



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



**Audit of the Office on
Violence Against Women
Grants Awarded to the Advocates
Against Family Violence
Caldwell, Idaho**

**AUDIT OF THE OFFICE ON VIOLENCE
AGAINST WOMEN GRANTS AWARDED TO THE
ADVOCATES AGAINST FAMILY VIOLENCE
CALDWELL, IDAHO**

EXECUTIVE SUMMARY

The U.S. Department of Justice, Office of the Inspector General (OIG), Audit Division, has completed an audit of the Transitional Housing Assistance Grants for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault Program (Transitional Housing) grants totaling \$1,033,795, awarded by the Office on Violence Against Women (OVW) to the Advocates Against Family Violence (AAFV), as shown in Table 1.

Table 1

GRANTS AWARDED TO THE ADVOCATES AGAINST FAMILY VIOLENCE

AWARD NUMBER	AWARD DATE	PROJECT START DATE	PROJECT END DATE	AWARD AMOUNT
2006-WH-AX-0041	09/19/06	09/01/06	08/31/09	\$302,005
2006-WH-AX-0041 (S1) ¹	09/23/09	09/01/06	08/31/12	250,000
2009-EH-S6-0032 ² (ARRA)	09/02/09	07/01/09	09/30/12	481,790
Total:				\$1,033,795

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

The purpose of the OVW Transitional Housing grants was to fund organizations to assist victims of domestic violence, dating violence, sexual assault, and stalking who are in need of transitional housing, short-term housing assistance, and related supportive services. Eligible applicants were states, units of local government, Indian tribes, and other organizations with a documented history of effective work concerning sexual assault, domestic violence, dating violence, and stalking.

The objective of the audit was to assess performance in the key areas of grant management that were applicable and appropriate for the grants under review. Those areas included: (1) internal control environment, (2) drawdowns, (3) grant expenditures, (4) budget management and control, (5) financial status and progress reports, (6) program performance and accomplishments, (7) post grant end-date activities, (8) property management, (9) matching costs, (10) program income, (11) monitoring of contractors, and (12) special grant

¹ This was the first supplement (S1) to grant 2006-WH-AX-0041.

² Grant 2009-EH-S6-0032 was awarded under the American Recovery and Reinvestment Act of 2009 (ARRA or Recovery Act).

requirements. We determined property management, matching costs, and program income were not applicable to these grants.

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

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

- \$166,469 in drawdowns in excess of expenditures;
- \$29,583 in unsupported expenses due to missing or inadequate documentation;
- \$1,096 in unallowable Internal Revenue Service (IRS) fines;
- \$6,758 in unallowable personnel expenses;
- AAFV's FFRs were late and inaccurate and Progress and Recovery Act Reports were unsupported;
- general ledger accounts were not set up to allow direct comparison between expenditures and the approved budget;
- grant closeout was late for both grants and done administratively; and
- we were unable to determine the adequacy of contractor monitoring due to no support documentation.

The report contains four dollar-related recommendations and four management improvement recommendations, which are detailed in the Findings and Recommendations section of the report. Our audit objective, scope, and methodology are discussed in Appendix 1. Our Schedule of Dollar-Related Findings appears in Appendix 2. AAFV's response to the Draft Report is in Appendix 3. The OVW's response to the Draft Audit Report is in Appendix 4, and the Analysis and Summary of Actions Necessary to Close out the Report is in Appendix 5.

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Table of Contents

INTRODUCTION.....	1
Background.....	2
Our Audit Approach.....	2
FINDINGS AND RECOMMENDATIONS	4
Internal Control Environment	4
Single Audit.....	4
Financial Management System	4
Drawdowns.....	6
Expenditures.....	7
Personnel and Fringe Benefits.....	7
Other Direct Costs.....	8
Budget Management and Control	8
Reporting	8
Financial Reporting.....	9
Categorical Assistance Progress Reports	11
Quarterly American Recovery and Reinvestment Act Reports.....	13
Program Performance and Accomplishments	14
Post End Date Activity	14
Monitoring of Contractors	14
Conclusion	15
Recommendations	16
APPENDIX 1 - OBJECTIVE, SCOPE, AND METHODOLOGY	17
APPENDIX 2 - SCHEDULE OF DOLLAR-RELATED FINDINGS	18
APPENDIX 3 – AAFV’s RESPONSE TO THE DRAFT REPORT.....	19
APPENDIX 4 – OVW’S RESPONSE TO THE DRAFT REPORT.....	22
APPENDIX 5 – ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT	24

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INTRODUCTION

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According to its applications, AAFV's primary goals for the program were to provide victims with funding to improve access to safe housing and support services to build a foundation of assistance for women and children affected by domestic violence and sexual assault, and provide transitional housing in rural jurisdictions and develop innovative approaches to improve transitional housing program accessibility and culturally sensitive services.

¹ This was the first supplement (S1) to grant 2006-WH-AX-0041.

² Grant 2009-EH-S6-0032 was awarded under the American Recovery and Reinvestment Act of 2009 (ARRA or Recovery Act).

Background

The mission of the OVW, a component of the U.S. Department of Justice, 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 of domestic violence, dating violence, sexual assault, and stalking. 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.

AAFV is directed by nine board members and is operated by 25 employees. The mission of AAFV is to eliminate violence in families and homes by empowering men, women, and children to make positive life choices through advocacy, support, education, awareness, and community involvement. It provides a safe, confidential, and comforting environment, where both client and child may begin the healing process.

