



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



Audit of the Office on Violence Against Women Grants Awarded to the Utah Domestic Violence Advisory Council Salt Lake City, Utah

**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN
GRANTS AWARDED TO THE UTAH DOMESTIC
VIOLENCE ADVISORY COUNCIL
SALT LAKE CITY, UTAH**

EXECUTIVE SUMMARY

The U.S. Department of Justice, Office of the Inspector General, Audit Division, has completed an audit of six grants totaling \$2,820,114 awarded by the Office on Violence Against Women (OVW), to the Utah Domestic Violence Advisory Council (UDVAC), as shown in Table 1.

Table 1

Grants Awarded to the UDVAC

AWARD NUMBER	AWARD DATE	PROJECT START DATE	PROJECT END DATE	AMOUNT
2010-DW-AX-0020	09/21/10	09/01/10	08/31/12	\$ 192,021
2011-WR-AX-0008	09/23/11	10/01/11	09/30/14	999,822
2012-DW-AX-0029	09/04/12	09/01/12	08/31/14	156,811
2014-DW-AX-0018	09/08/14	09/01/14	08/31/15	81,795
2014-EW-AX-K007	09/16/14	10/01/14	09/30/17	389,803
2014-WR-AX-0014	08/04/14	10/01/14	09/30/17	999,862
Total:				\$ 2,820,114

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

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, program performance, expenditures, budget management and control, drawdowns, and federal financial reports (FFRs). The criteria we audited against are contained in the OVW Financial Grants Management Guide and the award documents.

As of November 18, 2014, the UDVAC had drawn down \$1,182,089 of the total amount awarded. We examined the UDVAC's accounting records, financial and progress reports, and operating policies and procedures and found that the UDVAC did not comply with essential award conditions related to (1) grant financial management, (2) progress reports, (3) grant expenditures, (4) drawdowns, (5) federal financial reports, and (6) program income. Specifically, the UDVAC lacked policies to effectively safeguard grant funds; submitted progress reports that were not supported; made \$82,508 in unallowable grant expenditures, and an additional \$2,230 in unsupported grant expenditures; made \$12,065 in drawdowns that were both unallowable and unsupported; submitted FFRs that were not accurate, and; did not adequately track or report program income.

Our report contains eight recommendations to OVW. Our audit objective, scope, and methodology are discussed in Appendix 1, and our Schedule of Dollar Related Findings appears in Appendix 2. In addition, we requested a written response to our draft audit report from the UDVAC and the OVW. We received those responses and they are included as Appendices 3 and 4, respectively. Our analysis of those responses and the status of the recommendations are found in Appendix 5.

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SALT LAKE CITY, UTAH**

TABLE OF CONTENTS

INTRODUCTION.....	1
Audit Approach.....	1
FINDINGS AND RECOMMENDATIONS.....	3
Grant Financial Management	3
Prior Audits.....	3
Policies and Procedures	4
Program Performance and Accomplishments.....	4
Categorical Assistance Progress Reports.....	5
Grant Expenditures	6
Budget Management and Control	8
Drawdowns.....	8
Federal Financial Reports	9
FFR Accuracy	9
Program Income.....	10
Conclusion.....	11
Recommendations	12
APPENDIX 1: OBJECTIVES, SCOPE, AND METHODOLOGY	14
APPENDIX 2: SCHEDULE OF DOLLAR-RELATED FINDINGS	15
APPENDIX 3: UTAH DOMESTIC VIOLENCE ADVISORY COUNCIL RESPONSE TO THE DRAFT REPORT	16
APPENDIX 4: OFFICE ON VIOLENCE AGAINST WOMEN RESPONSE TO THE DRAFT REPORT	20
APPENDIX 5: OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE AUDIT REPORT	23

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INTRODUCTION

The U.S. Department of Justice (DOJ), Office of the Inspector General, Audit Division, has completed an audit of six grants totaling \$2,820,114 awarded by the Office on Violence Against Women (OVW), to the Utah Domestic Violence Advisory Council (UDVAC), as shown in Table 2.

Table 2

Grants Awarded to the UDVAC

AWARD NUMBER	AWARD DATE	PROJECT START DATE	PROJECT END DATE	AMOUNT
2010-DW-AX-0020	09/21/10	09/01/10	08/31/12	\$192,021
2011-WR-AX-0008	09/23/11	10/01/11	09/30/14	999,822
2012-DW-AX-0029	09/04/12	09/01/12	08/31/14	156,811
2014-DW-AX-0018	09/08/14	09/01/14	08/31/15	81,795
2014-EW-AX-K007	09/16/14	10/01/14	09/30/17	389,803
2014-WR-AX-0014	08/04/14	10/01/14	09/30/17	999,862
Total:				\$2,820,114

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

Funding for Grant Numbers 2010-DW-AX-0020, 2012-DW-AX-0029, and 2014-DW-AX-0018 was provided under the Grants to State Sexual Assault and Domestic Violence Coalitions Program, which supports the state coalition's efforts to coordinate victim services within the state. Funding for Grant Numbers 2011-WR-AX-0008 and 2014-EW-AX-0014 was provided under the Rural Domestic Violence, Dating Violence, Sexual Assault and Stalking Assistance Program, which is designed to enhance victim safety in rural areas. Finally, funding for Grant Number 2014-EW-AX-K017 was provided under the Enhanced Training and Services to End Abuse in Later Life Program, which assists communities in providing assistance to older victims.

Audit Approach

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

We tested compliance with what we consider to be the most important conditions of the grants. The criteria we audited against are contained in the

OVW Financial Grants Management Guide and the award documents. The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix 1 contains additional information on this audit's objective, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

FINDINGS AND RECOMMENDATIONS

We examined UDVAC's accounting records, financial and progress reports, and operating policies and procedures and found that the UDVAC did not comply with essential award conditions related to (1) grant financial management, (2) progress reports, (3) grant expenditures, (4) drawdowns, (5) federal financial reports, and (6) program income. Specifically, the system of internal controls is not sufficient to effectively document and safeguard the use of federal funds, progress reports were not fully supported, FFRs were submitted inaccurately, and program income was not adequately tracked or recorded. We also identified unsupported and unallowable direct cost expenditures. Overall, we identified \$96,803 in questioned costs.

Grant Financial Management

According to the OVW Financial Grants Management Guide, recipients are required to establish and maintain accounting systems and financial records to accurately account for funds awarded to them. To determine if UDVAC's financial management system is equipped to adequately safeguard federal funds and ensure compliance with the terms and conditions of the awards, we reviewed prior audit reports and conducted interviews with UDVAC staff.

