



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



**Audit of the
Office on Violence Against Women
Grant Awarded to the
Pyramid Lake Paiute Tribe
of the Pyramid Lake Reservation
Nixon, Nevada**

**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN
GRANT AWARDED TO THE PYRAMID LAKE PAIUTE TRIBE
OF THE PYRAMID LAKE RESERVATION
NIXON, NEVADA**

EXECUTIVE SUMMARY

The U.S. Department of Justice Office of the Inspector General, Audit Division, has completed an audit of a Rural Domestic Violence, Dating Violence, Sexual Assault and Stalking Assistance Program grant (2012-WR-AX-0033), in the amount of \$476,885, awarded by the Office on Violence Against Women (OVW), to the Pyramid Lake Paiute Tribe of the Pyramid Lake Reservation (PLPT) located in Nixon, Nevada. The purpose of the grant was to: (1) offer accessible counseling services and support groups through an on-site counselor; (2) provide long-term and short-term victim services including emergency shelter, child care, transportation assistance, peer counseling, referral to resources on and off the reservation, and a 24-hour hotline; (3) develop education and prevention strategies that support the well-being of victims and survivors; and (4) support annual awareness month outreach activities. As of October 29, 2014, PLPT had expended \$276,634 (58 percent) of the total grant award.

Audit Results

The purpose of our audit was to determine whether costs claimed under OVW grant 2012-WR-AX-0033 were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) program income; (4) expenditures including payroll, fringe benefits, indirect costs, and accountable property; (5) matching; (6) budget management; (7) monitoring of sub-recipients and contractors; (8) reporting; (9) additional award requirements; (10) program performance and accomplishments; and (11) post end date activity. We determined that program income, matching, monitoring of sub-recipients and contractors, and post end date activity were not applicable to the grant.

As a result of our audit, we found weaknesses in four of the seven areas we tested. PLPT generally complied with requirements related to drawdowns, budget management, and program performance and accomplishments. However, we found weaknesses in the internal control environment, grant expenditures, reporting, and award requirements. Specifically, we found that gift cards, used in the program to provide short-term support to victims, were not properly secured, not completely supported, and missing proper authorizing signatures. The segregation of duties for the administration of these gift cards was also inadequate. We questioned additional unsupported grant expenditures because the expenditures were missing adequate documentation or based on unsupported allocation methods. In total, we questioned \$4,534 in unsupported transactions. We also found unallowable

personnel expenditures in the amount of \$1,379 for non-grant-related personnel charged to the grant. Furthermore, PLPT filed inaccurate Federal Financial Reports (FFRs) for the five FFRs we tested and could not support the information it included in its Progress Reports for the Progress Reports we tested. Finally, PLPT did not follow a special condition that requires flyers used for victim outreach to include a statement documenting that those flyers were paid for by OVW.

As a result, we made seven recommendations to OVW. Our findings are discussed in detail in the Findings and Recommendations section of the report. Our audit objective, scope, and methodology are discussed in Appendix 1. Our Schedule of Dollar-related Findings is located in Appendix 2.

We discussed the results of our audit with PLPT officials and have included their comments in the report, as applicable. In addition, we requested from the PLPT and OVW written responses to a draft copy of our audit report. We received those responses and they are found in Appendices 3 and 4, respectively. Our analysis of those responses and the status of the recommendations are found in Appendix 5.

**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN
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INTRODUCTION

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Table 1
OVW Grant Awarded to Pyramid Lake Paiute Tribe

| GRANT AWARD NUMBER | AWARD START DATE | AWARD END DATE^a | AWARD AMOUNT |
|---------------------------|-------------------------|-----------------------------------|---------------------|
| 2012-WR-AX-0033 | 10/01/2012 | 09/30/2015 | \$ 476,885 |

^a The Award End Date includes all time extensions that were approved by OVW.

Source: OJP

The purpose of our audit was to determine whether costs claimed under OVW grant 2012-WR-AX-0033 were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) program income; (4) expenditures including payroll, fringe benefits, indirect costs, and accountable property; (5) matching; (6) budget management; (7) monitoring of sub-recipients and contractors; (8) reporting; (9) additional award requirements; (10) program performance and accomplishments; and (11) post end date activity. We determined that program income, matching, monitoring of sub-recipients and contractors, and post end date activity were not applicable to the grant.

Background Information

PLPT was established under the Indian Reorganization Act on January 26, 1936. PLPT is located 35 miles northeast of Reno, Nevada in the counties of Washoe, Lyon, and Storey. The reservation consists of 475,000 acres, or 743 square miles, of which 112,000 acres consist of Pyramid Lake. Fishing and recreational activities centered around Pyramid Lake account for much of the tribe's economy. According to the 2010 Census, PLPT had a total population of 1,654.

OVW provides national leadership in reducing violence against women through the implementation of the Violence Against Women Act.¹ Created in 1995, OVW administers financial and technical assistance to communities across the country that are developing programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking. By forging state, local, and tribal partnerships among police, prosecutors, victim advocates, health care providers, faith leaders, and others, the intent of OVW grant programs is to help provide victims with the protection and services they need to pursue safe and healthy lives, while simultaneously enabling communities to hold offenders accountable for their violence.

The purpose of the grant was to: (1) offer accessible counseling services and support groups through an on-site counselor; (2) provide long-term and short-term victim services including emergency shelter, child care, transportation assistance, peer counseling, referral to resources on and off the reservation, and a 24-hour hotline; (3) develop education and prevention strategies that support the well-being of victims and survivors; and (4) support annual awareness month outreach activities.

OIG Audit Approach

We tested PLPT's 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*, award documents, Code of Federal Regulations, and Office of Management and Budget Circulars. Specifically, we tested:

- **Internal Control Environment** – to determine whether the internal controls in place for the processing and payment of funds were adequate to safeguard the funds awarded to PLPT and ensure compliance with the terms and conditions of the grant.
- **Drawdowns** – to determine whether drawdowns were adequately supported and if PLPT was managing receipts in accordance with federal requirements.
- **Expenditures** – to determine whether costs charged to the grant, including payroll and fringe benefits, were accurate, adequately supported, allowable, reasonable, and allocable.
- **Budget Management** – to determine whether there were deviations between the amounts budgeted and the actual costs for each category.
- **Reports** – to determine if the required financial and programmatic reports were submitted on time and accurately reflected grant activity.

¹ Pub. L. No 103-322 (1994).

- **Additional Award Requirements** – to determine whether PLPT complied with award guidelines, special conditions, and solicitation criteria.
- **Program Performance and Accomplishments** – to determine whether PLPT made a reasonable effort to accomplish stated objectives.

