



**AUDIT OF THE OFFICE ON VIOLENCE
AGAINST WOMEN GRANTS AWARDED TO
OUR SISTER'S KEEPER COALITION
DURANGO, COLORADO**

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

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AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN GRANTS AWARDED TO OUR SISTER'S KEEPER COALITION DURANGO, COLORADO

EXECUTIVE SUMMARY¹

The U.S. Department of Justice, Office of the Inspector General (OIG), Audit Division, has completed an audit of Grant No. 2007-IW-AX-0005 awarded by the Office on Violence Against Women (OVW) to Our Sister's Keeper Coalition (OSKC), as shown in Exhibit 1.

EXHIBIT 1: GRANTS AWARDED TO OUR SISTER'S KEEPER COALITION

AWARD NUMBER	AWARD DATE	PROJECT START DATE	PROJECT END DATE	AMOUNT
2007-IW-AX-0005	09/13/07	09/01/07	08/31/09	\$ 150,000
Supplement 01	09/28/09	09/01/07	08/31/11	270,000
Supplement 02	09/23/11	09/01/07	08/31/13	150,000
Total:				\$570,000

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

Background

The OVW's Tribal Domestic Violence and Sexual Assault Coalitions Grant Program supports the development and operation of nonprofit, nongovernmental tribal domestic violence and sexual assault coalitions. Grant funds may be used for activities in compliance with the following statutory purposes: (1) increasing awareness of domestic violence and sexual assault against American Indian and Alaska Native women; (2) enhancing the response to violence against American Indian and Alaska Native women at the tribal, federal, and state levels; and (3) identifying and providing technical assistance to coalition membership and tribal communities to enhance access to essential services to American Indian and Alaska Native women victimized by domestic and sexual violence.

According to the grant application, OSKC is a nonprofit tribal domestic violence and sexual assault coalition based in Durango, Colorado. OSKC was established in 2006 by a group of women who were members of the

¹ The Office of the Inspector General redacted portions of Appendix IV of this report because it contains personal health information of an individual that may be protected by the Privacy Act of 1974, 5 U.S.C. §552(a), or may implicate other privacy rights of individuals.

Southern Ute Indian Tribe, and who were also survivors of domestic violence and sexual assault. OSKC's focus is to work to address the needs of victims of violence against women on the Southern Ute Indian Tribe's reservation and in nearby La Plata County, Colorado.

Our Audit Approach

The purpose of the audit was to determine whether costs claimed under the grant were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The objective of the audit was to review performance in the following areas: (1) internal control environment, (2) drawdowns, (3) grant expenditures, including personnel costs, (4) budget management and control, (5) property management, (6) financial and progress reports, (7) grant requirements, (8) program performance and accomplishments, and (9) monitoring of subgrantees and contractors. We determined that indirect costs, matching, and program income were not applicable to this audit. We tested compliance with what we consider to be the most important conditions of the grants. Unless otherwise stated in this report, the criteria we audit against are contained in the OJP Financial Guide and the award documents.²

We examined OSKC's accounting records, financial and progress reports, and operating policies and procedures and found:

- OSKC commingled the OVW grant funds with funding from other sources and did not maintain separate accounting records for the grant and in some instances we could not determine if grant funds were used for personnel or direct costs;
- OSKC had internal control deficiencies related to inadequate documented policies, related parties, use of cash, inadequate managerial oversight, and organizational sustainability;
- grant funds were used for non-grant expenditures;
- drawdowns were not supported by expenditures, and at the time of the last drawdown, cumulative drawdowns exceeded cumulative expenditures by \$16,514;

² In February 2012, the Office on Violence Against Women issued the 2012 OVW Financial Grants Management Guide. Although the grant in this audit was bound to the criteria held in the OJP Financial Guide, we note that any recommendations implemented should correspond to the OVW Financial Grants Management Guide as applicable.

- drawdowns were not recorded or were not accurately recorded in the general ledger;
- personnel costs totaling \$64,292 were not supported;
- personnel costs totaling \$12,632 were unallowable, which included \$6,696 for an unbudgeted position, and \$5,936 in other unallowable personnel costs;
- documentation supporting personnel costs was inconsistent and inaccurate;
- 328 direct cost transactions totaling \$92,914 were not adequately supported;
- 345 direct cost transactions totaling \$23,046 were unallowable;
- OSKC documentation showed indicators of personal use of OVW grant funds;
- OSKC documentation indicated unusual expenditures with OVW grant funds;
- contractor documentation was inconsistent and incomplete;
- OSKC documentation did not provide adequate information for budget analysis;
- of the four most recent financial reports, three were submitted late;
- none of the four most recently submitted financial reports were accurate;
- of the four most recent progress reports, three were submitted late and the most recent was not submitted;
- none of the two most recently submitted progress reports were verifiable by source documentation;
- OSKC's grant program performance was not completely verifiable;
- OSKC overstated metrics used in grant performance evaluation;
- goals and objectives of the grant were not consistently met; and,

- OSKC was unable to adequately support their claims of achievement and we found indications that OSKC would be unable to meet current or future objectives of the grant, and;
- some grant special conditions were not met.

This report contains 23 findings and 19 recommendations, which are detailed in the Findings and Recommendations section of the report. Our audit objective, scope, and methodology are discussed in Appendix I.

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AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN GRANTS AWARDED TO OUR SISTER'S KEEPER COALITION DURANGO, COLORADO

INTRODUCTION¹

The U.S. Department of Justice, Office of the Inspector General (OIG), Audit Division, has completed an audit of Grant No. 2007-IW-AX-0005 awarded by the Office on Violence Against Women (OVW) to Our Sister's Keeper Coalition (OSKC), as shown in Exhibit 1.

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Total:				\$570,000

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

Background

Created in 1995, the OVW administers financial and technical assistance to communities across the country that are developing programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking. The OVW's stated mission is to provide federal leadership in developing the nation's capacity to reduce violence against women, and administer justice for and strengthen services to victims.

The OVW's Tribal Domestic Violence and Sexual Assault Coalitions Grant Program supports the development and operation of nonprofit, nongovernmental tribal domestic violence and sexual assault coalitions. Grant funds may be used for activities in compliance with the following statutory purposes: (1) increasing awareness of domestic violence and sexual assault against American Indian and Alaska Native women; (2) enhancing the response to violence against American Indian and Alaska Native women at the tribal, federal, and state levels; and (3) identifying and providing technical assistance to coalition membership and tribal

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communities to enhance access to essential services to American Indian and Alaska Native women victimized by domestic and sexual violence.

According to the grant award, OSKC is a nonprofit tribal domestic violence and sexual assault coalition based in Durango, Colorado. OSKC was established in 2006 by a group of women who were members of the Southern Ute Indian Tribe, and who were also survivors of domestic violence and sexual assault. OSKC's focus is to address the needs of victims of violence against women on the Southern Ute Indian Tribe's reservation and in nearby La Plata County, Colorado.

Our Audit Approach

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 OJP Financial Guide and grant award documents. We tested OSKC's:

- **internal control environment** to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard grant funds and ensure compliance with the terms and conditions of the grant;
- **grant drawdowns** to determine whether grant drawdowns were adequately supported and if OSKC was managing grant receipts in accordance with federal requirements;
- **grant expenditures** to determine the accuracy and allowability of costs charged to the grant;
- **budget management and control** to determine OSKC's compliance with the costs approved in the grant budget;
- **Federal Financial Reports (FFRs) and Progress Reports** to determine if the required FFRs and Progress Reports were submitted in a timely manner and accurately reflect grant activity, and;
- **grant objectives and accomplishments** to determine whether OSKC is capable of meeting the grant objectives.

The findings and recommendations are detailed in the Findings and Recommendations section of this report. Our audit objective, scope, and methodology appear in Appendix I.

FINDINGS AND RECOMMENDATIONS

We found that, OSKC did not comply with essential grant conditions in the areas of internal controls, grant drawdowns, grant expenditures, budget management and control, grant reporting, and grant goals and accomplishments. Most significantly, OSKC commingled the OVW grant funds with funding from other sources, did not consistently identify funding sources for expenditures, made drawdowns in excess of grant expenditures, charged unallowable and unsupported costs to the grant, did not submit accurate or timely grant reports, and did not meet grant goals and objectives. Based on our audit results, we make 5 recommendations to address dollar-related findings and 14 recommendations to improve the management of DOJ grants.

Prior Audits

The Office of Management and Budget (OMB) Circular A-133 requires that non-federal entities that expend \$500,000 or more per year in federal awards have a single audit performed annually. We determined that OSKC was not required to submit Single Audits during the scope of our audit, as federal expenditures were less than \$500,000 in each year.

Internal Control Environment

We reviewed OSKC's internal control environment, including procurement, receiving, and payment procedures. We also assessed managerial oversight by OSKC's Board of Directors.

We found that OSKC commingled OVW grant funds with funding from other sources and did not maintain separate accounting records for the grant. Further, for expenditures totaling \$85,937, the source of funding used by OSKC was not accurately identified in the accounting records and OSKC was unable to identify what funds were used to pay for the transactions based on supporting documentation. The OJP Financial Guide prohibits commingling of grant funds with other funding sources; accounting records must accurately reflect grant expenditures and identify grant expenditures separately from other funding sources. We recommend the OVW coordinate with OSKC to ensure that grant expenditures are identified separately from other funding sources.

We also found that OSKC was experiencing significant financial difficulties during the scope of our audit. In April 2012, OVW froze OSKC's grant funding due to excessive drawdowns that OSKC officials stated were

made to reimburse past expenditures. At that time, OSKC had drawn down \$73,698, which was about half of the Supplement 02 funding, in the first quarter of the 2-year project period.

OSKC provided financial policies and procedures for purchasing and check writing. OSKC did not have documented policies for payroll or competitive procurement procedures. OSKC officials provided a draft amendment to the financial policy that would require two signatures for any check written over \$500; however, that amendment also allowed ATM withdrawals using OSKC's debit card.

We identified numerous internal control deficiencies with OSKC procedures and operations, including lack of segregation of duties, related parties in leadership positions, use of cash to pay grant expenditures, potential for grant expenditures to suspended or debarred parties, and organizational financial difficulties. Specifically, we found:

- OSKC's former director resigned in April 2012, and OSKC has been managed by an acting director since that time. Due to lack of knowledge of OSKC's past operations, OSKC's acting director struggled to provide information and documentation to the OIG throughout this audit.
- OSKC frequently had related parties in leadership positions. OSKC's acting director and former director were sisters. The board Treasurer's daughter was also a board member, and another board member was the former director's ex-husband.
- OSKC's former and acting directors used ATM withdrawals of cash to pay grant expenditures.
- OSKC's financial management policies required consulting agreements or engagement letters and W-9 forms before any work is done, but did not require specific consultant monitoring procedures.
- OSKC had no segregation of duties. At the time of our audit, the acting director was the only employee.

We consider OSKC's documented fiscal policies and guidelines to be inadequate; OSKC's financial management policies did not adequately address internal controls and permitted activities related to weak internal controls. We consider oversight by OSKC's Board of Directors to be inadequate; OSKC's directors did not meet regularly or consistently, board members included related parties, and board leadership did not appear to have backgrounds consistent with the skills and knowledge required for their positions. We recommend that the OVW coordinate with OSKC to ensure

that financial management policies are adequately documented and followed, and are in accordance with grant management guidelines.

Drawdowns

We determined that the grant awarded to OSKC was reimbursement based, and therefore subject to the *OJP Financial Guide* requirement that drawdown requests be timed to ensure that federal cash on hand is the minimum needed for disbursements or reimbursements to be made immediately or within the next 10 days. OSKC officials stated that OVW grant funds might be spent on non-grant expenditures and later reimbursed from other funding sources. We recommend that the OVW coordinate with OSKC to ensure that OVW grant funds are used only for grant expenditures.

We analyzed grant drawdowns and expenditures to determine if the total actual costs recorded in the accounting records were equal to, or in excess of, the cumulative drawdowns as reported by the OVW. We identified 55 drawdowns and determined the first and third drawdowns cumulatively exceeded expenditures by \$793 and \$3,636, and the 11 most recent drawdowns cumulatively exceeded expenditures from \$3,183 to \$17,502. At the time of the most recent drawdown on March 6, 2012, OSKC's cumulative drawdowns exceeded grant expenditures by \$16,514. Drawdowns should accurately reflect expenditures for the draw period; therefore, we consider the cumulative overdrawn amount of \$16,514 to be unsupported. We recommend the OVW resolve the \$16,514 in unsupported excess drawdowns.

We also identified issues with accuracy of drawdowns recorded by OSKC in its general ledger. The February 14, 2008, drawdown of \$5,000 was not recorded in the general ledger. The January 4, 2011, drawdown of \$8,932 was recorded in the general ledger as January 6, 2010. OSKC made four drawdowns from August 1, 2011, to October 7, 2011, totaling \$22,337; however, OSKC's general ledger indicated seven OVW grant deposits totaling \$19,686 during that period; none of the deposits matched any of the drawdowns and the total amounts differed by \$1,672. According to the *OJP Financial Guide*, drawdowns should be recorded in accounting records accurately and timely. We recommend the OVW coordinate with OSKC to ensure that grant accounting records are complete, accurate, and supported by documentation.

Grant Expenditures

According to the *OJP Financial Guide*, a grantee is responsible for establishing and maintaining an adequate system of accounting, financial records, and internal controls to accurately account for the funds awarded to them. An acceptable and adequate system must: (1) present and classify

projected historical costs of the grant as required for budgetary and evaluation purposes; (2) provide costs and property control to ensure optimal use of funds; (3) control funds and other resources to assure that the expenditure of funds and use of property conform to any general or special conditions that apply to the recipient; (4) meet the prescribed requirements for periodic financial reporting of operations; and (5) provide financial data for planning, control, measurement, and evaluation of direct and indirect costs. We found that OSKC commingled OVW grant funds with funding from other sources and did not maintain separate accounting records for the grant. OSKC officials initially provided us with a general ledger for all commingled expenditures that did not identify funding sources. OSKC worked with an accounting firm to identify funding sources for individual transactions and provided us with a general ledger that identified transactions as funded by the OVW grant, funded by other funding sources, or allocated in part to the OVW grant and in part to other funding sources; however, the shared allocations did not indicate how much was allocated to the OVW grant.

OSKC officials identified 1,330 personnel and direct cost transactions totaling \$508,517 in the general ledger as OVW grant-funded. We selected 696 transactions for testing, totaling \$200,907. Based on our review, we identified 57 unallowable and unsupported personnel costs transactions, totaling \$76,924, and 673 unallowable and unsupported other direct costs transactions, totaling \$115,960, as discussed in the following sections of the report. A detailed listing of unsupported and unallowable questioned costs is included in Appendix III of this report. We were unable to determine the amount allocated to the grant for two other direct costs transactions, totaling \$1,471, and six personnel costs transactions, totaling \$7,962, and we were therefore unable to test those transactions.

Personnel and Fringe Benefits

During transaction testing, our initial sample included 14 personnel transactions. Based on our review, we identified 14 unsupported transactions with questioned costs of \$46,607 and 1 unallowable transaction with questioned costs of \$192.

In addition to our findings from transaction testing, we also reviewed grant transactions from the personnel and fringe budget categories for two pay periods in 2011. We identified issues with documentation for those periods and expanded testing to include all of 2011. We identified numerous issues with support and allowability of personnel expenditures. Specifically, we identified 21 additional unsupported personnel expenditures totaling

\$17,685, as well as \$12,440 in additional unallowable personnel expenditures.⁴ Specifically, we found that:

- OSKC records indicated 106 personnel transactions for five employees during 2011. However, we identified 20 personnel transactions that were not listed in the general ledger and for 41 personnel transactions, the general ledger showed that \$46,446 was commingled between the OVW grant and other programs, and we could not determine how much of that amount was funded by the OVW grant. We were only able to analyze costs for 47 personnel transactions where OSKC identified specific amounts charged to the grant. Based on our analysis, we identified 21 personnel expenditures with inadequate supporting documentation, totaling \$17,685.
- One employee, Education/Outreach Coordinator, was charged to the grant, but was not included in the grant budget. The general ledger identified \$6,696 in personnel expenditures specified as OVW grant funded for this employee. Because the Education/Outreach Coordinator was an unbudgeted position, we question expenditures totaling \$6,696 related to this employee as unallowable.
- OSKC provided a document with handwritten notes stating that OSKC has a bimonthly payroll policy, for 24 pay periods per year. However, according to OSKC pay stubs, OSKC's former director received 30 paychecks for 2011. According to OSKC's general ledger, the former director received 12 paychecks on February 8, 2012. Previous to that date, the former director received a paycheck on October 6, 2011; the former director also received a paycheck on February 10, 2012. OSKC stated the 12 paychecks occurred due to a delay in drawing down funds caused by OVW's budget process. At the time that the former director received 12 paychecks, only 8 pay periods had passed. We concluded that the former director was overpaid by four pay periods on February 8, 2012, and we question the excess amount of \$4,192 charged to the grant for the four most recent transactions as unallowable, consisting of \$3,105 in wages and \$1,088 in fringe benefits.⁵

⁴ We reduced the total dollar-related findings detailed in Appendix II by the duplicated questioned personnel costs that were questioned as both unsupported and unallowable under grant guidelines. As a result, the total questioned costs figure excludes duplicate questioned personnel costs.

⁵ Throughout the report, differences in total amounts are due to rounding, in that the sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded.

- For 4 employees, grant documentation indicated 10 instances of more than 1 paycheck in a pay period, including 6 duplicated paychecks paid to the former director. Two of these duplicated paychecks were identified by OSKC as charged specifically to the grant for \$1,552, which we question as unallowable. Other duplicated and excess paychecks were identified as partially funded by the OVW grant but did not provide specific amounts; as a result, we could not determine what amount was paid using grant funds.

