



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



Audit of Office on Violence Against Women Grant Awarded to the Denver Center for Crime Victims Denver, Colorado

**AUDIT OF OFFICE ON VIOLENCE AGAINST WOMEN
GRANT AWARDED TO
THE DENVER CENTER FOR CRIME VICTIMS
DENVER, COLORADO**

EXECUTIVE SUMMARY

The U.S. Department of Justice, Office of the Inspector General, Audit Division, has completed an audit of Grant No. 2011-WL-AX-0017 totaling \$1,074,941 awarded by the Office on Violence Against Women (OVW) to the Denver Center for Crime Victims (DCCV).¹

OVW's 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 of domestic violence, dating violence, sexual assault, and stalking. The mission of DCCV is to provide culturally and linguistically responsive programs, health promotion, and crime prevention education. DCCV's services are broad, supporting survivors of simple theft, domestic and sexual violence, to suicide/homicide survivors. DCCV provides crisis intervention, case management, financial assistance, client relocation, integrated physical and mental health programs and more, all without financial cost to DCCV clients.²

The objective of the audit was to assess performance in the key areas of grant management that are applicable and appropriate for the grant under review. These areas include: (1) internal control environment, (2) drawdowns, (3) grant expenditures, (4) monitoring of contractors, (5) budget management and control, (6) financial status and progress reports, (7) special grant requirements, and (8) program performance and accomplishments.

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in this report, the criteria we audit against are contained in the OVW Financial Grants Management Guide and the grant documentation.

We examined DCCV's accounting records, financial and progress reports, and operating policies and procedures, and found that DCCV did not comply with essential grant conditions in the areas of internal control environment, grant expenditures, reporting, special grant requirements, and program performance and accomplishments. Most significantly, DCCV charged unallowable and unsupported costs to the grant. Based on our audit results, we identified \$300,112 in

¹ Grant No. 2011-WL-AX-0017 had a project start date of October 1, 2011, and the project end date is September 30, 2016.

² Statements of mission and intent regarding OVW and DCCV have been taken from the agencies' website directly (unaudited).

questioned costs, which included \$54,499 in duplicate costs that were questioned for more than reason, resulting in net questioned costs of \$245,613.

The report contains 10 recommendations, which are detailed in the Findings and Recommendations section. Our audit objectives, scope, and methodology are discussed in Appendix 1 and our Schedule of Dollar-Related Findings appears in Appendix 2.

We discussed the results of our audit with DCCV officials and have included their comments in the report, as applicable. In addition, we requested written responses to the draft audit report from DCCV and OVW, which are appended to this report in Appendices 3 and 4, respectively. Our analysis of both responses, as well as a summary of actions necessary to close the recommendations can be found in Appendix 5 of this report.

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DENVER, COLORADO**

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INTRODUCTION

The U.S. Department of Justice, Office of the Inspector General, Audit Division, has completed an audit of Grant No. 2011-WL-AX-0017 totaling \$1,074,941 awarded by the Office on Violence Against Women (OVW) to the Denver Center for Crime Victims (DCCV).¹

Background

OVW's 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 of domestic violence, dating violence, sexual assault, and stalking. Created in 1995, OVW administers financial and technical assistance to communities across the country that are developing programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking.

DCCV is a charitable non-profit organization that was incorporated in January 1987, and began providing services in October 1987. The mission of DCCV is to provide culturally and linguistically responsive programs, health promotion, and crime prevention education. DCCV's services are broad, supporting survivors of simple theft, domestic and sexual violence, to suicide/homicide survivors. DCCV provides crisis intervention, case management, financial assistance, client relocation, integrated physical and mental health programs and more, all without financial cost to DCCV clients.²

Grant No. 2011-WL-AX-0017 was awarded under the Legal Assistance for Victims Grant Program. This program strengthens civil and criminal legal assistance programs for adult and youth victims of domestic violence, dating violence, sexual assault, and stalking who are seeking relief in legal matters relating to or arising out of that abuse or violence. Eligible applicants include private nonprofit entities, territorial organizations, Indian tribal governments and tribal organizations, and publicly funded organizations not acting in a governmental capacity, such as law schools.

¹ Grant No. 2011-WL-AX-0017 had a project start date of October 1, 2011, and the project end date is September 30, 2016.

² Statements of mission and intent regarding OVW and DCCV have been taken from the agencies' website directly (unaudited).

Our Audit Approach

The objective of the audit was to assess performance in the key areas of grant management that are applicable and appropriate for the grant under review. These areas include: (1) internal control environment, (2) drawdowns, (3) grant expenditures, (4) monitoring of contractors, (5) budget management and control, (6) financial status and progress reports, (7) special grant requirements, and (8) program performance and accomplishments.

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the OVW Financial Grants Management Guide and the grant documentation. We tested DCCV'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;
- **drawdowns** to determine whether drawdowns were adequately supported and if DCCV was managing grant receipts in accordance with federal requirements;
- **grant expenditures** to determine the accuracy and allowability of costs charged to the grant;
- **monitoring of contractors** to determine how DCCV administered and monitored contracted funds;
- **budget management and control** to determine DCCV's compliance with the costs approved in the grant budgets;
- **Federal Financial Reports (FFR) and progress reports** to determine if the required reports were submitted in a timely manner and accurately reflect grant activity;
- **special grant requirements** to determine DCCV's compliance with the grant's special conditions; and
- **program performance and accomplishments** to determine if DCCV is capable of meeting the grant objectives and whether DCCV collected data and developed performance measures to assess accomplishment of the intended objectives.

The results of our analysis are discussed in detail in the Findings and Recommendations section of this report. Our audit objectives, scope, and methodology are discussed in Appendix 1.

FINDINGS AND RECOMMENDATIONS

As further discussed in this report, we found that DCCV did not comply with essential grant conditions in the areas of internal control environment, grant expenditures, reporting, special grant requirements, and program performance and accomplishments. Most significantly, DCCV charged unallowable and unsupported costs to the grant. Based on our audit results, we make two recommendations to address dollar-related findings and eight recommendations to improve the management of the grant. We identified \$300,112 in questioned costs, which included \$54,499 in duplicate costs that were questioned for more than one reason, resulting in net questioned costs of \$245,613.

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 funding have a single audit performed for that year. DCCV was not required to and did not have any single audits performed, because it did not expend \$500,000 per year in federal funding.

We reviewed DCCV's financial statements for the years ended December 31, 2013, and 2012, and December 31, 2012, and 2011; as well as DCCV's 990 form for 2012. We found that there were no findings that related to Department of Justice grant funds.

However, during our interviews, DCCV officials disclosed and provided documentation regarding fraudulent activity that occurred from July 2011 through September 2012. The fraud was discovered on October 4, 2012, and a case was filed with the police department on October 5, 2012. The fraudulent activity occurred when a DCCV client obtained the routing and bank account number from an emergency fund check and gave it to numerous individuals. As a result, \$42,448 was stolen from DCCV's operating bank account. According to DCCV officials the fraud did not involve any Department of Justice grant funds and all funds are being recovered. However, it should be noted that due to a lack of internal controls, the fraudulent activity continued for 15 months before DCCV realized that fraudulent transactions were being charged to its bank account.

Internal Control Environment

We reviewed DCCV's internal control environment, including procurement, receiving, and payment procedures; the payroll system; and monitoring of contractors to determine compliance with the terms and conditions of the grant, and to assess risk. DCCV officials provided written policy and procedures related to payroll, procurement, receiving, and payment; and described the procedures for approving general grant expenses.

According to the payroll procedures, employees are paid bi-weekly and DCCV utilizes timesheets. However, as discussed in the Personnel Costs section of this

report, the timesheets utilized by DCCV do not contain sufficient detail to support the time charged to the grant for partially grant-funded staff that work on multiple cost activities during the pay period. As a result, we make a recommendation to address this matter in the Personnel Costs section of this report.

DCCV did not have written procedures for contract, consultant, or subgrantee monitoring. During our interviews, DCCV officials stated that the invoices included the details of the services provided. Some invoices may list clients served, however, DCCV does not perform a verification of clients served, because according to DCCV a majority of the clients are already DCCV clients. In our opinion, this does not appear to be adequate monitoring of contracts. Further, as discussed in the Contractual Costs section of this report, we reviewed all contract transactions with the DCCV's Memorandum of Understanding (MOU) partners and the majority of the Translation and Interpretation Center (TI Center) transactions, and identified significant questioned costs.³ As a result, we determined that DCCV is not adequately monitoring its contracts. Therefore, we recommend that OVW coordinate with DCCV to develop policies and procedures for adequate monitoring of contractors and verification of supporting documentation.

According to 28 C.F.R. § 70.21, "Recipients' financial management systems must provide for accurate, current and complete disclosure of the financial results of each Federally-sponsored project or program." DCCV utilizes the Peachtree accounting system. DCCV provided us with three different accounting records for the grant. First DCCV provided some supplemental Excel spreadsheets, so we requested a general ledger. The first general ledger provided was created by the Finance Director using the supplemental Excel spreadsheets and information from Peachtree. When we realized that the first general ledger was not from DCCV's accounting system, we requested and received a general ledger generated from DCCV's accounting system. Based on our analysis, we identified significant discrepancies between the first general ledger provided and the general ledger generated from DCCV's accounting system. When we requested that DCCV provide explanations for the discrepancies, the Finance Director stated that she does not use the general ledger in the accounting system for Grant No. 2011-WL-AX-0017 to record grant expenditures, and there is no general ledger in the accounting system that would show all expenditures for the grant. Instead, the Finance Director circumvents the DCCV accounting system and uses supplemental spreadsheets that are created quarterly and maintained outside of the accounting system, to account for the grant expenditures. The DCCV Finance Director considers the supplemental spreadsheets to be the "official accounting records for the grant," and therefore, we concluded that the general ledger for the grant maintained in the accounting system is incomplete and inaccurate.

³ It should be noted that the TI Center is a division within DCCV and should not have been identified as a contractor in the grant budget or treated as a contractor for the purposes of charging translation and interpretation services to the grant.

The Finance Director explained that DCCV expenditures in the accounting system are exported into Excel and then allocated to the grant; however, the related adjusting entries are not made to the accounting system. The Finance Director confirmed that the accounting system does allow for adjusting entries among cost centers. However, the Finance Director chose not to make adjusting entries to allocate grant expenditures, because she does not feel that it is a good use of her time and is not cost effective for DCCV. According to the Finance Director, the Executive Director and the Board of Directors are aware that she is using supplemental spreadsheets rather than the accounting system to record expenditures for Grant No. 2011-WL-AX-0017, and that this is the process used for other grants.

The Finance Director explained that journal entries in the accounting system are made once per month and the supplemental spreadsheets for the grant are only prepared quarterly. Therefore, DCCV's "official accounting records for the grant" are not current since the supplemental spreadsheets are only updated quarterly. As a result, DCCV is not in compliance with 28 C.F.R. § 70.21, and we have the following concerns regarding DCCV's procedures: (1) the Finance Director is circumventing the accounting system and therefore any internal controls offered by the accounting system are not being used (including password protection, edit history, etc.), (2) the supplemental spreadsheets include formulas in the totals that add and subtract amounts that do not tie to a valid transaction, and (3) DCCV's current accounting system and procedures do not allow for current, complete, and accurate financial results for the grant. Further, we have no assurance regarding the reliability of the information on the supplemental spreadsheets that DCCV considers to be the "official accounting records for the grant." For the purposes of our audit analysis we used the supplemental spreadsheets to analyze costs charged to the grant; however, we recommend that OVW coordinate with DCCV to ensure DCCV complies with 28 C.F.R. § 70.21 and that it does not circumvent its accounting system and its internal controls to account for the grant expenditures.