The results of our audit are discussed in detail in the Findings and Recommendations section of this report. The audit objective, scope, and methodology are discussed in Appendix 1. Our Schedule of Dollar-related Findings is located in Appendix 2. We discussed the results of our audit with PLPT officials and have included their comments in the report, as applicable. In addition, we requested from the PLPT and OVW written responses to a draft copy of our audit report. We received those responses and they are found in Appendices 3 and 4, respectively. Our analysis of those responses and the status of the recommendations are found in Appendix 5.

FINDINGS AND RECOMMENDATIONS

We found that PLPT did not comply with essential award requirements in four of the seven areas that we tested. Specifically, we found PLPT lacked sufficient controls and segregation of duties over gift cards that were purchased and distributed to victims. We also found various expenditures totaling \$4,534 that were inadequately supported. This included missing supporting documentation related to food and gas gift cards, missing supporting documentation for other direct cost transactions, and expenditures that were based on unsupported allocation rates. Further, PLPT commingled \$1,379 in grant-related personnel expenditures with non-grant-related expenditures, contrary to grant requirements. Lastly, PLPT submitted to OVW inaccurate Federal Financial Reports (FFRs) and Progress Reports. As a result, we questioned a total of \$5,913 and made 7 recommendations.²

Internal Control Environment

We reviewed PLPT's policies and procedures, Single Audit Report, and financial management system to assess its risk of noncompliance with laws, regulations, guidelines, and terms and conditions of the grant. We also interviewed individuals from PLPT's grant management, accounting, and finance staff regarding internal controls and processes related to payroll, purchasing, and accounts payable functions. Additionally, we observed the financial management system, as a whole, to further assess risk.

Single Audit

According to Office of Management and Budget Circular A-133, non-federal entities that expend \$500,000 or more in federal awards in a year shall have a Single Audit conducted. At the start of our fieldwork, the most recent Single Audit available for PLPT was for December 31, 2012. We reviewed this Single Audit Report and found that the independent auditors had issued an unqualified opinion. The independent auditors reported no significant deficiencies in the design or operation of the internal controls over major federal programs. In addition, the auditors found no deficiencies that were considered material weaknesses. However, the report included the current status of previously identified material weaknesses reported in prior year Single Audits. Specifically, the Single Audit report stated there was a lack of review over the FFRs. The report also stated four

² The Inspector General Act of 1978, as amended, contains our reporting requirements for questioned costs. However, not all findings are dollar-related. See Appendix 2 for a breakdown of our dollar-related findings and the definitions of questioned costs.

of eight FFRs related to Department of Transportation, Department of Energy, Bureau of Indian Affairs, and Department of Commerce funds were signed by someone other than the person that prepared the reports, three FFRs were not filed at all, seven FFRs were not filed in a timely manner, and indirect costs reported on the FFRs were inaccurate. Additionally, the Single Audit report stated that PLPT's accounting reports incorrectly identified PLPT's basis of accounting as being on a cash basis when in reality it was on an accrual basis. Finally, the report stated that PLPT did not screen contractors and vendors against the federal suspension and debarment list. All findings pertained to funding provided by the Bureau of Indian Affairs, Department of Commerce, Department of Transportation, and the Department of Energy; none of the findings pertained to Department of Justice funds. Additionally, all the findings have been addressed except for the finding where there appears to be a lack of review over FFR reports. Corrective action for this finding has been partially implemented. The independent auditors found in the most recent Single Audit that four of eight FFRs were not reviewed by a supervisor. Based on our review of Single Audit findings, we did not make any adjustments to our planned testing, as we already planned to test all FFRs that had been filed up to the time of fieldwork. Our testing included reviewing the indirect costs amounts that PLPT reported on its grant-related FFRs. Lastly, the grant that we audited did not have any contractors or vendors that needed to be checked against the federal suspension and debarment list. Based on our expenditure testing, we found the amount of indirect costs reported on PLPT's grant-related FFRs were inaccurate. We report these findings in more detail in the Expenditures section of this report.

Financial Management System

The *OVW Financial Grants Management Guide* requires that all grant fund recipients "establish and maintain accounting systems and financial records to accurately account for funds awarded to them." This requirement includes adequate maintenance of financial data to record and report on the receipt, obligation, and expenditure of grant funds. Furthermore the guide stipulates that grantees must account for each award separately and may not commingle grant funds.

Overall, we found that PLPT adequately maintained grant-related financial records and data in accordance with the *OVW Financial Grants Management Guide*. Also, PLPT utilized an accounting system called Micro Information Product (MIP) Sage Fund Accounting System. Based on our review of grant-related transactions that were recorded in MIP Sage Fund Accounting System, we generally found that the system accurately accounted for grant-related receipts and expenditures. Further, we found that grant-related transactions (i.e., receipts and expenditures) were separately tracked from all other funding.

In our evaluation of internal controls, we found that PLPT used a portion of grant funds to purchase gas and food gift cards and distributed these cards to victims of domestic violence as short-term emergency support. We noticed that PLPT did not properly safeguard these gift cards nor did PLPT adequately segregate duties related to administration of these gift cards. Specifically, the food gift cards

were kept in a lock box, but the key to the lock box was resting in the lock. The gas gift cards were kept in a folder outside of the lock box. Additionally, the lock box containing the food cards and the folder containing the gas cards were kept in an unlocked file drawer inside an office to which the entire PLPT Victim Services department staff had access. Given the liquidity of gift cards, PLPT should have provided better safeguards over gift cards.

PLPT did not have a formal process for the issuance of gift cards; therefore, we reviewed PLPT's informal process. The informal process begins with PLPT Victim Services requesting funds from the PLPT Accounting Department. PLPT Victim Services staff would use these funds to purchase food and gas gift cards, and the cards would be used when a victim needed emergency assistance. The process allowed any member of the Victim Services staff to access the cards at any hour of any day in order to provide emergency financial assistance to victims. A member of the Victim Service's staff would obtain either a food or gas gift card, sign it out on a Gift Card Distribution Form, and issue it to the victim. The victim would sign the Gift Card Distribution Form to document receipt of the card. A second Victim Services staff member would sign the Gift Card Distribution Form to verify that the food or gas card was issued to a victim. We found that this review was not made by the second Victims Services staff member in many instances until days or months later. For the food cards, the victim would later turn in receipts that support the use of the card on grocery purchases. For the gas cards, the victim would sign a log file at PLPT's gas station. Victim Services personnel would obtain a copy of this log file as support for the gas transactions. The Gift Card Distribution Form with receipts is eventually sent to the PLPT Accounting Department to support the initial recording of the funds supplied for these gift cards. This informal process means the person with access to the cards could also and many times does authorize the issuance of those cards. In addition, the PLPT Accounting Department recorded the initial outlay of funds but does not record the specific issuance of each gift card. Each issuance of a gift card is only recorded on the Gift Card Distribution Form. This informal process creates an inadequate segregation of duties, especially when the second person who verifies that the card was issued to a victim by a current Victim Services staff member is performed many times days to months later. This problem is made worse when we were told that PLPT officials had never performed a reconciliation of the gift cards. PLPT should segregate the duties between those employees who have physical access to the gift cards, who are responsible for recording those related gift card transactions on the Gift Card Distribution Form, who are responsible for verifying the card was in fact issued to victim, and anyone who is assigned the responsibility to reconcile the gift cards. As stated above, we found the second signature is not made timely. We discuss the timeliness of these signatures in the Expenditures section.