We also identified a number of management improvement findings related to OSKC personnel documentation, including:

- One paycheck of \$1,956 dated February 23, 2011, was recorded in the general ledger as a \$50 victim assistance payment to a different individual on May 25, 2010.
- Three paycheck numbers were duplicated on pay stubs (the same check number was issued twice) and six paycheck numbers were duplicated in the general ledger (the same check number was recorded twice).
- Two pay stubs were marked "void" for \$0, but were recorded in the general ledger as \$1,457 and \$1,012.
- One paycheck was noted "void" for \$0 in the general ledger, but the pay stub indicated \$1,350 was paid.
- OSKC provided 38 total timesheets; of those, 18 were not properly approved (no supervisor signature) and one was self-approved (by the former director).
- OSKC provided nine timesheets for one employee by email on February 10, 2013, and none of the timesheets matched the four monthly timesheets for that employee and time period reviewed during our fieldwork. The timesheets showed different position titles, lengths, dates, and approvals.
- The former director signed 27 of 30 paychecks to herself.
- For 4 employees, pay periods ranged from 1 to 17 days in length; 11 paychecks for those employees were for periods of 7 days or less, and 9 of those paychecks were for periods of 1 day.
- For four employees, paycheck amounts were mostly consistent; however, for the former director, biweekly paychecks varied from \$958 to \$2,192.

- OSKC provided one paycheck dated October 6, 2011, with a hand written note stating the check was for November 7, 2011, payroll.
- Total fringe benefits for 2011 were budgeted at 14.2 percent. We were unable to verify fringe benefit amounts for 14 of 71 paychecks, or 19.7 percent of the paychecks reviewed. For the 57 paychecks in the general ledger that identified fringe benefit payments, we determined fringe benefit percentages for 2011 averaged 9.5 percent, and ranged from 7.7 percent to 10.4 percent. Fringe benefit percentages did not exceed the budgeted percentage for 2011.

Questioned transactions are listed in detail in Appendix III. We recommend that the OVW remedy the \$64,292 in unsupported personnel expenditures and \$12,632 in unallowable personnel expenditures.

Other Direct Costs

We selected 669 other direct cost transactions for review, and identified 328 unsupported transactions totaling \$92,914 and 345 unallowable transactions totaling \$23,046, including payments for board stipends and meeting refreshments and food.⁶ Unallowable transactions also included victim assistance payments that did not identify a domestic violence or sexual assault victim nexus, or:

- occurred during unbudgeted periods;
- were made to employees, board members, and their families;
- purchased gifts for inmates and paid for travel to visit an out-of-state inmate;
- paid for lodging at a ski lodge;
- were made to multiple members of the same family on the same day; and,
- were made to an individual who stated they were not eligible for government assistance because they were not a U.S. citizen.

OSKC officials stated OSKC commingled funds and expenditures from multiple funding sources. OSKC's general ledger identified 129 different

⁶ We reduced the total dollar-related findings by the duplicated questioned direct costs that were questioned as both unsupported and unallowable under grant guidelines. As a result, the total questioned costs figure excludes duplicate questioned direct costs.

funding sources and combinations of funding sources, but did not consistently identify specific funding sources for transactions. The general ledger identified 74 expenditures totaling \$85,937 as partially funded by the OVW grant; for those expenditures, OSKC could not provide specific amounts charged to the grant.

OSKC grant documentation identified indicators of personal use of OSKC funds, including the following OVW grant funded transactions that were questioned:

- \$54 was paid for lodging at Wolf Creek Ski Lodge, which is located near a ski area 2 hours from OSKC.
- \$87 was reimbursed to the OVW grant for purchase of shoes. The original expenditure was noted in the general ledger as an emergency assistance expenditure for children's footwear and was identified by OSKC as funded by the OVW grant.
- OSKC's former director made 10 reimbursements to OSKC on June 14, 2012, totaling \$441. The original expenditures occurred from November 23, 2011, to May 14, 2012, and were identified in the general ledger as assistance to individuals; payees included Home Depot, LaQuinta Inn, Basin Coop, Shell Oil, Mesa Market, JC Penney, Giant, Kentucky Fried Chicken, Sonic, McDonald's, Starbucks, United Airlines, and a car wash. Four of the expenditures were identified by OSKC as funded by the OVW grant; for two expenditures, the debit entry was charged to the OVW grant and the credit entry was charged to "Private Contributions." The nine remaining expenditures were identified by OSKC as being funded solely by private contributions. All 10 reimbursements occurred 2 months after the former director's resignation date. The repayments were not allocated to the OVW grant.
- OSKC's former director and a related party traveled from Durango, Colorado, to Golden, Colorado, on a holiday weekend in July 2010, but documentation did not indicate the purpose for the travel. Flights were charged to the grant for the two individuals, traveling from Durango to Denver on Saturday, July 3, 2010, and returning to Durango on Sunday, July 4, 2010. However, documentation also indicated that the two individuals were in Denver from July 4, 2010, to July 10, 2010. A receipt indicated a stay at a south Denver hotel from July 4, 2010, to July 5, 2010, which was charged to the grant, and a car rental reservation was made at the Denver airport for July 5, 2010, to July 10, 2010. The general ledger indicated that a car rental expenditure was charged to the grant on July 6, 2010.

Documentation in OSKC's grant files indicated unusual expenditures that were recorded inaccurately or were not recorded in the general ledger, including:

- A \$500 payroll advance was paid to the former director on November 3, 2011, but we could not locate the expenditure in OSKC's general ledger.
- OSKC employees received \$2,655 in pay advances.
- Loans to OSKC from employees to pay grant expenditures were reimbursed later. However, employee loans to OSKC were recorded as private contributions.
- OSKC paid \$10,076 with OVW grant funds to employees and other parties as reimbursements for loans, although there were no related original loans to OSKC identifiable in the general ledger.
- A deposit slip for \$808 was dated November 16, 2011, with a handwritten note stating fundraiser income and "all contributions went back to DOJ acct." The donation was recorded in OSKC's general ledger as "Private Contributions" and was not credited back to the OVW grant.

Questioned transactions are listed in detail in Appendix III. We recommend that the OVW remedy the \$92,914 in unsupported direct cost expenditures and \$23,046 in unallowable direct cost expenditures.

Contractors/Consultants

OSKC's financial management policies included requirements to obtain consulting agreements or engagement letters and W-9 forms; the policies did not address monitoring of consultants or contractors. OSKC's consultants and contractors were to provide specific deliverables for the benefit of OSKC, such as phone service, business services, office space, trainings, and specialized victim assistance support, and we determined performance was consistently evaluated by OSKC as the recipient of those services.

However, we noted documentation issues with contracted consultants during transaction testing. OSKC staff wages were recorded in the general ledger as contractor expenses. OSKC could not provide a contract for 13 transactions related to 8 contractors. We found one contract that was signed by the contractor but was not signed by OSKC officials and another contract that was not signed by the contractor. We previously questioned contractor expenditures with inadequate documentation during direct cost

transaction testing; we recommend the OVW coordinate with OSKC to ensure that contracts are maintained and signed by all parties.

Budget Management and Control

OSKC received an approved budget for the grant, which included Personnel, Fringe, Travel, Equipment, Supplies, Contractual, and Other budget categories. If changes are subsequently made, the OJP Financial Guide requires that prior approval from the granting agency be obtained if modifications will result in a change that exceeds 10 percent of the total award amount. We used the approved budget to determine the approved budgeted amounts by category.

The most recent budget, for Supplement 02, which included the budgets for the original grant and Supplement 01, was approved by the OVW. OSKC's acting director stated that the former director created the budgets with assistance from volunteers; the acting director did not appear to be involved in budget creation. OSKC officials stated budgets are monitored, but could not provide documentation of budget monitoring activities. OSKC board leadership stated they are not involved in financial functions, other than what they are shown by the director at board meetings. The board's Treasurer also stated a lack of understanding of budgets or accounting.

As noted in the Internal Control Environment section of this report, OSKC commingled the OVW grant funds with funding from other sources and did not maintain separate accounting records for the grant. OSKC officials worked with an accounting firm to identify funding sources for individual transactions and provided us with a general ledger that identified transactions as funded by the OVW grant, funded by other funding sources, or allocated in part to the OVW grant and in part to other funding sources; however, the shared allocations generally did not indicate how much was allocated to the OVW grant. Transactions that identified specific dollar amounts traceable to the OVW grant funding totaled \$508,517, but we could only determine budget categories for \$486,633 of those transactions. For the \$486,633 in transactions that identified budget categories, we determined OSKC was cumulatively under budget. However, we were unable to confirm budget categories for \$21,884 in transactions that were identified as OVW grant-funded but did not clearly indicate a budget category, as well as \$85,937 in transactions that were identified by OSKC as being partially funded by the OVW grant but did not identify the amounts allocated to the grant. Due to the transactions for which the amount allocated to the grant or the budget category could not be determined, we were unable to definitively conclude whether OSKC was under or over budget by category. We recommend the OVW coordinate with OSKC to ensure that grant budgets are adequately documented and monitored.

Grant Reporting

We reviewed the Financial Reports and Categorical Assistance Progress Reports (Progress Reports) to determine if the required reports had been submitted accurately, and within the timeframes required by the OJP Financial Guide.

Financial Reporting

For financial reporting prior to October 1, 2009, the OJP Financial Guide states that Financial Status Reports (FSRs) should be submitted online no later than 45 days after the last day of each quarter. The OJP Financial Guide also states that effective for the quarter beginning October 1, 2009, grant recipients must report expenditures online using the Federal Financial Report (FFR) no later than 30 days after the end of each calendar quarter.⁷ We reviewed the four most recent FFRs for the grant, and determined one FFR was submitted timely and the other three FFRs were submitted 3, 31, and 37 days late; the detailed analysis is in Exhibit 2.

EXHIBIT 2: FEDERAL FINANCIAL REPORT HISTORY

REPORT NO.	REPORT PERIOD FROM - TO DATES	DUE DATE	DATE SUBMITTED	DAYS LATE
17	07/01/11 – 09/30/11	10/30/11	11/30/11	31
18	10/01/11 – 12/31/11	01/30/12	01/04/12	0
19	01/01/12 – 03/31/12	04/30/12	06/06/12	37
20	04/01/12 – 06/30/12	07/30/12	08/02/12	3

Source: OJP GMS

We also reviewed FFRs for accuracy. According to the OJP Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report. Also, award recipients should report program outlays and revenue on a cash or accrual basis in accordance with their accounting system. We reviewed the four most recently submitted FFRs and determined none of the periodic or cumulative expenditures reported were accurate, as shown in Exhibit 3.

⁷ OJP changed from using SF-269 Financial Status Reports (FSRs) to SF-425 Federal Financial Reports (FFRs), beginning October 1, 2009. For consistency purposes, we use the term "FFR" throughout this audit when discussing any financial reports submitted by Our Sister's Keeper Coalition for the audited grant.

EXHIBIT 3: FEDERAL FINANCIAL REPORT EXPENDITURE ACCURACY

REPORT No.	REPORT PERIOD FROM - TO DATES	CUMULATIVE GRANT EXPENDITURES PER REPORT	CUMULATIVE GRANT EXPENDITURES PER ACCOUNTING RECORDS	CUMULATIVE DIFFERENCE BETWEEN REPORTS & ACCOUNTING RECORDS
17	07/01/11 – 09/30/11	\$378,589	\$425,160	\$ (46,571)
18	10/01/11 – 12/31/11	379,589	435,296	(55,706)
19	01/01/12 – 03/31/12	443,287	455,879	(12,592)
20	04/01/12 – 06/30/12	443,287	462,797	(19,510)

Source: OJP GMS and OSKC

As shown above, we determined that FFRs were not accurate for any of the four reporting periods included in our audit, and were submitted late for three of the four periods. We recommend that the OVW coordinate with OSKC to ensure that FFRs are submitted timely and accurately.

Categorical Assistance Progress Reports

According to the OJP Financial Guide, Categorical Assistance Progress Reports are due semiannually on January 30 and July 30 for the life of the award. To verify the timely submission of Progress Reports, we reviewed the last four Progress Reports submitted for the grant to determine if the reports had been submitted as required by the OJP Financial Guide. As shown in Exhibit 4, we determined that the most recent Progress Report was not submitted at the time of this audit and the other three Progress Reports were late by 1, 23, and 134 days, as shown in Exhibit 4. We recommend that the OVW coordinate with OSKC to ensure that Progress Reports are submitted timely.

EXHIBIT 4: CATEGORICAL ASSISTANCE PROGRESS REPORT HISTORY

REPORT No.	REPORT PERIOD FROM - TO DATES	DUE DATE	DATE SUBMITTED	DAYS LATE
7	07/01/10 – 12/31/10	01/30/11	06/13/11	134
8	01/01/11 – 06/30/11	07/30/11	08/22/11	23
9	07/01/11 – 12/31/11	01/30/12	01/31/12	1
10	01/01/12 – 06/30/12	07/30/12	Not submitted	N/A

Source: OJP GMS

We also reviewed Progress Reports for accuracy. According to the OJP Financial Guide, the funding recipient agrees to collect data appropriate for facilitating reporting requirements established by Public Law 103-62 for the *Government Performance and Results Act*. The funding recipient will ensure

that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation.

OSKC officials stated that the former director had completed all Progress Reports in the past, but since April 2012 the acting director was responsible for completing the reports. OSKC officials stated that Progress Reports were completed using a variety of data sources, including hotline intake forms and monthly logs, victim assistance logs and reports, training evaluation forms, and client files.

We reviewed the two most recently submitted Progress Reports, which reported on activities for calendar year 2011.

We were unable to verify quantifiable information noted in the two most recently submitted Progress Reports. OSKC officials stated that they did not consistently use registration forms and rosters, and that estimates were used to determine program attendance. Specifically, we identified the following issues with Progress Report supporting documentation and source data:

- OSKC staff reports contained duplicate information, which can lead to inaccurate data reporting.
- Client intake forms were used to register OSKC staff, board members, and volunteers for internal trainings.
- Monthly reports from a consultant contained the exact same performance information for July, August, and September 2011.
- Reports from training and educational programs did not consistently include agendas or rosters of attendees.
- In its Progress Report metrics, OSKC counted creation of the Progress Report as a report-writing activity; creation of the Progress Report should not have been reported as an activity, as reporting is a required administrative function for the grant and is not an activity related to the grant goals and objectives.
- OSKC stated in the Progress Reports that two websites were active, oursisterskeeper.org and oskcpvention.org, and that the websites had 3,500 page views for each reporting period. At the time of our audit, neither website was active; OSKC officials stated that the website was down for redesign and Facebook was primarily being used. We searched for website visitor data for both sites on a website analytics site, which indicated that neither of OSKC's

identified websites had ever had any site visitors. OSKC was unable to provide us with documentation to support the reported website traffic.

- OSKC stated for each reporting period that YouTube videos were developed, which had 4,000 total views. However, each Progress Report stated the same information related to the number of views, indicating either that the information was copied from one report to the other, or that there were no views for the second half of 2011. OSKC officials stated that one video had been removed from YouTube and provided a link to the second video, which was a narrative of OSKC's mission and involvement within Southwest Colorado communities and the effects of domestic violence and sexual assault. The video's YouTube page indicated 144 total views of the video from May 20, 2009, through February 26, 2013.

We recommend that the OVW coordinate with OSKC to ensure that Progress Reports are supported by verifiable source documentation.

Program Performance and Accomplishments

To assess program performance and accomplishments, we reviewed the grant documentation, and interviewed OSKC officials, to determine the goals and objectives of the program and whether those goals and objectives have been or are being implemented. We noted goals and objectives stated in the application for Supplement 01 were repeated in the application for Supplement 02, indicating that not all goals and objectives intended to be completed during the grant period for Supplement 01 were completed.

Sustainability

OSKC officials stated issues related to organizational sustainability. OVW froze OSKC's grant funds in March 2012 because of excessive drawdowns. In January 2013, OSKC officials informed us the organization was closing, the Board of Directors had resigned, and OSKC planned to return the remaining grant funds to OVW; OSKC officials later stated they intended to continue operations with a Board of Directors to retain the organization's 501(c)(3) status, but still planned to return the grant funds to OVW. OSKC officials stated all furniture, equipment, and supplies had been moved to storage, except for a one-room office retained for purposes of responding to this audit. During our audit, OSKC's acting director began working a second job and became unable to perform grant functions on a full-time basis.

Goals and Objectives

The mission of the OVW Tribal Domestic Violence and Sexual Assault Coalitions Grant Program is to support the development and operation of nonprofit, nongovernmental tribal domestic violence and sexual assault coalitions. Grant funds can be used for activities in compliance with: (1) increasing awareness of domestic violence and sexual assault against American Indian and Alaska Native women; (2) enhancing the response to violence against American Indian and Alaska Native women at the tribal, federal, and state levels; and (3) identifying and providing technical assistance to coalition membership and tribal communities to enhance access to essential services to American Indian and Alaska Native women victimized by domestic and sexual violence.

OSKC was unable to provide us with a list of events or programs for the grant period. We selected calendar year 2011 for review of all documentation related to grant performance. We requested documentation related to grant-funded programs and events for that period and received several binders of program documentation. Monthly staff reports indicated that other programs had occurred that were not documented. Events were not identified as funded by the OVW grant or by other funding sources. In addition, monthly reports also discussed events that were funded by other sources.

According to OSKC officials, timelines were used to monitor grant progress. We requested the timelines and were then told OSKC used intake forms, a logic model, a to-do-list, and tracking logs to monitor grant progress. We reviewed those documents and determined none of them monitored performance of the grant to the activities stated in the grant application. OSKC did not provide us with any other documentation used to track completion of grant objectives.

OSKC provided us with two lists of coalition members, neither which indicated what types of domestic violence or sexual assault support, or other coalition services, were provided by the members. One list had 22 members and the second had 52 members; nearly all the members appeared to be individuals. Of the 74 members, only five appeared to be organizations with missions related to domestic violence or sexual assault support services.

Because OSKC was unable to provide a list of programs and events conducted or attended, we were unable to determine whether the grant documentation provided a complete picture of program performance for the sampled year, or for the entire grant period. Grant documentation was not complete for the grant-funded events in our sample and we were unable to fully verify program purpose or attendance. Whereas some individual programs as documented appeared to have met the goals stated in the grant

applications, monthly reports stated that other events and meetings had occurred. However, these did not specify dates, times, or locations or contain documentation of agendas or attendees. Additionally, information about events stated in monthly staff and contractor reports was duplicated from earlier months and data stated in monthly reports about clients served was inaccurate and unsupported. Individual reports stated that outreach had occurred, but did not provide details of the types or goals of the outreach, or any other supporting documentation.

