OVW  
Jennifer Maddock, Auditor OIG  
Amila Tanovic-Muslic, Finance Director FH