Prior Audits

We reviewed the Single Audit Reports (SAR) for 2012 and 2013 to identify any control weaknesses and significant non-compliance issues related to the UDVAC. The 2012 SAR identified two findings that were related to DOJ awards:

- (1) The UDVAC did not prepare closing entries and reconcile ending account balances in a timely manner, resulting in material audit adjustments.
- (2) The Treasurer of the Board of Directors, who was substantially involved in applying for and negotiating the terms of an award was also the Executive Director of an organization that was a sub-recipient under the award.

In response to the first finding, UDVAC officials stated that the UDVAC had fully implemented accounting practices and policies that include timely reconciliation of all accounting records in accordance with best practices recommendations. We reviewed UDVAC accounting policies and procedures and determined that the policy does require that financial statements be prepared and provided to the Board of Directors within 15 days after the close of the month.

In response to the second finding, which included \$42,524 in associated questioned costs, UDVAC officials stated that the organization recently adopted bylaws that clearly define roles of the board and clear requirements concerning declaration of conflicts of interest. Again, we reviewed UDVAC accounting policies

and procedures and determined that current policy does include guidance in this area. However, we found current contracts contain a similar conflict of interest, in that a member of the UDVAC Board of Directors is a staff member of the contracted organization. Our detailed analysis related to this issue is presented in the Grant Expenditures section of this report. We also recommend that the OVW coordinate with the UDVAC to ensure that all current and future contracts are allowable under the terms and conditions of the OVW Financial Grants Management Guide.

Policies and Procedures

We reviewed UDVAC policies and procedures to assess their effectiveness in ensuring that expenditures charged to the grants were allowable, allocable, and supported. As noted above, we found that the policies and procedures include provisions directed at safeguarding federal funds, but that these provisions have not been consistently adhered to. We also found that the policies did not contain written procurement procedures, which are required by the OVW Financial Grants Management Guide. We recommend that the OVW coordinate with the UDVAC to ensure that written procurement procedures are adopted and implemented.

Program Performance and Accomplishments

We reviewed the program narratives for Grant Numbers 2010-DW-AX-0020, 2011-WR-AX-0008, and 2012-DW-AX-0029, and interviewed UDVAC officials to determine whether the grant goals and objectives were implemented. The goals and objectives for each grant, and the degree to which those goals and objectives were met, are detailed below. We also reviewed the Categorical Assistance Progress Reports (progress reports), which are completed semi-annually, to determine if the required reports are accurate.¹

The goals and objectives for Grant Number 2010-DW-AX-0020 included, but were not limited to: building collaborative relationships with local coalitions and community groups; the development of effective responses and services for underserved individuals; the provision of various domestic violence trainings; assessment of training needs in different communities; update existing trainings; increase the coverage of UDVAC's toll-free information and referral hotline (LinkLine), and; develop and provide informational pamphlets. To test the goals and corresponding objectives for the award, we reviewed UDVAC documentation covering 25 key activities, including staff and committee meetings, training events, emergency calls to LinkLine, and printed materials. We did not find indication that the goals and objectives of the grant had not been implemented.

For Grant Number 2011-WR-AX-0008, goals included, but were not limited to: the identification of challenges and strategies for established domestic violence and sexual assault coalitions and sexual assault response teams (SART); the provision of guidance, support, and technical assistance for rural areas; the

¹ We did not evaluate program performance or test progress reports for the three grants awarded in 2014 due to the limited activity at the time of our audit.

provision of technical assistance regarding programming and trainings in domestic violence and sexual assault advocacy issues to rural communities; specialized trainings; technical support; the provision of confidential and trusted assistance to victims through LinkLine, and; emergency assistance for victims. We reviewed documentation related to staff meetings, training events, emergency calls, technical support, and emergency assistance payments. In total we tested 23 key activities that were identified in order to address the goals and objectives of the grant, and found that 4 out of the 23 had not been met. Specifically, SART activities and additional sexual assault trainings were delayed by the cancellation of a contract that was identified as having a conflict of interest. We verified that the UDVAC had worked with the OVW to replace the contractor, and we address the contractor issue in more depth in the Grant Expenditures section of this report.

Finally, the goals and objectives for Grant Number 2012-DW-AX-0020 included, but were not limited to, building and fostering collaborative relationships with underserved communities; the provision of training throughout Utah; the conversion of the UDVAC's online training module to a more user-friendly web-based platform, and; responding to emergency calls through the LinkLine program. We tested 26 activities and found that four out of the 26 were not fully met. Specifically, we found that a vacancy in the Education Coordinator post led to delays with certain training goals, which the UDVAC reported to the OVW on a semi-annual progress report. We confirmed that a new Education Coordinator has been hired, and that responsibilities related to training are among that employee's main duties.

Because the UDVAC provided us with documentation demonstrating that the majority of goals and objectives were met, because new hires have been made to address existing delays, and because UDVAC officials notified the OVW of delays, we make no recommendations related to program performance.

Categorical Assistance Progress Reports

Each grant program's progress reporting form reflects the different statutorily authorized activities that grantees perform, and collects uniform information on victims served, demographics, and common activities that occur across grant programs. These progress report forms provide the OVW with comprehensive data regarding grantee activities and are used for congressional reporting, OVW's outreach strategy, and other performance related data reporting. These 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.² To determine whether the progress reports submitted by the UDVAC accurately reflected the activity of the grant, we performed testing of some of the accomplishments described in the last two reports.

Of the 27 items we tested, UDVAC officials were able to fully verify the data as reported to the OVW for 13 items. For the remaining 14 items, the data

² Final reports are due 90 days after the award period has ended.

reported to the OVW was only partially supported. Specifically, the UDVAC was not consistently able to support the total number of trainings held, the total number of attendees at each training, or the total number of technical assistance activities conducted during a specific period. Under the *Government Performance and Results Act (GPRA)*, grantees are required to collect and maintain data that measures the effectiveness of their grant-funded activities. As we could not verify the statistical information reported to OVW in over half the items in our sample, we recommend that the OVW coordinate with the UDVAC to ensure future data reported to the OVW is complete, supported, and in compliance with the terms and conditions of the OVW Financial Grants Management Guide.