Performance Issues

We determined that there was insufficient documentation to determine whether performance measures were reasonable indicators for evaluating actual performance.

OSKC officials stated they thought grant program goals and objectives had been implemented and that OSKC was about half finished with the grant program and was on track for it to be completed. However, we noted that OSKC's applications for Supplements 01 and 02 contained duplicated objectives, indicating that earlier objectives had not been completed.

OVW froze OSKC's grant funds on April 19, 2012, because of excessive drawdowns, since OSKC had drawn nearly half of Supplement 02 in the first quarter of the 2-year project period. OSKC officials stated that drawdowns were made to reimburse prior expenses, indicating that excessive drawdowns were the result of excessive expenditures in previous periods.

We identified numerous issues with documentation related to victim assistance, including overstated performance metrics, unsupported numbers, use of client intake forms for non-victim related matters, duplicate intake forms, multiple intake forms used for the same meeting and the same individuals, and other irregularities.

During our fieldwork, the grant-funded youth hotline phone was in use in Chicago by the former director as a personal phone. We informed the acting director that this was an unallowable use, and the phone was returned to OSKC.

Neither of OSKC's websites were active and OSKC's Twitter account only showed 10 messages were sent between May 20, 2011, and July 5, 2012.

As previously stated, OSKC was unable to adequately support their claims of achievement. We found indications that OSKC would be unable to meet current or future objectives of the grant programs. We recommend that the OVW coordinate with OSKC to ensure that program performance

occurs in accordance with the goals and objectives stated in the grant application.

The grant special conditions also required tribal coalitions to set aside at least \$7,000 per year for planning meetings and board training, but OSKC could not provide documentation to support any training funds set aside. The OVW offered OSKC a scholarship to attend a 2012 training. OSKC officials attended the training but paid with private funds, and stated they did not accept the scholarship to show the OVW that OSKC intended to reimburse the grant. We determined that was not a reimbursement to the grant, as the scholarship was offered through the OVW and would not have been paid with grant funds. OSKC notified the OVW on November 27, 2012, that OSKC would not attend any more training due to lack of funding.

The grant special conditions required OSKC to use specific disclaimer language for publications created with grant funds. According to OSKC's budget narratives for the grant, brochures were to be created addressing domestic violence and sexual assault support programs. OSKC provided three brochures advertising its domestic violence and sexual assault support programs. None of the three brochures addressed the OVW grant requirement; two of the brochures had disclaimers for other funding sources and the third had no disclaimer. We also noted that OSKC's YouTube video did not include the required disclaimer language. We recommend that the OVW coordinate with OSKC to ensure that grant special conditions are followed.

Conclusion

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, terms and conditions of the grant, and to determine program performance and accomplishments. We performed detailed transaction testing and examined OSKC's accounting records, budget documents, financial and progress reports, and operating policies and procedures. We found:

- OSKC commingled the OVW grant funds with funding from other sources and did not maintain separate accounting records for the grant;
- OSKC had internal control deficiencies related to inadequately documented policies, related parties, use of cash, and inadequate managerial oversight;
- grant funds were used for non-grant expenditures, to be reimbursed later;

- at the time of the last drawdown, cumulative drawdowns exceeded cumulative expenditures by \$16,514;
- drawdowns were not recorded or were not accurately recorded in the general ledger;
- OSKC paid \$64,292 in unsupported personnel costs;
- OSKC paid \$12,632 in unallowable personnel costs, which included \$6,696 for an unbudgeted position, and \$5,936 in other unallowable personnel costs;
- documentation supporting personnel costs was inconsistent and inaccurate;
- 328 direct cost transactions totaling \$92,914 were not adequately supported;
- 345 direct cost transactions totaling \$23,046 were unallowable;
- OSKC documentation showed indicators of personal use of OVW grant funds;
- OSKC documentation indicated unusual expenditures with OVW grant funds;
- contractor documentation was inconsistent and incomplete;
- OSKC documentation did not provide adequate information for budget analysis;
- of the four most recent FFRs, three were submitted late;
- none of the four most recently submitted FFRs were accurate;
- of the four most recent Progress Reports, three were submitted late and the most recent was not submitted;
- none of the two most recently submitted Progress Reports were verifiable by source documentation;
- OSKC has issues with organizational sustainability;
- OSKC's grant program performance was not completely verifiable;

- OSKC overstated metrics used in grant performance evaluation;
- OSKC was unable to adequately support their claims of achievement and we found indications that OSKC would be unable to meet current or future objectives of the grant, and;
- some grant special conditions were not met.

Recommendations

We recommend that the OVW coordinate with OSKC to:

1. Ensure that OSKC has a policy to account for OVW grant expenditures and funds separately from other funding sources.
2. Ensure that OSKC's documented internal controls are in accordance with grant guidelines and are followed by OSKC management and personnel.
3. Ensure that grant funds are only used for grant expenditures.
4. Remedy the \$16,514 in drawdowns in excess of expenditures.
5. Ensure that drawdowns are accurately recorded.
6. Remedy the \$64,292 in unsupported personnel expenditures.
7. Remedy the \$12,632 in unallowable personnel expenditures.
8. Remedy the \$92,914 in unsupported direct cost expenditures.
9. Remedy the \$23,046 in unallowable direct cost expenditures.
10. Ensure that a policy is in place for expenditures to be recorded completely, accurately, and with supporting documentation.
11. Ensure that a policy is in place to fully document and effectively monitor contractors.
12. Ensure that a policy is in place to adequately track grant expenditures to the approved budget.
13. Ensure that FFRs are submitted timely and accurately.
14. Ensure that Progress Reports are submitted timely.

15. Ensure that Progress Reports are supported by verifiable source documentation.
16. Ensure that OSKC has a policy for continuity of operations and organizational sustainability.
17. Ensure that OSKC has a policy to adequately document grant program performance metrics.
18. Ensure that OSKC meets grant performance goals and objectives.
19. Ensure that OSKC has a policy for following grant special conditions.

STATEMENT ON INTERNAL CONTROLS

As required by the Government Auditing Standards, we tested, as appropriate, internal controls significant within the context of our audit objectives. A deficiency in an internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to timely prevent or detect: (1) impairments to the effectiveness and efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations. Our evaluation of Our Sister's Keeper Coalition's (OSKC) internal controls was not made for the purpose of providing assurance on its internal control structure as a whole. OSKC management is responsible for the establishment and maintenance of internal controls.

As noted in the Findings and Recommendations section of this report, we identified deficiencies in OSKC's internal controls that were significant within the context of the audit objectives and based upon the audit work performed that we believe adversely affects OSKC's ability to adequately manage grant funds. OSKC provided documented financial policies and procedures for purchasing and check writing, but did not have payroll or competitive procurement procedures, which are required by the OJP Financial Guide. OSKC commingled grant funds with funding from other sources and did not maintain separate accounting records for the grant. OSKC did not consistently identify the source of funding for individual transactions. OSKC experienced financial difficulties during the scope of the grant. Because of excessive drawdowns, the OVW froze the grant in April 2012 and will continue the freeze until this audit report is issued. OSKC lacked segregation of duties, had related parties in leadership positions, used cash to pay grant expenditures, and did not check the suspension or debarment status of subrecipients.

Because we are not expressing an opinion on OSKC's internal control structure as a whole, this statement is intended solely for the information and use of OSKC. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

STATEMENT ON COMPLIANCE WITH LAWS AND REGULATIONS

As required by the Government Auditing Standards we tested, as appropriate given our audit scope and objectives, selected transactions, records, procedures, and practices, to obtain reasonable assurance that Our Sister's Keeper Coalition (OSKC) management complied with federal laws and regulations, for which noncompliance, in our judgment, could have a material effect on the results of our audit. OSKC's management is responsible for ensuring compliance with applicable federal laws and regulations. In planning our audit, we identified the following laws and regulations that concerned the operations of the auditee and that were significant within the context of the audit objectives:

- the OJP Financial Guide, dated August 2008, October 2009, and 2011;
- the OVW Financial Grants Management Guide, dated February 2012; and
- OMB Circular No. A-133, Audits of States, Local Governments and Non-Profit Organizations, dated June 26, 2007.

Our audit included examining, on a test basis, OSKC's compliance with the aforementioned laws and regulations that could have a material effect on OSKC's operations, through interviewing OSKC officials, obtaining OSKC documentation, analyzing OSKC data, and assessing OSKC internal controls.

As noted in the Findings and Recommendations section of this report, we found that OSKC did not always comply with the OJP Financial Guide with respect to separation of DOJ grant funds from other funding sources, accuracy of drawdowns, grant accounting requirements, allowability of grant expenditures, budget management, timeliness and accuracy of Progress Reports and Federal Financial Reports, grant performance, and grant goals and objectives.

OBJECTIVE, SCOPE, AND METHODOLOGY

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

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This was an audit of Office on Violence Against Women (OVW) Grant No. 2007-IW-AX-0005 awarded to Our Sister's Keeper Coalition (OSKC). Our audit concentrated on, but was not limited to, the period from the grant's September 1, 2007, start date to September 27, 2012. The grant and two supplements totaled \$570,000, and OSKC had drawn down a total of \$493,698 in grant funds through March 6, 2012.

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

In conducting our audit, we performed sample testing in three areas, which were grant expenditures (including personnel expenditures), Federal Financial Reports, and Progress Reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the awards reviewed, such as dollar amounts, expenditure category, or risk. However, this non-statistical sample design does not allow a projection of the test results for all grant expenditures or internal controls and procedures.

In addition, we evaluated internal control procedures, performance to grant objectives, and grant drawdowns, and we assessed the recipient's monitoring of subrecipients. However, we did not test the reliability of the financial management system as a whole and reliance on computer-based data was not significant to our objective.

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>QUESTIONED COSTS</u> ⁸	<u>AMOUNT</u>	<u>PAGE</u>
Unsupported Excessive Drawdowns	\$16,514	5
Unsupported Personnel Costs	\$64,292	9
Unallowable Personnel Costs	\$12,632	9
Unsupported Other Direct Costs	\$92,914	9
Unallowable Other Direct Costs	\$23,046	9
TOTAL QUESTIONED COSTS	\$209,398	
Less Duplicated Questioned Personnel Costs ⁹	(\$2,441)	
Less Duplicated Questioned Direct Costs ⁷	(\$5,310)	
TOTAL DOLLAR-RELATED FINDINGS	\$201,647	

⁸ **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.

⁹ We reduced the total dollar-related findings by the duplicated questioned costs that were questioned as both unsupported and unallowable under grant guidelines. As a result, the total questioned costs figure excludes duplicate questioned costs.

APPENDIX III

SUMMARY OF UNALLOWABLE AND UNSUPPORTED EXPENDITURES¹⁰

Transaction Date	Check No.	Payee Name	Amount Questioned
Unallowable Personnel Expenditures			
6/10/11	2313	MJC	749.88
6/16/11	2317	MJC	261.86
6/16/11	2317	MJC	749.88
9/8/11	2378	MJC	749.88
10/6/11	2396	MJC	236.91
10/6/11	2394	MJC	236.92
10/6/11	2394	MJC	749.88
10/6/11	2396	MJC	749.88
11/13/11	2408	MJC	236.92
11/13/11	2408	MJC	749.88
11/14/11	2406	MJC	236.93
11/15/11	2409	MJC	236.91
11/15/11	2409	MJC	749.88
2/8/12	2434	DM	776.18
2/8/12	2440	DM	776.19
2/8/12	2450	DEM	273.87
2/8/12	2450	DEM	776.18
2/8/12	2452	DEM	273.85
2/8/12	2452	DEM	776.19
2/8/12	2454	DEM	264.27
2/8/12	2454	DEM	776.18
2/8/12	2455	DEM	275.61
2/8/12	2455	DEM	776.18
05/12/12	2482	State of Colorado-Dept of Revenue	191.67
Total Unallowable Personnel Expenditures			\$12,631.98

¹⁰ Check No. acronyms are as stated in OSKC's general ledger: ATM indicates a cash withdrawal at an ATM; CK CARD, DR CARD, and POS indicate use of OSKC's debit card for purchases; DEP indicates a deposit; EFT indicates an electronic funds transfer; and EW indicates an electronic withdrawal from OSKC's bank account. Proper names have been converted to initials.

Transaction Date	Check No.	Payee Name	Amount Questioned
Unsupported Personnel Expenditures			
01/04/08	1044	PA	\$ 1,770.00
01/04/08	1043	DM	5,625.00
06/18/09	1798	MC	830.00
02/24/10	2014	CB	1,500.00
02/28/10	wk 37	MULTIPLE	23,813.02
05/25/10	2125	SP	499.68
02/25/11	2121	SP	846.15
03/01/11	2122	LT	645.25
03/11/11	2247	LT	671.77
03/14/11	2246	DM	1,043.72
06/10/11	2311	DM	1,043.73
06/10/11	2313	MC	749.88
06/10/11	2314	SP	864.88
06/16/11	2315	DM	1,043.72
06/16/11	2316	LT	674.75
06/16/11	2317	MC	749.88
06/16/11	2319	SP	864.88
09/08/11	2376	DM	1,113.73
09/08/11	2377	LT	674.75
09/08/11	2378	MC	749.88
09/08/11	2379	SP	864.88
09/10/11	2345	SP	864.88
10/06/11	2393	DM	1,113.72
02/06/12		Colorado Department of Revenue	387.00
2/8/12	2434	DM	776.18
2/8/12	2438	DM	776.18
2/8/12	2440	DM	776.19
2/8/12	2441	DM	776.18
02/24/12		IRS - United States Treasury	6,272.76
03/02/12	EFT	IRS – United States Treasury	4,242.73
04/05/12	2485	DW	813.18
04/05/12	2481	DM	661.52

Transaction Date	Check No.	Payee Name	Amount Questioned
05/12/12	2482	State of Colorado-Dept of Revenue	191.67
Total Unsupported Personnel Expenditures			\$64,291.74
Unallowable Other Direct Costs			
10/05/07	EW	WAL MART	\$ 80.66
12/07/07	EW	KFC OF BLOOMIFIELD	11.99
12/07/07	EW	BLOOMFIELD SUPER LUBE	269.40
12/07/07	EW	ATM-CLIENT ASSIST	82.00
01/19/08	1607	LK	50.00
02/18/08	1060	PA	60.00
02/20/08	EW		60.00
02/25/08	EW	THRIFTWAY	28.06
04/10/08	EW	SKY UTE CASINO LODGING	120.00
05/23/08	1100	PL	50.00
05/23/08	1099	PT	50.00
05/23/08	1098	KT	100.00
05/27/08	1101	KW	50.00
05/29/08	1107	KW	50.00
05/29/08	1108	KW	50.00
06/19/08	EW	EXXON MOBIL	15.02
07/24/08	1137	SB	50.00
07/24/08	1138	SB	50.00
07/25/08	EW	BASIN COOP	40.03
07/25/08	1140	CB	50.00
07/25/08	1141	RG	100.00
07/28/08	EW	CARVER BREWING CO	41.26
07/30/08	1507	SB	500.00
08/12/08	1505	PG	50.00
08/12/08	1509	TS	50.00
09/04/08	1517	MT	50.00
09/04/08	1518	MD	50.00
09/04/08	1519	CA	50.00
09/30/08	1533	GM	50.00
09/30/08	1547	BH	50.00
10/03/08	1534	NL	50.00

Transaction Date	Check No.	Payee Name	Amount Questioned
10/07/08	1542	MB	100.00
10/14/08	1546	BH	50.00
10/21/08	1551	GM	50.00
10/29/08	1553	MB	50.00
10/31/08	1555	SL	50.00
10/31/08	1554	SL	50.00
11/16/08	1561	NL	50.00
11/19/08	1557	SV	50.00
11/19/08	1558	JV	50.00
11/19/08	1559	RB	50.00
11/21/08	1563	PV	50.00
12/05/08	1564	RB	50.00
12/05/08	1565	JV	50.00
12/05/08	1566	SV	50.00
12/11/08	1581	GB	50.00
12/11/08	1582	SL	50.00
12/12/08	1583	PV	50.00
12/28/08	1592	RB	50.00
12/28/08	1589	SB	50.00
12/28/08	1591	SB	50.00
01/13/09	1600	LB	50.00
01/18/09	1605	JG	50.00
01/20/09	EW	LOWE'S	49.39
01/26/09	EW	EXXON MOBIL	15.00
01/28/09	1608	GM	50.00
01/29/09	1609	LB	50.00
02/05/09	1612	RB	50.00
02/09/09	EW	HUNTINGTON	9.56
02/09/09	EW	HUNTINGTON	21.21
02/09/09	EW	WAL MART	23.44
02/10/09	EW	GIANT 6007	23.70
02/10/09	1613	LK	50.00
02/10/09	1614	SL	50.00
02/11/09	1621	LB	50.00
02/11/09	EW	LA QUINTA INN AND SUITES	62.02

Transaction Date	Check No.	Payee Name	Amount Questioned
02/17/09	EW	HAMPTON INN	75.88
02/18/09	1622	SV	50.00
02/18/09	1623	JV	50.00
02/18/09	1624	JG	50.00
02/23/09	1637	AW	50.00
02/26/09	1625	LK	50.00
03/06/09	1641	CS	50.00
03/20/09	1649	DW	50.00
03/25/09	1655	RG	50.00
03/25/09	EW	HAMPTON INN	75.88
03/27/09	1657	LS	50.00
03/27/09	1660	PV	50.00
03/27/09	1659	MF	50.00
03/27/09	1656	VL	50.00
03/30/09	EW	SHELL OIL	37.44
03/31/09	EW	GIANT 6007	8.36
03/31/09	1666	EN	50.00
03/31/09	1664	DOJ GRANT	50.00
04/03/09	1675	IS	50.00
04/03/09	1674	SD	50.00
04/10/09	1680	RG	50.00
04/13/09	1682	PB	50.00
04/13/09	1683	TE	50.00
04/13/09	1685	VL	50.00
04/13/09	1686	MF	50.00
04/13/09	1687	TS	50.00
04/13/09	1688	TS	50.00
04/14/09	1689	EH	50.00
04/17/09	1692	MM	50.00
04/24/09	1702	JG	50.00
05/05/09	1714	LP	50.00
05/05/09	1719	RM	50.00
05/05/09	1713	AW	50.00
05/05/09	1718	AN	50.00
05/13/09	1726	MF	50.00