Our Audit Approach

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

The objective of the audit was to assess performance in the key areas of grant management that were applicable and appropriate for the grants under review. Those areas included: (1) internal control environment, (2) drawdowns, (3) grant expenditures, (4) budget management and control, (5) financial status and progress reports, (6) program performance and accomplishments, (7) post grant end-date activities, (8) property management, (9) matching costs, (10) program income, (11) monitoring of contractors, and (12) special grant requirements. We determined property management, matching costs, and program income were not applicable to these grants. We tested AAFV'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 award;
- **drawdowns** to determine whether grant drawdowns were adequately supported and if AAFV was managing grant receipts in accordance with federal requirements;
- **expenditures** to determine whether the costs charged to the grant were accurate and allowable;
- **budget management and control** to determine AAFV's compliance with the costs approved in the grant budget;

- **reporting** to determine if the required financial and programmatic reports were submitted on time and accurately reflected award activity;
- **performance and accomplishments** to determine whether AAFV met the grant objectives;
- **post end date activity** to determine whether AAFV complied with post end date requirements;
- **monitoring of contractors** to determine if AAFV provided adequate oversight and monitoring of its contractors; and
- **special grant requirements** to determine whether AAFV complied with award guidelines, special conditions, and solicitation criteria.

The results of our audit are discussed in detail in the Findings and Recommendations section of this report. We discussed the results of our audit with AAFV officials and have included their comments in the report, as applicable. Our report contains eight recommendations to OVW. The findings and recommendations are detailed in the Findings and Recommendations sections of this report. Our audit objective, scope, and methodology appear in Appendix 1. Our Schedule of Dollar-Related Findings appears in Appendix 2. AAFV's response to the Draft Report is in Appendix 3. The OVW's response to the Draft Audit Report is in Appendix 4, and the Analysis and Summary of Actions Necessary to Close out the Report is in Appendix 5.

FINDINGS AND RECOMMENDATIONS

We found that AAFV did not comply with essential award conditions in the areas of expenditures, reporting, and performance. Specifically, drawdowns significantly exceeded expenditures, some expenses tested were unsupported, financial reports were generally late and inaccurate, and progress reports were unsupported. Additionally, unallowable fines were charged to the grant, unbudgeted personnel were charged to the Recovery Act grant, contractors were not adequately monitored, end of grant close-out activities were not completed, and because the general ledger accounts were not set up in conformity with the approved budget line items, comparison of actual expenses to the approved budget could not be performed. Based on our audit results, we make four recommendations to address dollar-related findings and four recommendations to address management improvement findings.

Internal Control Environment

We reviewed *The Office of Management and Budget (OMB) Circular A-133* to determine the grantee's requirement for a Single Audit. We also interviewed management and key personnel, and inspected documents and records in order to further assess risk.

Single Audit

According to *OMB Circular A-133*, nonfederal entities that expend less than \$500,000 a year in federal awards are exempt from federal audit requirements for that year, but records must be available for review or audit by appropriate officials of the federal agency. We did not find evidence that AAFV expended more than \$500,000 in federal funds for any fiscal year since 2010. Therefore, a Single Audit was not required in subsequent fiscal years. The last Single Audit was for fiscal year 2010 and there were no findings.

Financial Management System

According to *OMB Circular A-110*, the recipient's financial management system shall provide: (1) accurate, current and complete disclosure of the financial results of each federally-sponsored project or program, (2) records that identify adequately the source and application of funds for federally-sponsored activities, (3) effective control over and accountability for all funds, property and other assets, (4) comparison of outlays with budget amounts for each award, (5) written procedures to minimize the time elapsing between the transfer of funds to the recipient and the issuance or redemption of checks, or payments, (6) written procedures for determining the reasonableness, allocability and allowability of costs, and (7) accounting records that are supported by source documentation.

The Office of Justice Programs, Office of the Chief Financial Officer, conducted desk reviews of both grants on March 30, 2012, based on information as of December 31, 2011. In summary, the findings included:

1. AAFV did not have adequate financial policies and procedures.
2. FFR's did not reconcile to the accounting records.
3. Budget Category expenses were not properly tracked.
4. FFRs were not submitted timely.
5. FFRs indicated drawdown requests significantly exceeded expenditures in the accounting records resulting in excess cash on hand.
6. AAFV did not supply accounting records to support its expenditures.

We reviewed AAFV's financial management system; interviewed AAFV officials and employees; and inspected grant award documents. We requested AAFV's policies and procedures to determine if internal controls over the financial management system were adequate. AAFV's management stated that policies and procedures had been written in 2012, the year both grants ended.

AAFV has a financial management system that uses all of the standard modules including accounts payable, accounts receivable, purchasing, check writing, inventory, and general accounting. Payroll is completed through a contract with an outside vendor. The Finance Officer (FO) is the person primarily responsible for the accounting records and makes virtually all entries into the system. Due to AAFV's small staff there is little separation of duties. However, AAFV uses administrative staff, department heads, the board of directors, and the Finance Committee to perform oversight functions.

Currently items are purchased through a purchase request and each department head is responsible for their purchases and maintaining their own budget. Purchase orders go from the department head to the Project Manager, if applicable, then to the FO, and then to the Executive Director (ED). Each person is responsible for verifying various aspects of the purchase order. The Financial Policies and Procedures Manual contains some information on purchasing; however, it lacks detail and does not fully discuss solicitations or conflicts of interest. As mentioned previously, *OMB Circular A-110* requires the financial management system to provide effective control over and accountability for all funds, property, and other assets.

Physical items purchased are generally received by the Administrative Assistant (AA) who verifies the packing slip for accuracy and initials it. Items are either taken to the department or picked up by department heads. Invoices are generally received by the AA and forwarded to the FO who reconciles with the purchase order, and if correct, forwards to the department manager for verification and sign off. The FO creates a check and forwards the package to the ED who, if everything is correct, signs the check and returns the package to the FO. Bills are paid bi-weekly, in between the bi-weekly payroll. The ED is the only person that can sign the checks, with two board members as emergency backups. The Finance

Committee, made up of the ED, the FO, an outside CPA, and an outside financial person, oversees all expenditures and reconciles everything monthly.