Drawdowns

DCCV officials stated that the drawdowns are made on a reimbursement basis. According to the OVW Financial Grants Management Guide, recipients should time their drawdown requests 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. We analyzed drawdowns for Grant No. 2011-WL-AX-0017 to determine if the total actual costs recorded in the supplemental spreadsheets were equal to or in excess of cumulative drawdowns. We found that as of May 5, 2014, which was the date of the last drawdown plus 10 days, cumulative expenditures exceeded cumulative drawdowns. However, as noted in the Internal Control Environment section of this report, we have no assurance regarding the reliability of the information on the supplemental spreadsheets DCCV considers to be the "official accounting records for the grant."

Expenditures

In order to determine whether grant expenditures were allowable, reasonable, and in compliance with the terms and conditions of the grant, we reviewed 327 transactions totaling \$201,129. Our initial review included 10 transactions totaling \$6,367 from the first general ledger we were provided for the grant that were not included on the supplemental spreadsheets DCCV considers to be the "official accounting records for the grant." We identified issues with these 10 transactions that further support the internal control issues discussed previously but they were not included in our analysis of expenditures. As a result, we reviewed 317 transactions totaling \$194,762, which included 55 personnel cost transactions and 262 other direct cost transactions.

Personnel Costs

During our review of 55 personnel transactions totaling \$36,605 from Grant No. 2011-WL-AX-0017, we found that salaries and fringe benefits charged to the grant for the Legal Assistant were not adequately supported by timesheets. The approved grant budget included 0.5 Full Time Equivalents (FTE) for the Legal Assistant. According to the OVW Financial Grants Management Guide, where salaries apply to the execution of two or more grant programs, cost activities, project periods, and/or overlapping periods, proration of costs to each activity must be made based on time and/or effort reports (e.g., timesheets). However, DCCV's timesheets did not contain information detailing the amount of time charged to the grant or other funding sources for the Legal Assistant. Therefore, we questioned the personnel costs charged to the grant for the Legal Assistant totaling \$81,610 consisting of \$67,967 in salary and \$13,643 in fringe benefits, as unsupported. As a result of our review, DCCV began utilizing timesheets that separate and document an employee's time by cost activity. However, we noted that for the Legal Assistant, the allocation on the timesheet did not match the allocation billed to the grant. Therefore, we recommend that OVW ensure DCCV bills the grant for the allocation amount supported by the amount allocated on the timesheet.

We also found that the health benefits charged to the grant were unsupported. DCCV officials explained that they charged health benefits to the grant based on the amounts approved in the grant budget, rather than using actual costs. As a result, we questioned \$23,316 in health benefits charged to the grant as unsupported.⁴ Additionally, we identified three transactions charged to Grant No. 2011-WL-AX-0017 for dental benefits for the Paralegal position. However, no dental benefits were actually paid for this position. As a result, we questioned \$117 in dental benefits for the Paralegal position as unsupported. Further, we

⁴ DCCV used this methodology to charge \$8,199 in health benefits for the Legal Assistant to the grant. However, DCCV did not pay for any health benefits for this position. Therefore, all health benefits for the Legal Assistant are unsupported. It should be noted that these costs were previously questioned as unsupported due to issues with timesheets.

found instances in which DCCV billed the grant for personnel costs for the Paralegal and Bilingual Client Navigator positions at 80 percent; however, DCCV billed the grant for 100 percent of the health and dental benefits. As a result, we questioned \$415, the 20 percent difference, in health and dental benefits charged to the grant as unsupported.

Additionally, while reviewing DCCV's supplemental spreadsheets, we identified salary and FICA transactions for the Bilingual Client Navigator and the Legal Assistant on December 31, 2013, and January 3, 2014. The salary and FICA amounts on both dates appeared to be for full pay periods. The Finance Director explained that the December 31, 2013, transactions were accrual entries that were not reversed. As a result, we questioned \$3,710, consisting of \$3,446 in salaries and \$264 in fringe benefits, as unsupported.

Overall, we identified unsupported salary costs totaling \$71,414, and unsupported fringe benefit costs totaling \$37,754. Therefore, we recommend that OVW coordinate with DCCV to remedy the \$71,414 in unsupported salary costs. Additionally, we recommend that OVW coordinate with DCCV to remedy the \$37,754 in unsupported fringe benefit costs.

We also identified \$9,756 in salary transactions charged to the grant for positions that were not approved in the grant budgets or by an approved Grant Adjustment Notice (GAN). As a result, we questioned the \$9,756 in salaries charged to the grant for unbudgeted positions as unallowable. Therefore, we recommend that OVW coordinate with DCCV to remedy the \$9,756 in unallowable salary costs.

Additionally, we identified unallowable fringe benefit transactions totaling \$5,900 that were not approved in the grant budgets or by an approved GAN. The unallowable fringe benefits included unbudgeted health benefits for the Legal Assistant totaling \$4,100, and an unbudgeted payment to the Paralegal totaling \$1,800 to provide assistance when the employee was unable to work or receive a paycheck. Therefore, we recommend that OVW coordinate with DCCV to remedy the \$5,900 in unallowable fringe benefit costs.

Finally, the OVW Financial Grants Management Guide states, "When recipient employees work solely on a specific grant award, no other documentation is required. However, after-the-fact certifications that the employee is working 100 percent of their time on the grant award must be prepared no less frequently than every 6 months, and must be signed by the employee and supervisory official having firsthand knowledge of the work performed." According to DCCV officials, DCCV was not previously aware of the semiannual certifications requirement. As a result of our audit, DCCV provided back dated certifications for the staff currently working 100 percent of their time on Grant No. 2011-WL-AX-0017. DCCV was unable to provide a certification for the former Paralegal who no longer works at DCCV. However, since certifications were provided for the current fully grant funded staff, we are not offering a recommendation related to this issue.

Other Direct Costs

As mentioned previously, our initial review included 10 transactions totaling \$6,367 that were selected from the first general ledger provided for the grant but were not included on the supplemental spreadsheets that DCCV considers to be “the official accounting records for the grant.” However, it should be noted that one of these transactions was for office supplies, totaling \$3,423. The invoices DCCV officials provided for this transaction greatly exceeded the dollar amount of the transaction. However, DCCV officials could not identify which items were purchased and used for Grant No. 2011-WL-AX-0017, or any allocation methodology used to allocate the costs to the grant. Additionally, while reviewing the invoices, we identified items that were not allowable in the approved budgets or by an approved GAN. As mentioned previously, even though we identified issues with this transaction, we did not include this transaction in our questioned cost totals detailed in this report.

As a result, our review covered 262 other direct cost transactions totaling \$158,156 from Grant No. 2011-WL-AX-0017, however, 231 transactions totaling \$147,935 were contractual costs and are discussed in the Contractual Costs section of this report. Based on our review of the remaining 31 other direct cost transactions, we determined that 4 transactions were unsupported, as show in Table 1. Specifically, these transactions included training and training related costs that were not supported by a training certificate or other documentation supporting attendance, costs for postage for which DCCV could not support the allocation methodology it used to determine the amount charged to the grant, and costs for a hotel stay that was not supported by a receipt.

Table 1
Unsupported Other Direct Costs

NUMBER OF TRANSACTIONS	DESCRIPTION	QUESTIONED COSTS
2	Missing training certificate or other documentation supporting attendance	\$ 416
1	No allocation methodology	1,000
1	Costs not supported by a receipt	167
4	Total Unsupported Other Direct Costs:	\$1,582⁵

Source: DCCV supplemental spreadsheets

Additionally, we identified one transaction in which a DCCV employee was reimbursed an extra \$20 for FedEx shipments, and the \$20 was therefore unsupported. However, during the course of our audit, DCCV received a reimbursement check from the employee and corrected the general ledger. Therefore, we do not include this transaction or the related questioned costs in our questioned costs totals. As a result, we identified unsupported other direct costs

⁵ Differences in the total amounts are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded.

totaling \$1,582. Therefore, we recommend that OVW coordinate with DCCV to remedy the \$1,582 in unsupported other direct costs.

Further, we determined that 17 transactions were unallowable, as shown in Table 2. Specifically, 13 transactions comprised of costs that were not allowable in the approved budgets or by an approved GAN, including costs for food (for yoga meeting, new year’s celebration, retreat, and Spanish speakers), furniture, kitchen items, court research, computers, phones, stuffed animals, case management software, attorney time not related to Grant No. 2011-WL-AX-0017, parking and mileage for a fundraiser, and State of Colorado Department of Regulatory Agencies registration. Additionally, special conditions 17 of supplement 00 and 25 of supplement 01 state that the grantee will provide the OVW with the agenda for any training seminars, workshops, or conferences not sponsored by OVW that project staff propose to attend using grant funds. The grantee must receive prior approval from OVW before using OVW grant funds to attend any training, workshops, or conferences not sponsored by OVW. The GAN request should be submitted to OVW at least 20 days before registration for the event is due. Approval to attend non-OVW sponsored programs will be given on a case-by-case basis. Four transactions included costs related to trainings for which DCCV did not obtain prior approval from OVW. This is discussed further in the Special Grant Requirements section of this report.

Table 2
Unallowable Other Direct Costs

NUMBER OF TRANSACTIONS	DESCRIPTION	QUESTIONED COSTS
13	Not allowable in the approved budgets or by an approved GAN	\$ 5,012
4	No prior approval for training and related costs	998
17	Total Unallowable Other Direct Costs:	\$6,010

Source: DCCV supplemental spreadsheets

Overall, we identified unallowable other direct costs totaling \$6,010. Therefore, we recommend that OVW coordinate with DCCV to remedy the \$6,010 in unallowable other direct costs.

Contractual Costs

As mentioned previously, our audit reviewed 262 other direct cost transactions totaling \$158,156. Of these other direct cost transactions, 231 transactions totaling \$147,935 were charged to the grant as contractual costs. Of this amount, 223 transactions totaling \$49,133 were paid to the TI Center, while the remaining 8 transactions totaling \$98,802 were paid to contractors outside of DCCV. It should be noted that the TI Center was listed as a contractor in the grant budget and charged to the grant as contractual costs. However, the TI Center is a division within DCCV and is not an outside contractor.

DCCV Contracts

For the 8 transactions totaling \$98,802 paid to DCCV contractors, we found that 7 transactions totaling \$52,777 were unsupported, as shown in Table 3.

Table 3
Unsupported Contractual Costs

NUMBER OF TRANSACTIONS	DESCRIPTION	QUESTIONED COSTS
6	Supporting documents could not be provided by DCCV contractor ⁶	\$ 45,780
1	DCCV contractor time sheets did not support the contractor invoice or payment	6,998
7	Total Unsupported Contractual Costs:	\$52,777

Source: DCCV supplemental spreadsheets

Overall, we identified unsupported contractual costs totaling \$52,777. Therefore, we recommend that OVW coordinate with DCCV to remedy the \$52,777 in unsupported contractual costs.

Additionally, we determined that 3 transactions totaling \$32,076 included personnel and fringe benefit payments to outside DCCV contractors that were not allowable in the approved budgets or by an approved GAN. Therefore, we questioned \$32,076 as unallowable contractual costs and we recommend that OVW coordinate with DCCV to remedy the \$32,076 in unallowable contractual costs.