After we reported our preliminary findings to PLPT, it made the following change. On March 7, 2014, a PLPT Program Coordinator of Victim Services stated that they had changed their process by requiring that the gift card lock box be locked and PLPT segregated the accessibility of the gift cards to counselors and coordinators only. The Program Coordinator also stated PLPT would have a different staff member sign to verify the issuance of each gift card. We believe this

informal process will alleviate some of our concerns. However, it does not address the gas cards being maintained in a folder in an unlocked file drawer in an office that everyone has access to nor does it address the delay in the approver's signature. Therefore, we recommend that OVW ensure that PLPT develop a formal process to ensure the physical security of the gift cards, the proper segregation of duties over those cards, and the establishment of a reasonable timeframe to obtain all signatures (victim, issuer, and approver).

Drawdowns

According to the *OVW Financial Grants Management Guide*, grant recipients should request funds based upon immediate disbursement or reimbursement needs. Specifically, recipients should time their drawdown requests to ensure that federal cash-on-hand is the minimum needed for disbursement or reimbursement to be made immediately or within 10 days. A PLPT official stated that grant funds were drawn down on a reimbursement basis. Based on our review, we found that the PLPT drew funds on a reimbursement basis and adhered to the Guide's federal cash-on-hand requirement. We also reviewed PLPT drawdown records and verified that grant funds were deposited into a PLPT bank account.

Expenditures

As of October 29, 2014, the PLPT had expended a total of \$276,634 (58 percent) of the grant; the expenditures were comprised of personnel, fringe benefits, travel, supplies, and other costs. We judgmentally selected a sample of 25 non-personnel transactions totaling \$11,140 in order to determine if costs charged to the grant were allowable, properly authorized, adequately supported, and in compliance with grant terms and conditions. Thirteen of the sample transactions were selected from the highest dollar transactions in the universe and the remaining sample transactions were judgmentally selected. The expenditures we selected included travel, gift cards, temporary housing, and other expenditures. We reviewed supporting documentation including purchase orders, invoices, receipts, and check copies. Additionally, we judgmentally selected two non-consecutive payroll periods for the testing of personnel and fringe benefits. For these expenditures, we reviewed payroll reports, timesheets, and other supporting documentation. Lastly, we tested indirect cost transactions by judgmentally selecting 5 of 17 months-worth of indirect cost transactions. For the sampled indirect cost transactions, we determined whether the calculation of indirect costs were accurate. Each of these tests (direct costs, payroll and fringe benefits, and indirect costs) are discussed below.

Gift Cards

PLPT used grant funds to purchase gas and food gift cards. The Victim Service's staff used these gift cards to provide short-term food and fuel support for victims of domestic violence. According to PLPT officials, the informal policy for the gift cards is for all gift cards to be supported with a Gift Card Distribution Form signed by the victim, issuing staff member, and by another staff member to verify

the transaction. In addition, the victim is required to provide a receipt from the grocery store and sign a log at the gas station. In our judgmental sample of non-personnel expenditures, we selected seven food gift card transactions and one gas gift card transaction from the grant's general ledger. Each of these transactions represented multiple food and gas gift cards that were issued to victims. The total number of individual gift cards tested was 80 food cards and 20 gas cards. We reviewed these transactions to determine if costs charged to the grant were accurate, adequately supported, allowable, reasonable, and allocable.

Missing or Incomplete Receipts

According to 28 C.F.R. § 66.20, ". . . accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc." Additionally, the *OVW Financial Grants Management Guide* states, "the costs of alcoholic beverages are unallowable." For the food cards included in our sample, we reviewed the grocery store's policy and found that the grocery store does not allow the gift card to be used for the purchase of alcohol. In addition, we reviewed the supporting documentation for each of these transactions. For the receipts provided, we did not see any purchases of alcohol or other unallowable items. However, we found that 36 of 77 food gift card transactions were not supported with a receipt or the receipt was incomplete to support the entire amount of the gift card.³ We asked the Program Coordinator about missing or incomplete supporting documentation and the Program Coordinator stated that victims at times have not provided receipts for their food purchases. For the gas cards, a receipt was not required but a log was kept at the tribal gas station for these expenditures. We reviewed the log and did not find any issues with the gas cards. We questioned \$2,837 in food gift card expenditures that PLPT could not support.

Missing Signatures

In our review of the food and gas gift card transactions, we found that 10 of 97 Gift Card Distribution Forms were missing the signature of the second employee verifying the transaction. Without these signatures, these gift card transactions are not approved. We asked the Program Coordinator about the missing signatures and the Program Coordinator explained that staff members sometimes forgot to sign off the Gift Card Distribution Form verifying the gift card was issued to a victim. The approval signature by the Victim Services staff member helps prevent the initial Victim Services Staff member from issuing a gift card to themselves or to a non-victim. Therefore, we believe it is a good policy of PLPT to require multiple signatures in support of the gift card transactions. However, without the required authorizing signatures, we questioned the expenditures as unsupported in the amount of \$275.

³ Three gift cards were not distributed. Thus, only 77 gift cards were tested out of 80.

Late Signatures

In our review of the Gift Card Distribution Forms, we found that 29 of the 97 gift cards were signed by the verifying employee between 1 and 85 days (an average of 23 days) after the gift card was provided to the victim.⁴ We asked the Program Coordinator about the timing of the signatures. The Program Coordinator stated that domestic violence can occur at odd hours. For example, a woman is assaulted on the weekend. She requests assistance at that time. A PLPT official will provide her with a gift card to purchase food and gas on the weekend. The next business day the approving employee will sign the Gift Card Distribution Form after verifying that the issuance of the gift card was legitimate. A PLPT official explained that they typically go through these forms weekly. We believe this delay in review and approval is troubling. The purpose of a multi-signature process is to ensure that gift cards are distributed, allocated, and accounted for in an effective manner. When the review occurs many days later, then its effectiveness as an internal control is diminished over time. As previously recommended, we recommend that PLPT establish a formal policy that creates a set timeframe for the timely approval of gift card transactions.