As mentioned previously, payroll is contracted to an outside vendor. Employees submit manual timecards bi-weekly which are reviewed and approved by their supervisor. The FO rechecks the time cards and then enters the data on-line. The payroll data is maintained on-line and transmitted to the payroll service for processing. The FO receives a preliminary payroll report which she reviews and approves. Once approved the checks are sent out via direct deposit.

One weakness that was found in our fieldwork was that the financial management system did not require cutoffs or closeout of accounting periods. As a result, someone could go back any length of time and change entries. This was brought to the attention of the ED and according to her, was corrected prior to our departure.

In our evaluation of the financial management system, we found: drawdowns were unsupported and generally did not reconcile with expenditures; drawdowns exceeded expenditures by \$166,469; \$29,583 in unsupported expenditures; \$1,096 in unallowable fines; \$6,758 in unbudgeted staff expenses; most of the Federal Financial Reports (FFR) were late and unsupported or inaccurate; post grant end-date activities were incomplete; and due to the way accounts were set up in the general ledger, expenses could not be reconciled to the approved budget. These items are discussed in detail in the following sections of the report.

Drawdowns

According to the *OJP Financial Guide*, the grant recipient should time drawdown requests to ensure that federal cash on hand is the minimum needed for disbursements to be made immediately or within 10 days. AAFV management stated that drawdowns were reimbursement based. We analyzed the accounting records to determine if the total expenditures recorded in AAFV's accounting records were equal to, or in excess of, the cumulative drawdowns. According to the OJP accounting records, AAFV drew down a total of \$1,033,795 for the two awards as of May 8, 2014, with combined expenditures, of \$867,326 as of May 13, 2014, the date we received the general ledger, leaving a difference of \$166,469 more in drawdowns than expenditures. Drawdowns exceeded expenditures by \$18,490 for Grant Number 2006-WH-AX-0041 and \$147,979 for Grant Number 2009-EH-S6-0032. Therefore, we concluded that AAFV was not in compliance with the OJP Financial Guide and had excess cash on hand.

We discussed this excess cash issue with AAFV management and were informed that they believed that the prior management used the money to finance a consultant used in the "Capital Campaign" which was a campaign to raise \$12 million to build a new shelter and a transitional housing project. In reviewing the general ledger transactions for the 3 year period of the campaign, we found expenses exceeded income by \$177,236. We also found meeting minutes from the AAFV Board Meeting from February 16, 2010 which stated that there was a concern

for the reimbursement of \$80,000 in federal grant funds that had been used to fund the Capital Campaign. In a subsequent AAFV Board Meeting minutes, a statement was made that they had used funds from other departments to fund the capital campaign but that it would no longer be done. It was also noted that there was a concern because numerous items on the bank statement had not been entered into the financial management system.

In our judgment, it appears that the excess drawdowns of \$166,469 may have been misused to finance the Capital Campaign, resulting in violations of several Special Conditions (SC) of the Recovery Act award. SC 39 requires separate accountability of all Recovery Act funds, prohibiting commingling; SC 40 requires the recipient to report on the use of Recovery Act funds; and SC 49 states the recipient will comply with the approved budget.

Based on the above information, we recommend that the OVW recover the \$166,469 in excess cash and in the event of future awards, ensure AAFV has adequate internal controls to ensure proper accountability of federal funds expended.

Expenditures

As mentioned previously in the *Financial Management System* section, the OCFO conducted a desk review of both grants and there were significant adverse findings.

According to AAFV's accounting records as of May 13, 2014, the expenditures related to Grant Numbers 2006-WH-AX-0041 and 2009-EH-S6-0032 totaled \$533,515 and \$333,811 respectively for a cumulative total of \$867,326. As a result of the adverse findings, we increased our sample size for transaction testing for both grants to a combined total of 205 transactions totaling \$196,618. We reviewed the 205 transactions to determine if grant expenditures were allowable, reasonable, and in compliance with the terms and conditions of the award.

Personnel and Fringe Benefits

Of the 141 transactions tested for Grant Number 2006-WH-AX-0041, 34 were payroll related, and of those, 12 lacked some or all of the necessary support to be allowable. Specifically, five were related to no documented method of allocation, and seven lacked supporting documentation. Total questioned costs related to unsupported payroll issues were \$27,277. Of the 64 transactions tested for grant 2009-EH-S6-0032, 16 were payroll related and there were no payroll-related discrepancies noted.

For Grant Number 2006-EH-S6-0032, the Recovery Act grant, we found that the approved budget for personnel included a case manager and two advocates. However, in reviewing the personnel costs in the general ledger, we found positions not budgeted that were partially charged to this grant. There were salaries and benefits totaling \$4,424 for childcare personnel, \$434 for the Executive Director,

\$1,446 for class facilitator, and \$454 for an unknown position. We questioned a total of \$6,758 for unbudgeted personnel as unallowable.

Other Direct Costs

For Grant Number 2006-WH-AX-0041, we reviewed 141 transactions totaling \$94,129, questioning \$30,164 or 32 percent. Of this amount, there were four transactions totaling \$1,096 for unallowable Internal Revenue Service (IRS) fines, and \$29,068 were unsupported costs, which, as mentioned previously, included \$27,277 in payroll issues. For grant 2009-EH-S6-0032, we reviewed 64 transactions totaling \$102,489, questioning \$515 for 2 transactions with inadequate support documentation. The total questioned costs resulting from transaction testing was \$30,679, which includes \$29,583 in unsupported costs and \$1,096 in unallowable fines.

Budget Management and Control

The Office of the Comptroller approved detailed budgets for each award and the supplement which was organized by defined budget categories. According to the *OJP Financial Guide*, the recipient is responsible for establishing and maintaining an adequate system of accounting and internal controls for itself, which includes presenting and classifying projected historical cost of the grant as required for budgetary and evaluation purposes, and providing financial data for planning, control, measurement, and evaluation of direct and indirect costs.