TI Center

As mentioned previously, our initial review included 10 transactions totaling \$6,367 that were selected from the first general ledger provided for the grant but were not included on the supplemental spreadsheets that DCCV considers to be "the official accounting records for the grant." Nine of these transactions were contractual cost transactions paid to the TI Center, totaling \$2,944. As a result, even though we identified issues with these transactions that would have made them unsupported and some unallowable, we did not include these transactions in our questioned cost totals detailed in this report. Of the 223 TI Center transactions totaling \$49,133, 113 were for interpretation services, 110 were for translations services, and 1 we were unable to determine the service provided.⁷

As stated previously, the TI Center is a division within DCCV and should not have been treated as a contractor for the purposes of the grant. According to DCCV officials, prior to 2005, the TI Center was run by another organization.

⁶ For one transaction totaling \$13,500, DCCV officials thought that the contractor may have gone out of business.

⁷ The total exceeds 223 transactions, because some transactions were for more than one type of service.

However, the TI Center is currently set up as a social enterprise within DCCV and shares DCCV's tax identification number. The TI Center is an earned-income venture. According to both DCCV's and the TI Center's websites, all profits from the TI Center go directly to DCCV.

During our review of TI Center documentation, we determined that the TI Center was providing services, and billing DCCV and the grant for individuals who were not DCCV Limited English Proficient immigrant victims served through the project under Grant No. 2011-WL-AX-0017. We requested DCCV's client list or other documentation to confirm the allowability of the individuals served by the TI Center and charged to the grant. However, DCCV refused to provide documentation and therefore we were unable to confirm the allowability of the individuals served by the TI Center that were charged to Grant No. 2011-WL-AX-0017. As a result, we questioned all 223 TI Center transactions totaling \$49,133 as unsupported.

Additionally, of the 223 TI Center transactions we reviewed, we found that 104 transactions totaling \$20,958 did not include supporting documentation, as detailed in Table 4.

Table 4
Unsupported TI Center Costs

NUMBER OF TRANSACTIONS	DESCRIPTION	QUESTIONED COSTS
76	No translator/interpreter contractor invoice and no copy of TI Center check	\$ 15,717
12	No copy of TI Center check	2,292
9	No copy of TI Center check, instead General Ledger screen shot	1,812
4	TI Center billed DCCV and the grant for the service twice	837
3	No translator/interpreter contractor invoice	300
104	Total Unsupported TI Center Costs:	\$20,958

Source: DCCV supplemental spreadsheets

Therefore, we questioned 104 TI Center transactions totaling \$20,958 as unsupported. Overall, we identified \$70,091 in unsupported TI Center costs. Therefore, we recommend that OVW coordinate with DCCV to remedy the \$70,091 in unsupported TI Center costs.

Further, while reviewing the TI Center's invoices to DCCV as compared to the actual invoices for the translators and interpreters, we found that for the 127 transactions for which translator and interpreter invoices and a copy of the TI Center checks were provided, the TI Center billed DCCV and Grant No. 2011-WL-AX-0017 for \$10,507 in excess of the actual translator and interpreter costs. When we asked the TI Center about the difference between the amount the TI Center bills DCCV and the grant, and the amount the TI Center pays its translator and interpreter contractors, the TI Center official explained that "any earnings over and above our contractor fees are for administration costs . . ." According to both DCCV's and the TI Center's websites, all profits from the

TI Center go directly to DCCV. However, neither administrative costs nor program income were reported on FFRs, nor were they approved in the budgets or by an approved GAN. Therefore, we question the \$10,507 in earnings as unallowable.

Additionally, we identified 6 transactions totaling \$2,045 that were not allowable in the approved budgets or by an approved GAN. Specifically, these transactions were for translation services for brochures, yoga flyers, surveys, marketing materials, yoga intake forms, and interpretation services for yoga. We also identified 2 interpretation transactions that paid the interpreters the full amount for the services when the services were cancelled. TI Center policies state that if a cancellation is within 24 hours of the appointment, the interpreter can bill one hour of interpreting fee or 50 percent of the reserved time, whichever is greater. Therefore, 50 percent of the reserved time should have been paid to the interpreters, rather than the full amount, and we question the excess \$201 as unallowable.

As a result of our review of TI Center transactions, we identified \$12,753 in unallowable costs. Therefore, we recommend that OVW coordinate with DCCV to remedy the \$12,753 in unallowable TI Center costs.

Further, according to the TI Center Leadership Manual, after each assignment is completed, the interpreter is required to have the customer review and sign the previously prepared Verification of Service form. The interpreter is to provide a client signed Verification of Service form to DCCV by midnight on Thursday following the assignment. Further, a note on the TI Center Contractor Invoice For Interpreting form states that a Verification of Service form must be attached in order for this invoice to be processed. However, while reviewing the 113 interpretation transactions and the single transaction for which we were unable to determine the service provided, we found that 45 (39 percent) were missing the Verification of Service form, and 2 transactions had the Verification of Service forms signed by the Director of the TI Center, who was not in attendance at the interpretation.⁸

Finally, of the 70 transactions for which a Verification of Service form was provided, we found that 19 transactions (27 percent) charged DCCV and Grant No. 2011-WL-AX-0017 for extra time. Specifically, we identified time on the interpreter Verification of Service forms that the TI Center would round up to the half hour or hour when billing DCCV. We did not separate any questioned costs for this finding, instead we captured most of it when we calculated the difference between the amount the TI Center bills DCCV and the grant, and the amount the TI Center pays its translator and interpreter contractors. However, in our opinion, the TI Center should not be rounding and should be using the amounts supported on both the Verification of Service forms and interpreter invoice. As a result of our

⁸ The Director of the TI Center stated that Verification of Service forms were not required for conference calls. However, this was not documented in the TI Center Leadership Manual nor in any other policies or procedures provided. Further, we disagree with the Director of the TI Center and in our opinion the Verification of Service forms can offer an internal control procedure for the TI Center.

review of TI Center transactions, we found that transactions were for individuals who were not DCCV Limited English Proficient immigrant victims served through the project under Grant No. 2011-WL-AX-0017, missing Verification of Service forms, and charging for extra time. Therefore, we recommend that OVW coordinate with DCCV to ensure that only actual, allowable, and supported translation and interpretation services and costs are billed to the grant.

Budget Management and Control

For Grant No. 2011-WL-AX-0017, DCCV received an approved budget broken down by categories including Personnel, Fringe Benefits, Travel, Equipment, Supplies, Contractual, and Other. If changes are subsequently made, the OVW Financial Grants Management Guide requires that the recipient initiate a GAN for budget modification if the proposed cumulative change is in excess of 10 percent of the total award amount.

For Grant No. 2011-WL-AX-0017, we conducted detailed analysis of expenditures by budget category and found that DCCV expenditures were within the 10 percent threshold allowed for each budget category. However, we utilized DCCV's supplemental spreadsheets for our analysis and as noted in the Internal Control Environment section of this report, we have no assurance regarding the reliability of the information on the supplemental spreadsheets that DCCV considers to be the "official accounting records for the grant."

Reporting

We reviewed the Federal Financial Reports (FFRs) and Categorical Assistance Progress Reports (progress reports) to determine if the required reports were accurate and submitted within the timeframes required by the OVW Financial Grants Management Guide.

Financial Reports

The OVW Financial Grants Management Guide requires that grant recipients report expenditures online using the SF-425 FFR no later than 30 days after the end of each calendar quarter. The final report must be submitted no later than 90 days following the end of the grant period. We evaluated the timeliness of all FFRs for Grant No. 2011-WL-AX-0017 and found that the FFRs were generally submitted in a timely manner.

Additionally, according to the OVW Financial Grants Management Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period, including cumulative data, on each financial report. We evaluated the accuracy of all 11 FFRs submitted for Grant No. 2011-WL-AX-0017. Even though the totals on seven of DCCV's supplemental spreadsheets appeared to match expenditures reported for the period, we found that three spreadsheets reported on periods that were different from the calendar quarter covered by the FFRs; two spreadsheets included formulas adding and subtracting amounts from

totals without transactions corresponding to these adjustments; one spreadsheet had an addition error; eight spreadsheets included TI Center transactions for which we could not determine the date DCCV was billed; five spreadsheets included grant partner agency transactions for which we could not determine the date DCCV was billed; and four spreadsheets included "not requested," "outstanding," "not covered," and "missed" transactions that we considered to be adjusting entries. As a result, we determined that the reports were generally not supported by DCCV's supplemental spreadsheets. Additionally, as previously mentioned in the Contractual Costs section of this report, we also found that program income was not reported on any FFRs.

As mentioned previously in the Internal Control Environment section of this report, we utilized DCCV's supplemental spreadsheets for our analysis and have no assurance regarding the reliability of the information on the supplemental spreadsheets that DCCV considers to be the "official accounting records for the grant." Therefore, due to this concern and because the FFRs were generally not supported by DCCV's supplemental spreadsheets, we recommend that OVW coordinate with DCCV to ensure FFRs are supported by their accounting system.

Progress Reports

According to the OVW Financial Grants Management Guide, semi-annual progress reports must be submitted within 30 days after the end of the reporting periods, which are June 30 and December 31, for the life of the award. To verify the timely submission of progress reports, we reviewed the last four progress reports submitted for Grant No. 2011-WL-AX-0017 and found that the progress reports were submitted in a timely manner.

We also reviewed the progress reports for accuracy. According to the OVW Financial Grants Management Guide, under the Government Performance and Results Act and Violence Against Women Act of 2000 (VAWA), grantees are required to collect and maintain data that measure the effectiveness of their grant-funded activities. In order to verify the information reported, we selected a sample of statistical data from the last two progress reports covering the period January through December 2013, for Grant No. 2011-WL-AX-0017.

Through interviews with DCCV staff, we determined that the progress reports are completed and submitted by the Director of Administration. However, answers are determined by other DCCV staff and the supporting documentation behind the answers is not provided to the Director of Administration. Further, during interviews with DCCV officials, it became apparent that DCCV did not maintain all of the supporting documentation for the information reported on the progress reports at the time of submission. When we requested supporting documentation for the sampled progress report facts, DCCV staff was not certain where the information came from and provided various documents, including quarterly and monthly reports, information from Excel spreadsheets, and the Client Navigator's calendar for 2013. Overall, we determined that the progress reports were generally not supported or accurate. Additionally, as previously mentioned in the Contractual

Costs section of this report, we determined that the TI Center was providing services for individuals who were not DCCV Limited English Proficient immigrant victims served through the project under Grant No. 2011-WL-AX-0017. Therefore, we determined that the progress report data related to translation and interpretation services was overstated. As a result, we recommend that OVW coordinate with DCCV to ensure progress reports are submitted accurately and the supporting documents used at the time of submission are maintained.

Special Grant Requirements

During our review of 317 transactions from Grant No. 2011-WL-AX-0017, we found that DCCV did not comply with some of the special conditions of the grant. Special condition 1 of supplement 00 and supplement 01 state that the recipient agrees to comply with the financial and administrative requirements set forth in the current edition of the OVW Financial Grants Management Guide. However, as mentioned throughout this report, we found instances in which DCCV did not comply with the OVW Financial Grants Management Guide.

Additionally, we found that DCCV did not comply with special conditions 18 of supplement 00 and 27 of supplement 01, which states, "Approval of this award does not indicate approval of any consultant rate in excess of \$650 per day. A detailed justification must be submitted to and approved by the Office on Violence Against Women prior to obligation or expenditure of such funds." Specifically, we found that the contract rate for the unallowable Supervisory Attorney was \$175 per hour.