Grant Expenditures

The UDVAC received budget approval for costs related to personnel, fringe, travel, equipment, supplies, contracts, and other expenditures. We reviewed 135 direct cost transactions to determine whether grant expenditures were allowable, reasonable, and in compliance with the terms and conditions of the awards. Of those 135 transactions, UDVAC officials were unable to provide supporting documentation for two items charged to Grant Number 2011-WR-AX-0008, as shown below.

Table 3
Unsupported Direct Costs

ITEM	AMOUNT QUESTIONED
SC Consulting	\$1,550
Delta Airlines	680
Total:	\$2,230

Source: UDVAC accounting records

We recommend that the OVW coordinate with the UDVAC to remedy the \$2,230 in unsupported direct costs.

Of the same 135 transactions, we identified 12 that were unallowable under the terms and conditions of the awards. These include audit fees not included in the approved budgets, an employee charged to a grant incorrectly, and numerous payments made to contractors with which a conflict of interest existed. These unallowable expenses are detailed below.

Table 4
Unallowable Direct Costs

GRANT NUMBER	PAYEE	REASON QUESTIONED	AMOUNT QUESTIONED
2011-WR-AX-0008			
	UCASA	Contract Conflict	\$12,649
	UCASA	Contract Conflict	4,352
	UCASA	Contract Conflict	3,668
	UCASA	Contract Conflict	3,613
	UCASA	Contract Conflict	4,421
	UCASA	Contract Conflict	3,341
	CAPSA	Contract Conflict	5,960
	CAPSA	Contract Conflict	2,560
	SVS	Contract Conflict	8,000
2012-DW-AX-0029			
	Training Specialist	Not in grant budget	128
	CPA Fees	Not in grant budget	1,000
	CPA Fees	Not in grant budget	2,500
Total:			\$52,191³

Source: UDVAC accounting records

Due to the number of unallowable contractor expenses and the finding in the 2012 SAR, we expanded our review of contracts. As noted in the 2012 SAR, the UDVAC had entered into a contract in which a conflict of interest existed. The auditor notified UDVAC officials that conflict of interest standards and rules prohibit such relationships between grantees and sub-recipients. In their response to the SAR, UDVAC officials stated that they had adopted bylaws that clearly define roles of the board and clear requirements concerning declaration of conflicts of interest. We reviewed the policy and found that it was adopted in June 2013; however, the contract identified in the FY 2012 SAR was ultimately replaced by new contracts in which conflicts of interest also existed. Specifically, the new contracts were with organizations affiliated with members of the UDVAC Board of Directors.

Additionally, the UDVAC budgeted funds for Grant Numbers 2014-EW-AX-K007 and 2014-WR-AX-0014 for contractors affiliated with members of the UDVAC Board of Directors. As of January 2015, the OVW granted retroactive approval for the use of one of these contractors; however, contracts with an additional three organizations have been formally severed due to this issue. The additional costs associated with unallowable contractors are detailed below.

³ Differences in totals throughout the report are due to rounding (the sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded).

Table 5

Additional Unallowable Costs

CONTRACTOR	ADDITIONAL QC
UCASA	\$27,628
CAPSA	8,690
SVS	2,000
Total:	\$38,317

Source: UDVAC accounting records

As a result of this audit, the UDVAC returned \$8,000 in unallowable funds to DOJ; we have removed these from our questioned cost total. Therefore, we recommend that OVW coordinate with the UDVAC to remedy the remaining \$44,191 in unallowable costs identified in Table 4, and the additional \$38,317 in unallowable costs identified in Table 5 for a total of \$82,508 in unallowable questioned costs.

Budget Management and Control

For federal awards that exceed \$100,000, the OVW Financial Grants Management Guide requires that recipients obtain approval prior to making cumulative transfers among approved cost categories in excess of 10 percent of the current total approved budget. To determine if the UDVAC was in compliance with this requirement, we evaluated the total cumulative expenditures against the total budgeted amounts for Grant Numbers 2010-DW-AX-0020, 2011-WR-AX-0008, and 2012-DW-AX-0029. We determined that the UDVAC was in compliance with the 10 percent rule for each award.⁴

Drawdowns

To determine if UDVAC's drawdowns were in compliance with the OVW Financial Grants Management Guide, we compared the cumulative drawdowns with cumulative expenditures for each award. As of November 18, 2014, the UDVAC had drawn down \$1,182,089 of the total amounts awarded for five of the six grants in this audit.⁵ We determined that the recorded expenditures equaled the total amount drawn for Grant Numbers 2011-WR-AX-0008, 2012-DW-AX-0029, 2014-DW-AX-0018, and 2014-WR-AX-0014. However, we also found that \$12,065 in funds had been drawn from Grant Number 2010-DW-AX-0020 that were not supported by UDVAC accounting records.

We asked UDVAC officials to provide a reason for the discrepancy. The UDVAC Interim Executive Director stated that a previous Executive Director had attempted to negotiate an extension to the grant's project end date so remaining funds could be utilized in the September immediately following the end of the grant

⁴ We did not conduct budget analysis for the three grants awarded in 2014 due to the limited financial activity at the time of our audit.

⁵ No drawdowns had been made against Grant Number 2014-EW-AX-K007.

period to support the UDVAC annual conference. However, the previous Executive Director did not inform other UDVAC staff members of this prior to her departure. Because the new Executive Director and the accountant were unaware of the previous Executive Director's actions, they believed the extension had not been approved and therefore reallocated the expenses to other sources of funding.⁶

The OVW Financial Grants Management Guide states that any costs incurred either before the start of the project period or after the expiration of the project period are unallowable without written approval from the OVW. As this approval was not received, and because UDVAC officials stated that the funds were used in support of a conference that occurred after the project period had ended, we question the \$12,065 as unallowable. Additionally, the OVW Financial Grants Management Guide requires that recipients establish and maintain an accounting system and financial records to accurately account for funds awarded. The financial management system must be able to record and report on the receipt, obligation, and expenditure of funds awarded for each grant. Because the costs were not recorded in the UDVAC accounting records for the grant, we also question the \$12,065 as unsupported. We recommend that the OVW coordinate with the UDVAC to remedy the \$12,065 in unallowable and unsupported drawdowns.

Federal Financial Reports

According to the OVW Financial Grants Management Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report. Recipients must report expenditures online using the FFR no later than 30 days after the end of each calendar quarter. Additionally, grant recipients should submit other financial data that may be applicable, such as the receipt of income generated by the grant programs (program income).