AAFV's accounting system was not categorized to allow for evaluation of performance to budget or to evaluate direct and indirect costs as detailed in the budget requests submitted with its applications. The accounts were set up based on components such as transitional housing, utilities, and health insurance rather than by the type of expense such as personnel, fringe benefits, supplies, equipment, and contractors. The "Account" description in the general ledger would be adequate to run a report grouping categories by budget category if they had them tied to the categories of the approved budget, or they could possibly calculate it manually. However, the accountant was not able to create a report that aligns with the budget categories and the finance personnel at AAFV did not manually categorize the expenses. As a result, we were unable to evaluate AAFV's actual performance to budget or its ability to control expenses according to the approved budget.

Reporting

We reviewed the Federal Financial Reports (FFR), Categorical Assistance Progress Reports (Progress Reports), and quarterly American Recovery and Reinvestment Act of 2009 Reports (Recovery Act Reports) to determine if the required reports were submitted on time and were accurate.

Financial Reporting

The *OJP Financial Guide* states that grant recipients must report expenditures online using the FFR no later than 30 days after the end of each calendar quarter. We reviewed the submission dates for the four most recent FFRs for both grants and determined that the FFRs for both grants were generally late.

For Grant Number 2006-WH-AX-0041, the reporting periods covered from October 1, 2011 through August 31, 2012, the end date of the grant. As seen in Table 2, three of the four reports were submitted late by 3 to 117 days.

Table 2

FFR TIMELINESS – GRANT NUMBER 2006-WH-AX-0041

REPORTING PERIOD END DATE ³	REPORT DUE DATE (M/D/YY)	DATE SUBMITTED (M/D/YY)	DAYS LATE
08/31/2012	11/29/2012 ⁴	03/26/2013	117
06/30/2012	07/30/2012	08/02/2012	3
03/31/2012	04/30/2012	04/04/2012	0
12/31/2011	01/30/2012	02/13/2012	14

Source: OJP Financial Guide and the GMS

For Grant Number 2009-EH-S6-0032, the reporting periods covered from October 1, 2011, through September 30, 2012. Of the four FFRs submitted, three were submitted from 3 to 95 days late.

Table 3

FFR TIMELINESS – GRANT NUMBER 2009-EH-S6-0032

REPORT PERIOD QUARTER ENDING ³	REPORT DUE DATE (M/D/YY)	DATE SUBMITTED (M/D/YY)	DAYS LATE
9/30/2012	12/29/2012 ⁴	04/03/2013	95
06/30/2012	07/30/2012	08/02/2012	3
03/31/2012	04/30/2012	04/04/2012	0
12/31/2011	01/30/2012	02/13/2012	14

Source: OJP Financial Guide and the GMS

³ Reporting Period End Dates and Report Due Dates are calculated from the *OJP Financial Guide, 2009* which states that "effective the quarter beginning October 1, 2009", FFRs are due 30 days after the end of each quarter. The final report must be submitted no later than 90 days following the end of the quarter. The Reporting Period End Date for grant 2006-WH-AX-0041 of August 31, 2012 was the end date of the grant. The Final FFR covered the quarter ending September 30, 2012. There were no expenditures initiated after the end date.

⁴ These were Final FFRs so the due date was 90 days after the grant end date.

We also reviewed financial reporting 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.

We requested supporting documentation for the FFRs that were submitted, but AAFV management was unable to produce documents for any FFRs. AAFV's accountant provided us with a spreadsheet of the general ledger expense summaries for each quarter for the life of both grants. We compared the quarterly figures from the general ledger to those reported on the FFRs for each grant.

As shown in Table 4 for Grant Number 2006-WH-AX-0041, for the last eight FFRs submitted, none of the amounts reported on the FFRs matched the calculated amounts from the accounting records. Differences in the amounts reported on the FFRs versus the amounts in the general ledger ranged from \$4,953 over that reported in the accounting records to \$45,141 under that reported in the accounting records. However, the excess cash decreased from a high of \$71,832 to \$17,361 by the time the Final FFR was submitted.

Table 4

FFR ACCURACY – GRANT NUMBER 2006-WH-AX-0041

REPORT PERIOD QUARTER ENDING	EXPENDITURES PER FFR	EXPENDITURES PER GENERAL LEDGER EXTRACTS	DIFFERENCE OF FFRS AND ACCOUNTING RECORDS	CUMULATIVE DIFFERENCE OF FFRS AND ACCOUNTING RECORDS
08/31/2012	\$ 17,077	\$ 21,818	\$ 4,741	\$ (17,361)
06/30/2012	14,212	59,352	45,141	(22,102)
03/31/2012	13,930	21,580	7,650	(67,242)
12/31/2011	13,930	10,252	(3,678)	(74,893)
09/30/2011	13,800	13,291	(509)	(71,215)
06/30/2011	13,500	13,468	(32)	(70,706)
03/31/2011	13,500	14,659	1,159	(70,674)
12/31/2010	13,500	8,547	(4,953)	(71,832)

Source: OJP Financial Guide and the GMS

As shown in Table 5 for grant 2009-EH-S6-0032, for all 13 FFRs submitted, none of the amounts reported on the FFRs matched the calculated amounts from the accounting records. Differences in the amounts reported on the FFRs versus the amounts in the general ledger ranged from \$77,490 over that reported in the accounting records to \$30,512 under that reported in the accounting records. However, the excess cash decreased from \$194,437 in the quarter ending September 30, 2010, to \$144,690 by the time the Final FFR was submitted.