Finally, as previously mentioned in the Other Direct Costs section of this report, we found four transactions that violated special condition 17 of supplement 00 and 25 of supplement 01. The special conditions state that the grantee will provide the OVW with the agenda for any training seminars, workshops, or conferences not sponsored by OVW that project staff propose to attend using grant funds. The grantee must receive prior approval from OVW before using OVW grant funds to attend any training, workshops, or conferences not sponsored by OVW. The GAN request should be submitted to OVW at least 20 days before registration for the event is due. Approval to attend non-OVW sponsored programs will be given on a case-by-case basis. Four transactions included costs related to trainings for which DCCV did not obtain prior approval from OVW. Therefore, we recommend that OVW coordinate with DCCV to ensure DCCV complies with the special conditions of the grant.

Program Performance and Accomplishments

In order to assess program performance and accomplishments, we requested that DCCV provide evidence demonstrating that the goal and objectives of the grant were met, or are sufficiently in progress. The goal identified by DCCV for Grant No. 2011-WL-AX-0017 was to expand and develop a partnership to create holistic legal services for Limited English Proficient (LEP) immigrants victims of sexual

assault, domestic violence, dating violence and stalking. The objectives identified by DCCV for Grant No. 2011-WL-AX-0017 were as follows:

1. DCCV will increase staffing support for their legal clinic to add one FTE paralegal and one FTE Bilingual (Spanish) Client Navigator.
2. DCCV will accept 300 LEP immigrant victims of sexual assault, domestic violence, dating violence and stalking for VAWA and U-Visa legal representation.
3. DCCV will provide 300 VAWA and U-Visa LEP victims' professional translation and interpreting services for legal consultations, court hearings, doctor's appointments, crisis intervention services and other appointments required as part of the legal petitioning process.
4. DCCV counseling staff will offer culturally and linguistically responsive individual crisis counseling to 100 percent of clients, with 50 percent (or 150 individuals) completing. This service is offered in-kind by DCCV counseling staff.
5. DCCV will refer 100 percent of LEP immigrant victims of sexual assault in need of specialized individual counseling to the grant approved contractor.
6. DCCV will coordinate and conduct 8, 8 to 12 week support group sessions for LEP immigrant victims of domestic violence, dating violence and stalking.
7. DCCV and the grant approved contractor will partner to coordinate 8, 8 to 12 week support group sessions for LEP immigrant victims of sexual assault.
8. DCCV will refer 300 LEP immigrant victims to the grant approved contractor for legal representation on civil matters including child custody, separation and divorce (not tort, child abuse, child protection, or criminal defense cases).
9. DCCV will refer 100 percent of LEP immigrant victims in need of protection order assistance and safety planning to the grant approved contractor.
10. Two grant approved contractors will partner to coordinate 21 divorce and custody clinics.
11. DCCV will refer 22 LEP immigrant victims to the grant approved contractor for 30-day shelter assistance.
12. Two grant approved contractors will conduct four trainings for project staff on working with domestic violence and sexual assault populations.

13. DCCV will assess improvements in quality of life indicators through pre and post evaluations that integrate with the Statistical Package for Social Sciences.

The goal and objectives for Supplement 01 are a continuation of the goal and objectives previously established for the original award.

Overall, DCCV officials described that they had completed or were on track to complete the objectives for the original award for 10 of the 13 objectives. Specifically, for objectives 3, 6, and 7, DCCV officials provided the following written explanations:

- Objective 3 indicated that DCCV would provide 300 LEP victims with professional translation and interpreting services. A total of 148 individuals (through December 2013) received professional language services. This reduced number was noted in our December 2013 semi-annual progress report. "The numbers of clients requiring professional translation and interpreting services is lower than projected as all legal clinic staff are bilingual (Spanish) speaking and have been offering in-house consultations and counseling sessions [in the native language of the client] in-kind." This objective has been adjusted for our 2014 through 2017 grant period.
- Objective 6 indicated that DCCV would coordinate a total of 8, 8 to 12 week support group sessions for LEP victims of domestic violence, dating violence and stalking. A total of six groups were conducted. However, staff incorporated trauma-sensitive yoga sessions into these groups and funded staff attended 200 hours of yoga certification classes (on their own time), to increase capacity for our 2014 through 2017 grant period.
- Objective 7 indicated that DCCV and the grant approved contractor would partner to coordinate 8, 8 to 12 week support groups sessions for LEP immigrant victims of sexual assault. A total of three groups were held, all conducted by DCCV staff and offered in-kind to this project. As defined in our semi-annual reports, the grant approved contractor did not complete their requirement as a partner on this grant to hire a bilingual, Spanish speaking, counselor to conduct intakes, individual counseling and groups. Therefore, we were unable to coordinate groups with the grant approved contractor, but did conduct groups for all 17 individuals who identified sexual assault as their primary victimization. Again, these groups were offered in-kind by DCCV counselors and no funds were drawn down to cover the costs of these sessions. Furthermore, this delay was indicated in each semi-annual report submitted, along with the notification in our December 2013 report that the grant approved contractor was removed as a partner on the grant. No funds were drawdown for the grant approved contractor (for the 2014 through 2017 grant period, DCCV will provide all support group services).

Additionally, according to DCCV officials, "Program evaluation is conducted through semi-annual statistical reports submitted to OVW, reporting on the numbers served through the program." Therefore, in order to assess program performances and accomplishments, we reviewed the information reported in DCCV progress reports regarding the grant's objectives and considered the 317 transactions reviewed. However, as previously mentioned in the Progress Reports section of this report, we determined that the progress reports were generally not supported or accurate. Further, as noted in the Internal Control Environment section of this report, we have no assurance regarding the reliability of the information on the supplemental spreadsheets that DCCV considers to be the "official accounting records for the grant." Finally, as previously mentioned in the Contractual Costs section of this report, we determined that the TI Center was providing services for clients that were not DCCV LEP immigrant victim clients served through the project, and therefore, the progress report data related to translation and interpretation services was overstated. As a result, we have little assurance regarding the reliability of DCCV's described accomplishments and whether DCCV is on track to complete the goals and objectives for Grant No. 2011-WL-AX-0017. We recommend that OVW coordinate with DCCV to ensure that DCCV maintains documentation demonstrating and supporting program performance and accomplishments for Grant No. 2011-WL-AX-0017.

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

- Contracts were not adequately monitored and supporting documentation was not adequately verified;
- DCCV is not in compliance with 28 C.F.R. § 70.21, and the Finance Director is circumventing the accounting system and any internal controls that are offered by the accounting system are not being used;
- the allocation on the timesheet did not match the allocation billed to the grant for the Legal Assistant;
- \$71,414 in unsupported salary costs;
- \$37,754 in unsupported fringe benefit costs;
- \$9,756 in unallowable salary costs;
- \$5,900 in unallowable fringe benefit costs;

- \$1,582 in unsupported other direct costs;
- \$6,010 in unallowable other direct costs;
- \$52,777 in unsupported contractual costs;
- \$32,076 in unallowable contractual costs;
- \$70,091 in unsupported TI Center costs;
- \$12,753 in unallowable TI Center costs;
- TI Center transactions were for individuals who were not DCCV Limited English Proficient immigrant victims served through the project under Grant No. 2011-WL-AX-0017, missing Verification of Service forms, and charging for extra time;
- FFRs were generally not supported by the supplemental spreadsheets;
- progress reports were generally not supported by supporting documents or accurate;
- DCCV did not comply with some of the special conditions of the grant; and
- we have little assurance regarding the reliability of DCCV's described accomplishments and whether DCCV is on track to complete the goals and objectives for Grant No. 2011-WL-AX-0017.

Recommendations

We recommend that OVW coordinate with DCCV to:

1. Develop policies and procedures for adequate monitoring of contractors and verification of supporting documentation.
2. Ensure DCCV complies with 28 C.F.R. § 70.21 and that it does not circumvent its accounting system and its internal controls to account for the grant expenditures.
3. Ensure DCCV bills the grant for the allocation amount supported by the amount allocated on the timesheet.

4. Remedy the \$202,715 in unsupported net expenditures resulting from:⁹
 - a. Remedy the \$71,414 in unsupported salary costs.
 - b. Remedy the \$37,754 in unsupported fringe benefit costs.
 - c. Remedy the \$1,582 in unsupported other direct costs.
 - d. Remedy the \$52,777 in unsupported contractual costs.
 - e. Remedy the \$70,091 in unsupported TI Center costs.
5. Remedy the \$66,139 in unallowable net expenditures resulting from:¹⁰
 - a. Remedy the \$9,756 in unallowable salary costs.
 - b. Remedy the \$5,900 in unallowable fringe benefit costs.
 - c. Remedy the \$6,010 in unallowable other direct costs.
 - d. Remedy the \$32,076 in unallowable contractual costs.
 - e. Remedy the \$12,753 in unallowable TI Center costs.
6. Ensure only actual, allowable, and supported translation and interpretation services and costs are billed to Grant No. 2011-WL-AX-0017.
7. Ensure FFRs are supported by their accounting system.
8. Ensure progress reports are submitted accurately and the supporting documents used at the time of submission are maintained.
9. Ensure DCCV complies with the special conditions of the grant.
10. Ensure that DCCV maintains documentation demonstrating and supporting program performance and accomplishments for Grant No. 2011-WL-AX-0017.

⁹ This includes \$30,903 in costs questioned for more than one reason. The duplicate questioned costs include \$1,600 in unsupported salary costs for the Legal Assistant, \$8,321 in unsupported fringe benefit costs for the Legal Assistant, \$23 in unsupported fringe benefit costs for the Paralegal, and \$20,958 in unsupported TI Center costs.

¹⁰ This includes \$355 in costs questioned for more than one reason; specifically, \$355 in unallowable TI Center costs.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of the audit is to assess performance in the key areas of grant management that are applicable and appropriate for the grant under review. These areas include: (1) internal control environment, (2) drawdowns, (3) grant expenditures, (4) monitoring of contractors, (5) budget management and control, (6) financial status and progress reports, (7) special grant requirements, and (8) program performance and accomplishments. We determined that property management, indirect costs, program income, matching, and post grant end-date activities were not applicable to this grant.

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in this report, the criteria we audit against are contained in the OVW Financial Grants Management Guide and the grant documentation.

Our audit concentrated on, but was not limited to, September 19, 2011, the award date for Grant No. 2011-WL-AX-0017, to June 30, 2014, the end date of DCCV's most recent supplemental spreadsheet. This was an audit of OVW Grant No. 2011-WL-AX-0017. DCCV has drawn a total of \$426,026 in grant funds as of June, 19, 2014.

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.

In conducting our audit, we performed sample testing in three areas, which were grant expenditures (including personnel expenditures), financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grant 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, drawdowns, monitoring of contractors, budget management and controls, program performance and accomplishments, and special grant requirements. 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.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

DESCRIPTION	AMOUNT	PAGE
Questioned Costs ¹¹		
Unallowable Contractual Costs:	\$32,076	10
Unallowable TI Center Costs:	12,753	12
Unallowable Salary:	9,756	7
Unallowable Other Direct Costs:	6,010	9
Unallowable Fringe Benefits:	5,900	7
<i>Total Unallowable:</i>	<i>\$66,495</i>	
Unsupported Salary:	\$71,414	7
Unsupported TI Center Costs:	70,091	11
Unsupported Contractual Costs:	52,777	10
Unsupported Fringe Benefits:	37,754	7
Unsupported Other Direct Costs:	1,582	8
<i>Total Unsupported:</i>	<i>\$233,618</i>	
<i>Total (Gross):</i>	<i>\$300,112</i>	
Less Duplication ¹² :	<i>(\$54,499)</i>	
Net Questioned Costs:	\$245,613	

¹¹ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

¹² Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which include costs associated with \$1,600 in unsupported salary costs for the Legal Assistant, \$8,321 in unsupported fringe benefit costs for the Legal Assistant, \$23 in unsupported fringe benefit costs for the Paralegal, \$20,958 in unsupported TI Center costs, and \$355 in unallowable TI Center costs. Additionally, we identified the following costs that we questioned as both unsupported as well as unallowable, including \$4,100 in fringe benefits for the Legal Assistant, \$70 in training, \$6,674 in contractual cost positions, and \$12,398 in TI Center costs.