Other Non-Personnel Direct Costs

In our judgmental sample, we selected 17 non-personnel direct cost and non-gift card transactions pertaining to supplies, travel, and other expenditures in the amount of \$4,640. We reviewed these transactions to determine if costs charged to the grants were accurate, adequately supported, allowable, reasonable, and allocable. According to 28 C.F.R. § 66.20, ". . . accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc." In our sample, we found two transactions for which PLPT failed to maintain adequate supporting documentation. Specifically, we found a \$875 expenditure for business cards (May 2013) and a \$93 fuel charge (November 2012). The PLPT failed to maintain supporting documentation (such as receipts, bills, invoices, etc.) for these expenditures.⁵ Therefore, we questioned these expenditures in the amount of \$968.

In addition, we found 7 transactions totaling \$454 for a copier lease, office supplies, and utilities that were allocated to the grant based on varying percentages between 25 to 50 percent. The Program Coordinator explained that they had a methodology for the allocation of these expenditures, but could not remember their rationale nor could PLPT explain why the percentages varied from one transaction to another. The Program Coordinator admitted that the varying allocation rates that it utilized was dependent to some extent on whether funding is still available in a particular award. After our review, we determined there was not a justifiable and

⁴ Three gift cards were not distributed. Thus, the analysis is out of a total of 97 gift cards.

⁵ The specific identifying information for the two unsupported expenditures that we questioned was not included in our draft copy of the report.

logical allocation method to tie this cost directly to services paid for by the grant. Therefore, we questioned these transactions in the total amount of \$454.

Personnel

We selected a judgmental sample of two non-consecutive pay periods to test, which included salaries and fringe benefit expenditures. We reviewed supporting documentation, such as time and attendance records, to determine: (1) if the positions paid with grant funds appeared reasonable with the stated intent of the program and were consistent with the final OVW-approved budget, (2) whether the salaries of the employees paid with grant funds were within a reasonable range, and (3) if the salary and fringe benefit expenditures were adequately supported.

We obtained a list of employees paid using grant funds from the Grants Accounting Specialist. We compared the list of personnel working on grant-related activity to the approved positions in the OVW-approved grant budget. We also compared the salaries paid with salaries paid in that area of the country for similar positions. We determined that the salaries paid were reasonable.

According to 28 C.F.R. § 66.20, ". . .accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc." Additionally, *2012 OVW Financial Grants Management Guide* states "grant funds must be tracked and accounted for separately from other OVW awards as well as other Federal agency awards." We reviewed PLPT's payroll records and supporting timecards and found that all but two timecards and pay stubs tested were not properly billed to the grant. Specifically we noted that one employee for one pay period was billed to this grant in error, when the employee should have been billed to a different grant. We consider this a commingling of non-grant transactions with grant transactions. We asked the Program Coordinator why this individual's salary was billed to the grant and the Program Coordinator stated that she was not aware of this and did not know why it had occurred. As a result of these unallowable transactions, we questioned \$1,379 in personnel costs.

Indirect Costs

According to the *OVW Financial Grants Management Guide*, indirect costs must be treated consistently in like circumstances. We reviewed five transactions for a copier lease, alarm service, stamp machine usage, telephone charges, and propane gas for heating the Victim Services building. We determined that these costs should be treated as indirect costs as these expenditures were for items or services that supported all of PLPT's Victim Services and not just this grant's purpose. Therefore, we believe PLPT charged the grant twice for these costs, first as a direct allocation and then again as part of the indirect cost rate. These charges should have only been included in the indirect cost rate.

The OVW Financial Grants Management Guide states:

Indirect costs are costs of an organization that are not readily assignable to a particular project, but are necessary to the operation of the organization and the performance of the project. . . . OVW may accept any current indirect cost rate or allocation plan previously approved for a recipient by any Federal awarding agency on the basis of allocation methods substantially in accord with those set forth in the applicable cost circulars."

We also sampled 5 months of indirect cost rates charged to the grant by PLPT. We chose the following months: November 2012, December 2012, February 2013, April 2013, and January 2014, and found all the calculated amounts to be inaccurate. For December 2012, we found that PLPT received reimbursement in the amount of \$2,903, which exceeded their indirect cost rate by \$876.⁶ We asked a PLPT official about this overbilling of indirect costs. A PLPT official stated this was a financial error and she did not know the reason why it occurred. Even though PLPT overdrew the grant by \$876 in December 2012, we found PLPT had requested less reimbursement for all the other months tested. As Table 2 demonstrates, PLPT overall under billed the grant for indirect costs. Thus, we will not question any costs related to the indirect cost rate. However, we recommend that PLPT ensure proper accounting functions are followed in order to accurately account for the approved indirect cost rate.

⁶ PLPT's approved indirect cost rate was approved by its cognizant federal agency, the Department of the Interior.

Table 2
Indirect Cost Report History
OVW Grant 2012-WR-AX-0033

| REPORTING PERIOD ENDING | AMOUNT CHARGED | AMOUNT ALLOWED | DIFFERENCE |
|-------------------------|-----------------|-----------------|------------------------------------|
| 11/30/2012 | \$2,134 | \$2,628 | <\$494> |
| 12/31/2012 | \$2,903 | \$2,028 | \$876 |
| 02/28/2013 | \$1,378 | \$1,795 | <\$417> |
| 04/30/2013 | \$1,501 | \$2,319 | <\$818> |
| 01/31/2014 | \$3,022 | \$3,667 | <\$645> |
| TOTAL | \$10,938 | \$12,437 | <\$1,498>^b |

^b The total amounts do not equate to the mathematical totals calculated within the table because of rounding.

Source: OIG analysis of OVW data and PLPT's accounting records

Budget Management and Control

The *OVW Financial Grants Management Guide* and 28 C.F.R. 66 require prior approval from the awarding agency if the movement of dollars between budget categories exceeds 10 percent of the total award amount for awards over \$100,000. Based on our review of the award package and grant solicitation, we determined that the grant exceeded the \$100,000 threshold and was subject to the 10 percent rule. Our analysis of the budget as compared to actual expenditures did not identify budget deviations that would require OVW approval.

Reports

According to the *OVW Financial Grants Management Guide*, award recipients are required to submit quarterly FFRs and semi-annual Progress Reports. These reports describe the status of the funds, compare actual accomplishments to the objectives of the grant, and report other pertinent information. We reviewed the FFRs and Progress Reports submitted by PLPT to determine whether each report was accurate and submitted in a timely manner.