Table 5

FFR ACCURACY – GRANT NUMBER 2009-EH-S6-0032

REPORT PERIOD QUARTER ENDING	EXPENDITURES PER FFR	EXPENDITURES PER GENERAL LEDGER EXTRACTS	DIFFERENCE OF FFRS AND ACCOUNTING RECORDS	CUMULATIVE DIFFERENCE OF FFRS AND ACCOUNTING RECORDS
09/30/2012	-	3,456	3,456	(144,690)
06/30/2012	-	21,597	21,597	(148,146)
03/31/2012	10,371	40,883	30,512	(169,743)
12/31/2011	23,410	10,276	(13,134)	(200,254)
09/30/2011	12,500	14,884	2,384	(187,121)
06/30/2011	18,212	19,655	1,443	(189,504)
03/31/2011	15,300	15,383	83	(190,947)
12/31/2010	22,500	25,906	3,406	(191,030)
09/30/2010	95,167	33,307	(61,860)	(194,437)
06/30/2010	61,030	61,100	70	(132,575)
03/31/2010	99,000	61,561	(37,439)	(132,645)
12/31/2010	44,300	26,584	(17,716)	(95,207)
09/30/2009	80,000	2,510	(77,490)	(77,490)

Source: OJP Financial Guide and the GMS

Based on the comparisons in Tables 4 and 5, we concluded that the FFRs were generally inaccurate.

Categorical Assistance Progress Reports

According to the *OJP Financial Guide*, Progress Reports are prepared twice a year and are used to describe performance of activities or the accomplishment of objectives as set forth in the award application. Progress Reports must be submitted within 30 days of the end of the reporting periods, which are June 30 and December 31. Therefore, Progress reports are due semi-annually on January 30 and July 30 for the life of the award.

To evaluate the timeliness of AAFV's submission of Progress Reports, we reviewed the submission dates for the last four Progress Reports submitted for each grant and compared them with the due dates as defined in the *OJP Financial Guide*. As seen in Tables 6 and 7, of the last four reports submitted, the last two reports for each grant were on time, while the two prior reports were late.

Table 6

PROGRESS REPORT TIMELINESS – GRANT NUMBER 2006-WH-AX-0041

REPORT PERIOD ENDING	REPORT DUE	DATE SUBMITTED	DAYS LATE
08/31/2012 ⁵	11/29/2012 ⁶	09/13/2012	0
06/30/2012	07/30/2012	07/16/2012	0
12/31/2011	01/30/2012	04/03/2012	64
06/30/2011	07/30/2011	10/11/2011	73

Source: OJP Financial Guide and the GMS

Table 7

PROGRESS REPORT TIMELINESS – GRANT NUMBER 2009-EH-S6-0032

REPORT PERIOD ENDING	REPORT DUE	DATE SUBMITTED	DAYS LATE
12/31/2012	03/31/2013 ⁶	01/15/2013	0
06/30/2012	07/30/2012	07/16/2012	0
12/31/2011	01/30/2012	04/03/2012	64
06/30/2011	07/30/2011	10/06/2011	68

Source: OJP Financial Guide and the GMS

In addition to the timeliness of the reports, we also reviewed the 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 should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation.

We reviewed the last four Progress Reports for each grant and found they contained data relating to victims served and funds expended. They also included narratives describing performance to goals and objectives. The information in the Progress Reports would indicate that AAFV has made progress in achieving or has achieved its performance goals and objectives. However, we were unable to obtain support documentation for any Progress Reports. As a result, we could not confirm information reported in the semi-annual Progress Reports.

⁵ The Reporting Period End Date of August 31, 2012 is the end date of the grant. The Final Progress Report covered the period ending December 31, 2012.

⁶ These were Final Progress Reports and the grants are required to be closed out within 90 days of the end date of the award. Therefore the due date was determined to be not later than 90 days after the grant end date.

Quarterly American Recovery and Reinvestment Act Reports

As previously mentioned in this report, Grant Number 2009-EH-S6-0032 was an American Recovery and Reinvestment Act of 2009 (Recovery Act) grant. According to the *OJP Financial Guide*, in addition to the normal reporting requirements, grantees receiving Recovery Act funding must submit quarterly reports, which require both financial and programmatic data. Recovery Act Reports are due within 10 calendar days after the end of each calendar quarter.

We retrieved the quarterly reports submitted by AAFV from the American Recovery and Reinvestment Act of 2009 website.⁷ The reports do not show the actual date of submission so we could not do a direct comparison to the report due date. However, the website does provide non-compliance reports which list for each reporting quarter all reports that have not been submitted. Table 8 shows that of the 13 reports that were required, 2 reports were not submitted. As a result of our analysis, we have concluded that the Recovery Act Reports submitted by AAFV were generally timely.

Table 8

**QUARTERLY RECOVERY ACT REPORT TIMELINESS –
GRANT NUMBER 2009-EH-AX-0032**

REPORT PERIOD QUARTER ENDING	REPORT DUE DATE	STATUS
09/30/2012	10/10/2012	Not Submitted
06/30/2012	07/10/2012	Submitted
03/31/2012	04/10/2012	Submitted
12/31/2011	01/10/2012	Submitted
09/30/2011	10/10/2011	Submitted
06/30/2011	07/10/2011	Submitted
03/31/2011	04/10/2011	Submitted
12/31/2010	01/10/2011	Submitted
09/30/2010	10/10/2010	Not Submitted
06/30/2010	07/10/2010	Submitted
03/31/2010	04/10/2010	Submitted
12/31/2009	01/10/2010	Submitted
09/30/2009	10/10/2009	Submitted

Source: OJP Financial Guide and the GMS

In addition to the timeliness of the reports, we also reviewed the Recovery Act Reports for accuracy. We planned to evaluate the performance data reported on the last Recovery Act Report submitted to verify the accuracy. However, we

⁷ <http://www.recovery.gov/arra/FAQ/Pages/RecipientReporting.aspx> (Recovery.gov). Recovery.gov is the U.S. government's official website that provides easy access to data related to Recovery Act spending and allows for the reporting of fraud, waste, and abuse.

were not able to obtain any support documents for any of the Recovery Act Reports. Therefore, we were unable to verify the accuracy of the reports.