**THE DENVER CENTER FOR CRIME VICTIMS
RESPONSE TO DRAFT AUDIT REPORT**



P.O. Box 18975 • Denver, CO 80218

December 27, 2014

David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
1120 Lincoln St., Suite 1500
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Re: Response to Draft Audit Report: Grant No. 2011-WL-AX-0017

Dear Mr. Sheeren:

We understand the objective of the Office of the Inspector General's (OIG) audit of the Office on Violence Against Women (OVW) grants awarded to The Denver Center for Crime Victims (DCCV) was to assess performance in the key areas of grant management that are applicable and appropriate for the grant under review. These areas include: (1) internal control environment, (2) drawdowns, (3) grant expenditures, (4) monitoring of contractors, (5) budget management and control, (6) financial status and progress reports, (7) special grant requirements, and (8) program performance and accomplishments.

This letter is the formal response to the aforementioned audit's recommendations that were included in the Draft Audit Report. Our responses will follow each recommendation after briefly addressing some immediate concerns below.

DCCV:

We would like to address some inconsistencies that we find to be critical misstatements, or a clear misunderstanding of the facts that were presented to the auditors by DCCV. One thing that ought to be noted is the fact that the award was granted DCCV in 2011 when we contracted with a different finance director. When the current finance director was secured, in mid-2013, many changes were implemented, specifically in the area of internal control as it pertains to generating financial statements on a monthly basis as compared to the prior (every-other-month) schedule, along with policies and procedure changes.

We reiterate that we are unable to speak to some of the numbers processed by the previous finance director. Most of the inherited spreadsheets were hard-coded.

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We, however, made independent discoveries in 2013 on items that had been previously missed and we worked to resolve them, issues such as staff fringe benefits that had not been drawn down since the grant's inception.

The fraud in question (which did not in any way affect LAV Grant No. 2011-WL-AX-0017) was discovered by the executive director. The fraudulent activity was not committed by DCCV staff but by a prior client who had been supported by DCCV and who later gave bank routing information, unbeknownst to DCCV, to other people. Our financial institution inadvertently permitted the unauthorized transfers from our account. It was not due to a lack of internal control that this was not discovered in time, but it happened in spite of the then-existing internal control environment, which the board had voted and approved; and which had a strict policy about the extent of responsibility the executive director had over reviewing bank statements. It was policy at the time to send all bank statements sealed/unopened directly to the former finance director. This policy was changed in 2013.

After discovering the fraud, sweeping changes were made agency-wide, not only to these processes, but to leadership personnel, payroll processes, as well as changes to bank accounts. A new bank account was immediately established that does not permit any electronic transfers into, or withdrawals out of this account. The funds were recovered and the agency was made whole, from the bank, vendors and the former finance director.

The former client was prosecuted, convicted and mandated to pay full restitution.

As previously mentioned, when the current finance director was secured in 2013, she made immediate changes to the financial reporting processes. Financial statements are generated on a monthly, rather than on an every-other-month basis, and are presented to the board to be reviewed and approved at the monthly board meeting.

We completed an extensive cleanup to the general ledger, which the new finance director inherited with many mapping issues. One issue, for instance, was cause for another DCCV employee to be reflected as covered under Grant No. 2011-WL-AX-0017, while that person was in fact covered by a different grant. This issue was discovered in 2013 and was corrected by the new finance director. It was an instance that could not be changed since it had already been in place and \$769.24 had been charged on 9/28/2012 and not caught in time to be remedied but we believe is part of the unallowable costs and will be addressed below.

In lieu of these events, we dispute an unfounded statement "that DCCV circumvents the accounting system." At no time was a statement made by the

finance director that she circumvents the accounting system to prepare numbers to request drawdowns for FFRs.

In fact, the auditors were informed that DCCV's bank reconciliations are processed on a monthly basis (this process is done to ensure that all transactions that took place during the month in all bank accounts are recorded and matched accordingly). Financial statements are then generated and shared with the executive director and board treasurer for initial review and questions. The statements are shared with the full board in order to address any additional questions from members.

For grant drawdowns, the finance director retrieves all the data from the accounting system's general ledgers and exports it to an Excel spreadsheet, where changes are made to ensure that only the amounts that should be charged to the grant are charged by use of percentages and other formulae to request what is allowed by the LAV budget. The accounting system did not have the capability to allow us to enter such percentages at the time data entry was done. This limitation was communicated to the auditors. Therefore, if an employee is only covered at 80 percent, we can only add their personnel salary at 100 percent, but by using the export to Excel, we can then extract the 80 percent.

All source data is obtained from the accounting system. It would be impossible to compile this data independently without that being the origin. However, due to the changes that are later made on the spreadsheet, the source data (which auditors requested to see separately) would be different from the spreadsheets utilized to process drawdowns.

The new finance director recognized these limitations in the beginning of her term and discussed them at length with the executive director and board treasurer. Our 2013 cleanup did not allow us to implement a new system to be put in place immediately. Subsequently, in 2014, after research and consulting our independent auditors, a new system was purchased.

Currently, DCCV is in the process of moving all accounting reporting to the new accounting system, and is running both systems concurrently until a complete integration has been achieved.

We recognized that with such an overhaul of processes and staff, some items undoubtedly were missed or may not have been completely understood, thereby creating errors.

We do not disagree with all the findings you made during your audit. We are, however, very committed to seeing to it that all our drawdown numbers are according to what has been agreed upon on the budget, and further, that we will institute processes discussed during the audit or in the recommendations.

We are confident in the new accounting system and guarantee we will have a very clear and concise accounting environment by the end of Q1 2015.

The finance director made contact with OVW staff in 2014 in order to identify any upcoming classes that she could attend since similar classes and/or conferences were offered to the previous finance director. OVW communicated that there were no physical classes being offered in Washington, D.C., but that there may be opportunities to learn updates on grant reporting expectations from web-based sources. The finance director intends to attend when these classes become available.

TI Center:

The audit extensively questions the role of the Translation & Interpreting Center (TI Center) and the fact that they share the same Tax ID as DCCV. This is in fact the case, and there has never been an attempt to communicate otherwise, or give false information as to the role played by the TI Center in the services provided to DCCV.

Within DCCV's goals and objectives, the role of the TI Center can be better understood:

DCCV stated that we would provide 300 VAWA and U-Visa LEP victims professional translation and interpreting services for legal consultations, court hearings, doctor's appointments, crisis intervention services and other appointments required as part of the legal petitioning process.

With regards to the TI Center being a part of DCCV and sharing the same tax ID, we have made it very clear throughout our proposal shared with OVW that the TI Center is in-house and that DCCV provides the services.

The TI Center is listed as a contractor in the budget because they do not fit under personnel and salaries because they are subcontracted interpreters with an hourly fee, and that fee is defined in the budget narrative.

Part of that fee includes administrative overhead for the staff that coordinates the scheduling of language services. This has always been understood between DCCV and OVW and listed as such on the budget.

In the next section, we will be addressing the auditors' recommendations and follow with our responses.

Auditors' Recommendations and Responses:

1. Develop policies and procedures for adequate monitoring of contractors and verification of supporting documentation.
 - a.) We agree with this recommendation. Although we have policies and procedures in place that monitor contractors, we concur that they needed to be revised to better align with the guidelines of OVW. New procedures were implemented in 2013 and others were added to DCCV's Procedures' Guide in 2014 to ensure regular and adequate monitoring of contractors and verification of supporting documentation. For instance, in addition to all LAV partner invoices, DCCV has been requiring additional backup as supporting documentation, so that we have the detail for services or staff being covered by the invoice.
This finding has therefore been resolved.

2. Ensure DCCV complies with 28 C.F.R § 70.21 and that it does not circumvent its accounting system and its internal controls to account for the grant expenditures.
 - a.) We disagree that DCCV is circumventing its accounting system and internal controls to account for grant expenditures. As was explained during the audit, the finance director uses the accounting system to record all transactions that take place during the month and reconciles all general ledger accounts on a monthly basis, and in time for the monthly board meeting, which occurs on the second Tuesday of every month.
Two underlying issues explained during the audit are as follows:
 - i.) The former accounting system in question did not allow for sub-accounts to be created in the Chart of Accounts.
 - ii.) The accounting system did not allow input of percentages (by grant).Due to these two factors, once the records are entered and the general ledger accounts reconciled at the end of the month, the finance director ran and exported general ledger records to an Excel spreadsheet so that expenditures that may be assigned in their entirety to one general ledger account, can be reassigned and only appropriate amounts are then drawn down.
The amounts in the Excel spreadsheets are used to process the drawdowns.
The previous limitations in our accounting system that appeared to affect our internal controls were addressed in 2013 and the new finance director informed the executive director, agency leadership team and board treasurer that a new accounting system was needed.

A new accounting system was purchased at the end of 2014 and will allow sub-accounts and provide better grant reporting and analysis because it contains a Non-Profit Accounting package. Changes are being implemented.

We therefore feel that this finding has been addressed.

3. Ensure DCCV bills the grant for the allocation amount supported by the amount allocated on the timesheet.

- a.) We agree with this recommendation. DCCV began utilizing timesheets that separate and document an employee's time by cost activity, but has implemented additional changes to the timesheets so that the allocation for the part-time legal assistant matches the allocation billed to the grant.

4. Remedy the \$202,715 in unsupported net expenditures resulting from:

- a. Remedy the \$71,414 in unsupported salary costs:

We partially agree that this entire amount is unsupported. Of this total, \$67,967 was questioned in its entirety even though the legal assistant was covered at .5 FTE for two years, grant period (2011–2014) and .25 FTE for grant period (2014–2016). We feel that the portion that should be in question is only the percentage that should not have been requested, but not the entire amount (approximately \$32,000). Due to time constraints of turning this report in within 21 days, as well as the fact that some of these for 2011 - 2014 were remedied in Q2 2014 for the Q1 2014 drawdown, we do not have the exact difference at this time but will work with OVW to ensure that this is resolved in due time.

DCCV began utilizing timesheets that separate the legal assistant's time by cost activity.

The \$3,446.16 that was questioned as a result of the accrual entry that was made at year-end and was inadvertently charged to the account is no longer an issue.

When we made the request for the Q3 2014 drawdown, a total of \$3,446 in salaries was deducted from the total request, and an adjustment made into the accounting system for this amount as well. We therefore feel that this portion of the finding has been resolved in its entirety.

b. Remedy the \$37,754 in unsupported fringe benefit costs:

As mentioned earlier, one of the findings that was discovered in 2013 when the new finance director started was that benefits had not been requested since DCCV was awarded the grant. We therefore partially agree that the entire \$37,754 is unsupported. Even though budgeted numbers were used, that may not necessarily mean that actuals may not have been higher than budget. We are, however, working to determine the difference to ensure that we have remedied the amount either owed to DCCV or to OVW.

Additionally, \$263.63 and \$53.41 for FICA & SUTA Taxes, respectively, that were inadvertently drawn down for the 1/3/2014 Payroll Accrual were deducted from our request at the time the Q3 2014 drawdown request was processed. An adjustment was processed in the accounting system. We therefore feel that this part of the finding has been resolved in its entirety.

c. Remedy the \$1,582 in unsupported other direct costs:

We disagree that \$1,582 in other direct costs is unsupported. We provided as many certificates as we could to the auditors where they were available from training that staff members attended; in some instances, this was not possible to provide. They could have only been charged to the grant if they occurred. In some instances, staff tried to gather certificates but could not because it had been years since the training and the training organizers were no longer present or available to provide them. The staff worked diligently to access contacts, demonstrated costs associated with said trainings such as: airline flights, per diem costs and training notebooks, to affirm that they were indeed at the requested training. Current staff members were able to acquire the majority of all requested certificates.