FFR Accuracy

To determine whether the FFRs submitted by the UDVAC accurately reflected the grant expenditures, we performed testing of the four most recent FFRs for Grant Numbers 2010-DW-AX-0020, 2011-WR-AX-0008, and 2012-DW-AX-0029.⁷ We determined that amounts reported to OVW did not fully reconcile to the amounts supported by UDVAC accounting records for any period during our review, as shown below.

⁶ We reviewed the GANs and Closeout documentation for this award, and did not find evidence of an attempt to extend the project period.

⁷ We did not conduct FFR analysis for the grants awarded in 2014, as complete reporting periods had not passed at the time of our review.

Table 6
Review of FFR Accuracy

REPORT NUMBER	REPORTING PERIOD	EXPENDITURES PER ACCOUNTING RECORDS	EXPENDITURES PER FFR	PERIOD DIFFERENCE	CUMULATIVE DIFFERENCE
2010-DW-AX-0020					
6	10/01/11-12/31/11	\$18,990	\$18,396	\$595	\$5,560
7	01/01/12-03/31/12	\$18,855	\$18,993	(\$138)	\$5,422
8	04/01/12-06/30/12	\$22,807	\$38,480	(\$15,672)	(\$10,250)
9	07/01/12-08/31/12	\$15,877	\$17,692	(\$1,814)	(\$12,065)
2011-WR-AX-0008					
9	10/01/13-12/31/13	\$77,623	\$65,000	\$12,623	(\$22,101)
10	01/01/14-03/31/14	\$76,325	\$85,000	(\$8,675)	(\$30,776)
11	04/01/14-06/30/14	\$93,178	\$90,000	\$3,178	(\$27,597)
12	07/01/14-09/30/14	\$92,727	\$57,129	\$35,597	\$8,000
2012-DW-AX-0029					
6	10/01/13-12/31/13	\$19,954	\$32,000	(\$12,046)	(\$4,096)
7	01/01/14-03/31/14	\$10,003	\$10,000	\$3	(\$4,094)
8	04/01/14-06/30/14	\$12,823	\$10,000	\$2,823	(\$1,271)
9	07/01/14-08/31/14	\$15,940	\$14,669	\$1,271	-

Source: OJP's GMS; UDVAC accounting records.

We contacted UDVAC officials to determine the reason for the discrepancies, and found that in some cases the numbers reported to the OVW were based on the drawdowns for that period, rather than the actual expenditures as recorded in the UDVAC accounting records. In other cases, current UDVAC officials were unable to determine why the discrepancies existed as the individual who had submitted the FFR is no longer with the organization.

Because the FFRs did not reconcile to the accounting records for any period in our review, we recommend that the OVW coordinate with the UDVAC to ensure that future FFRs are submitted in accordance with the terms and conditions of the OVW Financial Grants Management Guide.

Program Income

Program income is gross income received by the grantee that is directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. We reviewed the UDVAC accounting records and determined that approximately \$121,500 in income was recorded from September 2010 through October 2014. Generally, the income was generated through registration costs for training, or fees for the annual conference. However, the income recorded was not generated exclusively by the OVW awards, and was not tracked in a manner which differentiated between OVW related income and income generated by other funding sources. Therefore, we were not able to isolate income related to the grants in order to determine if the income was spent in accordance with the terms and conditions of the OVW Financial Grants Management

Guide.⁸ However, due to the amount of income generated, we recommend that the OVW coordinate with the UDVAC to retroactively apply procedures to determine the amount of program income generated by each award, and to require that the UDVAC provide documentation to support that the applicable program income was spent in accordance with the terms and conditions of the OVW Financial Grants Management Guide. If UDVAC officials are unable to demonstrate that the program income was used in an allowable manner, then the associated income should be refunded to the OVW, as appropriate.

Additionally, we found that no program income had been reported as required by the UDVAC officials on their quarterly or final FFRs. Therefore, we recommend that the OVW coordinate with the UDVAC to ensure that that program income is reported to the OVW as required.

Conclusion

The purpose of our audit was to determine whether reimbursements claimed under the grants were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award. We examined the UDVAC's (1) grant financial management, (2) progress reports, (3) grant expenditures, (4) drawdowns, (5) federal financial reports, and (6) program income and found:

- Current and past contracts contain a conflict of interest, in that a member of the UDVAC Board of Directors is a staff member of the contracted organization.
- Internal policies do not contain written procurement procedures, which are required by the OVW Financial Grants Management Guide.
- Statistical data reported to OVW on semi-annual progress reports was not consistently supported.
- \$2,230 in unsupported direct cost expenditures.
- \$82,508 in unallowable direct cost expenditures.
- \$12,065 in drawdowns that were both unsupported and unallowable.
- FFRs were not consistently accurate.
- Program income was not tracked by grant, and was not reported to OVW on the FFRs.

⁸ We asked UDVAC officials how program income generated by an OVW award would be spent, and those officials stated that the income would have been put directly back into the event that generated the income. Examples include paying for training expenses, facility rental costs, or conference speakers.

Recommendations

We recommend that the OVW:

1. Coordinate with the UDVAC to ensure that all current and future contracts are allowable under the terms and conditions of the OVW Financial Grants Management Guide.
2. Coordinate with the UDVAC to ensure that written procurement procedures are adopted and implemented.
3. Coordinate with the UDVAC to ensure that future data reported to OVW is complete, supported, and in compliance with the terms and conditions of the OVW Financial Grants Management Guide.
4. Remedy the \$14,295 in unsupported questioned costs associated with the following issues:
 - a. \$2,230 in direct cost expenditures related to unsupported travel and accounting fees.
 - b. \$12,065 in drawdowns not supported by the UDVAC accounting records.
5. Remedy the \$94,573 in unallowable questioned costs associated with the following issues:
 - a. Unallowable contractor charges totaling \$78,881 charged to Grant Number 2011-WR-AX-0008.⁹
 - b. Unallowable personnel and audit expenses totaling \$3,628 charged to Grant Number 2012-DW-AX-0029.
 - c. Drawdowns totaling \$12,065 that were made for expenses incurred after the end of the project period.
6. Coordinate with the UDVAC to ensure that future FFRs are submitted in accordance with the terms and conditions of the OVW Financial Grants Management Guide.
7. Coordinate with the UDVAC to retroactively apply methodology to determine the amount of program income generated by each award, and to require that the UDVAC provide documentation to support that the applicable program income was spent in accordance with the terms and conditions of the OVW Financial Grants Management Guide. If UDVAC officials are unable to demonstrate that the program income was used in

⁹ As a result of this audit, \$8,000 in unallowable expenditures was refunded to DOJ. The total of \$78,881 accounts for this refund.

an allowable manner, then the associated income should be refunded to OVW as appropriate.