Transaction Date	Check No.	Payee Name	Amount Questioned
05/13/09	1727	JR	50.00
05/15/09	1730	KE	50.00
05/15/09	1731	RB	50.00
05/15/09	1729	RG	50.00
05/15/09	1739	AO	50.00
05/19/09	1735	DW	50.00
05/19/09	1725	SD	50.00
05/24/09	1705	LP	50.00
05/29/09	1748	EH	50.00
05/30/09	1747	AB	50.00
06/01/09	EW	RITE AID	17.78
06/01/09	EW	GIANT 6007	43.00
06/03/09	1760	MM	50.00
06/03/09	1761	JS	50.00
06/03/09	1763	EH	50.00
06/03/09	1764	AG	50.00
06/03/09	1765	MG	50.00
06/03/09	1762	SH	50.00
06/03/09	1758	SV	50.00
06/03/09	1754	DW	50.00
06/03/09	1755	SB	50.00
06/03/09	1759	SB	50.00
06/03/09	1756	AB	50.00
06/03/09	1757	TE	50.00
06/03/09	1752	SOUTHERN UTE UTILITIES	150.00
06/03/09	1751	LPEA	150.00
06/07/09	1766	JS	50.00
06/09/09	1768	OS	50.00
06/09/09	1769	SB	50.00
06/09/09	1767	AS	50.00
06/09/09	1793	CITY OF DURANGO	66.00
06/09/09	1753	SOUTHERN UTE INDIAN HOUSING AUTHORITY	175.00
06/10/09	1777	BS	50.00
06/10/09	1778	LS	50.00

Transaction Date	Check No.	Payee Name	Amount Questioned
06/10/09	1774	SW	100.00
06/10/09	1771	LY	100.00
06/10/09	1772	RM	100.00
06/10/09	1773	BY	100.00
06/10/09	1775	LY	100.00
06/10/09	1776	RY	100.00
06/11/09	1787	SG	50.00
06/11/09	1788	SG	50.00
06/11/09	1785	SG	50.00
06/11/09	1784	SG	50.00
06/11/09	1786	SG	50.00
06/11/09	1783	SG	50.00
06/17/09	1801	DW	50.00
06/17/09	1800	MW	50.00
06/17/09	1799	MH	50.00
06/17/09	1804	RR	50.00
06/17/09	1802	RW	50.00
06/18/09	1790	LP	50.00
06/18/09	1789	LP	50.00
06/18/09	1803	ST	50.00
06/19/09	1806	AN	50.00
06/19/09	1811	EC	50.00
06/19/09	1810	RB	50.00
06/23/09	EW	CASH	42.95
06/24/09	EW	CORRECTIONAL BILL SERVICES	56.95
06/25/09	EW	SECURE PAK	49.60
06/26/09	EW	SEARS	40.78
06/29/09	1814	MJ	50.00
06/30/09	1820	JR	110.00
06/30/09	1815	EH	50.00
06/30/09	1812	EH	50.00
06/30/09	1816	EH	50.00
06/30/09	1832	MC	50.00
06/30/09	1833	MC	50.00

Transaction Date	Check No.	Payee Name	Amount Questioned
06/30/09	1834	MC	50.00
06/30/09	1835	MC	50.00
06/30/09	1836	MC	50.00
06/30/09	1838	SG	50.00
06/30/09	1837	EH	150.00
06/30/09	EW	CASH	260.00
07/01/09	1825	DW	50.00
07/01/09	1826	SB	50.00
07/01/09	1829	JR	50.00
07/01/09	1831	JR	50.00
07/01/09	1822	LS	50.00
07/01/09	1821	EC	50.00
07/01/09	1823	MT	250.00
07/01/09	1824	MH	300.00
07/02/09	1830	JR	50.00
07/06/09	1839	SG	50.00
07/06/09	1840	SG	50.00
07/06/09	1841	MC	50.00
07/06/09	1842	MC	50.00
07/06/09	1843	MC	50.00
07/06/09	1844	MC	50.00
07/06/09	1845	JC	50.00
07/08/09	1847	CITY MARKET	31.40
07/08/09	1848	SS	50.00
07/09/09	1853	EH	50.00
07/09/09	1849	SB	150.00
07/13/09	1854	EC	50.00
07/13/09	1855	EH	50.00
07/14/09	EFT	GREYHOUNDLINES	59.60
07/16/09	1867	EN	50.00
07/16/09	1858	VL	50.00
07/16/09	1859	TS	50.00
07/16/09	1860	TS	50.00
07/16/09	1861	MB	50.00
07/16/09	1866	EN	150.00

Transaction Date	Check No.	Payee Name	Amount Questioned
07/17/09	EFT	KFC OF DURANGO	29.92
07/23/09	1868	CS	50.00
07/23/09	1869	JS	50.00
07/23/09	1870	SB	50.00
07/23/09	1871	AO	50.00
07/29/09	1875	DW	50.00
07/30/09	EFT	RITE AID	44.79
07/30/09	1873	KG	50.00
07/30/09	1874	CG	50.00
07/30/09	1877	KA	50.00
07/30/09	1878	JL	50.00
07/30/09	1879	SD	50.00
07/30/09	1881	TE	50.00
07/30/09	1880	CD	50.00
07/30/09	1883	MB	50.00
07/30/09	1884	MB	150.00
07/31/09	EFT	CITY MARKET	17.49
08/03/09	EFT	WELLS FARGO	102.00
08/03/09	1892	KG	35.00
08/03/09	EFT	AMERICA'S BEST VALUE IN FARMINGTON	123.16
08/05/09	1896	DD	50.00
08/06/09	EFT	RITE AID	20.18
08/06/09	EFT	WELLS FARGO	103.00
08/06/09	EFT	GREYHOUNDLINES	132.00
08/07/09	1895	BD	50.00
08/07/09	EFT	BUDGET INN	75.83
08/09/09	1897	WP	100.00
08/10/09	EFT	WENDY'S	21.61
08/12/09	EFT	LA PLATA ELECTRIC	180.00
08/13/09	1901	RR	50.00
08/13/09	1902	JR	50.00
08/13/09	1903	JR	100.00
08/13/09	1900	MH	250.00
08/17/09	EFT	TRAVELODGE	352.80

Transaction Date	Check No.	Payee Name	Amount Questioned
08/17/09	1906	EH	50.00
08/17/09	1907	EH	50.00
08/17/09	1908	LD	50.00
08/17/09	EFT	WELLS FARGO	100.00
08/17/09	1909	SG	150.00
08/17/09	1929	HEALING HEARTS-A PLACE FOR HEALING	300.00
08/18/09	1923	TE	50.00
08/18/09	1924	LB	50.00
08/24/09	EFT	CORRECTIONAL BILL SERVICES	56.95
08/25/09	EFT	TRAVELODGE	184.80
08/26/09	EFT	BASIN COOP	50.00
08/28/09	1927	JG	50.00
08/28/09	1928	AO	50.00
08/28/09	EFT	CORRECTIONAL BILL SERVICES	56.95
08/31/09	EFT	CONNECT WEB	40.00
09/01/09	EFT	COX CONOCO	30.00
09/01/09	EFT	CORRECTIONAL BILL SERVICES	56.95
09/09/09	EFT	BM	6.95
09/09/09	EFT	CORRECTIONAL BILL SERVICES	50.00
09/18/09	1940	LB	45.00
09/22/09	EFT	CORRECTIONAL BILL SERVICES	56.95
09/24/09	EFT	7 2 11	7.72
09/25/09	EFT	THIRFTWAY	25.00
10/05/09	1947	DOJ GRANT	206.50
10/13/09	ATM	WELLS FARGO	2.50
10/13/09	ATM	WELLS FARGO	102.00
10/19/09	1954	CB	50.00
10/19/09	1955	AO	50.00
11/03/09	1965	LM	50.00
11/10/09	EW	SHELL OIL	30.03
11/17/09	1977	EW	25.00

Transaction Date	Check No.	Payee Name	Amount Questioned
12/02/09	1985	ST	50.00
12/07/09	EW	ACCESS - INMATE PACKAGE PROGRAM	28.90
12/07/09	EW	ACCESS - INMATE PACKAGE PROGRAM	50.00
03/01/10	2021	LP	50.00
03/01/10	2023	DOJ GRANT	75.00
03/17/10		DOJ GRANT	452.50
03/23/10	2042	DOJ GRANT	25.00
03/23/10	2040	DOJ GRANT	25.00
03/23/10	2043	DOJ GRANT	25.00
03/23/10	2044	DOJ GRANT	50.00
03/23/10	2047	DOJ GRANT	50.00
03/23/10	2045	DOJ GRANT	75.00
03/23/10	2046	DOJ GRANT	75.00
03/23/10	2041	DOJ GRANT	75.00
04/07/10	2066	DOJ GRANT	25.00
04/08/10	2068	KATCHINA KITCHEN	45.95
04/26/10	ATM	WELLS FARGO	102.00
05/12/10	EW	KFC OF DURANGO	39.99
05/24/10	EW	DOJ GRANT	63.08
05/25/10	2118	EN	50.00
05/27/10	EW	TACO BELL	15.03
05/27/10	EW	KFC OF DURANGO	28.85
07/12/10	2146	NL	50.00
07/12/10	2149	LM	50.00
07/23/10	EW	WAL MART	134.91
08/09/10	EW	PIZZA HUT	39.24
08/10/10	2158	LP	25.00
08/10/10	2159	EY	25.00
08/10/10	2160	EN	25.00
08/10/10	2161	SB	25.00
08/10/10	2162	KC	25.00
10/07/10	2184	DOJ GRANT	25.00
10/07/10	2185	ASK DIANE	25.00
10/12/10	EW	DOJ GRANT	94.00

Transaction Date	Check No.	Payee Name	Amount Questioned
10/19/10	2192	JF	50.00
11/08/10	2201	LP	100.00
11/08/10		ANETH LODGE	174.35
11/09/10		TORTILLA FLATS	28.07
11/09/10		SHELL OIL	36.03
11/09/10		ORE HOUSE ON THE PLAZA	65.50
11/09/10		LA QUINTA INN AND SUITES	67.97
11/09/10		LA QUINTA INN AND SUITES	86.36
11/19/10	N/A	DENNY'S	62.02
12/09/10	2211	LJ	50.00
02/15/11	2237	LP	100.00
03/24/11	2264	GM	25.00
03/24/11	2265	GM	20.00
03/25/11	CK CARD	ACCESS - INMATE PACKAGE PROGRAM	99.80
03/29/11	2263	KC	25.00
05/05/11	CK CARD	PIZZA HUT	49.36
05/09/11	CK CARD	PIZZA HUT	42.84
05/16/11	2295	KC	85.00
05/17/11	2294	MC	100.00
05/17/11	2296	LP	25.00
05/19/11	2297	SF	25.00
06/01/11	CK CARD	SERIOUS TEXAS BBQ	9.75
06/01/11	CK CARD	SERIOUS TEXAS BBQ	42.00
06/21/11	CK CARD	SERIOUS TEXAS BBQ	21.50
06/21/11	CK CARD	SERIOUS TEXAS BBQ	83.00
09/12/11	CK CARD	EXXON MOBIL	50.00
09/29/11		AXXIS AUDIO OF DURANGO	520.00
09/29/11	CK CARD	EXXON MOBIL	17.86

Transaction Date	Check No.	Payee Name	Amount Questioned
09/30/11	CK CARD	SERIOUS TEXAS BBQ	88.25
10/21/11	CK CARD	SERIOUS TEXAS BBQ	54.00
12/16/11		LA QUINTA INN AND SUITES	83.51
12/28/11	POS	WAL MART	77.82
12/29/11	CK CARD	BASIN COOP	30.00
01/18/12	POS	JCPENNY	94.95
01/23/12	CK CARD	CAR WASH MACHINE	5.08
02/08/12	2419	CDR PROPERTIES, LLC	754.10
02/08/12	2427	DM	57.36
02/24/12	POS	WAL MART	151.84
02/27/12	POS	SAMS CLUB	54.78
02/27/12	2462	MO	76.50
02/27/12	2464	SF	76.50
03/13/12	2463	LP	76.50
Total Unallowable Other Direct Costs			\$ 23,046.49
Unsupported Other Direct Costs			
02/28/07	EW	WOLF CREEK SKI LODGE	\$ 53.66
09/18/07	1026	DURANGO OFFICE SUITES	1,000.00
10/09/07	EW	OFFICE DEPOT	414.46
10/17/07	1031	LW	427.34
12/07/07	EW	ATM-CLIENT ASSIST	82.00
12/10/07	EW	"MNM LLC" IN AURORA, CO	42.07
02/12/08	1051	DC	2,500.00
02/14/08	1056	OL	3,059.50
02/28/08	1070	DURANGO OFFICE SUITES	1,531.35
04/10/08	EW	SKY UTE CASINO LODGING	120.00
04/11/08	1087	WK	900.00
04/11/08	1088	DM	900.00
05/01/08	EW	FRONTIER AIRLINES	466.38
07/25/08	1140	CB	50.00
07/28/08	EW	CARVER BREWING CO	41.26

Transaction Date	Check No.	Payee Name	Amount Questioned
07/30/08	1507	SB	500.00
09/04/08	1517	MT	50.00
09/08/08	EW	UNITED AIRLINES	379.00
09/11/08	1525	ALLIED GENERAL	1,800.00
09/18/08	1540	ADVANCED COMMUNICATIONS	65.00
09/25/08	1528	DC	2,500.00
09/30/08	EW	HC	162.62
09/30/08	1533	GM	50.00
10/14/08	1543	AM	570.00
10/20/08	1550	DM	171.37
10/21/08	1551	GM	50.00
11/10/08	EW	BEST WESTERN DURANGO	94.00
01/14/09	1601	INNOVATIVE MEDIA	1,200.00
01/20/09	EW	LOWE'S	49.39
02/06/09	1610	IP	490.00
02/10/09	1613	LK	50.00
02/19/09	EW	UNITED AIRLINES	470.40
02/22/09	1629	DM	988.42
04/10/09	1680	RG	50.00
05/05/09	1714	LP	50.00
05/15/09	1739	AO	50.00
05/21/09	EW	KFC OF DURANGO	47.22
05/30/09	1747	AB	50.00
06/03/09	1756	AB	50.00
06/10/09	1774	SW	100.00
06/11/09	1784	SG	50.00
06/11/09	1783	SG	50.00
06/18/09	1790	LP	50.00
06/19/09	1810	RB	50.00
06/29/09	1814	MJ	50.00
07/17/09	EFT	KFC OF DURANGO	29.92
08/04/09	EFT	HOTEL FRONT DESK	169.60
08/04/09	EFT	HOTEL FRONT DESK	169.60
08/31/09	EFT	ALLTEL	65.00

Transaction Date	Check No.	Payee Name	Amount Questioned
09/07/09	1938	KA	2,400.00
09/21/09	EFT	CORRECTIONAL BILL SERVICES	56.95
09/29/09	EFT	CORRECTIONAL BILL SERVICES	56.95
10/13/09	EFT	HILTON HOTELS	398.76
10/13/09	ATM	WELLS FARGO	2.50
10/13/09	ATM	WELLS FARGO	102.00
10/19/09	1955	AO	50.00
10/19/09	1956	JG	50.00
10/19/09	1957	TS	50.00
10/23/09	1958	AN	50.00
10/26/09	ATM	WELLS FARGO	2.50
10/26/09	ATM	WELLS FARGO	42.60
10/27/09	1959	JS	50.00
10/27/09	EFT	CORRECTIONAL BILL SERVICES	56.95
10/27/09	EFT	CORRECTIONAL BILL SERVICES	56.95
10/29/09	1960	EW	50.00
10/29/09	1962	EH	50.00
11/02/09	1963	LB	50.00
11/03/09	1965	LM	50.00
11/04/09	1966	JG	50.00
11/10/09	EW	SHELL OIL	30.03
11/15/09	1976	CDR PROPERTIES, LLC	900.00
11/17/09	1977	EW	25.00
11/17/09	1975	BEAU JOS	53.69
11/19/09	1978	WP	50.00
11/22/09	1981	AO	50.00
12/02/09	1983	EW	50.00
12/02/09	1985	ST	50.00
12/09/09	EW	QWEST	70.00
12/10/09	EW	ALLTEL	60.00
01/08/10	1993	CA	50.00
01/11/10		GREYHOUNDLINES	148.05

Transaction Date	Check No.	Payee Name	Amount Questioned
01/12/10	1994	WA	50.00
01/19/10	N/A	UNITED AIRLINES	797.50
01/29/10		CORRECTIONAL BILL SERVICES	36.95
01/29/10		WELLS FARGO	60.00
02/01/10		GRANDVIEW SONOCO	10.00
02/01/10		WELLS FARGO	160.00
02/02/10		MESA MARKET	5.60
02/09/10		GRANDVIEW SONOCO	30.00
02/09/10	1995	KC	50.00
02/22/10		PIZZA HUT	49.77
02/24/10	2010	LL	50.00
02/24/10	2013	SG	50.00
02/24/10	2012	SG	50.00
02/24/10	2011	SG	50.00
02/24/10	2015	SL	50.00
03/01/10	2021	LP	50.00
03/17/10	N/A	WELLS FARGO	452.50
03/17/10			2.50
03/17/10		WELLS FARGO	122.00
03/17/10		WELLS FARGO	300.00
03/22/10	2036	CDR PROPERTIES, LLC	3,200.00
03/22/10		DSW SHOE WAREHOUSE	86.91
03/22/10	2054	WP	100.00
03/23/10	2055	ASAP ACCOUNTING & PAYROLL	567.00
03/23/10	2060	JK	50.00
03/23/10	2059	SG	100.00
03/25/10	2053	HEALING HEARTS-A PLACE FOR HEALING	515.00
04/08/10	2068	KATCHINA KITCHEN	45.95
04/09/10	2076	MB	25.00
04/15/10	2084	AF	3,000.00
04/15/10	2077	MB	25.00
04/15/10	2079	EC	25.00
04/15/10	2080	YD	25.00