Where expenses are grouped in one main general ledger account, the allocation methodology is done at 22 percent of the entire amount. We acknowledge that we cannot speak to any specific charges that were made to the grant during the former finance director's tenure because we cannot confirm whether this allocation methodology was used. Regarding the \$167 in costs not supported by a receipt is similar to the certificates above, and should be noted that staff members always provide backup (Purchase orders with receipts, for instance), before an approval can be made to make a purchase. Supervisors review all purchases before the final approval by the executive director. We therefore feel that this issue does not need any further resolution.

d. Remedy the \$52,777 in unsupported contractual costs:

We disagree that \$52,777 in contractual costs is unsupported. It was customary to pay LAV partners based on invoices, which generally contained a summary of activity in question and what was being charged. During the audit, we worked with our contractors (LAV partners) to try and get as much backup as they could provide us to support invoices that had been requested in drawdowns.

During the audit, we also discovered that one of our former LAV partners was no longer in business. We were therefore not able to acquire supporting documentation from them. We attempted an extensive search to find a contact and acquire their backup but we were unable to find anything except a website and phone numbers that were no longer active.

This particular partner was no longer working with DCCV and DCCV had no prior knowledge of the situation. Due to historical concerns, DCCV had previously requested a new partner for the 2014-2016 grant period.

All other LAV partners provided all the backup they could to us where it was available to them.

We have also since requested backup for all invoices that are provided by partners going forward. We mostly request invoices every six months, and are currently in the process of requesting this backup for 12/31/2014.

We therefore feel that this finding has been addressed accordingly.

e. Remedy the \$70,091 in unsupported TI Center costs:

We would first like to address the issue that the TI Center should not be considered a contractor for DCCV. The TI Center has always been considered a contractor since its inception with DCCV, which explains why it has been grouped as such for purposes of the grant.

To address the linguistic needs of our clients, DCCV offers an in-house Translation & Interpreting Center (TI Center), which provides language services in over 40 languages and dialects at no cost to crime victims. By providing this service in-house, rather than contracting with a language line, DCCV adheres to the best practices of The Multilingual Access Model, which concludes that "it is important to fully integrate language services into programs and not see this as a supplemental project or a special services component."

We partially disagree that \$70,091 in costs is unsupported. Of this amount, \$49,133 was considered unsupported because DCCV could

not release client information that internally is considered private and confidential information for our clients who are served by the TI Center.

We believe that all these costs were accurately charged to the grant.

Of the remaining \$20,958, we are not aware that \$837 was duplicated because we provided a lot of backup and are unsure that it was matched properly when the auditor reviewed it. We will work with OVW and can deduct \$837 from a future drawdown request and also make an adjusting entry for this amount on the general ledger.

A minority of the transactions were missing specific backup, but we provided what backup we had including screen shots or other backup that would show that the transaction was legitimate.

The TI Center provided as much backup as was ethically appropriate and in very few instances was backup missing, which is not the norm. The TI Center maintains very good records of transactions. We will continue streamlining these processes and will ensure that on an ongoing basis, all backup is provided for every invoice.

We therefore feel that this finding has been resolved.

5. Remedy the \$66,139 in unallowable net expenditures resulting from:

a. Remedy the \$9,756 in unallowable salary costs:

We believe that this amount is as a result of the incorrect mapping of one employee in particular (mentioned earlier in our response) that was covered by another grant.

Of this employee's salary, the only amount that had not been addressed by DCCV was \$769.24 (and was still showing up as mapping to LAV), but was later deducted from a drawdown during the year.

The auditors are referencing amounts that were showing from unedited general ledgers before being exported into Excel and cleaned up for drawdowns.

As mentioned on several occasions, mapping of the General Ledger and Chart of Accounts was cleaned up in the middle of 2013 and continued to Q1 of 2014. Continuing maintenance will ensure proper accounting.

We feel that this issue was resolved in its entirety prior to the audit.

b. Remedy the \$5,900 in unallowable fringe benefit costs:

For the grant period 2011 2014, the legal assistant was on the budget for .5 FTE for fringe benefits. There was no fringe-benefit budget for

the 2014–2016 budget period and any amounts that were inadvertently requested in Q1 of 2014 were deducted in Q2 2014.

We therefore disagree that the \$4,100 was unallowable. Below is an excerpt of the 2011–2014 budget detail:

Position 3: Legal Assistant:

Employers FICA \$35,000 x .5 FTE x 6.2% x 2 years \$2,170.00

Health Insurance \$358.71/month x 24 months x .5 FTE \$4,304.52

Worker's Comp/Unemployment \$35,000 x .5 FTE x 6.352% x 2 years \$2,223.20

We do not agree that \$1,800 that was paid as FMLA for an employee was unallowable. We will speak with OVW to see whether we should have requested a GAN for this position because we assumed that this would be a covered benefit since they were technically still an employee at the time; an employee that was receiving no compensation from the grant or benefit coverage.

c. Remedy the \$6,010 in unallowable other direct costs:

We now understand that these costs were unallowable. However all training that was attended by staff members helped them in furthering their knowledge to accomplish the goals and mission of DCCV and support clients in that regard, and was in no way intended to give false information about training that staff attended that may not have been a part of OVW training.

Going forward, DCCV will ensure that we receive prior approval from OVW before using OVW grant funds to attend any trainings, workshops, or conferences not sponsored by OVW. The GAN request will also be submitted to OVW at least 20 days before registration for the event is due.

We will also work with OVW to explain the circumstances surrounding the \$6,010 and get this issue resolved to their satisfaction.

d. Remedy the \$32,076 in unallowable contractual costs:

We do not agree that \$32,076 was unallowable. According to the finding, this was as a result of three transactions from personnel and fringe benefit payments to outside DCCV contractors that were not allowable in the approved budgets or by an approved GAN. When our contractors provided their invoices to us, we reviewed a summary of the costs but were not aware that within those costs were specific expenditures not allowable by the grant. We continued to pay the contractors what they charged and have since started requesting

detailed backup for all invoices so that we can ensure an understanding of all costs that are covered.

We will ensure that our contractors are aware of the limitations of the grant and work with OVW to remedy this finding to their satisfaction.

e. Remedy the \$12,753 in unallowable TI Center costs:

We partially agree that \$12,753 is unallowable. Of this, \$10,507 is from earnings that the TI Center makes over and above contractor fees, which are in fact administrative costs.

We will, however, work with OVW (regarding the six transactions that were expended in the amount of \$2,045) to explain the circumstances surrounding the use of these funds to support grant activity and come up with a mutually agreeable resolution.

6. Ensure only actual, allowable, and supported translation and interpretation services and costs are billed to Grant No. 2011-WL-AX-0017:

We agree with this recommendation and will ensure that only actual, allowable, and supported translation and interpretation services and costs are billed to the grant.

7. Ensure FFRs are supported by their accounting system:

We agree with this recommendation.

We want to reiterate that the supplemental spreadsheets that have always been utilized are in addition to the accounting system, and are not a stand-alone source of data. The source data originates from the accounting system.

They are therefore not circumventing the accounting system, but have been used in the past to enable a specific formula to be used to provide a resource that the previous accounting system's general ledger was unable to provide.

Some of the timing issues that were mentioned in the auditors' earlier findings were during the transition to the new finance director, where we understandably played catch-up and are ensuring that all quarterly reports had been covered, and thereby making discoveries, for instance, like the fringe benefits that had been missed since the grant's inception, as well as ensuring that there were no lapses in some of the months during the transition.

It is important to note here, however, that there was no duplication in any amount that was requested. And, the auditors were informed that

after data are exported to Excel spreadsheets and are then carefully altered with correct percentages different from the source general ledger data, that those spreadsheets then become the final backup for what is drawdown from OVW.

As mentioned earlier, we started implementation of a new accounting system as of December 2014 and feel that this recommendation has been fully addressed.

8. Ensure progress reports are submitted accurately and the supporting documents used at the time of submission are maintained:

We agree with this recommendation and will ensure that reports are submitted accurately and that supporting documentation used at the time of submission is maintained.

9. Ensure DCCV complies with the special conditions of the grant:

We agree with this recommendation and we will comply with the special conditions of the grant.

10. Ensure that DCCV maintains documentation demonstrating and supporting program performance and accomplishments for Grant No. 2011-WL-AX-0017:

We agree with this recommendation and we will ensure that DCCV maintains documentation demonstrating and supporting program performance and accomplishments.

This documentation will always be available, but depending on what the data contains, it may not always be provided to outside parties as proof or backup. Regarding the confidentiality of our client files and what we are able to provide as backup; we believe many of the stated findings would not be an issue. Our proposal states as follows:

Protecting Confidentiality:

All staff hired under the project will be trained by project partners on the standards created by DCCV which prescribe ethical and practice standards on an array of legal issues including guidelines for preserving client confidentiality. All staff is required to sign an Oath of Confidentiality, and all partners strictly adhere to the Colorado Rules of Professional Conduct in maintaining client confidentiality and HIPPA guidelines for protecting the privacy of electronic information. All cases are kept in locked file cabinets. Computer systems are password protected and firewalled to prevent intrusion to our network.

In conclusion, we cannot share clients' case files because it would be a violation of the Oath of Confidentiality that all staff have to sign, as indicated in our proposal, and can result in the immediate termination of an employee.

We would like to thank you for the opportunity to address the recommendations outlined in the Draft Audit Report. The process was generally helpful to our relatively new finance director who had not attended any OVW trainings but intends to attend any trainings that are offered in the future, including web-based training seminars.

We have completed the revamping of several processes and have clarified OVW expectations with our partners and contractors about grant documents.

We look forward to working with OVW in order to resolve all the recommendations. We remain committed and dedicated to our mission, and as our proposal states, The Denver Center for Crime Victims' (DCCV) purpose is to provide culturally and linguistically responsive services to victims of crime who are traditionally underserved and/or ignored. In our 27 years of service to the Denver community, DCCV has assisted more than 88,000 victims of sexual assault, domestic violence, dating violence and stalking. DCCV addresses the unique and compounding barriers faced by immigrant victims of sexual assault, domestic violence, stalking and date rape, by offering no-cost services from bilingual and bicultural staff in over 40 languages and dialects.

Sincerely,



Cathy Phelps
Executive Director
The Denver Center for Crime Victims



Joan Njagu
Finance Director
The Denver Center for Crime Victims

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



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

January 28, 2015

MEMORANDUM

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

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

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

SUBJECT: Draft Audit Report - Audit of the Office on Violence Against Women Grant Awarded to The Denver Center for Crime Victims Denver, Colorado

This memorandum is in response to your correspondence dated December 16, 2014 transmitting the above draft audit report for The Denver Center for Crime Victims (DCCV). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains ten recommendations that include \$202,715 in unsupported costs and \$66,139 in unallowable costs. The Office on Violence Against Women (OVW) is committed to working with the grantee to address and bring them to a close as quickly as possible. The following is our analysis of the audit recommendations.

1. Develop policies and procedures for adequate monitoring of contractors and verification of supporting documentation.

OVW does agree with the recommendation. We will coordinate with DCCV to ensure that they develop policy and procedures for adequate monitoring of contractors and verification of supporting documentation.