8. Coordinate with the UDVAC to ensure that that program income is reported to the OVW as required.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This was an audit of the Office on Violence Against Women grants awarded to the Utah Domestic Violence Advisory Council. The audit covered Grant Numbers 2010-DW-AX-0020, 2011-WR-AX-0008, 2012-DW-AX-0029, 2014-DW-AX-0018, 2014-EW-AX-K007, and 2014-WR-AX-0014. Our audit concentrated on, but was not limited to, September 21, 2010, the date Grant Number 2010-DW-AX-0020 was awarded, through December 5, 2014, the date our field work concluded.

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

In conducting our audit, we performed sample testing of (1) grant expenditures, including personnel and fringe costs, (2) financial reports, (3) progress reports, and (4) drawdowns. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the award we reviewed, such as dollar amounts or expenditure categories. This non-statistical sample design does not allow for the projection of the test results to the universes from which the samples were selected.

Finally, we evaluated the UDVAC's financial management, program performance, and budget management and control. However, we did not test the reliability of the financial management system as a whole.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>PAGE</u>
QUESTIONED COSTS¹⁰		
Unsupported Direct Costs	\$2,230	6
Unsupported Drawdowns	\$12,065	8-9
<i>Total Unsupported</i>	<i>\$14,295</i>	
Unallowable Direct Costs ¹¹	\$82,508	7-8
Unallowable Drawdowns	\$12,065	9
<i>Total Unallowable</i>	<i>\$94,573</i>	
<i>Total (Gross)</i>	<i>\$108,868</i>	
Less Duplication¹²	\$12,065	
Net Questioned Costs	\$96,803	
TOTAL DOLLAR-RELATED FINDINGS	\$96,803	

¹⁰ **Questioned costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

¹¹ As previously noted, \$8,000 in unallowable expenditures paid to SVS was refunded to DOJ as a result of this audit. The total of \$82,508 accounts for this refund.

¹² The \$12,065 in drawdown costs were questioned as both unallowable and unsupported.

**UTAH DOMESTIC VIOLENCE ADVISORY COUNCIL
RESPONSE TO DRAFT AUDIT REPORT**



Utah Domestic Violence Coalition

205 North 400 West • Salt Lake City, Utah 84103 • (801) 521-5544 • Fax (801) 521-5548

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

March 16th, 2015

Re: Response to Draft Office of Inspector General (OIG) report on the Audit of the Office on Violence Against Women Grants Awarded to the Utah Domestic Violence Advisory Council. Grant Award Numbers:

2010-DW-AX-0020	2014-DW-AX-0018
2011-WR-AX-0008	2014-EW-AX-K007
2012-DW-AX-0029	2014-AX-0014

Dear Mr. Sheeren,

The Utah Domestic Violence Advisory Council (UDVAC) has carefully reviewed the draft audit report prepared by your office and welcomes the opportunity to respond to the recommendations contained in the report as follows:

Recommendation # 1:

Coordinate with OVW to ensure that all current and future contracts are allowable under the terms and conditions of the OVW Financial Grants Management Guide.

Further to the site visit of the auditor from the Office of the Inspector General all queries regarding current contracts have been reviewed either with the auditor and/or OVW program administrators. Three proposed contracts with MOU partners to Grant Number 2014-DW-AX-0018 have not been entered into as a result of this review in order to ensure compliance with the terms and conditions of the OVW Financial Grants Management Guide. Letters severing the proposed partnerships were sent to each of these MOU partners and filed with OVW via the Grants Management System in January 2015. Two further proposed partnerships, one relating to Grant Number 2014-DW-AX-0018 and another relating to Grant Number 2014-EW-K007 were carefully reviewed by OVW and UDVAC only proceeded with these once permission had been provided.

The UDVAC is seeking assistance from OVW as regards methods to ensure that all future contracts are allowable by instituting a procurement policy. Please see the response to recommendation #2 below for further details.

Recommendation #2:

Coordinate with OVW to ensure that written procurement procedures are adopted and implemented.

The UDVAC did not previously have written procurement procedures in place but has prepared draft procedures to remedy this. These draft procedures were submitted to OVW for review on February 21st 2015 and we are awaiting a response. Once approval of the draft procedure has been received, a copy will be forwarded to the Office of the Inspector General together with a plan for implementation of the procedures.

Recommendation #3:

Coordinate with OVW to ensure that future data reported to OVW is complete, supported and in compliance with the terms and conditions of the OVW Financial Grants Management System.

The UDVAC would like to underline that the report itself states that no recommendations were made related to program performance as documentation was provided demonstrating that the majority of goals and objectives were met, that new hires were made to address existing delays and that OVW was notified of these delays; the UDVAC would say that the delays affected a small portion of the overall work under the grants reviewed and were caused by a level of staff turnover which is not uncommon and which could affect any number of other organizations.

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The UDVC does not believe that the data reported on the semi-annual progress reports was inaccurate but does accept that clear documentation has not been maintained to enable the data to be interpreted easily following submission of the reports; the further back in time that the report was submitted the more difficult this interpretation became, particularly when combined with changes in staff.

The UDVC has again already taken steps to remedy this situation which includes the following:

- All staff working under an OVW grant is being given the opportunity to participate in the relevant grant report training provided by VAWA-MEI in order to cultivate a greater shared understanding of the purpose of the grant report and methods to approach the same.
- Nominated staff have been tasked with supervision of the collection of relevant data relating to specific grant reports as part of their job responsibilities.
- A standard sign in sheet has been trialed and adopted by the staff.
- The Education Coordinator is exploring utilization of the databases available via VAWA-MEI with a view to making a recommendation by June 2015 and training staff on the chosen collection tool by the end of September 2015.
- Clear documentation to support activities reported on is required to be submitted together with the reported figures. Only figures which can be substantiated will be input on to future semi-annual progress reports and this documentation will then be filed with a copy of the report.

The UDVC proposes to formulate a procedure for staff to refer to throughout the grant period and as a means to induct new staff into grant reporting requirements by the end of June 2015. Additional technical assistance will be sought from OVW as regards this procedure and how to further improve data collection and storage.