Program Performance and Accomplishments

As previously mentioned in this report, the purpose of the OVW Transitional Housing grants was to fund organizations to assist victims of domestic violence, dating violence, sexual assault, and stalking who were in need of transitional housing, short-term housing assistance, and related supportive services.

Also, as discussed previously in the *Reporting, Categorical Assistance Progress Reports* section, AAFV was unable to provide any supporting documentation for Progress Reports. Therefore, we could not verify the accomplishments listed in the reports. As a result, we were unable to evaluate AAFV's overall performance and accomplishments as they relate to the grants.

Post End Date Activity

According to the *OJP Financial Guide*, award recipients have 90 days after the end date of the award to close out the award. Award recipients must also provide a cash reconciliation, make a final drawdown, and submit all required final reporting to the granting agency. Grant Number 2006-WH-AX-0041 ended August 31, 2012 and Grant Number 2009-EH-S6-0032 ended September 30, 2012. The final FFRs and the final Progress Reports for both grants were submitted, but no closeout documentation had been submitted. Both grants were administratively closed.

Additionally, between the two grants, there was approximately \$166,469 in excess drawdowns that was unaccounted for.

Monitoring of Contractors

According to the budget detail, AAFV had budgeted for several contracts that ran the 3-year life of the grants including an alarm system service contract for \$10,800, life skills classes for \$4,680, and financial services classes for \$4,680. There was also a single instance contract for roof repair and energy upgrades for \$55,200 of which \$24,314 was actually used.

The Accounting Department Policies and Procedures appear to have adequate guidelines for entering into contracts, monitoring contractors, and maintaining files. However, there is no evidence to support compliance with the policies and procedures. Therefore, we were unable to determine the adequacy of AAFV's contractor selection and monitoring.

Conclusion

The purpose of this audit was to determine whether reimbursements claimed for costs under Grant Numbers 2006-WH-AX-0041 and 2006-EH-S6-0032 were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine whether the program goals and objectives were implemented. We examined AAFV's accounting records, budget documents, financial and progress reports, and financial management procedures. We found:

- \$166,469 in drawdowns in excess of expenditures;
- \$29,583 in unsupported expenses due to missing or inadequate documentation;
- \$1,096 in unallowable fines;
- \$6,758 in unallowable personnel expenses;
- AAFV's FFRs were late and inaccurate and Progress and Recovery Act Reports were unsupported, preventing evaluation of performance to program goals and objectives;
- general ledger accounts were not set up to allow direct comparison between expenditures and the approved budget;
- grant closeout was late for both grants and done administratively; and
- we were unable to determine the adequacy of contractor monitoring due to no support documentation.

Recommendations

We recommend the OVW:

1. Remedy the \$166,469 in excess drawdowns.
2. Remedy the \$29,583 in unsupported costs due to missing files or inadequate documentation.
3. Remedy the \$1,096 in unallowable costs related to IRS fines.
4. Remedy the \$6,758 in unallowable unbudgeted personnel costs.
5. Ensure FFRs, Progress Reports, and Recovery Act Reports are submitted timely and are properly supported with appropriate documentation.
6. Ensure general ledger accounts are set up appropriately to allow direct comparison of approved budgets to actual expenditures.
7. Ensure procedures for obtaining contracts and monitoring contractors are adequate and properly followed.
8. Ensure all grant post end date activities are completed timely.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of the audit was to assess performance in the key areas of grant management that were applicable and appropriate for the grants under review. Those areas included: (1) internal control environment, (2) drawdowns, (3) grant expenditures, (4) budget management and control, (5) financial status and progress reports, (6) program performance and accomplishments, (7) post grant end-date activities, (8) property management, (9) matching costs, (10) program income, (11) monitoring of subgrantees and contractors, and (12) special grant requirements. We determined property management, matching costs, and program income were not applicable to these grants.

We tested compliance with what we consider to be the most important conditions of the grant award. Unless otherwise stated in our report, the criteria we audit against are contained in the *OJP Financial Guide* and grant award documents. 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 the OVW Transitional Housing Assistance Grants for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault Program (Transitional Housing), Grant Numbers 2006-WH-AX-0041 (plus one supplement) and 2009-EH-S6-0032, a Recovery Act grant, awarded to AAFV. As of May 8, 2014, AAFV had drawn down a total of \$1,033,795 of the \$1,033,795 awarded. Our audit concentrated on, but was not limited to, September 1, 2006, the project start date for Grant Number 2006-WH-AX-0041, through May 16, 2014, the last day of our fieldwork.

In conducting our audit, we reviewed FFRs, Progress Reports and Recovery Act Reports and performed testing of grant expenditures. Our testing was conducted by judgmentally selecting a sample of expenditures, along with a review of internal controls and procedures for the grants that we audited. A judgmental sampling design was applied to obtain broad exposure to numerous facets of the grants reviewed, such as dollar amounts, expenditure category, and perceived risk. This non-statistical sample design does not allow for projection of the test results to all grant expenditures or internal controls and procedures.

We expanded our testing of transactions from 25 for each grant to a total of 205 transactions for both grants combined, 64 for Grant Number 2009-EH-S6-0032 and 141 transactions for Grant Number 2006-WH-AX-0041. In evaluating the accuracy of FFRs, we tested all FFRs submitted. In evaluating the timeliness of Recovery Act Reports, we examined the 11 reports submitted.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS⁸

<u>DESCRIPTION</u>	<u>AMOUNT⁹</u>	<u>PAGE</u>
<u>QUESTIONED COSTS:</u>		
<u>Grant Number 2006-WH-AX-0041</u>		
Unsupported excess drawdowns	18,490	6
Unsupported costs from transaction tests	29,068	8
Unallowable IRS fines	1,096	8
Total Questioned Costs for Grant Number 2006-WH-AX-0041	\$ 48,654	
<u>Grant Number 2009-EH-S6-0032</u>		
Unsupported excess drawdowns	147,979	6
Unbudgeted personnel expenses	6,758	8
Unsupported costs from transaction tests	515	8
Total Questioned Costs for Grant Number 2009-EH-S6-0032	\$ 155,252	
TOTAL QUESTIONED COSTS	\$ 203,906	
<u>TOTAL DOLLAR-RELATED FINDINGS</u>	\$ 203,906	

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 Differences in totals throughout the report are due to rounding (the sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded).