2. Ensure DCCV complies with 28 C.F.R. & 70.21 and that it does not circumvent its accounting system and its internal controls to account for the grant expenditures.

OVW does agree with the recommendation. We will coordinate with DCCV to ensure DCCV complies with 28 C.F.R. & 70.21 and that it does not circumvent its accounting system and its internal controls to account for the grant expenditures.

3. Ensure DCCV bills the grant for the allocation amount supported by the amount allocated on the timesheet.

OVW does agree with the recommendation. We will coordinate with DCCV to ensure DCCV bills the grant for the allocation amount supported by the amount allocated on the timesheet.

4. Remedy the \$202,715 in unsupported net expenditures resulting from:

- a. Remedy the \$71,414 in unsupported salary costs.
- b. Remedy the \$37,754 in unsupported fringe benefit costs.
- c. Remedy the \$1,582 in unsupported other direct costs.
- d. Remedy the \$52,777 in unsupported contractual costs.
- e. Remedy the \$70,091 in unsupported TI Center costs.

OVW does agree with the recommendation. We will coordinate with DCCV to remedy the \$202,715 in unsupported net expenditures.

5. Remedy the \$66,139 in unallowable net expenditures resulting from:

- a. Remedy the \$9,756 in unallowable salary costs.
- b. Remedy the \$5,900 in unallowable fringe benefit costs.
- c. Remedy the \$6,010 in unallowable other direct costs.
- d. Remedy the \$32,076 in unallowable contractual costs.
- e. Remedy the \$12,753 in unallowable TI Center costs.

OVW does agree with the recommendation. We will coordinate with DCCV to remedy the \$66,139 in unallowable net expenditures.

6. Ensure only actual, allowable, and supported translation and interpretation services and costs are billed to Grant No. 2011-WL-AX-0017.

OVW does agree with the recommendation. We will coordinate with DCCV to ensure only actual, allowable, and supported translation and interpretation services and costs are billed to Grant No. 2011-WL-AX-0017.

7. Ensure FFRs are supported by their accounting systems.

OVW does agree with the recommendation. We will coordinate with DCCV to ensure FFRs are supported by their accounting systems.

8. Ensure progress reports are submitted accurately and the supporting documents used at the time of submission are maintained.

OVW does agree with the recommendation. We will coordinate with DCCV to ensure progress reports are submitted accurately and the supporting documents used at the time of submissions are maintained.

9. Ensure DCCV complies with the special conditions of the grant.

OVW does agree with the recommendation. We will coordinate with DCCV to ensure DCCV complies with the special conditions of the grant.

10. Ensure DCCV maintains documentation demonstrating and supporting program performance and accomplishments for Grant No. 2011-WL-AX-0017.

OVW does agree with the recommendation. We will coordinate with DCCV to ensure DCCV maintains documentation demonstrating and supporting program performance and accomplishments for Grant No. 2011-WL-AX-0017.

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

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

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

Shannon Gaskins
Program Specialist
Office on Violence Against Women (OVW)

APPENDIX 5

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 the Office on Violence Against Women (OVW) and to the Denver Center for Crime Victims (DCCV). OVW's response is incorporated in Appendix 4 and DCCV's response is incorporated in Appendix 3 of this final report. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Analysis of DCCV's Response

In response to our audit report, DCCV made the following general statements that we believe need to be addressed. DCCV stated in its response that ". . . we dispute an unfounded statement 'that DCCV circumvents the accounting system.' At no time was a statement made by the finance director that she circumvents the accounting system to prepare numbers to request drawdowns for Federal Financial Reports (FFRs)."

We did not state in our report that the DCCV Finance Director "stated that she circumvents the accounting system." Rather, based on statements made by the Finance Director and our analysis, we concluded that the Finance Director circumvented the accounting system to account for the grant. Specifically, on page 4, the Finance Director stated that she does not use the general ledger in the DCCV accounting system for Grant No. 2011-WL-AX-0017 to record grant expenditures, and there is no general ledger in the accounting system that would show all expenditures for the grant. Instead she uses supplemental spreadsheets that are created quarterly and maintained outside of the accounting system, to account for the grant expenditures, which she considers to be the "official accounting records for the grant." The Finance Director explained that DCCV expenditures in the accounting system are exported into Excel and then the Excel spreadsheet referred to for allocating funds to the grant; however, the related adjusting entries are not made to the general ledger for the grant in the accounting system. The Finance Director confirmed that the accounting system does allow for adjusting entries among cost centers. However, the Finance Director chose not to make adjusting entries to allocate grant expenditures, because she does not feel that it is a good use of her time and is not cost effective for DCCV. As a result, the Finance Director is circumventing the accounting system and any internal controls that are offered by the accounting system are not being used (including password protection, edit history, etc.).

Additionally, DCCV stated that the auditors were informed that DCCV's bank reconciliations are processed on a monthly basis and financial statements are generated monthly. However, it should be noted that during our audit the Finance Director explained that the monthly financial statements are Profit and Loss Statements, which are only broken down by expense. The information is not broken down by grant or funding program. As mentioned previously on page 5, the supplemental Excel spreadsheets for the grant are only prepared quarterly.

Further, DCCV stated that "With regards to the Translation and Interpretation Center (TI Center) being a part of DCCV and sharing the same tax identification (ID) number, we have made it very clear throughout our proposal shared with OVW that the TI Center is in-house and that DCCV provides the services. The TI Center is listed as a contractor in the budget because they do not fit under personnel and salaries because they are subcontracted interpreters with an hourly fee, and that fee is defined in the budget narrative. Part of that fee includes administrative overhead for the staff that coordinates the scheduling of language services. This has always been understood between DCCV and OVW and listed as such on the budget."

We do not agree with DCCV's statement that "This has always been understood between DCCV and OVW and listed as such on the budget." As stated previously, the TI Center is a division within DCCV and not a contractor; and therefore, should not have been treated as a contractor for the purposes of the grant. Additionally, as mentioned on pages 11 through 12, "neither administrative costs nor program income were reported on FFRs, nor were they approved in the budgets or by an approved Grant Adjustment Notice (GAN)."

Summary of Actions Necessary to Close the Report

1. Develop policies and procedures for adequate monitoring of contractors and verification of supporting documentation.

Resolved. OVW concurred with our recommendation. OVW stated in its response that it will coordinate with DCCV to ensure that they develop policy and procedures for adequate monitoring of contractors and verification of supporting documentation.

DCCV agreed with our recommendation and stated in its response that "Although we have policies and procedures in place that monitor contractors, we concur that they needed to be revised to better align with the guidelines of OVW. New procedures were implemented in 2013 and others were added to DCCV's Procedures' Guide in 2014 to ensure regular and adequate monitoring of contractors and verification of supporting documentation." However, no documentation of new policies and procedures were provided.

This recommendation can be closed when we receive documentation supporting that DCCV developed policies and procedures for adequate monitoring of contractors and verification of supporting documentation.

2. Ensure DCCV complies with 28 C.F.R. § 70.21 and that it does not circumvent its accounting system and its internal controls to account for the grant expenditures.

Resolved. OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with DCCV to ensure DCCV complies with 28 C.F.R. § 70.21 and that it does not circumvent its accounting system and its internal controls to account for the grant expenditures.

DCCV did not agree with our recommendation and stated in its response that “the finance director uses the accounting system to record all transactions that take place during the month and reconciles all general ledger accounts on a monthly basis . . . once the records are entered and the general ledger accounts reconciled at the end of the month, the finance director ran and exported general ledger records to an Excel spreadsheet so that expenditures that may be assigned in their entirety to one general ledger account, can be reassigned and only appropriate amounts are then drawn down.”

As stated previously, the Finance Director does not use the general ledger in the accounting system for Grant No. 2011-WL-AX-0017 to record grant expenditures, and there is no general ledger in the accounting system that would show all expenditures for the grant. Instead, the Finance Director circumvented the DCCV accounting system and uses supplemental spreadsheets that are created quarterly and maintained outside of the accounting system, to account for the grant expenditures.

This recommendation can be closed when we receive evidence supporting that the DCCV is in compliance with 28 C.F.R. § 70.21 and that it does not circumvent its accounting system and its internal controls to account for the grant expenditures.

3. Ensure DCCV bills the grant for the allocation amount supported by the amount allocated on the timesheet.

Resolved. OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with DCCV to ensure DCCV bills the grant for the allocation amount supported by the amount allocated on the timesheet.

DCCV agreed with our recommendation and stated in its response that “DCCV began utilizing timesheets that separate and document an employee's time by cost activity, but has implemented additional changes to the timesheets so that the allocation for the part-time legal assistant matches the allocation billed to the grant.” However, no documentation of changes to the timesheets was provided.

This recommendation can be closed when we receive documentation supporting that the DCCV bills the grant for the allocation amount supported by the amount allocated on the timesheet.

4. **Remedy the \$202,715 in unsupported net expenditures resulting from:**¹
 - a. **Remedy the \$71,414 in unsupported salary costs.**
 - b. **Remedy the \$37,754 in unsupported fringe benefit costs.**
 - c. **Remedy the \$1,582 in unsupported other direct costs.**
 - d. **Remedy the \$52,777 in unsupported contractual costs.**
 - e. **Remedy the \$70,091 in unsupported TI Center costs.**

Resolved. OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with DCCV to remedy the \$202,715 in unsupported net expenditures.

DCCV responded to each of the five unsupported expenditure categories separately and had the following comments related to the specific recommendations.

For recommendation subpart a, DCCV partially agreed with our recommendation but DCCV stated in its response that they felt that only the percentage that should not have been requested should be questioned for the Legal Assistant, rather than the entire \$67,967. However as stated on page 6, we found that salaries and fringe benefits charged to the grant for the Legal Assistant were not adequately supported by timesheets. As a result of our review, DCCV began utilizing timesheets that separate and document an employee's time by cost activity. However, we noted that for the Legal Assistant, the allocation on the timesheet did not match the allocation billed to the grant. Therefore, the amount of time charged to the grant for the Legal Assistant totaling \$81,610, consisting of \$67,967 in salary and \$13,643 in fringe benefits is unsupported.

Additionally, DCCV stated in its response that "The \$3,446.16 that was questioned as a result of the accrual entry that was made at year-end and was inadvertently charged to the account is no longer an issue. When we made the request for the Q3 2014 drawdown, a total of \$3,446 in salaries

¹ This includes \$30,903 in costs questioned for more than one reason. The duplicate questioned costs include \$1,600 in unsupported salary costs for the Legal Assistant, \$8,321 in unsupported fringe benefit costs for the Legal Assistant, \$23 in unsupported fringe benefit costs for the Paralegal, and \$20,958 in unsupported TI Center costs.

was deducted from the total request, and an adjustment made into the accounting system for this amount as well." However, as stated on page 7, the December 31, 2013, salary and FICA transactions for the Bilingual Client Navigator and the Legal Assistant were accrual entries that were not reversed, and no documentation of any adjustments was provided.

For recommendation subpart b, DCCV partially agreed with our recommendation but stated in its response that "As mentioned earlier, one of the findings that was discovered in 2013 when the new finance director started was that benefits had not been requested since DCCV was awarded the grant. We therefore partially agree that the entire \$37,754 is unsupported. Even though budgeted numbers were used, that may not necessarily mean that actuals may not have been higher than budget." However, fringe benefits charged to the grant must be based on actual costs rather than the amount approved in the grant budget, regardless of whether or not the actual amounts may have been higher. DCCV also stated in its response that "Additionally, \$263.63 and \$53.41 for FICA & SUTA Taxes, respectively, that were inadvertently drawn down for the 1/3/2014 Payroll Accrual were deducted from our request at the time the Q3 2014 drawdown request was processed. An adjustment was processed in the accounting system." However, as stated on page 7, the December 31, 2013, salary and FICA transactions for the Bilingual Client Navigator and the Legal Assistant were accrual entries that were not reversed, and no documentation of any adjustments was provided. Regarding the \$53.41 for SUTA mentioned in DCCV's response, SUTA was not included on DCCV's supplemental spreadsheets for the Bilingual Client Navigator and the Legal Assistant on December 31, 2013. Therefore, we did not question \$53.41 for SUTA.