Overall, we found that PLPT submitted its financial reports and Progress Reports in a timely manner. However, the expenditures on PLPT's FFRs did not agree with the actual expenditures in PLPT's official accounting records. Further, PLPT's Progress Reports included statistics that were not fully supported. We discuss the results of our testing in more detail below.

Federal Financial Reports

According to the *OVW Financial Grants Management Guide* and 28 C.F.R. 66, the quarterly FFRs are due no later than 30 days after the end of each quarter, with

the final FFR due within 90 days after the end date of the award. We reviewed the five most recent FFRs submitted prior to our entrance in March 2014 to determine if PLPT submitted these reports on time. We found that PLPT submitted all five reports in a timely manner.

We also reviewed each FFR to determine whether they contained accurate financial information related to actual expenditures for the award. According to the *OVW Financial Grants Management Guide*, award recipients must report program outlays and revenue on a cash or accrual basis in accordance with their accounting system. We compared the five most recently submitted FFRs to PLPT grant accounting records. As shown in Table 3, we found the FFRs submitted to be inaccurate by a total of \$118, because the actual expenditures per the grant General Ledger were less than the expenditures reported in the FFRs.

Table 3
Accuracy of PLPT’s Federal Financial Reports
OVW GRANT 2012-WR-AX-0033

| REPORT NO. | REPORTING PERIOD | EXPENDITURES REPORTED ON FFR | GRANT-RELATED EXPENDITURES | DIFFERENCE BETWEEN FFRs AND ACCOUNTING RECORDS |
|--------------|-----------------------|------------------------------|----------------------------|--|
| 1 | 10/01/2012-12/31/2012 | \$22,708 | \$23,247 | \$539 |
| 2 | 01/01/2013-03/31/2013 | 24,173 | 23,634 | <539> |
| 3 | 04/01/2013-06/30/2013 | 32,928 | 33,312 | 384 |
| 4 | 07/01/2013-09/30/2013 | 43,919 | 43,514 | <406> |
| 5 | 10/01/2013-12/31/2013 | 42,823 | 42,726 | <97> |
| TOTAL | | \$166,551 | \$166,433 | <\$118>^c |

^c The total amounts do not equate to the mathematical totals calculated within the table because of rounding.

Source: OIG analysis of OVW data and PLPT’s accounting records.

The financial reports were prepared by PLPT’s financial department. The PLPT Program Coordinator told us she did not know why the FFRs were inaccurate. We recommend that OVW ensure that PLPT establishes policy to ensure the accuracy of the FFRs.

Progress Reports

According to the 2012 *OVW Financial Grants Management Guide*, Progress Reports are due semiannually for discretionary awards and annually for block or formula awards. For this discretionary award, PLPT was required to submit the required Progress Reports semi-annually within 30 days of the end of the reporting period. We reviewed the most recent three Progress Reports to determine if PLPT submitted the reports on time and were accurate. We found that PLPT submitted all three Progress Reports in a timely manner.

The 2012 OVW Financial Grants Management Guide states that:

. . . under the Government Performance and Results Act (GRPA) and VAWA 2000, grantees are required to collect and maintain data that measure the effectiveness of their grant-funded activities. 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.

Performance measures from grant progress reports included: the type and number of victims served, secondary victims served, victim’s relationship to offender, percentage of funds directed to each victimization category, educational events, and types of services provided to each victim. We tested the accuracy of the information in these statistical categories.

We reviewed three Progress Reports to determine if the reports accurately reflected grant activity and accomplishments. We found that Progress Reports with periods ending on December 31, 2012, June 30, 2013, and December 31, 2013, did not accurately reflect grant accomplishments and statistics submitted by the PLPT in the Grants Management System (GMS). PLPT has a Progress Report process where victim intake forms and files are tallied and summarized onto a spreadsheet that is categorized by the services provided during each Progress Reporting period. The statistics used to submit each Progress Report into GMS are taken from these tallied spreadsheets. PLPT provided all case files for each of the three reporting periods as well as the statistics they had tallied from each case file period. We tested the case files for each of the three reporting periods against the statistics provided for each reporting period by PLPT, and subsequently we compared our tested statistics to those statistics submitted by PLPT in GMS. As shown in Table 4 we found that the performance measurement values reported by PLPT were overstated and inaccurate.

Table 4
Accuracy of PLPT’s Progress Reports
OVW Grant 2012-WR-AX-0033

| Progress Report Period Ending Date | Tested Stats- Number of Victims Served | Progress Report Number of Victims Served | Difference |
|---|---|---|-------------------|
| 12/31/2012 | 3 | 23 | 20 |
| 06/30/2013 | 24 | 30 | 6 |
| 12/31/2013 | 36 | 41 | 5 |

Source: OIG analysis of OVW data and PLPT’s records

The Progress Reports were prepared by PLPT’s Program Coordinator. PLPT’s Victim Services Program Coordinator stated that the Progress Reports were based

on staff documentation and they would look into the discrepancies. We recommend that OVW ensure that PLPT prepares and submits accurate Progress Reports and maintains sufficient documentation to support grant-related accomplishments.

Additional Award Requirements

We reviewed PLPT's compliance with specific program requirements outlined in the grant special conditions found in the award document. We tested a sample of 10 special conditions out of 37, and we determined that PLPT did not comply with 3 of 10 tested grant requirements. Specifically, as mentioned in other sections of our report, we found non-compliance with award requirements in our expenditure and progress report testing. In addition, PLPT did not comply with Special Condition 27, which states, "All materials and publications (written, visual, or sound) resulting from award activities shall contain the following statements: 'This project was supported by Grant No. [2012-WR-AX-0033] awarded by the Office on Violence Against Women, U.S. Department of Justice. The opinions, findings, conclusions, and recommendations expressed in this publication/program exhibition are those of the author(s) and do not necessarily reflect the views of the Department of Justice, Office on Violence Against Women.'" PLPT failed to include these required statements on the outreach flyers that it developed. We recommend that OVW ensure that PLPT complies by the award requirement by creating a formal policy requiring that PLPT include this clause on new flyers.

Special Condition 22 states, all recipients must attend three OVW sponsored training events throughout the award. We found that as of October 2014, PLPT has yet to attend the required training. However, PLPT has the opportunity to comply with this requirement during the remaining performance period. Therefore, we do not take issue with PLPT's non-compliance with this Special Condition because the grant is still in progress.