AAFV'S RESPONSE TO THE DRAFT REPORT



ADVOCATES AGAINST FAMILY VIOLENCE

Kim Ivacek, Executive Director
Tricia Combs, Program Director

AAFV PROGRAMS

Hope's Door Shelter

(208) 459-6279
24 hour Crisis Line
(208) 459-4779

**S. A. R. T.
Sexual Assault
Response Team**

Support Services
Transitional Housing
Parent Information Resource
Center
Teen Outreach
Rural DV Program
Safe and Sober Housing
Court Advocacy
Learning Center
Affordable Housing

Mission Statement
AAFV works to eliminate violence in families and homes by empowering men, women and children to make positive life choices through support, advocacy, education, awareness, affordable housing and community involvement.

P. O. Box 1496 · Caldwell, ID 83606
Office (208) 459-6330 · Fax (208) 454-6595
www.aafvhope.org · Email: info@aafvhope.org

David M. Sheeren
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. Sheeren:

Re: Audit Response

This letter is the formal response to the recommendations included in the Draft Audit Report: Audit of the Office on Violence Against Women Grants to Advocates Against Family Violence, Grant Nos. 2006-WH-AX-0041 and 2009-EH-S6-0032. Each recommendation will be stated and followed by a response.

1. Remedy the \$166,469 in excess drawdowns.

Advocates Against Family Violence (AAFV) will wait for further instruction by Office of Violence Against Women (OVW) regarding the \$166,469 in excess drawdowns. We agree that these drawdowns should not have been taken without supporting expense documentation and our enhanced procedures will ensure that this does not happen in the future. Please see attached procedures.
2. Remedy the \$29,583 in unsupported costs due to missing files or inadequate documentation.

AAFV will wait for further instruction by OVW regarding the \$29,583 in unsupported costs due to missing files or inadequate documentation. We agree that these expenses should have proper documentation when charged to these grants and our enhanced procedures will ensure that this does not happen in the future. Please see attached procedures.
3. Remedy the \$1,096 in unallowable costs related to IRS fines.

AAFV will wait for further instruction by OVW regarding the \$1,096 in unallowed costs related to IRS fines. We agree that these expenses should not have been charged to these grants and our enhanced procedures will ensure that this does not happen in the future. Please see attached procedures.



ADVOCATES AGAINST FAMILY VIOLENCE

Kim Ivacek, Executive Director
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4. Remedy the \$6,758 in unallowable unbudgeted personnel costs.

AAFV will wait for further instruction by OVW regarding the \$6,758 in unallowable unbudgeted personnel costs. We agree that these expenses should not have been charged to these grants without prior approval and our enhanced procedures will ensure that this does not happen in the future. Please see attached procedures.

5. Ensure FFRs, Progress Reports, and Recovery Act Reports are submitted timely and are properly supported with appropriate documentation.

AAFV procedures related to submitting timely FFRs, Progress Reports, and Recovery Act Reports have been revised to include additional steps for submitting the reports and agreeing the financial information to the submitted reports. Please see our attached enhanced procedures.

6. Ensure general ledger accounts are set up appropriately to allow direct comparison of approved budgets to actual expenditures.

AAFV has adjusted its general ledger accounts to agree to approved budgets so actual expenditures will agree to the budget categories. Please see our attached enhanced procedures.

7. Ensure procedures for obtaining contracts and monitoring contractors are adequate and properly followed.

AAFV procedures related to obtaining contracts and monitoring contractors have been added to ensure these procedures are properly followed as they relate to grants. Please see our attached enhanced procedures.

8. Ensure all grant post end date activities are completed timely.

AAFV procedures related to grant post end date activities have been revised to reconcile the activities to be completed timely. Please see our attached enhanced procedures.

GRANTS AND CONTRACTS

Contract and grant documents are reviewed and approved by appropriate program staff, as well as the Finance Director, prior to being signed by the Executive Director.

- The Finance Director will carefully review each award to ensure that Advocates Against Family Violence, Inc. will be in compliance with all financial provisions.
- The Program Manager will carefully review each award to ensure that all programmatic provisions will be met.
- Original copies of signed grants and contracts are filed in the contract file with copies to the Finance Director and Program Manager.
- The Finance Director will assign appropriate general ledger account numbers and customer numbers for each new grant or contract, if required.
- The Finance Director will designate the appropriate staff responsible for preparation of reports, payment requests, and/or invoices.
- The Finance Director will maintain a current calendar of grant dates for drawdowns and reporting deadlines.
- The Finance Director will maintain individual contract files containing copies of the grant/contract, any amendments, relevant correspondence regarding the grant/contract, and reports of expenditures or billings.
- A log of all grants/contracts is maintained by Finance Director detailing grant/contract numbers, effective dates, and reporting requirements.

OVW'S RESPONSE TO THE DRAFT REPORT





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

November 13, 2014

MEMORANDUM

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

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

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

SUBJECT: Draft Audit Report - Audit of the Office on Violence Against Women Grants Awarded to the Advocates Against Family Violence (AAFV)

This memorandum is in response to your correspondence dated October 14, 2014 transmitting the above draft audit report for AAFV Incorporated. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains eight recommendations that include \$166,469 in excess drawdowns, \$29,583 in unsupported costs, and \$7,854 in unallowable costs. 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. Remedy the \$166,469 in excess drawdowns.