For recommendation subpart c, DCCV did not agree with our recommendation and stated in its response that "We provided as many certificates as we could to the auditors where they were available from training that staff members attended; in some instances, this was not possible to provide. . . . Where expenses are grouped in one main general ledger account, the allocation methodology is done at 22 percent of the entire amount. We acknowledge that we cannot speak to any specific charges that were made to the grant during the former finance director's tenure because we cannot confirm whether this allocation methodology was used. Regarding the \$167 in costs not supported by a receipt is similar to the certificates above, and should be noted that staff members always provide backup (Purchase orders with receipts, for instance), before an approval can be made to make a purchase. Supervisors review all purchases before the final approval by the executive director." However, no further documentation was provided by DCCV regarding these unsupported other direct costs.

For recommendation subpart d, DCCV did not agree with our recommendation and stated in its response that "It was customary to pay LAV partners based on invoices, which generally contained a summary of

activity in question and what was being charged. During the audit, we worked with our contractors (LAV partners) to try and get as much backup as they could provide us to support invoices that had been requested in drawdowns. During the audit, we also discovered that one of our former LAV partners was no longer in business. We were therefore not able to acquire supporting documentation from them. . . . All other LAV partners provided all the backup they could to us where it was available to them. We have also since requested backup for all invoices that are provided by partners going forward.” However, no further documentation was provided by DCCV regarding these unsupported contractual costs.

For recommendation subpart e, DCCV partially agreed with our recommendation but stated in its response that “We would first like to address the issue that the TI Center should not be considered a contractor for DCCV. The TI Center has always been considered a contractor since its inception with DCCV, which explains why it has been grouped as such for purposes of the grant” Additionally, DCCV re-iterated that “DCCV could not release client information that internally is considered private and confidential information for our clients who are served by the TI Center.” However, as stated previously, the TI Center is a division within DCCV and not a contractor; and therefore, should not have been treated as a contractor for the purposes of the grant. Since DCCV refused to provide sufficient documentation, these costs are unsupported, regardless of DCCV’s policy. Further, as noted on page 11, we determined that the TI Center was providing services, and billing DCCV and the grant for individuals who were not DCCV Limited English Proficient immigrant victims served through the project under Grant No. 2011-WL-AX-0017.

DCCV also stated in its response that it was not aware of a \$837 duplicate and that the TI Center provided as much backup as was ethically appropriate and in very few instances was backup missing. However, no further documentation was provided by DCCV regarding these unsupported TI Center costs.

This recommendation can be closed when we receive documentation supporting that the \$202,715 in unsupported net expenditures has been remedied.

- 5. Remedy the \$66,139 in unallowable net expenditures resulting from:²**
 - a. Remedy the \$9,756 in unallowable salary costs.**
 - b. Remedy the \$5,900 in unallowable fringe benefit costs.**

² This includes \$355 in costs questioned for more than one reason; specifically, \$355 in unallowable TI Center costs.

c. Remedy the \$6,010 in unallowable other direct costs.

d. Remedy the \$32,076 in unallowable contractual costs.

e. Remedy the \$12,753 in unallowable TI Center costs.

Resolved. OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with DCCV to remedy the \$66,139 in unallowable net expenditures.

DCCV responded to each of the five unallowable expenditure categories separately and had the following comments related to the specific recommendations.

For recommendation subpart a, DCCV partially agreed with our recommendation and stated in its response that "We believe that this amount is as a result of the incorrect mapping of one employee in particular (mentioned earlier in our response) that was covered by another grant. Of this employee's salary, the only amount that had not been addressed by DCCV was \$769.24 (and was still showing up as mapping to LAV), but was later deducted from a drawdown during the year. The auditors are referencing amounts that were showing from unedited general ledgers before being exported into Excel and cleaned up for drawdowns." We do not agree with DCCV's response. As mentioned on page 7, we identified \$9,756 in salary transactions charged to the grant for positions that were not approved in the grant budgets or by an approved GAN from DCCV's supplemental spreadsheets that it considers to be "the official accounting records for the grant." Therefore, no "unedited general ledgers" were used by the auditors.

For recommendation subpart b, DCCV did not agree with our recommendation and stated in its response that "For the grant period 2011-2014, the legal assistant was on the budget for 0.5 Full-Time Equivalents (FTE) for fringe benefits. There was no fringe-benefit budget for the 2014-2016 budget period and any amounts that were inadvertently requested in Q1 of 2014 were deducted in Q2 2014. We therefore disagree that the \$4,100 was unallowable. . . . We do not agree that \$1,800 that was paid as FMLA for an employee was unallowable. We will speak with OVW to see whether we should have requested a GAN for this position because we assumed that this would be a covered benefit since they were technically still an employee at the time; an employee that was receiving no compensation from the grant or benefit coverage." As mentioned on pages 6 through 7, DCCV charged \$8,199 in health benefits for the Legal Assistant to the grant; however, DCCV did not pay for any health benefits for this position. Therefore, all health benefits for the Legal Assistant were questioned as unsupported. Additionally, the \$8,199 in health benefits for the Legal Assistant were questioned again as unsupported because DCCV's timesheets did not contain information detailing the amount of time charged to the grant

for the Legal Assistant. Finally, we questioned half of the \$8,199 in health benefits for the Legal Assistant, or \$4,100, as unallowable because it was not approved in the grant budget, which only approved 0.5 FTE for the Legal Assistant. Further, as mentioned on page 7, we identified an unbudgeted payment to the Paralegal totaling \$1,800, which DCCV officials explained was to provide assistance when the employee was unable to work or receive a paycheck.

For recommendation subpart c, DCCV neither agreed nor disagreed with our recommendation, but stated that they now understand that these costs were unallowable.

For recommendation subpart d, DCCV did not agree with our recommendation and stated in its response that "When our contractors provided their invoices to us, we reviewed a summary of the costs but were not aware that within those costs were specific expenditures not allowable by the grant. We continued to pay the contractors what they charged and have since started requesting detailed backup for all invoices so that we can ensure an understanding of all costs that are covered." However, this does not change the fact that unallowable contractor costs were charged to the grant.

For recommendation subpart e, DCCV partially agreed with our recommendation and confirmed in its response that "\$10,507 is from earnings that the TI Center makes over and above contractor fees, which are in fact administrative costs." However, neither administrative costs nor program income were reported on FFRs, nor were they approved in the budgets or by an approved GAN.

This recommendation can be closed when we receive documentation supporting that the \$66,139 in unallowable net expenditures has been remedied.

6. Ensure only actual, allowable, and supported translation and interpretation services and costs are billed to Grant No. 2011-WL-AX-0017.

Resolved. OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with DCCV to ensure only actual, allowable, and supported translation and interpretation services and costs are billed to Grant No. 2011-WL-AX-0017.

DCCV agreed with our recommendation and stated in its response that DCCV will ensure that only actual, allowable, and supported translation and interpretation services and costs are billed to the grant.

This recommendation can be closed when we receive evidence supporting that only actual, allowable, and supported translation and interpretation services and costs are billed to Grant No. 2011-WL-AX-0017.

7. Ensure FFRs are supported by their accounting system.

Resolved. OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with DCCV to ensure FFRs are supported by their accounting systems.

DCCV agreed with our recommendation and stated in its response that “We want to reiterate that the supplemental spreadsheets that have always been utilized are in addition to the accounting system, and are not a stand-alone source of data. The source data originates from the accounting system. They are therefore not circumventing the accounting system, but have been used in the past to enable a specific formula to be used to provide a resource that the previous accounting system’s general ledger was unable to provide . . . the auditors were informed that after data are exported to Excel spreadsheets and are then carefully altered with correct percentages different from the source general ledger data, that those spreadsheets then become the final backup for what is drawdown from OVW.” As stated previously, we disagree with DCCV’s statement that they are not circumventing the accounting system to account for grant expenditures. As stated in DCCV’s response, the general ledger data is altered and allocated in the supplemental spreadsheets that DCCV considers the official accounting records for the grant. Therefore, DCCV does in fact circumvent its accounting system to account for Grant No. 2011-WL-AX-0017.

Additionally, DCCV stated in its response that “Some of the timing issues that were mentioned in the auditors’ earlier findings were during the transition to the new finance director, where we understandably played catch-up and are ensuring that all quarterly reports had been covered, and thereby making discoveries, for instance, like the fringe benefits that had been missed since the grant’s inception, as well as ensuring that there were no lapses in some of the months during the transition.” As mentioned on pages 13 through 14, of the 11 FFRs we evaluated for accuracy, 7 had expenditures reported for the period that appeared to match the totals on DCCV’s supplemental spreadsheets; however, we found that 3 spreadsheets reported on periods that were different from the calendar quarter covered by the FFRs; 2 spreadsheets included formulas adding and subtracting amounts from totals without transactions corresponding to these adjustments; 1 spreadsheet had an addition error; 8 spreadsheets included TI Center transactions for which we could not determine the date DCCV was billed; 5 spreadsheets included grant partner agency transactions for which we could not determine the date DCCV was billed; and 4 spreadsheets included “not requested,” “outstanding,” “not covered,” and “missed” transactions that we considered to be adjusting entries. As a result, we determined that the

reports were generally not supported by DCCV's supplemental spreadsheets. No other documentation regarding FFRs was provided.

This recommendation can be closed when we receive evidence supporting that FFRs are supported by the information in DCCV's accounting system.

8. Ensure progress reports are submitted accurately and the supporting documents used at the time of submission are maintained.

Resolved. OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with DCCV to ensure progress reports are submitted accurately and the supporting documents used at the time of submissions are maintained.

DCCV agreed with our recommendation and stated in its response that DCCV will ensure that reports are submitted accurately and that supporting documentation used at the time of submission is maintained.

This recommendation can be closed when we receive evidence supporting that progress reports are submitted accurately and the supporting documents used at the time of submission are maintained.

9. Ensure DCCV complies with the special conditions of the grant.

Resolved. OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with DCCV to ensure DCCV complies with the special conditions of the grant.

DCCV agreed with our recommendation and stated in its response that DCCV will comply with the special conditions of the grant.

This recommendation can be closed when we receive documentation supporting that the DCCV complies with the special conditions of the grant.

10. Ensure that DCCV maintains documentation demonstrating and supporting program performance and accomplishments for Grant No. 2011-WL-AX-0017.

Resolved. OVW concurred with our recommendation. The OVW stated in its response that it will coordinate with DCCV to ensure DCCV maintains documentation demonstrating and supporting program performance and accomplishments for Grant No. 2011-WL-AX-0017.

DCCV agreed with our recommendation and stated in its response that DCCV "will ensure that DCCV maintains documentation demonstrating and supporting program performance and accomplishments. This documentation will always be available, but depending on what the data contains, it may not always be provided to outside parties as proof or backup. Regarding the

confidentiality of our client files and what we are able to provide as backup; we believe many of the stated findings would not be an issue.”

This recommendation can be closed when we receive documentation supporting that DCCV maintains documentation demonstrating and supporting program performance and accomplishments for Grant No. 2011-WL-AX -0017.

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