Recommendation #4:

Remedy the \$14,295 in unsupported questioned costs associated with the following issues:

- a. *\$2,230 in direct costs expenditures related to unsupported travel and accounting fees.*
 - b. *\$12,065 in drawdowns not supported by the UDVC accounting records.*
- a. The UDVC would seek to explain that in 2012 the organization experienced an unfortunate series of difficulties with different accounting services as it sought to identify and contract for the services of a suitably qualified accountant sufficiently versed in nonprofit accounting/federal grants. Some accounting materials were misplaced during this time as a result including the supporting documentation for the item "SC Consulting" amounting to \$1550. The UDVC is able to produce other invoices from this agency both before and after incurring the cost in question which demonstrate that payments were made to the agency for accounting services which were required by the agency at this time.

The UDVC is able to provide a copy of the flight booking indicating the cost of the flight with Delta Airlines amounted to \$680. Additional documentation as to the conference that required air travel to attend cannot be produced given the lapse of time. The UDVC is now requiring staff to attach a copy of the agenda for any conferences/trainings attended to travel receipts and has incorporated this guidance into its directions to complete the travel reimbursement request as of 2015 and the addition of this requirement into the UDVC travel policy will be presented to the Executive Committee in April to approve before being presented to staff at the April staff meeting.

- b. The UDVC fully cooperated with the OIG auditor in order to answer queries regarding this drawdown but was impeded by the lapse in time since these funds were drawdown, leadership changes and, indeed, by the improvements to accounting policies and systems that have been introduced in the intervening period to strengthen financial management; the UDVC believes that such improvements will also safeguard against any such repetition of this issue.

The UDVC shared all and any information with the OIG auditor that it could as accounts and communications with OVW were reviewed, including evidence of at least one prior occasion on which an extension period had been sought immediately prior to the UDVC's Annual Conference hence the details contained within the report. The UDVC accepts that this is a speculative explanation and will work with OVW further to address the same.



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Recommendation #5:

Remedy the \$94,573 in unallowable questioned costs associated with the following issues:

- a. *Unallowable contractor charges totaling \$78,881 charged to Grant Number 2012-DW-AX-0029*
- b. *Unallowable personnel and audit expenses totaling \$3,862 charged to Grant Number 2012-DW-AX-0029*
- c. *Drawdowns totaling \$12,065 which were made for expenses incurred after the end of the project period*

- a. The three contracts listed in the report were all entered into by the UDVC with agencies who were able to offer specialized training and services which had been identified as needed in the state. It is posited that the services/trainings provided were allowable activities. All of these contracts were entered into in good faith albeit that it was not appreciated how these contracts may create apparent conflicts of interest as per the OVW Grant Management Financial Guide.

As noted in the report the original conflict of interest was identified in the SAR for the FY2011/12 and the UDVC did take steps to address this issue by adopting a Conflict of Interest policy in June 2013 following discussions with the auditor of the SAR who also assisted by providing template policies. Unfortunately all the steps taken only addressed communication of potential/apparent/real conflicts internally and did not provide for communication with OVW. As a result the UDVC proceeded to enter into new contracts, having followed its internal conflict of interest procedures and believing it had effectively addressed all requirements. The UDVC would highlight that it self-identified contracts where a conflict may exist during the site visit of the OIG auditor as soon as there was a greater understanding of the OVW guidance on this issue.

The UDVC would reiterate that all contracts were entered into in good faith but accepts that there was a lack of clear understanding of the OVW Financial Management Guide's provisions regarding conflicts of interest. Further to the response to recommendations number 1 and 2 above, the UDVC is confident that this will not occur again further to the adoption of a robust Procurement policy. In addition, as mentioned below in the response to recommendations number 7 and 8, the UDVC's Board Finance Committee has scheduled in its May 2015 meeting to discuss how to ensure ongoing compliance and how to educate the incoming Executive Director, and any other relevant future staff, regarding OVW's Financial Grant Management requirements. In the meanwhile, the Interim Executive Director is already working closely with OVW program administrators and Office of Grant Management Division staff to ensure compliance and is in the process of completing the online OVW Financial Management Course.

- b. The UDVC accepts the error as regards charging \$128 to Grant Award Number 2012-DW-AX-0029; this amount related to the salary of the Training Specialist. It is believed that the error stemmed from the fact that this was not a regular entry relating to personnel costs but a final payment made to this staff member upon their departure from the organization.
- c. Please see the response to item b. above under Recommendation Number 4.

Recommendation #6:

Coordinate with OVW to ensure that future FFRs are submitted in accordance with the terms and conditions of the OVW Financial Grants Management Guide

UDVC's Interim Executive Director was able to discuss the submission of FFRs with the auditor during the site visit from the Office of the Inspector General and to identify the error in the approach to completing these reports which had been adopted previously. As a result, the UDVC is confident that a new method can easily be adopted henceforth which will allow these reports to be submitted in accordance with the terms and conditions of the OVW Financial Grants Management Guide. This method will require attention to two elements and these are;

- (1) The completion of the report with reference to a complete profit & loss account relating to each grant.
 - This has already been instituted as a practice since January 2015.
- (2) The insertion of information relating to program income as appropriate.

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- As per Recommendations Number 7 & 8 below, this is an area where assistance from OVW is required. The Interim Executive Director has already read the relevant chapter of OVW's Financial Grants Management Guide, completed the relevant module of OVW's online Grants Management training, and sought technical assistance from OVW's Grants Management Finance Division. UDVC's accountant also liaised and received technical assistance on this subject from the Grants Management Finance Division on Monday March 9th. This is with a view to the FFRs completed in this Fiscal Year (October 2014 onwards) being reviewed for accuracy and completeness and also to provide a foundation for future reporting.

UDVAC's Board Finance Committee has scheduled in its May 2015 meeting to discuss how to ensure ongoing compliance and how to educate the incoming Executive Director, and any other relevant future staff, regarding OVW's Financial Grant Management requirements.

Recommendation #7:

Coordinate with OVW to retroactively apply methodology to determine the amount of program income generated by each award, and to require that the UDVC provide documentation to support that the applicable program income was spent in accordance with the terms and conditions of the OVW Financial Grants Management Guide. If UDVC officials are unable to demonstrate that the program income was used in an allowable manner, then the associated income should be refunded to OVW as appropriate.

The UDVC looks forward to discussing this recommendation with OVW and identifying how to satisfy this recommendation.

Recommendation #8:

Coordinate with OVW to ensure that program income is reported to OVW as required.