Program Performance and Accomplishments

According to the grant solicitation, approved by OVW, the primary purposes of the grant were to enhance the safety of rural victims of sexual assault, domestic violence, dating violence and stalking and support projects uniquely designed to address and prevent these crimes in rural areas. The specific goals listed by the PLPT within their grant application was to: (1) hire a counselor, (2) provide on-site, accessible, voluntary counseling services to victims of sexual, domestic violence, dating violence, and stalking, (3) the Counselor and/or Coordinator will participate in monthly Multi-disciplinary Team Meetings and Coordinated Community Response Team Meetings, (4) provide additional transportation assistance to their rural victims of sexual assault, domestic violence, dating violence, and stalking, in order for the victims to have access to additional resources, (5) continue to provide 24-hour assistance to victims in their rural communities, (6) provide coordination of services with on and off-Reservation service providers, in order to accommodate victims/survivors needs, and (7) work with their rural communities in the development of educational and prevention strategies, to gain support for their victims/survivors.

We discussed progress with the Grant Manager, reviewed relevant PLPT documentation, as well as information submitted to OJP's grant management system. We found that as of March 2014, PLPT had hired a counselor and demonstrated their progress of providing on-site, accessible, voluntary counseling services to victims of sexual, domestic violence, dating violence, and stalking. PLPT was able to support participation with monthly Coordinated Community Response Team Meetings as well as providing additional transportation assistance to their rural victims. Services were provided by PLPT on a 24-hour basis with the help of a calling line for all victims, and PLPT coordinated a working plan with the local police department to help accommodate victim needs. Educational events were held in support of raising awareness on the services provided within their rural community. Therefore, based on our review of available documents and interviews of PLPT officials, it appeared to us that PLPT was accomplishing its grant objectives.

Conclusion

Based on our audit, we determined that the financial management system used by PLPT provided for adequate record keeping and reporting of grant-related activities. We also determined that PLPT's expenditures were generally within the approved budgeted constraints. However, \$2,837 were not supported with documentation, \$275 in gift card transactions were missing proper signatures, \$968 in grant expenditures were not supported with receipts, and \$454 in expenditures that were allocated to the grant based on unsupported allocation methods. Further, we found \$1,379 in personnel costs that were commingled with other non-grant expenditures. Also, PLPT had not calculated their indirect costs correctly. Finally, PLPT's FFRs and Progress Reports that it submitted were inaccurate.

Recommendations

We recommend that OVW:

1. Ensure that the PLPT strengthens its safeguards over gift cards, adequately segregates duties related to the handling of gift cards, and establishes a reasonable timeframe to obtain all signatures (victim, issuer, and approver).
2. Remedy \$4,534 in unsupported questioned costs associated with the following issues:
 - a. Remedy \$2,837 in grant reimbursements expended on gift cards for which PLPT could not provide adequate support.
 - b. Remedy \$275 in grant reimbursements expended on gift cards for which PLPT could not provide an approved Gift Card Distribution Form.
 - c. Remedy \$968 in grant reimbursements expended on direct expenditures for which PLPT could not provide adequate support.

- d. Remedy \$454 in grant reimbursements expended on a portion of direct expenditures for which PLPT could not support the allocation rate.
3. Remedy \$1,379 in unallowable questioned costs for grant reimbursements expended on staff who did not perform services on this grant program.
4. Ensure that the PLPT establishes a policy to ensure accurate indirect costs are charged to the grant.
5. Ensure that the PLPT establishes procedures to ensure the accuracy of the FFRs.
6. Ensure that the PLPT prepares and submits accurate Progress Reports and maintains sufficient documentation to support progress claims.
7. Ensure that the PLPT complies with the grant special condition pertaining to the addition of required language on printed material, including flyers.

OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of our audit was to determine whether costs claimed under grant 2012-WR-AX-0033 were allowable, reasonable, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant. The objective of our audit was to review performance in the following areas:

(1) internal control environment; (2) drawdowns; (3) program income; (4) expenditures including payroll, fringe benefits, indirect costs, and accountable property; (5) matching; (6) budget management; (7) monitoring of sub-recipients and contractors; (8) reporting; (9) additional award requirements; (10) program performance and accomplishments; and (11) post end date activity. We determined that program income, matching, monitoring of sub-recipients and contractors, and post end date activity were not applicable to the grant.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise specified, our audit covered, but was not limited to, activities that occurred between the start of grant 2012-WR-AX-0033 on October 1, 2012, through the date of our fieldwork on March 3, 2014. 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*, award documents, Code of Federal Regulations, and Office of Management and Budget Circulars.

In conducting our audit, we performed sample testing in four areas, which included: grant expenditures, personnel costs, financial reports, and progress reports. In this effort, we employed judgmental sampling design to obtain broad exposure to numerous facets of the grant we reviewed, such as dollar amounts or expenditure categories. We reviewed a judgmentally selected sample of transactions that were recorded in PLPT's grant-related accounting records as of March 3, 2014. This included 25 expenditures related to grant 2012-WR-AX-0033. Additionally, we judgmentally sampled two non-consecutive payroll periods. Further, we tested 3 Progress Reports, 5 FFRs, 5 indirect cost expenditures, and 1 drawdown.

We did not test internal controls for PLPT taken as a whole or specifically for the grant program administered by PLPT. An independent Certified Public Accountant conducted an audit of PLPT's financial statements. The results of this audit were reported in the Single Audit Report that accompanied the Independent

Auditors' Report for the year ending on December 31, 2012. The Single Audit Report was prepared under the provisions of Office of Management and Budget Circular A-133. We reviewed the independent auditor's assessment to identify control weaknesses and significant noncompliance issues related to PLPT or the federal programs it was administering, and assessed the risks of those findings on our audit.

In addition, we reviewed the timeliness and accuracy of FFRs, and Progress Reports; and evaluated performance of grant objectives. However, we did not test the reliability of the financial management system as a whole, nor did we place reliance on computerized data or systems in determining whether the transactions we tested were allowable, supported, and in accordance with applicable laws, regulations, and guidelines. We also performed limited testing of information obtained from OJP's GMS and found no discrepancies. We thus have reasonable confidence in the GMS data for the purposes of our audit. However, the OIG has not performed tests of the GMS system specifically, and we therefore cannot definitively attest to the reliability of GMS data.

SCHEDULE OF DOLLAR-RELATED FINDINGS

| QUESTIONED COSTS ⁷ | AMOUNTS | PAGE |
|---|----------------|------|
| Unsupported Costs: | | |
| Unsupported Gift Card Transactions | \$2,837 | 8 |
| Lack Of Approval Gift Card Transactions | \$275 | 9 |
| Unsupported Direct Cost Transactions | \$968 | 9 |
| Unsupported Allocation Rates | \$454 | 10 |
| Total Unsupported Costs | \$4,534 | |
| Unallowable Costs | | |
| Unallowable Personnel-Comingled | \$1,379 | 10 |
| Total Unallowable Costs | \$1,379 | |
| GROSS QUESTIONED COSTS | \$5,913 | |
| Less Duplicative Costs | 0 | |
| NET QUESTIONED COSTS | \$5,913 | |

⁷ **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.