Transaction Date	Check No.	Payee Name	Amount Questioned
04/15/10	2087	YD	25.00
04/15/10	2088	EC	25.00
04/15/10	2078	MH	100.00
04/19/10	EW	USAIRWAYS	406.80
04/26/10	2097	HEALING HEARTS-A PLACE FOR HEALING	900.00
04/26/10	2058	WP	50.00
04/26/10	ATM	WELLS FARGO	102.00
04/26/10	2098	EMPIRE ELECTRIC ASSOC	166.77
04/27/10	2096	WP	50.00
04/27/10	2095	WP	50.00
05/03/10	EFT	SHELL OIL	20.13
05/03/10	EFT	GIANT 6007	38.79
05/03/10	EFT	LA QUINTA INN AND SUITES	86.44
05/05/10	2104	SG	900.00
05/05/10	2101	YD	50.00
05/05/10	2102	BB	100.00
05/05/10	2106	DM	134.50
05/06/10	2107	AO	50.00
05/11/10	2108	WP	50.00
05/11/10	2109	WP	50.00
05/11/10	2110	LS	50.00
05/11/10	2111	MB	50.00
05/12/10	EW	KFC OF DURANGO	39.99
05/19/10	EW	WELLS FARGO	60.00
05/20/10	EW	EXXON MOBIL	6.91
05/25/10	2114	NL	50.00
05/25/10	2115	DD	50.00
05/25/10	2116	MV	50.00
05/25/10	2117	LJ	50.00
05/25/10	2118	EN	50.00
05/25/10	2119	ML	50.00
05/25/10	2120	AW	50.00
05/25/10	2121	WP	50.00
05/27/10	EW	TACO BELL	15.03

Transaction Date	Check No.	Payee Name	Amount Questioned
05/27/10	EW	KFC OF DURANGO	28.85
06/10/10	2130	CA	50.00
06/10/10	2131	DC	50.00
06/10/10	2132	YD	50.00
06/10/10	2134	NW	50.00
06/14/10		V-CONNECT	60.00
06/16/10	2137	DM	451.00
06/21/10		WELLS FARGO	100.00
07/06/10	EW	ACE LIMOUSINE/TAXI	75.00
07/06/10	EW	HERTZ RENTAL	359.18
07/06/10	EW	EXPEDIA TRAVEL	462.21
07/07/10	EW	LA QUINTA INN AND SUITES	71.73
07/12/10	2145	KH	50.00
07/12/10	2146	NL	50.00
07/12/10	2147	CM	50.00
07/12/10	2148	CW	50.00
07/12/10	2149	LM	50.00
07/19/10	EW	AMERICAN FURNITURE	1,037.77
07/23/10	EW	FRONTIER AIRLINES	319.40
07/23/10	EW	WAL MART	134.91
07/29/10	EW	BURGER KING	15.52
08/05/10	2153	CDR PROPERTIES, LLC	800.00
08/09/10	EW	PIZZA HUT	39.24
08/16/10	ATM	WELLS FARGO	102.50
08/17/10	EW	SAN JUAN VETERINARY	200.00
08/18/10	EW	CORRECTIONAL BILL SERVICES	31.95
08/19/10	ATM	WELLS FARGO	22.50
08/30/10	2174	UTE MOUNTAIN UTE INDIAN TRIBE	3,000.00
08/30/10	2173	CDR PROPERTIES, LLC	800.00
08/30/10	2175	CA	100.00
09/09/10	2177	HEALING HEARTS-A PLACE FOR HEALING	3,000.00
09/13/10	2178	ALLIED GENERAL	1,673.75
09/13/10	2179	GW	34.00

Transaction Date	Check No.	Payee Name	Amount Questioned
09/13/10	2180	CW	50.00
09/13/10	2181	LJ	50.00
09/13/10	2182	CR	50.00
09/21/10		WAL MART	66.15
09/22/10	2116	SS	50.00
09/23/10		LOS TEL TO	9.87
09/27/10		WAL MART	22.01
10/07/10	2183	HEALING HEARTS-A PLACE FOR HEALING	3,000.00
10/18/10	ATM	WELLS FARGO	2,200.00
10/19/10	2188	LM	50.00
10/19/10	2190	PK	50.00
10/19/10	2191	TO	50.00
10/19/10	2192	JF	50.00
10/19/10	2193	CW	50.00
10/19/10	2194	FN	50.00
10/19/10	2195	BB	50.00
10/21/10	2071	AF	1,300.00
10/27/10		WELLS FARGO	2.50
10/27/10	ATM	WELLS FARGO	102.50
11/01/10	2196	PK	50.00
11/01/10	EW	CORRECTIONAL BILL SERVICES	56.95
11/05/10	ATM	WELLS FARGO	62.00
11/08/10	2202	MW	50.00
11/08/10	2201	LP	100.00
11/08/10	2200	SG	150.00
11/08/10		ANETH LODGE	174.35
11/09/10		TORTILLA FLATS	28.07
11/09/10		SHELL OIL	36.03
11/09/10		ORE HOUSE ON THE PLAZA	65.50
11/09/10		LA QUINTA INN AND SUITES	67.97
11/09/10		LA QUINTA INN AND SUITES	86.36
11/10/10	2119	ASAP ACCOUNTING	52.50
11/18/10	NO #	WELLS FARGO	300.00
11/18/10		ANETH LODGE	174.35

Transaction Date	Check No.	Payee Name	Amount Questioned
11/19/10	N/A	UNITED AIRLINES	747.30
11/19/10	N/A	DENNY'S	62.02
11/22/10	N/A	UNITED AIRLINES	747.30
11/22/10	N/A	WELLS FARGO	462.00
11/24/10		BASIN COOP	20.02
11/30/10	2205	FN	50.00
11/30/10	2206	FN	100.00
12/09/10	2213	ST	499.68
12/09/10	2210	NW	50.00
12/09/10	2211	LJ	50.00
12/09/10	2212	PK	50.00
12/28/10	2216	CDR PROPERTIES, LLC	1,333.00
12/30/10	EW	FRANCISCOS RESTAURANT	83.97
01/03/11	2218	JG	50.00
01/03/11	2219	JG	50.00
01/18/11	2076	ST CONTRACTUAL SERVICES - JAN 2011	498.00
01/18/11	CK CARD	THE PATIO	11.10
01/20/11	CK CARD	SECURUS CORR BILL SVCS	106.95
01/21/11	2223	FN	50.00
01/21/11	2222	FN	50.00
01/24/11	CK CARD	SECURUS CORR BILL SVCS	106.95
01/27/11	2224	DP	50.00
02/08/11	2238	DM	192.00
02/08/11	POS	WAL MART	90.54
02/09/11	2227	HEALING HEARTS-A PLACE FOR HEALING	105.00
02/11/11	2245	ST	499.00
02/22/11	2235	YD	50.00
02/28/11	2123	ST	499.00
03/09/11	2078	SL	100.00
03/11/11	2081	CW	50.00
03/11/11	CK CARD	EVERY DAY	20.00

Transaction Date	Check No.	Payee Name	Amount Questioned
03/17/11	2253	FN	50.00
03/18/11	2254	JC	300.00
03/24/11	2261	KG	50.00
03/24/11	2260	LS	50.00
03/24/11	2259	WP	50.00
03/25/11	CK CARD	ACCESS - INMATE PACKAGE PROGRAM	99.80
03/28/11	CK CARD	LIBERTYDATE/FEINSEARCH	39.99
03/30/11	2266	AW	50.00
03/30/11	2267	GH	100.00
03/30/11	2268	KG	50.00
04/11/11	CK CARD	BASIN COOP	60.02
04/21/11	CK CARD	EXXON MOBIL	50.02
04/21/11	POS	WAL MART	167.10
04/25/11	ATM	CASH	60.00
04/27/11	CK CARD	EXXON MOBIL	50.02
05/05/11	CK CARD	PIZZA HUT	49.36
05/09/11	CK CARD	PIZZA HUT	42.84
05/11/11	2291	FN	50.00
05/16/11	CK CARD	BASIN COOP	20.00
05/16/11	CK CARD	EXXON MOBIL	24.03
05/16/11	POS	EXXON MOBIL	45.03
05/17/11	2294	MC	100.00
05/18/11	CK CARD	USAIRWAYS	288.90
05/19/11		TRANSFER	100.00
05/27/11	2320	AC	1,200.00
06/01/11	CK CARD	SERIOUS TEXAS BBQ	9.75

Transaction Date	Check No.	Payee Name	Amount Questioned
06/01/11	CK CARD	SERIOUS TEXAS BBQ	42.00
06/06/11		CASH	200.00
06/10/11		CASH	350.00
06/10/11	CK CARD	WAL MART	64.99
06/13/11	CK CARD	SKY UTE CASINO RESORT	126.81
06/20/11	2323	FN	50.00
06/21/11	CK CARD	SERIOUS TEXAS BBQ	21.50
06/21/11	CK CARD	SERIOUS TEXAS BBQ	83.00
06/29/11	CK CARD	AT & T	539.73
07/05/11	2332	DM	374.50
07/05/11		CASH	182.50
07/05/11	POS	BEST BUY	128.53
07/05/11	POS	KID'S FOOT	42.85
07/05/11	POS	WAL MART	60.07
07/15/11	2340	GRIGSBY COURT REPORTING	360.00
07/27/11	CK CARD	EXXON MOBIL	14.30
08/02/11	2357	DM	374.50
08/08/11	CK CARD	SAMS CLUB	74.98
08/11/11	2364	MB	50.00
08/24/11	2365	DP	50.00
08/29/11	CK CARD	BASIN COOP	40.02
08/31/11	POS	SAMS CLUB	27.26
09/12/11	CK CARD	EXXON MOBIL	50.00
09/26/11	2381	ALLIED GENERAL	1,828.25
09/29/11		AXXIS AUDIO OF DURANGO	520.00
09/30/11	CK CARD	SERIOUS TEXAS BBQ	88.25
10/18/11		AM	1,500.00

Transaction Date	Check No.	Payee Name	Amount Questioned
10/21/11	CK CARD	SERIOUS TEXAS BBQ	54.00
11/14/11	DEP	OVERDRAFT PROTECTION	246.71
12/02/11		AM	870.26
12/16/11		LA QUINTA INN AND SUITES	83.51
02/08/12	2431	DM	3,800.00
02/08/12	2432	DM	1,000.00
02/08/12	2431	DM	1,000.00
02/08/12	2422	DW	500.00
02/08/12	2423	DM	300.00
02/08/12	2422	DW	255.00
02/08/12	2422	DW	196.00
02/08/12	2428	DM	58.54
02/08/12	2418	CLARK, WHITE AND ASSOCIATES	950.00
02/21/12		BUSINESS MARKET SAVINGS	100.00
02/22/12	2460	DM	791.48
02/23/12	2461	GM	76.50
02/24/12	POS	WAL MART	151.84
02/27/12	2464	SF	76.50
02/27/12	2462	MO	76.50
02/27/12	2465	DR	75.00
02/27/12	2462	LP	75.00
02/27/12	2462	MO	75.00
02/27/12	2464	SF	75.00
03/12/12	2474	LINUX BOX	400.00
04/17/12		TRANSFER	100.01
05/10/12	ATM	CASH	103.00
06/07/12	2489	SF	25.00
06/14/12	DR CARD	AT & T	371.10
07/22/12	2488	LP	25.00
Total Unsupported Other Direct Costs			\$92,913.83

OUR SISTER'S KEEPER COALITION RESPONSE



Our Sister's Keeper Coalition, Inc.

A Tribal Coalition Assisting Survivors of Family Violence and Sexual Violence

December 12, 2013

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

Dear Mr. Shereen:

In August of 2012, OIG auditor spent two weeks at Our Sister's Keeper Coalition (OSKC) reviewing files with the assistance of the Acting Executive Director. Since she was only in this position for two months approved by BOD (Board of Directors), OVW (Office of Violence Against Women), GANS (Grant approval August 1, 2012), she was not familiar enough with the electronic and hard copy files to respond fully to some of the auditor's questions. After leaving in September 2012, OSKC received a few follow-up questions in February 2013 and then did not have any correspondence from the auditor until October 29, 2013. This information was emailed without a phone call alerting OSKC that the draft audit was finally complete. Although Ms. White tried several times to call the auditor to determine if there were additional questions, no responses were given until the audit email was sent.

Our Sister's Keeper Coalition Inc. (OSKC) received notice of the draft audit report on October 18, 2013. The office did not have access to the internet prior to October 18, 2013 due to a move in a rural location on the Southern Ute Indian Reservation; and did not realize that the Regional Audit Office does not use the United States Postal Service and is a non-paper/hard copy office.

Although the initial audit email stated that OSKC had 21 days to respond to the 54 page report, OSKC appreciates the additional 30 days to more accurately respond to this audit since the negative conclusions and generalizations about this dedicated organization took the volunteers and Board of Directors (BOD) by surprise.

The draft audit listed several findings and generalizations to the point of unfounded accusations about this organization. The Acting Director had provided back-up documents to the auditor but it appears that this information may not have been documented in the exact format as an accountant would prefer. Many of these items listed in this draft audit report could have easily been explained and additional information provided if the auditor had communicated their questions during the fourteen months they were reviewing the documents scanned from OSKC's files in the end of August 2012.

However, OSKC has always had sound financial management policies and procedures based on the federal and state guidelines. OSKC was not subject to the mandatory annual audit and did not make this a practice. OSKC was diligent to incorporate OJP Financial Guide and 2012 OVW Financial Grants Management policies and procedures based on federal rule of law. Further, OSKC had difficulties in obtaining timely responses from OVW that impacted OSKC's ability to effectively manage the grant. The most significant is correspondence from OSKC to OVW pertaining to reimbursement policy to DOJ for any incorrect transactions.

Throughout the six-year DOJ OVW grant, the DOJ grant manager never once questioned the narrative performance reports and the financial reports. In fact, DOJ renewed the grant and increased the funding over the six-year grant period demonstrating their approval of OSKC's performance to meet their stated goals and objectives. Since there had been no red flag warnings or specific comments on reporting issues, OSKC Board of Directors and Acting Executive Director were shocked when this audit listed numerous issues that could have been easily prevented if the OVW had provided specific templates that demonstrated exactly how the files should be kept and allowed for grant funds to be used for accounting and payroll services.

Our Sister's Keeper Coalition, Inc. (OSKC) is a relatively small non-profit organization located in the Southwest region of Colorado and serves all victims of domestic violence on the Southern Ute Reservation, Ute Mountain Ute Reservation, LaPlata County, San Juan County, Archuleta County, and Montezuma County in the State of Colorado. The two Colorado Ute Tribes, Southern Ute and Ute Mountain Ute, has historically been supportive of all domestic violence services provided by OSKC. The limited resources and funding has been a recent challenge for OSKC; and more recently has limited the managerial and accounting activities of this small non-profit.

OSKC would like to note that at the time of this audit the founder and executive director of OSKC, Diane Millich, [REDACTED], and was unavailable to participate in the audit due to health [REDACTED]. The acting director was not in a position to respond to the auditor's questions regarding Grant Number: 2007-IW-AX-0005 since she had not worked with the organization during the grant period..

OSKC's response to the draft audit will follow the same format as the report to allow for OSKC to comment on some of the conclusions/generalizations made in the: Internal Control Environment, Drawdowns, Grant Expenditures and other areas.

Internal Controls - Page 4 of the Draft Audit:

The first point is correct in stating that the former director resigned in April 2012 and the Acting Director only had been in the position for two months which limited the Acting Director's knowledge of the past operating procedures and struggled to provide information to the auditor. However, this statement does not share the fact that the Former Director Diane Millich was forced to resign per OVW administrator, Kathy Howkumi, due to her illness and denied by OVW [REDACTED] despite OSKC policy allowing this benefit. She was [REDACTED] and could not be weakened by constant calls to clarify OSKC's internal control procedures.

The Acting Director, her sister Dedra White, had returned from University of Denver working on her Juris Doctorate and believed that the victims of domestic violence needed to have Our Sister's Keeper to call for support in the time of crisis. At this time of organizational crisis, Ms. White contacted OVW and informed them of the change in leadership and asked assistance to bring her up to speed in grant management protocol. However, there was no OVW assistance to ensure that this unplanned transition in leadership went as smoothly as possible. If OVW provided standard templates for personnel records, monitoring of contracts and client intake form checklists to the Acting Director or available on their website for other Tribal Coalitions, much of these questions may have never arisen and been questioned in this audit or audits for other OVW grantees.

The second point questioned who was on the Board of Directors. The first paragraph on Page 5 continues to elaborate more on the auditor's conclusions about the Board of Directors. It seemed that the auditor and possibly others that review this audit might not fully understand the Native culture of living and volunteering on an Indian Reservation. Reservations provide a limited number of people to participate on a Board of Directors. Although the auditor states, "the board leadership did not appear to have backgrounds consistent with the skills and knowledge required for their positions", he did not review the Boards' resumes which would have demonstrated that the majority of the members had Masters or Bachelor Degrees in the Health and Human Services or related field.

Since a Tribe's primary goal is to provide benefit to the Tribal Members, over 50% of the people on a Reservation are related either through family or adopted as family. The auditor highlights that the Board's Treasurer's daughter was also on the Board. The daughter was recruited to provide input on challenges with dating violence and issues pertaining to the youth which is one of DOJ's target priorities. Since she was under 18, her input strengthened OSKC's response to dating violence issues. The auditor questioned why the previous Director's ex-husband was on the Board. He is a Southern Ute Tribal member and his input was important and his role in the community demonstrated his commitment to stop domestic violence providing an important role model for other Indian men and youth.