As has already been stated in the response to Recommendation Number 6 above, this is an area where assistance from OVW is required. The Interim Executive Director has already read the relevant chapter of OVW's Financial Grants Management Guide, completed the relevant module of OVW's online Grants Management training, and sought technical assistance from OVW's Grants Management Finance Division. UDVC's accountant also liaised and received technical assistance on this subject from the Grants Management Finance Division on Monday March 9th. This is with a view to the FFRs completed in this Fiscal Year (October 2014 onwards) being reviewed for accuracy and completeness and also to provide a foundation for future reporting.

UDVAC's Board Finance Committee has scheduled in its May 2015 meeting to discuss how to ensure ongoing compliance and how to educate and support the incoming Executive Director, and any other relevant future staff, regarding OVW's Financial Grant Management requirements.

The UDVC remains committed to addressing the needs of victims of domestic and sexual violence and the programs that serve victims and their families. The UDVC looks forward to working further with OVW to address the above and is grateful for the assistance provided already by the OIG, OVW and GFMD.

Yours sincerely,

Elizabeth Watson
Interim Executive Director

cc. Office on Violence Against Women

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





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

April 2, 2015

MEMORANDUM

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

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

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

SUBJECT: Draft Audit Report - Audit of the Office on Violence Against
Women Grants Awarded to the Utah Domestic Violence Advisory
Council, Salt Lake City, Utah

This memorandum is in response to your correspondence dated February 23, 2015 transmitting the above draft audit report for the Utah Domestic Violence Advisory Council (UDVAC). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains eight recommendations that include \$14,295 in unsupported costs and \$94,573 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. Coordinate with the UDVAC to ensure that all current and future contracts are allowable under the terms and conditions of the OVW Financial Grants Management Guide.

OVW does agree with the recommendation. We will coordinate with the UDVAC to ensure that all current and future contracts are allowable under the terms and conditions of the OVW Financial Grants Management Guide.

2. Coordinate with the UDVAC to ensure that written procurement procedures are adopted and implemented.

OVW does agree with the recommendation. We will coordinate with the UDVAC to ensure that written procurement procedures are adopted and implemented.

3. Coordinate with the UDVAC to ensure that future data reported to OVW is complete, supported, and in compliance with the terms and conditions of the OVW Financial Grants Management Guide.

OVW does agree with the recommendation. We will coordinate with the UDVAC to ensure that future data reported to OVW is complete, supported, and in compliance with the terms and conditions of the OVW Financial Grants Management Guide.

4. Remedy the \$14,295 in unsupported questioned costs associated with the following issues:

- a. \$2,230 in direct cost expenditures related to unsupported travel and accounting fees.
- b. \$12,065 in drawdowns not supported by UDVAC accounting records.

OVW does agree with the recommendation. We will coordinate with the UDVAC to remedy the \$14,295 in unsupported questioned costs.

5. Remedy the \$94,573 in unallowable questioned costs associated with the following issues:

- a. Unallowable contractor charges totaling \$78,881 charged to Grant Number 2011-WR-AX-0008.
- b. Unallowable personnel and audit expenses totaling \$3,628 charged to Grant Number 2012-DW-AX-0029.
- c. Drawdowns totaling \$12,065 which were made for expenses incurred after the end of the project period.

OVW does agree with the recommendation. We will coordinate with the UDVAC to remedy the \$94,573 in unallowable questioned costs.

6. Coordinate with the UDVAC to ensure that future FFRs are submitted in accordance with the terms and conditions of the OVW Financial Grants Management Guide.

OVW does agree with the recommendation. We will coordinate with the UDVAC to ensure that future FFRs are submitted in accordance with the terms and conditions of the OVW Financial Grants Management Guide.

7. Coordinate with the UDVAC to retroactively apply methodology to determine the amount of program income generated by each award, and to require that the UDVAC provide documentation to support that the applicable program income was spent in accordance with the terms and conditions of the OVW Financial Grants Management Guide. If UDVAC officials are unable to demonstrate that the program income was used in an allowable manner, then the associated income should be refunded to OVW as appropriate.

OVW does agree with the recommendation. We will coordinate with the UDVAC to retroactively apply methodology to determine the amount of program income generated by each award, and to require that the UDVAC provide documentation to support that the applicable program income was spent in accordance with the terms and conditions of the OVW Financial Grants Management Guide. If UDVAC officials are unable to demonstrate that the program income was used in an allowable manner, then the associated income should be refunded to OVW as appropriate.

8. Coordinate with the UDVAC to ensure that the program income is reported to OVW as required.

OVW does agree with the recommendation. We will coordinate with the UDVAC to ensure that the program income is reported to OVW as required.

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 or 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

Debra Bright
Program Specialist
Office on Violence Against Women (OVW)

**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 UDVAC and OVW. The responses are incorporated in Appendices 3 and 4 of this report, respectively. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation:

- 1. Coordinate with the UDVAC to ensure that all current and future contracts are allowable under the terms and conditions of the OVW Financial Grants Management Guide.**

Resolved. The OVW concurred with our recommendation. In its response, the OVW indicated that it would coordinate with the UDVAC to ensure that all current and future contracts are allowable under the terms and conditions of the OVW Financial Grants Management Guide.

In its response, the UDVAC stated that current contracts have been reviewed with the OIG and/or OVW program administrators in order to ensure compliance with the terms and conditions of the OVW Financial Grants Management Guide. Letters severing the proposed partnerships were sent to some Memorandum of Understanding partners, while other contracts have moved forward with OVW approval. The UDVAC is seeking assistance from the OVW regarding methods to ensure that all future contracts are allowable by instituting a procurement policy.

This recommendation can be closed when the OVW provides us with documentation, such as approved policies and procedures, supporting the UDVAC's strengthening of its safeguards related to the contracting process.

- 2. Coordinate with the UDVAC to ensure that written procurement procedures are adopted and implemented.**

Resolved. The OVW concurred with our recommendation, and stated that it would coordinate with the UDVAC to ensure that written procurement procedures are adopted and implemented.

In its response, UDVAC officials stated that written procurement procedures were not previously in place, but were recently drafted and submitted to the OVW for approval.

This recommendation can be closed when the OVW provides us with documentation, such as an approved copy of the recently drafted UDVAC procurement procedures, supporting the UDVAC's strengthening of the procurement process.

3. Coordinate with the UDVAC to ensure that future data reported to OVW is complete, supported, and in compliance with the terms and conditions of the OVW Financial Grants Management Guide.

Resolved. The OVW concurred with our recommendation, and stated that it would coordinate with the UDVAC to ensure that future data reported to the OVW is complete, supported, and in compliance with the appropriate terms and conditions.