**PYRAMID LAKE PAIUTE TRIBE
RESPONSE TO DRAFT AUDIT REPORT**

PIAR 1 0 400

Pyramid Lake Paiute Tribe

*Post Office Box 256
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Tel: 775.574.1000 Ext. 115
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March 11, 2015

David Gaschke
Regional Audit Manager
San Francisco Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
90 7th Street, Suite 3-100
San Francisco, CA 94103

RE: Official Response to Audit Report (2012-WR-AX-0033)

Dear Mr. David Gaschke:

In response to the Draft Audit Report of our FY 2012 Rural Sexual Assault, Domestic Violence, Dating Violence and Stalking Assistance Program Grant, the Pyramid Lake Paiute Tribe will provide the following remedies for the recommendations that are being made to the Office on Violence Against Women (OVW):

1. Ensure that PLPT strengthens its safeguards over gift cards, adequately segregates duties related to the handling of gift cards, and establishes a reasonable timeframe to obtain all signatures (victim, issuer, and approver).

The measures the Victim Services Program has taken to safeguard the cards and certificates are as follows:

- Staff members who have access to the cards/certificates for issuance are the Coordinator, Legal Advocate, and Assistant (hereafter will be identified as designated staff members). (Initially, there was only one key to the credenza as well as the lock box where the cards/certificates were kept.)
- The lock box's key no longer remains with the lock box.
- Keys were made for the Legal Advocate and Assistant to have access should the Coordinator not be available. Both the credenza and lock box are to remain locked when not in use.
- Should an emergency arise where a victim is requiring emergency financial assistance after hours or on the weekend, the on-call staff member is responsible for notifying one of the designated staff members in order to provide issuance.

- The on-call staff member will obtain the victim's signature, the staff member will sign the form and the designated staff member will sign to verify.

2. Remedy \$4,484 in unsupported questioned costs associated with the following issues:

a. Remedy \$2,837 in grant reimbursements expended on gift cards for which PLPT could not provide adequate support.

- Victims sign off on a card issuance form which acknowledges the following: "I understand that I am required to provide the Victim Services Program with a receipt for my purchases, in order to receive any future financial assistance from the program." The wording will be changed to: "I understand that I am required to provide the Victim Services Program with all receipts which represent how the card was fully expended." Should receipts not be submitted or a partial receipt more than 10% of the value remaining of the card, the Program will not issue an additional card to the victim for six months and will refer the victim/survivor to other resources.

b. Remedy \$225 in grant reimbursements expended on gift cards for which PLPT could not provide an approved Gift Card Distribution Form.

- The cards in question did have the victim/survivors signature acknowledging they received the card as well as the issuing staff member's signature, but the verification was not completed by a second staff member. The safeguards addressed in #1 will ensure verification of the issuance of the assistance.

c. Remedy \$968 in grant reimbursements expended on direct expenditures for which PLPT could not provide adequate support.

Victim Services Response: After the Office of the Inspector General's Audit occurred, the Victim Services Program Coordinator devised a way to calculate costs for supplies. If a staff member is requesting supplies that are specifically used for the grant purpose the costs are separated from other staff member's requests. If the supply is considered a general office supply (standard supply used by all employees), the cost is divided by a percentage based on the staff member's percentage under specific awards.

Finances Response: Upon review of the audit write up the findings did not identify exactly what information was missing. More details are requested as to the missing information so that the Financial department can pull those documents for review. Starting immediately the Finance department will review the procedures manual

and make sure that the check requests and Purchase Orders have all the supporting documents.

d. Remedy \$454 in grant reimbursements expended on a portion of direct expenditures for which PLPT could not support the allocation rate.

The Victim Services Program has developed a way to determine the percentage of each funding source. The percentage is based on the staff member's percentage under the specific award and whether they are stationed at the Victim Services Program Office. An example is below:

Victim Services Program Utility Breakdown

| Position | Fund Codes | | | | | Staffing |
|---------------------|------------|------|-------|-------|-------|----------|
| | 357/1 | 401 | 401/1 | 401/2 | 401/3 | |
| Legal Advocate | 1 | | | | | 1 |
| Coordinator | 0.5 | 0.25 | | | 0.25 | 1 |
| Counselor | | 0.5 | | 0.25 | 0.05 | 0.8 |
| Shelter Advocate-1 | | | | | | 0 |
| Shelter Advocate-2 | | | | | | 0 |
| Shelter Advocate-3 | | | | | | 0 |
| On-call SA | | | | | | 0 |
| Sexual Assault Ad | | | | 1 | | 1 |
| THP Advocate | 0 | | 0.8 | | | 0.8 |
| Assistant | 0.6 | 0.25 | | 0.15 | | 1 |
| | 2.1 | 1 | 0.8 | 1.4 | 0.3 | 5.6 |
| Fund Code %: | 38% | 18% | 14% | 25% | 5% | 100% |

3. Remedy \$1,379 in unallowable questioned costs for grant reimbursements expended on staff who did not perform services on this grant program.

Initially, when the Tribe received an additional award, an Employee Action Notice (EAN) was done (this formally changes the fund code salaries are coming out of) to promote the Shelter Advocate to the Sexual Assault Advocate position and take her out of the Rural Sexual Assault, Domestic Violence, Dating Violence, and Stalking Program. Once signatures from the Sexual Assault Advocate and Coordinator were obtained, the EAN was submitted to Human Resources, who then completed obtaining the signatures from Human Resources and the Tribal Chairman. Once the EAN was completed, the original went into the Sexual Assault Advocate's employment file at Human Resources and the carbon copy was routed to her. The

EAN should have been copied and submitted to Finance to now make the changes to Payroll. For some reason this did not occur and the award continued to cover the Sexual Assault Advocate's salary.

Finance will now make sure that when an Employee Action Notice is received for payroll, it will be input in to the system right away to reflect the correct coding to fund code. A completed signed copy will be automatically routed to Finance, in order for the changes to occur. The Victim Services Coordinator will monitor monthly financial reports to ensure proper expenditures are charged to the grant.

4. Ensure that the PLPT establishes a policy to ensure accurate indirect costs are charged to the grant.

Finance department reviewed the OVW Financial Grants Management Guide and has enacted a policy that it will monitor any payments that are processed to insure that payments covering more than one grant are not coded to a direct cost account but to an indirect code.