Although it would have been ideal to have an accountant in the Treasurer position, there are a very limited number of accountants that were not already busy helping other non-profits. If the DOJ Grant Manager had allowed for a reasonable percentage of the grant to be used for accounting services, this gap would have been easily resolved with an independent accounting firm that would have been there to ensure that standard accounting procedures were followed. Many Tribes have an improved Indirect Cost Agreement (IDC) that allows for IDC to be charged to the grant which allows for the financial division to assist with meeting all of the requirements of Federal Grant Management. Since many small non-profits do not have an approved IDC Rate, DOJ should consider allowing grant funds to pay for accounting services to ensure approved accounting procedures are followed.

OSKC's agrees with the third statement that ATM withdrawals of cash to pay grant expenditures should not have occurred and has remedied the situation by adopting a financial management policy to ensure this does not happen in the future.

The auditor's fourth point states that OSKC's followed their financial policy to require W-9 forms and agreements before a contractor could begin work, the policy did not have a monitoring policy

in place. OSKC is currently updating the sub-contracting monitoring procedures and will implement this in the near future.

Although DOJ OVW had approved the format of the Coalition's Financial Policies in 2007, OSKC Financial Management Policy, Vol. 1, OVW did not notify OSKC's that the policy was lacking a monitoring policy. The former Executive Director stated that Healing Hearts and other contractors provided a monthly report that was reviewed before their invoice was paid. Thus, the Director ensured that the work that stated in the agreement was completed.

The auditor's fifth point states that OSKC had no segregation of duties. At the time of the audit, the Acting Director was the only employee. Since DOJ had frozen the grant funds in May 2012, there was not enough funds and little assurance from DOJ that they would unfreeze the account to pay for employees. In fact, the DOJ Grant Manager had said that the Acting Director could not even be paid because she was a family member even though she had a Masters Degree in Counseling Psychology. Once Ms. Howkumi stated this, Ms. White did not accept any more paychecks and has been working on a volunteer basis. She asked DOJ how the grant should be reimbursed, but no formal response was given. Thus, the Acting Director continued to pay the rent, supplies, accountant fees, conference materials, constant contact, promotional items and the hotline phone bills from her own personal account which offset the salary that she had received. The organization could not recruit someone to fulfill the position since the DOJ funding had been frozen. To sustain the program, the Acting Director stepped in to assist with paying the rent to ensure that the victims still had an organization to turn to in times of crisis.

Drawdowns - Page 5 of the Draft Audit:

Although OSKC has not had time to go through every item listed in this draft audit due to the limited time to comment, it is unclear how the DOJ /GMS would have allowed more funds to be drawn-down than what was shown on the financial reports. After reviewing this comment with the former Executive Director, she showed the Acting Director each drawdown file showing how all of the invoices and supporting documents were clipped to each excel spreadsheet documenting the total amount expensed and the amount to be drawn down.

This will be further reviewed when OSKC works with DOJ on the audit follow-up. Once again, there are comments about the general ledger not aligning with general accounting procedures which would have not occurred if an accountant was an eligible cost for DOJ funded grants especially if an organization was not claiming Indirect Cost in the budget.

Grant Expenditures - Page 6 of the Draft Audit:

Personnel and Fringe Benefits: Although there were several challenges discussed in the personnel and fringe benefits category, OSKC had originally contracted with a personnel agency ASAP Accounting and Payroll Services to ensure that these items were completed properly for the first two grant periods. The questioned personnel costs are in the time period for the third grant. Contracting with ASAP was now considered an ineligible cost for the third grant period thus leading to less perfect time data. With ample time, the items listed can be evaluated and all the required documentation will be provided.

The draft audit attachment Appendix III list 57 unallowable and unsupported personnel transactions. Appendix III has been modified with additional columns to help clarify OSKC's responses. Several items listed in the Personnel section were approved DOJ Grant Budgeted items like the Executive Director's and the Community Coordinator's position. These were eligible costs but additional back-up documentation will be provided to remedy these items and have the information properly documented. Once again, if basic templates were provided on the OVW website, these errors would not have occurred and a lot of valuable staff/volunteer time could have been spent helping the victims than trying to guess how OVW and the auditor wanted the information.

OSKC has internal control in place that required the Board of Directors to approve all payroll transactions before the paychecks were issued. The Director did not sign the paycheck until the Board approved. At a DOJ training meeting in Tucson after several years of the grant, Ms. Howkumi told Ms. White that the Executive Director was not allowed to sign her own paychecks. After this was noted by DOJ, OSKC changed the procedure to have the Board Treasurer or other Board member sign the paychecks.

Other Direct Costs - Page 9 of the Draft Audit:

The primary goals and budget items approved in the grant were for emergency services for victims, staff salary, rent, hotline phone bills, and consultants to assist in training and providing services to the victims. The direct cost comments appear to be based on a bias opinion than on fact as stated in the audit's procedure section.

The auditor states that some of the expenses occurred during unbudgeted periods. Staff recently reviewed the GANs on the GMS website for this grant and it primarily had GANs stating that the supplemented budget could not be spent until the budget was approved. However, there does not appear to be follow-up GANs that state the final approved budget. The GANs primarily stated that no funds could be drawn at that time and the organization may not be reimbursed if that particular budget item is not approved.

The time period between grant application submittal and final release of the budget is quite lengthy making it difficult to pay staff on a regular basis and continue to provide services. Once the budget was available, OSKC should have been allowed to claim the expenses within that grant period that could not have been drawn down because they were waiting on DOJ to release the final budget. What was OSKC supposed to do, tell the landlord and the hotline phone provider ATT that they could not pay the bills until DOJ finally approves the budget?? Thus, if these items were eventually approved as an eligible budget item within the grant period for each supplement, these invoices should be considered an eligible direct cost.

Thus, the rent bills, payroll taxes to IRS and the State of Colorado, ATT bills, the \$50 emergency services to the victims should all be considered eligible costs. When the auditor placed them in the unsupported and unallowable categories it makes it look like the items were not even consistent with the grant budget. If there was a specific format or checklist of items that should be included for each of the invoices, it would have been helpful for DOJ to provide that information to all Tribal Coalitions. The performance reports were still required during these time periods and documented assistance was being provided. But the DOJ Grant Manager continued to approve

the performance reports and did not state that OSKC should not be providing services or maintaining the hotline while waiting on the approved budget.

One of the most shocking sections of this audit is his accusations that grant documentation identified indicators of personal use including the following OVW grant funded transactions that were questioned: \$54 was paid for lodging at Wolf Creek Ski Lodge, which is located near a ski area 2 hours from OSKC. If the Executive Director was not [REDACTED] when this audit occurred, she would have explained to Mr. [REDACTED] that they had driven a victim to the Colorado Springs Safehouse to protect her from a man who was later convicted of murder. Instead of putting the victim on a Greyhound bus, they provided a safer transport method. On their return trip to Durango, they attempted to drive their Subaru over the Wolf Creek Pass. However, Wolf Creek Pass was closed due to snow and they were forced to stay in a hotel and drive the extended route south of the pass into New Mexico to make it safely home the next day. This expense was charged to a grant funded by the Southern Ute Indian Tribe, and has been noted in the general ledger. (Please see attachment of the documentation.)

The next point highlights an \$87 bill for shoes. Since the auditor and many people may have not personally experienced domestic violence, they may not realize that your survival skills force you to escape as quickly as possible. In some cases, you may forget your child's shoes. All you care about is you and your child's survival. This was considered an eligible cost in the Director's mind since children feel better when their feet are warm. Since this item was questioned, the amount was reimbursed from a donation.

The Director had lived through domestic violence and understands the deadly predicament a victim experiences and felt this was an eligible cost for the grant. There is no reason the Director or anyone else would utilize grant funds for their own personal use. They understand that the victims have basically nothing at the time they come to OSKC for help and would never consider misusing the funds that are so desperately needed by the Native American victims.

Now that the former Executive Director is [REDACTED], OSKCs can work with OVW to demonstrate the required information and correct the ledger. It is unfortunate that the Executive Director was not available during the audit and the auditor did not attempt to request additional information before this draft audit was released. It is also unfortunate that an accountant could not have been an eligible grant cost which would have had someone that had a degree in accounting to take care of the ledger and books. This is a common problem with many non-profit organizations because they are initiated by a group of caring individuals who believe in the mission but do not have all of the accounting skills. Many of the ledger issues could have been avoided if OVW provided practical training sessions instead of sessions focusing on how to make a poster or update your web page.

Program Performance and Accomplishments - Page 17 of the Draft Audit:

Sustainability: It appears that OSKC is not the only Tribal Coalition that had sustainability challenges. How many of the original Tribal Coalitions are still actively in existence? The amount has significantly decreased. If it was the mission of the OVW Tribal Domestic Violence and Sexual Assault Coalitions Grant Program to support the development and operation of nonprofit, nongovernmental tribal domestic violence and sexual assault coalitions, it appears that the OVW has failed in meeting their goals. When it takes almost a year to get an approved grant budget, practical training is not provided and no site visits occurs how are the Coalitions supposed to be sustainable? When assistance was requested by the OSKC Acting Director and no guidance is given, whose fault is it?

As stated earlier, the progress reports and financial reports submitted were always approved with the exception of one performance report requesting some changes. Thus, OSKC thought they were meeting the grant requirements because they demonstrated in the performance report that the grant objectives were being met. But to have an audit performed when the founder is [REDACTED] almost makes one suspicious that the agency was attempting to put another Tribal Coalition out of business impacting the Tribal victims with another blow. As the former Director and Acting Director were preparing the responses to this audit, the former Director was able to pull up sign-in sheets for training that occurred such as the Blanding Police Department Cultural Training and others. This information was there, it is just the Acting Director was not intimately familiar with the electronic and hard copy files.

Performance Issues - Page 19 of the Draft Audit:

Once again, the second paragraph on Page 19 appears that the auditor was not aware of the challenges and the extent of domestic violence programs. Quoting from this paragraph, "We noted that OSKC's application for Supplements 01 and 02 contained duplicated objectives, indicating that earlier objectives had not been completed." This grant program is not like a capital program, you install playground equipment and then the project is completed.

According to the Office of Violence Against Women website, American Indians are 2.5 times more likely to experience sexual assault crimes compared to all other races, and one in three Indian women reports having been raped during her lifetime. Domestic violence is a learned behavior and is prevalent in Indian Country due to the negative impacts of the boarding schools taking children from their families and showed that it was acceptable to be beaten.

Domestic violence cannot be resolved in one grant cycle. You have to reach generations of the population to ensure that these travesties are not continued in a population. If the auditor had been more familiar with Domestic Violence programs, he would realize that you have to continue to educate different people in the community. Police Officers and the Health Departments are always hiring new employees that do not understand domestic violence issues especially in the Native community. Thus, having similar trainings allows you to reach everyone that may come in contact with a victim, their children or even be a batterer themselves.

The fifth paragraph on Page 19 also makes an unfounded accusation about the former Executive Director. It states, "During our fieldwork, the grant-funded youth hotline phone was in use in

Chicago by the former director as a personal phone. We informed the acting director that this was an unallowable use, and the phone was returned.” When this comment was discussed with the former Director, she stated that she had plenty of time recovering in the Chicago hospital and could still respond to calls for assistance on this hotline. When a victim is in trouble, they need someone to talk to that understands their problems. She had her own personal phone that she used for her personal calls and had the hotline phone to help people. The hotline phones are cell phones so they can be carried with a volunteer or staff member 24 hours a day to help the victim when needed. Basically, the auditor did not base this conclusion on any facts by reviewing phone numbers or any other data.

Conclusion Page 20 of the Draft Audit:

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

The audit presents a picture that OSKC did not follow grant guidelines and did not meet its goals. This is not the case. When you review the amended Appendix III that listed all of the unsupported and unallowable direct costs, you will see that the items were consistent with the approved grant budget. The Executive Director and the Community Coordinator were allowable costs, the rent, the phone bill and the basic \$50 emergency services were allowable as well as the contractors. This non-profit and many of the Tribal coalitions are grassroots survivors of domestic violence. If OSKC saved lives, provided a voice on the other end of the phone to help a victim save their children, educate people who do not realize that these horrible acts happen in their community and give them methods to help solve this problem, then the objectives are met but can never be fully accomplished until this learned behavior is eradicated from the community.

If additional time is provided and now that the former Director is in remission, the information could be provided that shows an immense amount of good was provided. It is a shame that the financial management skills and templates of forms and procedures that an audit would review was not provided to OSKC and other Tribal Coalitions. Unfortunately, the worst impact of this audit and audit of other Domestic Violence Coalitions is hurting the people who really cared about helping the victims.

The Board of Directors and volunteers of the Tribal Coalitions witness terrible challenges in their community and are the ones who can really help. OSKC recommends that OVW should look at how they could have assisted these organizations to truly help their communities instead of publishing these accusations. The real problem is no one provided the capacity and skills for the Coalitions to really help their communities and be successful as a non-profit so they can continue the mission to protect the victims.

If the Tribal Coalitions cannot receive additional assistance because of these audits from other funding sources, the OVW Tribal Domestic Violence and Sexual Assault Coalitions Grant Program have significantly hindered the healing of our Indian communities.

OSKC does have disagreements with the auditor's findings and recommendations. However, there are some instances that we do agree with the recommendations of the findings. OSKSC would like to provide clarification on a number of instances in this audit that are void of fact or need clarification.

OSKC response to the recommendations to the OVW:

1. **Ensure that OSKC has a policy to account for OVW grant expenditures and funds separately from other funding sources.**

Response: OSKC's Acting Executive Director/Volunteer and Board of Directors have met and have concluded that the current Wells Fargo bank account will be used only for Department of Justice/OVW Grant Number: 2007-IW-AX-0005. This practice has already been approved since the end of the audit. Bank charges that are unallowable costs will be duly noted in the general ledger with documentation that they were expenses not paid from the grant. This would include bank fees for the account not approved by the OVW approved budget.

The Acting Executive Director did not tell the auditor that the funds were commingled as stated in the draft audit. OSKC did/does have a current general ledger that was updated by an accounting firm. Thus, the lack of familiarity with OSKC operating procedures of the Acting Director at the time of the audit did not convey a sound financial and internal control of grant funds. APSA accounting provided accounting services to OSKC for both personnel and grant expenditures was not interviewed for this audit per request of the auditor.

2. **Ensure that OSKC's documented internal controls are in accordance with grant guidelines and are followed by OSKC management and personnel.**

Response: OVW was aware that the previous Executive Director had a terminal illness, but did not offer any technical support to the Acting Executive Director despite numerous calls for assistance and clarification. OVW did not offer training to the Acting Executive Director, despite "freezing" their funds that included tribal coalition trainings. OVW official and training consultant did approve one training to be reimbursed to the Acting Director, however, personal or agency funds were not available for this training. In November 2012, Acting Director went to training and met with OVW official who directed her not attend any more OVW sponsored training since OSKC's funds had been "frozen". OVW did not provide adequate training for the fiscal aspects of the grant and how to secure policies and procedures that would ensure compliance in the event of an audit. The Acting Director did attend two OVW trainings, only one of the trainings was specific to audits but was not useful because a panel of Executive Directors described their experiences but did not offer anything tangible for other non-profits to use.

However, OSKC does agree that OSKC management and personnel must follow these guidelines. The Acting Executive Director has already attempted to create policy and procedure around more sound practices; 1) No ATM cash transactions, 2) No cash transactions for payment of any services, 3) Only signed and documented timesheets will be processed, 4) If possible, an accountant will be recruited to serve as treasurer and/or the Acting Executive Director should attend quickbooks and other financial management training.

3. Ensure that grant funds are only used for grant expenditures.

Response: OSKC agrees with this recommendation because it has been OSKC's policy. OVW grant funding was used to assist domestic violence victims and meet the goals and objectives of Grant Number: 2007-IW-AX-0005. OSKC uses grant funds only for grant expenditures. The problem was that unintentional errors were made in the accounting process and that general ledger entries did not reflect those changes. OSKC does not agree with the audit that OVW funds were used for personal use. OSKC made sure that any unallowable costs were reimbursed from other funding sources. OSKC did use excel spreadsheets every month to track the budget and kept all documentation of expenditures by month.

In previous OVW grant cycles accounting services was an approved and allowable cost. However, OVW did not issue a GANS to OSKC for final approved budget despite correspondence from OVW regarding the deletion of accounting services.

Most recently OSKC has identified significant areas of financial policy that will be revised including but not limited to the following: 1) authorization of all checks, 2) ATM withdrawals, 3) personnel timesheets/approval, and 4) contract approval and monitoring.

4. Remedy the \$16,514 in drawdowns in excess of expenditures.

Response: OSKC does not agree that \$16,514 identified by the auditor was in excess of expenditures. OSKC used drawdowns based on cost reimbursement. OVW funds were not available for FY 2011-2013 until February, 2012.

5. Ensure that drawdowns are accurately recorded.

Response: OSKC does not agree that drawdowns were not accurately recorded. OSKC did submit FFRs to OVW through the GMS. OSKC has researched correspondence on the GMS in response to FFR inaccuracies from OVW and has not been able to find any notice of inaccurate FFRs. However, with more time OSKC can work with OVW to address this discrepancy and will ensure that FFRs, drawdowns, and general ledger documentation are correct and free of inaccuracies.

6. Remedy the \$64,292 in unsupported personnel expenditures.

Response: OSKC does not agree with \$64,292 in unsupported personnel expenditures. OSKC has implemented practices to ensure proper allocation of grant funds for salaries of employees who are funded by more than one grant. Further, OSKC has previously outlined that much of the unsupported personnel expenditures were minor accounting errors and agree that accounting services were being provided to ensure that all personnel expenditures were duly noted per the grant.

Personnel policies and procedures are currently being revised where employees will use an electronic system of tracking hours and documentation of employee signatures will be obtained prior to payment. Signatures of both the Executive Director and Board of Director Treasurer will

be required for payroll. All monthly personnel expenditures and documentation will be reviewed by the BOD bi-monthly for monitoring. A new timesheet was instituted in February, 2012. OSKC could track hours and funding sources more efficiently. (This is in response to the auditor suggesting that there were other time sheets than what he obtained in his field work.)