In its response, the UDVAC noted that no recommendations were made relating to program performance, as documentation was provided demonstrating that the majority of goals and objectives were met. We agree. This recommendation relates to progress reports that were not fully supported. UDVAC officials stated that they do not believe the progress reports were inaccurate, but does accept that clear documentation had not been maintained to enable the data to be interpreted easily following submission of the reports. The UDVAC further outlined steps that have been taken to remedy the situation, and proposed the formulation of a procedure regarding reporting requirements for staff to refer to throughout the grant period.

This recommendation can be closed when the OVW provides us with documentation, such as approved policies and procedures, supporting the UDVAC's strengthening of its safeguards related to the grant reporting process.

4. Remedy the \$14,295 in unsupported questioned costs associated with the following issues:

Resolved. The OVW concurred with our recommendation. In its response, the OVW indicated that it would coordinate with the UDVAC to remedy the unsupported questioned costs associated with the following issues:

a. \$2,230 in direct cost expenditures related to unsupported travel and accounting fees.

In its response, the UDVAC stated that due to difficulties with different accounting services in 2012, some accounting materials were misplaced. The UDVAC further stated that documentation for the unsupported travel could not be provided. The OVW Financial Grants Management Guide requires that records be maintained for 3 years after the end date of an award, and that these records be made available for audit.

This portion of the recommendation can be closed when the OVW provides us with documentation supporting the remedy of the \$2,230 in unsupported questioned costs.

b. \$12,065 in drawdowns not supported by the UDVAC accounting records.

In its response, UDVAC officials stated that they had fully cooperated with the OIG but were unable to answer queries related to the drawdown discrepancy due to the lapse in time since the funds had been drawn down. We agree. UDVAC officials also stated that the explanations provided were speculative, and that the UDVAC would continue to work with the OVW to further address the issue.

This portion of the recommendation can be closed when the OVW provides us with documentation demonstrating that the \$12,065 in unsupported drawdowns has been remedied.

5. Remedy the \$94,573 in unallowable questioned costs associated with the following issues:

Resolved. The OVW concurred with our recommendation, and stated that it will coordinate with the UDVAC to remedy the \$94,573 in unallowable questioned costs.

a. Unallowable contractor charges totaling \$78,881 charged to Grant Number 2011-WR-AX-0008.¹³

In its response to the draft report, UDVAC officials stated that they believed the contracts were entered into in good faith, albeit that it was not appreciated that the contracts may create apparent conflicts of interest as per the OVW Financial Grants Management Guide. Those officials noted that, while a policy had been adopted internally, the policy did not provide for communication (disclosure) with the OVW. As noted in Recommendation Number 1, the UDVAC's procurement policies are under review, and are intended in part to strengthen the contracting process. Additionally, future meetings with the UDVAC Board of Directors have been scheduled to discuss ongoing compliance.

This portion of the recommendation can be closed when the OVW provides us with documentation supporting the remedy of the \$78,881 in unallowable contractor charges.

¹³ As a result of this audit, \$8,000 in unallowable expenditures was refunded to DOJ. The total of \$78,881 accounts for this refund. Additionally, in its response the UDVAC noted this grant number as 2012-DW-AX-0029; the correct grant number is 2011-WR-AX-0008.

b. Unallowable personnel and audit expenses totaling \$3,628 charged to Grant Number 2012-DW-AX-0029.¹⁴

The UDVAC accepted an error of \$128 charged to Grant Number 2012-DW-AX-0029. The UDVAC did not address the remaining unallowable audit expenses.

This portion of the recommendation can be closed when the OVW provides documentation supporting the remedy of the \$3,628 in unallowable personnel and audit expenses.

c. Drawdowns totaling \$12,065 that were made for expenses incurred after the end of the project period.

In its response, the UDVAC referred to the response in Recommendation Number 4, item b.

This recommendation can be closed when the OVW provides documentation supporting the remedy of the \$12,065 in unallowable drawdowns.

6. Coordinate with the UDVAC to ensure that future FFRs are submitted in accordance with the terms and conditions of the OVW Financial Grants Management Guide.

Resolved. The OVW agreed with our recommendation, and stated that they would coordinate with the UDVAC to ensure that future FFRs are submitted in accordance with the terms and conditions of the OVW Financial Grants Management Guide.

In its response to the draft report, the UDVAC stated that it had identified the error in the approach to completing these reports, and that a new method can be adopted, which will allow the reports to be submitted in accordance with the terms and conditions of the OVW Financial Grants Management Guide.

This recommendation can be closed when the OVW provides us with documentation, such as approved policies and procedures, supporting the UDVAC's strengthening of its safeguards related to the submission of FFRs.

7. Coordinate with the UDVAC to retroactively apply methodology to determine the amount of program income generated by each award, and to require that the UDVAC provide documentation to support that the applicable program income was spent in accordance with the terms and conditions of the OVW Financial Grants Management Guide. If UDVAC officials are unable to demonstrate that the program income

¹⁴ In its response, the UDVAC noted the questioned amount as \$3,862. The correct number is \$3,628.

was used in an allowable manner, then the associated income should be refunded to the OVW as appropriate.

Resolved. The OVW concurred with the recommendation, and stated that it would coordinate with the UDVAC to retroactively apply methodology to determine the amount of income generated by each award, and to require that documentation be provided to support that the applicable income was spent in accordance with the terms and conditions of the OVW Financial Grants Management Guide.

In its response to the report, the UDVAC stated that they look forward to discussing the recommendation with the OVW to determine how to satisfy the recommendation.

This recommendation can be closed when the OVW provides us with documentation demonstrating that the income generated by the grants was used in accordance with award terms and conditions, and if it was not, that the associated income has been appropriately remedied.

8. Coordinate with the UDVAC to ensure that that program income is reported to OVW as required.

Resolved. The OVW concurred with our recommendation, and stated that it would coordinate with the UDVAC to ensure that future program income is reported to the OVW as required.

In its response to the draft report, UDVAC officials stated that assistance from the OVW would be required in order to address this recommendation. Both the interim Executive Director and the UDVAC accountant have viewed training modules or received Grants Management Finance Division technical assistance in this area, and a meeting with the UDVAC Board Finance Committee has been scheduled for May 2015.

This recommendation can be closed when the OVW provides us with documentation, such as approved policies and procedures, supporting the UDVAC's strengthening of its safeguards related to program income.

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