OVW does agree with the recommendation. We will coordinate with AAFV to remedy the \$166,469 in excess drawdowns.

2. Remedy the \$29,583 in unsupported costs due to missing files or inadequate documentation.

OVW does agree with the recommendation. We will coordinate with AAFV to remedy the \$29,583 in unsupported costs due to missing files or inadequate documentation.

3. Remedy the \$1,096 in unallowable costs related to IRS fines.

OVW does agree with the recommendation. We will coordinate with AAFV to remedy the \$1,096 in unallowable costs related to IRS fines.

4. Remedy the \$6,758 in unallowable unbudgeted personnel costs.

OVW does agree with the recommendation. We will coordinate with AAFV to remedy the \$6,758 in unallowable unbudgeted personnel costs.

5. Ensure FFR's, Progress Reports, and Recovery Act Reports are submitted timely and are properly supported with appropriate documentation.

OVW does agree with the recommendation. We will coordinate with AAFV to ensure FFR's, Progress Reports, and Recovery Act Reports are submitted timely and are properly supported with appropriate documentation.

6. Ensure General Ledger accounts are set up appropriately to allow direct comparison of approved budgets to actual expenditures.

OVW does agree with the recommendation. We will coordinate with AAFV to ensure General Ledger accounts are set up appropriately to allow direct comparison of approved budgets to actual expenditures.

7. Ensure procedures for obtaining contracts and monitoring contractors are adequate and properly followed.

OVW does agree with the recommendation. We will coordinate with AAFV to ensure procedures for obtaining contracts and monitoring contractors are adequate and properly followed.

8. Ensure all grant post end date activities are completed timely.

OVW does agree with the recommendation. We will coordinate with AAFV to ensure all grant post end date activities are completed timely.

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.

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

The Office of the Inspector General (OIG) provided a draft of this audit report to Advocates Against Family Violence (AAFV) and the Office on Violence Against Women (OVW). The AAFV's response is incorporated in Appendix 3 of this report. The OVW's response is incorporated in Appendix 4 of this report. The OIG analysis of the responses and summary of actions necessary to close are detailed below.

Recommendation

1. Remedy the \$166,469 in excess drawdowns.

Resolved. The OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with AAFV to remedy the \$166,649 in excess drawdowns. AAFV also agreed with the recommendation and stated it has enhanced procedures to prevent future occurrence.

This recommendation can be closed when we receive documentation that the OVW has remedied the \$166,649 in excess drawdowns.

2. Remedy the \$29,583 in unsupported costs due to missing files or inadequate documentation.

Resolved. The OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with AAFV to remedy the \$29,583 in unsupported cost due to missing files or inadequate documentation. AAFV also agreed with the recommendation and stated it has enhanced procedures to prevent future occurrence.

This recommendation can be closed when we receive documentation that the OVW has remedied the \$29,583 in unsupported costs due to missing files or inadequate documentation

3. Remedy the \$1,096 in unallowable costs related to IRS fines.

Resolved. The OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with AAFV to remedy the \$1,096 in unallowable costs related to IRS fines. AAFV also agreed with the recommendation and stated it has enhanced procedures to prevent future occurrence.

This recommendation can be closed when we receive documentation that the OVW has remedied the \$1,096 in unallowable costs related to IRS fines.

4. Remedy the \$6,758 in unallowable unbudgeted personnel costs.

Resolved. The OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with AAFV to remedy the \$6,758 in unallowable unbudgeted personnel costs. AAFV also agreed with the recommendation and stated it has enhanced procedures to prevent future occurrence. This recommendation can be closed when we receive documentation that the OVW has remedied the \$6,758 in unallowable unbudgeted personnel costs.

5. Ensure FFR's, Progress Reports, and Recovery Act Reports are submitted timely and are properly supported with appropriate documentation.

Resolved. The OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with AAFV to ensure FFRs, Progress Reports, and Recovery Act Reports are submitted timely and are properly supported with appropriate documentation. AAFV also agreed with the recommendation and stated it has revised procedures to include additional steps for submitting reports to prevent future occurrence.

This recommendation can be closed when we receive evidence that AAFV has developed and implemented procedures that remedy the untimely submission of FFRs, Progress Reports, and Recovery Act Reports and they are properly supported with appropriate documentation.

6. Ensure General Ledger accounts are set up appropriately to allow direct comparison of approved budgets to actual expenditures.

Resolved. The OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with AAFV to ensure general ledger accounts are set up appropriately to allow direct comparison of approved budgets to the actual expenditures. AAFV also agreed with the recommendation and stated it has adjusted its general ledger accounts to agree with approved budgets so actual expenditures may be compared to the budget in the future.

This recommendation can be closed when we receive evidence that AAFV has developed and implemented procedures to remedy the inadequate general ledger which does not allow direct comparison of approved budgets to actual expenditures.

7. Ensure procedures for obtaining contracts and monitoring contractors are adequate and properly followed.

Resolved. The OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with AAFV to ensure procedures for

obtaining contracts and monitoring contractors are adequate and properly followed. AAFV also agreed with the recommendation and stated it has added procedures relating to obtaining contracts and monitoring contractors to ensure proper control of contracts.

This recommendation can be closed when we receive evidence that AAFV has developed and implemented procedures to remedy the existing inadequate procedures for obtaining contracts and monitoring contractors and that they are properly followed.

8. Ensure all grant post end date activities are completed timely.

Resolved. The OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with AAFV to ensure all grant post end date activities are completed timely. AAFV also agreed with the recommendation and stated it has revised procedures relating to post-end-date activities to prevent future occurrence

This recommendation can be closed when we receive evidence that AAFV has developed and implemented procedures to remedy the untimely completion of post end date activities.

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