Again, please note that the Acting Director was only approved by OVW three weeks prior to the audit and did not possess enough knowledge to properly submit documentation. OSKC will provide personnel documentation for each of the listed unsupported expenditures.

7. Remedy the \$12,632 in unallowable personnel expenditures.

Response: OSKC does not agree with \$12,632 in unallowable personnel expenditures. The Acting Executive Director is the sister of the past Executive Director and was in a position to purchase and take over all the aspects of the non-profit due to her sister's terminal illness. (The medical opinion of past executive director condition at the time of this audit was terminal.) OVW was made aware of this relationship and approved the Acting Director through Grant Management Services (GMS) and Grant Award Notification (GAN). Further, all personnel expenditures have been reimbursed as stated earlier to DOJ since OVW did not authorize and approve the Acting Director as an employee through GANS until August 2012.

8. Remedy the \$92,914 in unsupported direct cost expenditures.

Response: OSKC does not agree that \$92,914 is unsupported direct cost expenditures. All expenses were directly related to the goals and objectives for Grant No. 2007-IW-AX-0005. OSKC did provide to the auditor related support documentation that showed "allowable" support for some of the costs during the site visit. OSKC is being asked to provide this documentation again to support direct cost expenditures. Documentation will be provided to OVW detailing all other questioned costs. Please see the attached table, Appendix 111.

9. Remedy the \$23,046 in unallowable direct cost expenditures.

Response: OSKC does not agree with the \$23,046 in unallowable direct cost expenditures. OSKC did follow the approved final budget for these expenditures. The OVW financial guide allows a 10% budget modification without submitting a GANS to OVW.

10. Ensure that a policy is in place for expenditures to be recorded completely, accurately, and with supporting documentation.

Response: OSKC does not agree that expenditures were not recorded completely, accurately, and with supporting documentation. Again, OSKC Acting Director may not have had the experience or history to effectively demonstrate that OSKC had policies and procedures were in place to accurately account for all DOJ expenditures. OSKC does have financial management policies in place and uses electronic data bases for all expenses. Previous to electronic formats OSKC relied on pen/paper accounting methods to archive expenditures.

11. Ensure that a policy is in place to fully document and effectively monitor contractors.

Response: OSKC does have a policy in place to fully document and effectively monitor contractors. OSKC requests that all contracts be approved by the BOD and that all contractors must submit a monthly report that includes the following; 1) the number of allowable clients assisted and services provided 2) the demographic information for clients 3) invoice of individual client services. OSKC contractors were identified and approved by OVW as evidenced by the final version of the budget. OSKC maintained records and correspondence with the contractors to verify that goals and objectives of the grant were being met.

12. Ensure that a policy is in place to adequately track grant expenditures to the approved budget.

Response: Policies and procedures have been in place as evidenced by the OSKC Financial Management Policy approved by the Board of Directors and presented to the auditor. OSKC actively documents all expenses and works diligently to properly authorize, record expenses, document in accounting records, and archive all receipts/invoices. The general ledger has been updated by an accounting firm and continues to work on any errors within the general ledger that was inadequately tracked.

Further, OSKC waited approximately six months for the 2011-2013 budget to be approved by OVW. OSKC was documenting and recording potential allowable costs to the DOJ grant during this time for reimbursement

13. Ensure that FFRs are submitted timely and accurately.

Response: OSKC agrees that all FFRs are submitted timely and accurately. OSKC was not aware that previously submitted FFRs had any inaccuracies since each FFR submitted in the Grant Management System (GMS) was approved by OVW. OSKC did not receive any correspondence from OVW through GMS that the reports were not accurate. This lack of communication through the GMS from OVW gave OSKC the false impression that the FFRs submitted were free from any discrepancies. OSKC agrees that FFRs will be submitted timely and to ensure that time management tools will be used to promote proficiency.

14. Ensure that Progress Reports are submitted timely.

Response: OSKC agrees that all progress reports are submitted timely. OSKC will again use time management tools to effectively ensure that time constraints will be adhered to per grant special conditions. OSKC will gather pertinent information using a data base that is being considered to assist in this activity.



**Our Sister's Keeper
Coalition, Inc.**

*A Tribal Coalition Assisting Survivors
of Family Violence and Sexual Violence*

Our Sister's Keeper Coalition would like to thank you for allowing the non-profit an opportunity to respond to the draft audit and the recommendations. OSKC would have appreciated more time to fully respond to the 54 page document and extensive accounting associated with the findings. OSKC is willing to work with OVW to provide all essential information needed to remedy all findings and recommendations and to fulfill the grant goals and objectives of the grant in helping American Indian women access to domestic violence services. OSKC appreciates OVW funding to serve victims of domestic violence on the two Colorado Indian Reservations, Southern Ute and Ute Mountain Ute, and look forward to improving our systems to better enhance services to American Indian women.

Thank you,

A handwritten signature in black ink that reads "G. Mounis".

Gloria Mounis, Chairwoman

Our Sister's Keeper Coalition, Inc.

APPENDIX V

OFFICE ON VIOLENCE AGAINST WOMEN RESPONSE

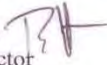



U.S. Department of Justice
Office on Violence Against Women
Washington, D.C. 20530

November 20, 2013

MEMORANDUM

TO: David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office

FROM: Bea Hanson 
Acting Director
Office on Violence Against Women

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

SUBJECT: Response to the Draft Audit Report – Audit of the Office on
Violence Against Women Grants Awarded to Our Sister’s Keeper
Coalition

This memorandum is in response to your correspondence dated September 18, 2013 transmitting the above draft audit report for Our Sister’s Keeper Coalition (OSKC). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains nineteen recommendations, \$157,206 in unsupported costs, \$35,678 in unallowable expenditures, and \$16,514 in drawdowns in excess of expenditures. The Office on Violence Against Women (OVW) is committed to working with the grantee to address each recommendation and bring them to a close as quickly as possible. The following is our analysis of the audit recommendations.

- 1) Ensure that OSKC has a policy to account for OVW grant expenditures and funds separately from other funding sources.**

OVW does agree with this recommendation. We will coordinate with OSKC to ensure that they have a policy to account for OVW grant expenditures and funds separately from other funding sources.

- 2) **Ensure that OSKC's documented internal controls are in accordance with grant guidelines and are followed by OSKC management and personnel.**

OVW does agree with the recommendation. We will coordinate with OSKC to ensure that their documented internal controls are in accordance with grant guidelines and are followed by OSKC management and personnel.

- 3) **Ensure that grant funds are only used for grant expenditures.**

OVW does agree with the recommendation. We will coordinate with the OSKC to develop policies and procedures to ensure that cumulative drawdowns do not exceed cumulative expenditures.

- 4) **Remedy the \$16,514 in drawdowns in excess of expenditures.**

OVW does agree with the recommendation. We will coordinate with the OSKC to remedy the \$16,514 in drawdowns in excess of expenditures.

- 5) **Ensure that drawdowns are accurately recorded.**

OVW does agree with the recommendation. We will coordinate with the OSKC to ensure that drawdowns are recorded accurately.

- 6) **Remedy the \$64,292 in unsupported personnel expenditures.**

OVW does agree with the recommendation. We will coordinate with OSKC to remedy the \$64,292 in unsupported personnel expenditures.

- 7) **Remedy the \$12,632 in unallowable personnel expenditures.**

OVW does agree with the recommendation. We will coordinate with OSKC to remedy the \$12,632 in unallowable personnel expenditures.

- 8) **Remedy the \$92,914 in unsupported direct cost expenditures.**

OVW does agree with the recommendation. We will coordinate with OSKC to remedy the \$92,914 in unsupported direct cost expenditures.

- 9) **Remedy the \$23,046 in unallowable direct cost expenditures.**

OVW does agree with the recommendation. We will coordinate with OSKC to remedy the \$23,046 in unallowable direct cost expenditures.

10) Ensure that a policy is in place for expenditures to be recorded completely, accurately, and with supporting documentation.

OVW does agree with the recommendation. We will coordinate with OSKC to ensure that a policy is in place for expenditures to be recorded completely, accurately, and with supporting documentation.

11) Ensure that a policy is in place to fully document and effectively monitor contractors.

OVW does agree with the recommendation. We will coordinate with OSKC to ensure that a policy is in place to fully document and effectively monitor contractors.

12) Ensure that a policy is in place to adequately track grant expenditures to the approved budget.

OVW does agree with the recommendation. We will coordinate with OSKC to ensure that a policy is in place to adequately track grant expenditures to the approved budget.

13) Ensure that FFRs are submitted timely and accurately.

OVW does agree with the recommendation. We will coordinate with OSKC to ensure that FFRs are submitted timely and accurately.

14) Ensure that Progress Reports are submitted timely.

OVW does agree with the recommendation. We will coordinate with OSKC to ensure that progress reports are submitted timely.

15) Ensure that Progress Reports are supported by verifiable source documentation.

OVW does agree with the recommendation. We will coordinate with OSKC to ensure that Progress Reports are supported by verifiable source documentation.

16) Ensure that OSKC has a policy for continuity of operations and organizational sustainability.

OVW does agree with the recommendation. We will coordinate with OSKC to ensure that they have a policy for continuity of operations and organizational sustainability.

17) Ensure that OSKC has a policy to adequately document grant program performance metrics.

OVW does agree with the recommendation. We will coordinate with OSKC to ensure that they have a policy to adequately document grant program performance metrics.

18) Ensure that OSKC meets grant performance goals and objectives.

OVW does agree with the recommendation. We will coordinate with OSKC to ensure that they meet grant performance goals and objectives.

19) Ensure that OSKC has a policy for following grant special conditions.

OVW does agree with the recommendation. We will coordinate with OSKC to ensure that they have a policy for following grant special conditions.

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 Angela Wood
Accounting Officer
Office on Violence Against Women (OVW)

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

Lorraine Edmo
Associate Director, Tribal Unit
Office on Violence Against Women

APPENDIX VI

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

The OIG provided a draft of this audit report to the Office on Violence Against Women (OVW) and Our Sister's Keeper Coalition (OSKC). The OVW's response is incorporated as Appendix V and the OSKC response is incorporated in Appendix IV of this final report. The following provides the OIG analysis of the responses and a summary of actions necessary to close the report.

Analysis of OSKC Response

In its response to our draft report, OSKC made general statements and provided attachments that we believe need to be addressed.

Significantly, OSKC made numerous statements indicating that the OIG did not attempt to request additional information related to our findings before this draft audit report was issued. We strongly disagree with these statements. The OIG conducted fieldwork August 27 - 30, 2012, and September 24 - 28, 2012. In addition, from the end of fieldwork until the draft audit report was issued, the OIG requested additional information from OSKC during 18 phone and email contacts. Also, except for a few follow-up questions in February 2013, OSKC stated it had no contact with the OIG from the end of fieldwork on September 28, 2012, through October 29, 2013. We disagree. OSKC contacted the OIG by phone 4 times after the end of our September 2012 fieldwork, leaving voicemail messages twice in February 2013, and twice on October 29, 2013, after the draft report had been issued. In all instances, the OIG responded to OSKC voicemail messages within 3 days.

OSKC also stated that the OIG emailed the draft report to OSKC without first calling OSKC. We attempted to contact OSKC by email and phone on September 17, 2013, to schedule an exit conference and notify OSKC that the draft report was completed. The email address for the OSKC point of contact was still in service, but OSKC did not respond to our email and OSKC's office phone number was no longer in service. As a result, we issued the draft report on September 18, 2013. OSKC responded that it did not receive the draft report until October 18, 2013, because it was unable to access the Internet prior to that date due to a move in a rural location, and OSKC did not realize that OIG does not send hard copy reports by mail.

However, the OIG informed OSKC during and after fieldwork that the draft report would be issued via email.

In its response, OSKC stated that it has always had sound financial management policies and procedures based on federal and state guidelines. However, as we stated in the Internal Control Environment section of this report, OSKC did not have documented policies for payroll or competitive procurement, and permitted cash withdrawals of grant funds using an ATM card. OSKC also had related parties in leadership positions, including board members related to each other and to OSKC's director. OSKC stated in its response that Native American reservations provide a limited number of people to participate on a Board of Directors. Durango, Colorado, is a town of nearly 17,000 people that includes a university and is not located on Native American lands. We believe Durango's population and demographics should allow for unrelated board membership, and it is our continued opinion that related parties in leadership and oversight positions creates a weakness in internal controls.

OSKC further stated that the OIG's questioned direct costs "appear to be based on a bias [sic] opinion [rather] than on fact" OSKC's statement appears to be a misinterpretation of the facts stated in this report and of the grant supplement process. We did not question the referenced expenditures due to bias or for any lag between expiration of the grant and supplement and the approval date of the next supplement; rather, we questioned the expenditures because they were not included in the approved grant budget for the period in which the transactions occurred or were incurred before the budget was approved.

Regarding grant reporting, OSKC stated that its progress reports and financial reports were approved by the OVW, and therefore OSKC thought it was meeting grant objectives. We note that the OVW's acceptance of a report generally does not include verification of the accuracy of the reports submitted since the OVW does not require grantees to provide accounting records or other supporting documentation necessary to determine the accuracy of the financial and progress reports.

Regarding our finding that the applications for Supplements 01 and 02 contained duplicated objectives, OSKC responded that was because "the auditor was not aware of the challenges and the extent of domestic violence programs." However, as stated in the report, our finding was based on the fact that OSKC's applications for Supplements 01 and 02 contained duplicated objectives, indicating that earlier objectives had not been completed. Further, during our review of the grant applications, we noted

that Goals 1 through 5 all had objectives that appeared in both Supplements 01 and 02, but with different timelines.

Further, OSKC stated that the audit report “makes an unfounded accusation” related to the former director’s use of the hotline cell phone while obtaining medical treatment in Chicago, 4 months after the former director had resigned. OSKC’s acting director told us that there were two cell phones paid with OVW grant funds; one phone was used by her for the adult victim hotline and the youth hotline phone was being used by the former director during her medical treatment in Chicago, and that it *was not being used for the youth hotline at that time*. We informed OSKC’s acting director that the phone must be returned to OSKC and used as intended by the grant program. The phone was returned to OSKC’s acting director before the start of our second week of fieldwork.

OSKC also stated that it felt that OVW “was attempting to put another Tribal Coalition out of business” because the audit was performed while its former director was undergoing medical treatment. We notified OSKC of this audit in July 2012, which was 3 months after OSKC’s former director had resigned. Additionally, we explained to OSKC that OIG was conducting the audit of OSKC, and that OIG and OVW were separate agencies.

OSKC’s response included a 35-page attachment to demonstrate that many of the expenses were consistent with the grant budget. OSKC noted that due to “a very limited amount of time to respond” to the draft report, it marked expenditures as “TBD” so that they could be reviewed by OSKC at a later time. The OIG provided OSKC with 65 additional days beyond the OIG’s standard 21-day response deadline to respond to the draft report.

We found that the additional information in the attachment did not address the questioned costs identified in this report and that OSKC did not provide any documentation to support that the grant funds had been reimbursed or charged to a different funding source. As a result, we consider all of the questioned costs identified in this report as unallowable or unsupported.

OSKC also attached 13 pages of statements, quotes, receipts, assistance applications, copies of checks, and handwritten notes. However, OSKC did not provide an explanation of the purpose of these documents. As a result, the documentation did not provide adequate support for any questioned expenditures.

Summary of Actions Necessary to Close the Report

1. **Resolved.** The OVW concurred with our recommendation to ensure that OSKC has a policy to account for OVW grant expenditures and funds separately from other funding sources. The OVW stated in its response that it will coordinate with OSKC to ensure that they have a policy to account for OVW grant expenditures and funds separately from other funding sources.

OSKC stated it would use its bank account only for the OVW grant and that unallowable bank charges would be noted in the general ledger with documentation that they were not paid with grant funds. OSKC also stated that the acting director did not tell us that grant funds were commingled. However, on August 27, 2012, during the finance interview of OSKC's acting director, she told OIG auditors that OSKC has one bank account for all funding sources. The acting director also stated that DOJ grant money was spent from that account on non-DOJ expenditures, and reimbursed to the grant later. OSKC's director provided us with OSKC's general ledger, which contained OSKC's income and expenditures from all funding sources, and did not identify which funding source the line items should be allocated to.

OSKC stated that its acting director had a lack of familiarity with OSKC operating procedures, which did not convey sound financial or internal control of grant funds. However, we believe she should have been familiar with OSKC's operations.

In its response, OSKC stated that we did not interview OSKC's accountant. On July 31, 2012, OSKC's acting director contacted us by phone and asked whether the accountant should be available for interviews. In response, we stated that we would like to interview the accountant if she had been involved in the grant accounting or bookkeeping functions. During the planning and fieldwork phases of this audit, we spoke with the accountant by phone and email, and learned the accountant had not been involved in OSKC's accounting or bookkeeping functions; the accountant's primary role in accounting for this grant was recent and was to help OSKC to complete its general ledger for the audit. Therefore, we determined there would be little benefit from interviewing the accountant.

This recommendation can be closed when we receive evidence that OSKC has a policy in place to account for OVW grant expenditures and funds separately from other funding sources.

2. **Resolved.** The OVW concurred with our recommendation to ensure that OSKC's documented internal controls are in accordance with grant guidelines and are followed by OSKC management and personnel. OVW stated in its response that it will coordinate with OSKC to ensure that its documented internal controls are in accordance with grant guidelines and are followed by OSKC management and personnel.

OSKC also stated that it agreed that OSKC management and personnel must follow documented internal controls and grant guidelines. OSKC stated that its acting director had attempted to create policies and procedures governing ATM cash transactions and cash payments for services, and OSKC would only process signed and documented timesheets. OSKC also stated that an accountant would be recruited to serve as board Treasurer and/or the acting director would attend QuickBooks or other financial management training. Regarding OSKC's last statement, it is our opinion that a trained accountant serving as board Treasurer would provide OSKC with more effective internal controls; financial management training for the acting director might provide that individual with more knowledge of financial practices, but would not improve internal controls related to oversight.

This recommendation can be closed when we receive evidence that OSKC's documented internal controls are in accordance with grant guidelines and are followed by OSKC management and personnel.

3. **Resolved.** The OVW concurred with our recommendation to ensure that grant funds are only used for grant expenditures. The OVW stated in its response that it will coordinate with OSKC to develop policies and procedures to ensure that cumulative drawdowns do not exceed cumulative expenditures.

OSKC agreed with our recommendation. OSKC also stated it has recently identified significant areas of financial policy to be revised, including authorization of all checks, ATM withdrawals, personnel timesheets and approvals, and contract approval and monitoring. These areas identified by OSKC are in agreement with our findings for Recommendation 2 above.

OSKC stated that using grant funds only for grant expenditures has been OSKC's policy, and that OSKC has used grant funds only for grant expenditures. However, as stated in Recommendation 1 above, on August 27, 2012, during the finance interview of OSKC's acting director, the director told OIG auditors that OSKC has one bank account for all funding sources. The acting director stated that DOJ

grant money was spent from that account on non-DOJ expenditures, and reimbursed to the grant later.

In addition, OSKC stated that unintentional errors had been made in the accounting process. We used the OJP Financial Guide and OVW Financial Grant Management Guide as criteria for this audit; each requires that grant recipients maintain accurate and supported accounting records.

OSKC also stated that it did not agree that OVW funds were used for personal use. However, OSKC's general ledger contained a number of unusual expenditures, which are noted in this report as *indicators* of personal use. OSKC was unable to provide us with adequate documentation or explanation for these expenditures. Further, 10 of these expenditures totaling \$441 were reimbursed to OSKC by the former director on June 14, 2012, indicating personal use of grant funds. As stated previously, OSKC provided explanations for two of the expenditures noted in the report; however, OSKC did not provide any documentation supporting its statements related to these expenditures. OSKC stated it made sure that any unallowable costs were reimbursed from other funding sources. However, OSKC did not provide any documentation in support of this statement.

OSKC also stated it used spreadsheets to track its budget every month, and kept all documentation of expenditures by month. As noted in the Budget Management and Control section of this report, in preparation for the audit OSKC officials worked with an accounting firm to identify funding sources for individual transactions and in order to provide us with a general ledger that identified transactions that were funded by the OVW grant, funded by other funding sources, or allocated in part to the OVW grant and in part to other funding sources. From the amended general ledger provided by OSKC, transactions that identified specific dollar amounts traceable to the OVW grant totaled \$508,517, of which only \$486,633 could be traced to budget categories. OSKC identified an additional \$21,884 in transactions as OVW grant-funded, but did not clearly indicate a budget category, and \$85,937 in transactions that were identified as being partially funded by the OVW grant but did not identify the amounts allocated the grant.

OSKC stated that in previous OVW grant cycles, accounting services were an approved and allowable cost, but the OVW did not issue a grant adjustment notice to OSKC after the OVW deleted accounting services from OSKC's budget. As stated previously, OSKC's approved

budget for the original grant included \$7,000 for audit and accounting services and Supplement 01 and Supplement 02 each included \$3,600 for accounting costs. We did not identify any instances in which the OVW deleted items from OSKC's budget. In fact, the budget for each phase of the grant was created by OSKC and submitted to the OVW as part of OSKC's application for OVW funding.

This recommendation can be closed when we receive evidence that OSKC grant funds are used only for grant expenditures.

4. **Resolved.** The OVW concurred with our recommendation to remedy the \$16,514 in drawdowns in excess of expenditures. The OVW stated in its response that it will coordinate with OSKC to remedy the \$16,514 in drawdowns in excess of expenditures.

In its response on page 60 of this report, OSKC stated it does not agree that \$16,514 was in excess of expenditures, because OSKC made drawdowns based on cost reimbursement, and OVW funds were not available for fiscal years 2011 through 2013 until February 2012. However, OSKC's documentation did not support this statement. In our analysis in the Drawdowns section of this report, we noted that OSKC officials stated that OVW grant funds might be spent on non-grant expenditures and later reimbursed from other funding sources, which we concluded was a practice that could affect drawdown amounts. From the 55 drawdowns that we reviewed, we determined 13 drawdowns cumulatively exceeded expenditures up to \$17,502, and at the time of the most recent drawdown on March 6, 2012, OSKC's cumulative drawdowns exceeded grant expenditures by \$16,514.

This recommendation can be closed when we receive evidence that the \$16,514 in drawdowns in excess of expenditures has been appropriately remedied.

5. **Resolved.** The OVW concurred with our recommendation to ensure that drawdowns are accurately recorded. The OVW stated in its response that it will coordinate with OSKC to ensure that drawdowns are recorded accurately.

In its response, OSKC stated that it does not agree that drawdowns were not accurately recorded. In our analysis in the Drawdowns section of this report, we identified issues with accuracy of drawdowns recorded by OSKC in its general ledger. One drawdown was not recorded in the general ledger, one was recorded as a year before it

occurred, and four drawdowns totaling \$22,237 that occurred from August 1, 2011, to October 7, 2011, were not recorded in OSKC's general ledger; however, the general ledger indicated seven OVW grant deposits totaling \$19,686 during that period. None of those deposits matched any of the drawdowns and the total amounts differed by \$1,672. According to the OJP Financial Guide and OVW Financial Grant Management Guide, drawdowns should be recorded in accounting records accurately and timely.

OSKC stated that it submitted its quarterly financial reports to the OVW, and that the OVW did not notify OSKC of inaccurate reports. OSKC stated that it can work with the OVW to ensure that financial reports, drawdowns, and general ledger documentation are correct and free of inaccuracies.

This recommendation can be closed when we receive evidence that OSKC has a procedure in place to accurately record drawdowns.

6. **Resolved.** The OVW concurred with our recommendation to remedy the \$64,292 in unsupported personnel expenditures. The OVW stated in its response that it will coordinate with OSKC to remedy the \$64,292 in unsupported personnel expenditures.

In its response, OSKC stated it does not agree with \$64,292 in unsupported personnel expenditures, because OSKC has implemented practices to ensure proper allocation of grant funds for salaries of employees who are funded by more than one source. OSKC also stated it has previously outlined that much of the unsupported personnel expenditures were minor accounting errors. OSKC's response does not address the fact that we questioned these transactions due to lack of adequate supporting documentation; this finding was not related to allocation of grant funds or issues related to accounting errors.

OSKC stated that its policies and procedures are being revised, to require employees to use an electronic system of tracking signatures, to obtain employee signatures prior to payment, and to require the signature of OSKC's director and board treasurer for paychecks. OSKC also stated that OSKC's Board of Directors will review personnel documentation and expenditures bi-monthly. For adequate internal controls, personnel documentation should be reviewed and approved prior to payment of personnel.

OSKC also stated that the acting director was only approved by OVW 3 weeks prior to the audit and did not possess enough knowledge to properly submit documentation. Our recommendation was not related to submitting documentation, but to OSKC's maintaining of grant documentation in accordance with the OJP Financial Guide and OVW Financial Grant Management Guide. Further, as stated previously, OSKC's acting director began working at OSKC in October 2011. Although she was not appointed to acting director position until June 2012, we believe she should have been familiar with OSKC operations.

This recommendation can be closed when we receive evidence that the \$64,292 in unsupported personnel expenditures has been appropriately remedied.

7. **Resolved.** The OVW concurred with our recommendation to remedy the \$12,632 in unallowable personnel expenditures. The OVW stated in its response that it will coordinate with OSKC to remedy the \$12,632 in unallowable personnel expenditures.

In its response, OSKC stated that it does not agree with the \$12,632 in unallowable personnel expenditures. OSKC's response only discussed allowability of personnel expenditures for the acting director. However, this audit report did not question personnel expenditures for the acting director; the \$12,632 in unallowable personnel expenditures consisted of \$6,696 paid for the unbudgeted education/outreach coordinator, \$3,105 in wages and \$1,088 in fringe benefits paid in four excess paychecks for the former director, \$1,552 paid to the former director for two duplicated paychecks, and \$192 paid with grant funds for a tax lien garnishment.

OSKC also stated that the acting director had been "in a position to purchase and take over all aspects of the non-profit" from the former director, who is her sister. This was the first instance in which OSKC stated to us that the transition from one director to another involved a purchase of the non-profit organization, and we did not identify any related transactions in OSKC's accounting records. While OSKC was primarily funded by the OVW grant, it appears that allowability of the purchase of the non-profit is outside the scope of our audit; we leave any related impact on the grant for the OVW to determine.

This recommendation can be closed when we receive evidence that the \$12,632 in unallowable personnel expenditures has been appropriately remedied.

8. **Resolved.** The OVW concurred with our recommendation to remedy the \$92,914 in unsupported direct cost expenditures. The OVW stated in its response that it will coordinate with OSKC to remedy the \$92,914 in unsupported direct cost expenditures.

In its response, OSKC stated that it does not agree with the \$92,914 in unsupported direct costs. OSKC stated that all expenses were directly related to the goals and objectives of the grant, and that OSKC provided us with supporting documentation “for some of the costs” during our fieldwork. While OSKC did provide us with documentation for some of the grant expenditures, we determined \$92,914 in direct costs expenditures were not accurately supported, as stated in the Grant Expenditures section of this report.

OSKC also stated that it would provide documentation to the OVW detailing all other questioned costs.

This recommendation can be closed when we receive evidence that the \$92,914 in unsupported direct cost expenditures has been appropriately remedied.

9. **Resolved.** The OVW concurred with our recommendation to remedy the \$23,046 in unallowable direct cost expenditures. The OVW stated in its response that it will coordinate with OSKC to remedy the \$23,046 in unallowable direct costs expenditures.

In its response, OSKC stated that it does not agree with the \$23,046 in unallowable direct cost expenditures. OSKC stated that it followed the approved grant budget, and the OVW Financial Grant Management Guide allows a 10-percent budget modification without a GAN. However, while the OJP Financial Guide and OVW Financial Grant Management Guide allow grant recipients to transfer funds between approved budget categories up to 10 percent, they do not allow funds to be transferred into unapproved categories; therefore, expenditures in unapproved categories were questioned as unallowable. Unallowable expenditures also included expenditures for items that were not specifically identified in the program budgets that were submitted by OSKC and approved by the OVW, and items that we determined were outside the intent of victim assistance. As stated in the Grant Expenditures section of this report, unallowable questioned costs included payments for board stipends, and meeting refreshments and food. Unallowable victim assistance costs included payments that did not identify a domestic violence or sexual assault nexus, occurred during unbudgeted periods, were provided to OSKC employees or

board members or their children, were used to purchase gifts for inmates, paid for travel to visit an out-of-state inmate, were made to multiple members of the same family on the same day, and were made to an individual who stated they were not eligible for government assistance because they were not a U.S. citizen.

This recommendation can be closed when we receive evidence that the \$23,046 in unallowable direct cost expenditures has been appropriately remedied.

10. **Resolved.** The OVW concurred with our recommendation to ensure that a policy is in place for expenditures to be recorded completely, accurately, and with supporting documentation. The OVW stated in its response that it will coordinate with OSKC to ensure that a policy is in place for expenditures to be recorded completely, accurately, and with supporting documentation.

In its response, OSKC stated that it does not agree that expenditures were not recorded completely, accurately and with supporting documentation. As stated in the Grant Expenditures section of this report, we found that grant expenditures were not recorded completely, accurately, and with adequate supporting documentation in accordance with the OJP Financial Guide and OVW Financial Grant Management Guide.

OSKC again noted that the acting director lacked the experience to effectively demonstrate that OSKC had policies and procedures in place to accurately account for all grant expenditures. However, as stated previously, the acting director has been working for OSKC since October 2011 and should have been familiar with OSKC operations. Further, OSKC did not accurately account for expenditures prior to the appointment of the acting director.

OSKC also stated it has financial management policies in place and uses electronic records for all expenses; previous to the electronic records, OSKC used paper recordkeeping. However, this statement was not supported and in its responses to Recommendations 1, 2, and 3, OSKC stated it was creating and changing financial management policies in response to our audit.

This recommendation can be closed when we receive evidence that OSKC has a policy in place for expenditures to be recorded completely, accurately, and with supporting documentation.

11. **Resolved.** The OVW concurred with our recommendation to ensure that a policy is in place to fully document and effectively monitor contractors. The OVW stated in its response that it will coordinate with OSKC to ensure that a policy is in place to fully document and effectively monitor contractors.

In its response, OSKC stated it has a policy to fully document and effectively monitor contractors. OSKC stated that all contracts must be approved by the Board of Directors and that all contractors must submit a monthly report that includes number of clients, services provided, client demographics, and an invoice of individual client services. As stated in the Grant Expenditures section of this report, we noted inconsistencies with OSKC's documentation of contractors, including OSKC staff wages that were recorded as contractor expenses, payments to eight contractors for which contracts that could not be provided, and two contracts that were not signed.

OSKC also stated that OSKC contractors were approved by the OVW, because the contractors were named in the grant budget. We note that acceptance of a grant budget by OVW does not mean that the OVW has approved the specific contractors; the grant budget is intended to allow for scope of work and budgeted dollar amount. The OJP Financial Guide and OVW Financial Grant Management Guide require competitive procurement practices prior to purchases with grant funds, including contractors. Additionally, both guides required that grant recipients confirm the eligibility of contractors using the Excluded Parties List System (EPLS). At the time of our fieldwork, OSKC was not aware of the existence of EPLS. We emailed OSKC on September 26, 2012, with the purpose of the EPLS and location of its website.

OSKC also stated it maintained records and correspondence with contractors to verify that grant goals and objectives were met. As stated in the Grant Reporting section of this report, OSKC records included reports from contractors. However, OSKC's documentation did not support that contractors were being monitored. For example, reports for one contractor contained duplicated information for 3 consecutive months.

This recommendation can be closed when we receive evidence that OSKC has a policy in place to fully document and effectively monitor contractors.

12. **Resolved.** The OVW concurred with our recommendation to ensure that a policy is in place to adequately track grant expenditures to the approved budget. The OVW stated in its response that it will coordinate with OSKC to ensure that a policy is in place to adequately track grant expenditures to the approved budget.

In its response, OSKC stated that policies and procedures have been in place, as evidenced by OSKC's Financial Management Policy. OSKC stated it "actively documents all expenses and works diligently to properly authorize, record expenses, document in accounting records, and archive all receipts/invoices." However, in its responses to Recommendations 1, 2, and 3, OSKC stated it was creating and changing financial management policies in response to our audit.

OSKC stated that its general ledger has been updated by an accounting firm, and it continues to fix errors within the general ledger. OSKC also stated that while waiting for OVW's budget approval, "OSKC was documenting and recording potential allowable costs to the DOJ grant during this time for reimbursement." However, those statements were not supported and neither statement addressed OSKC's monitoring of expenditures to the approved budget.

This recommendation can be closed when we receive evidence that OSKC has a policy in place to adequately track grant expenditures to the approved budget.

13. **Resolved.** The OVW concurred with our recommendation to ensure that FFRs are submitted timely and accurately. The OVW stated in its response that it will coordinate with OSKC to ensure that FFRs are submitted timely and accurately.

In its response, OSKC stated that it agreed with our recommendation to ensure that all FFRs are submitted timely and accurately. However, OSKC stated that it was not aware that FFRs were inaccurate, because OVW had approved each FFR submitted by OSKC and had not notified OSKC that the FFRs were inaccurate. OSKC stated that the OVW's lack of communication with OSKC about inaccurate FFRs "gave OSKC the false impression that the FFRs . . . were free from any discrepancies." As we stated previously, the OVW's acceptance of grantee reports is generally based upon the fact that the reports were submitted and contained information in the required fields. However, the OVW cannot verify the accuracy of report submitted by grantees because the OVW does not require them to submit documentation supporting the information contained in the reports submitted.

This recommendation can be closed when we receive evidence that OSKC has procedures in place to adequately track grant expenditures to the approved budget.

14. **Resolved.** The OVW concurred with our recommendation to ensure that Progress Reports are submitted timely. The OVW stated in its response that it will coordinate with OSKC to ensure that progress reports are submitted timely.

In its response, OSKC stated that it agreed with our recommendation to ensure that all progress reports are submitted timely. OSKC stated it will use time management tools to ensure that grant requirements are met, and it will gather information using a database.

This recommendation can be closed when we receive evidence that OSKC has procedures in place to ensure that Progress Reports are submitted timely.

15. **Resolved.** The OVW concurred with our recommendation to ensure that Progress Reports are supported by verifiable source documentation. The OVW stated in its response that it will coordinate with OSKC to ensure that Progress Reports are supported by verifiable source documentation.

OSKC did not provide a response to this recommendation.

This recommendation can be closed when we receive evidence that OSKC has procedures in place to ensure that Progress Reports are supported by verifiable source documentation.

16. **Resolved.** The OVW concurred with our recommendation to ensure that OSKC has a policy for continuity of operations and organizational sustainability. The OVW stated in its response that it will coordinate with OSKC to ensure that they have a policy for continuity of operations and organizational sustainability.

OSKC did not provide a response to this recommendation.

This recommendation can be closed when we receive evidence that OSKC has a policy in place for continuity of operations and organizational sustainability.

17. **Resolved.** The OVW concurred with our recommendation to ensure that OSKC has a policy to adequately document grant program performance metrics. OVW stated in its response that it will coordinate with OSKC to ensure that they have a policy to adequately document grant program performance metrics.

OSKC did not provide a response to this recommendation.

This recommendation can be closed when we receive evidence that OSKC has a policy in place to adequately document grant program performance metrics.

18. **Resolved.** The OVW concurred with our recommendation to ensure that OSKC meets grant performance goals and objectives. The OVW stated in its response that it will coordinate with OSKC to ensure that they meet grant performance goals and objectives.

OSKC did not provide a response to this recommendation.

This recommendation can be closed when we receive evidence that OSKC has procedures to meet grant performance goals and objectives.

19. **Resolved.** The OVW concurred with our recommendation to ensure that OSKC has a policy for following grant special conditions. The OVW stated in its response that it will coordinate with OSKC to ensure that they have a policy for following grant special conditions.

OSKC did not provide a response to this recommendation.

This recommendation can be closed when we receive evidence that OSKC has a policy in place for following grant special conditions.