5. Ensure that PLPT establishes procedures to ensure the accuracy of the FFRs.

Finance department, going forward, is to enforce a procedure by which all expenditures will have to be turned in the Thursday before the end of the quarter to submit the FFR's. This would make sure that the expenses for that period would only be within that time period, creating a cutoff line. So when the Revenue & Expense Statement are run it would reflect only that period, to assure the accuracy of the FFRs.

6. Ensure that PLPT prepares and submits accurate Progress Reports and maintains sufficient documentation to support progress claims.

The Program Coordinator more closely monitor how we are documenting services. Advocacy Contact Sheets are done by the staff members who are providing the services. The staff member then totals the services provided to each victim file and submits a Monthly Statistical Report to the Coordinator. The Monthly Statistical Report was the document which identified what cases were worked on by the staff members under the grant. These files were then pulled for the demographical information.

- The Victim Services Program Coordinator has reviewed the discrepancies noted by the audit and has improved the way documentation is provided,

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



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

March 12, 2015

MEMORANDUM

TO: David J. Gaschke
Regional Audit Manager
San Francisco 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 Grant Awarded to the Pyramid Lake Paiute Tribe of the Pyramid Lake Reservation Nixon Nevada

This memorandum is in response to your correspondence dated February 20, 2015 transmitting the above draft audit report for the Pyramid Lake Paiute Tribe of the Pyramid Lake Reservation (PLPT). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains seven recommendations that include \$4,484 in unsupported costs and \$1,379 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. Ensure that PLPT strengthens its safeguards over gift cards, adequately segregates duties related to the handling of gift cards, and establishes a reasonable timeframe to obtain all signatures (victim, issuer, and approver).**

OVW does agree with the recommendation. We will coordinate with PLPT to ensure that they strengthen its safeguards over gift cards, adequately segregates duties related to the handling of gift cards, and establishes a reasonable timeframe to obtain all signatures (victim, issuer, and approver).

2. Remedy \$4,484 in unsupported questioned costs associated with the following issues:

- a. Remedy \$2,837 in grant reimbursements expended on gift cards for which PLPT could not provide adequate support.**
- b. Remedy \$225 in grant reimbursements expended on gift cards for which PLPT could not provide an approved Gift Card Distribution Form.**
- c. Remedy \$968 in grant reimbursements expended on direct expenditures for which PLPT could not provide adequate support.**
- d. Remedy \$454 in grant reimbursements expended on a portion of direct expenditures for which PLPT could not support the allocation rate.**

Ovw does agree with the recommendation. We will coordinate with PLPT to remedy \$4,484 in unsupported questioned costs associated with the following issues

3. Remedy \$1,379 in unallowable questioned costs for grant reimbursements expended on staff who did not perform services on this grant program.

Ovw does agree with the recommendation. We will coordinate with PLPT to remedy \$1,379 in unallowable questioned costs for grant reimbursements expended on staff who did not perform services on this grant program.

4. Ensure that the PLPT establishes a policy to ensure accurate indirect costs are charged to the grant.

Ovw does agree with the recommendation. We will coordinate with PLPT to ensure that they establish a policy to ensure accurate indirect costs are charged to the grant.

5. Ensure that PLPT establishes procedures to ensure the accuracy of the FFRs.

Ovw does agree with the recommendation. We will coordinate with PLPT to ensure that they establish procedures to ensure the accuracy of the FFRs.

6. Ensure that PLPT prepares and submits accurate Progress Reports and maintains sufficient documentation to support progress claims.

Ovw does agree with the recommendation. We will coordinate with PLPT to ensure that they prepare and submit accurate Progress Reports and maintain sufficient documentation to support progress claims.

7. Ensure that PLPT complies with the grant special condition *pertaining* to addition of required language on printed material, including flyers.

OVW does agree with the recommendation. We will coordinate with PLPT to ensure that they comply with the grant special condition *pertaining* to addition of required language on printed material, including flyers.

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

Charlotte Turpin
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 PLPT and OVW. The PLPT's and OVW's responses are incorporated in Appendices 3 and 4 of this final report, respectively. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation:

- 1. We recommended that OVW ensure that the PLPT strengthens its safeguards over gift cards, adequately segregates duties related to the handling of gift cards, and establishes a reasonable timeframe to obtain all signatures (victim, issuer, and approver).**

Resolved. OVW concurred with our recommendation. In its response, OVW indicated that it would coordinate with the PLPT to ensure that the PLPT strengthens its safeguards over gift cards, adequately segregates duties related to the handling of the gift cards, and establishes a reasonable timeframe to obtain all signatures (victim, issuer, and approver).

In its response, the PLPT stated that it has identified the Victim Services Coordinator, Legal Advocate, and Assistant as the staff members with a need to have access to gift cards and certificates. Further, the PLPT stated that the location of the key to the lock box is no longer located with the lock box. The Victim Services Coordinator, Legal Advocate, and Assistant will each have their own key to access the lock box. In addition, both the credenza and lock box will remain locked when not in use. If an emergency arises where a victim is in need of emergency financial assistance and it is after hours or on a weekend, then the on-call staff member will be responsible for notifying one of the designated staff members in order to issue the needed emergency financial assistance to the victim. The issuance of the financial assistance will coincide with signatures from the on-call staff member, victim, and one of the designated staff members that have access to the gift cards.

This recommendation can be closed when OVW provides us with documentation, such as policies and procedures, supporting the PLPT's strengthening of its safeguards over gift cards, adequately segregating duties related to the handling of gift cards, and establishing a reasonable timeframe to obtain all signatures (victim, issuer, and approver).

2. We recommended that OVW remedy \$4,534 in unsupported questioned costs associated with the following issues:⁸

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

a. We recommended that OVW remedy \$2,837 in grant reimbursements expended on gift cards for which the PLPT could not provide adequate support.

In its response, the PLPT stated that it will update the Gift Card Distribution form by adding an acknowledging statement that states “I understand that I am required to provide the Victim Services Program with a receipt for my purchases, in order to receive any future financial assistance from the program.” Additionally, if the victim does not submit receipts or only submits a partial receipt leaving more than 10 percent of the value remaining on the card, the program will not issue an additional card to the victim for 6 months.

This portion of the recommendation can be closed when OVW provides us with evidence that the \$2,837 in unsupported questioned costs related to gift cards has been remedied. In addition, we request the PLPT’s updated Gift Card Distribution form and related policies and procedures pertaining to how the PLPT will maintain adequate support for its gift card transactions.

b. We recommended that OVW remedy \$275 in grant reimbursements expended on gift cards for which the PLPT could not provide an approved Gift Card Distribution Form.

In its response, the PLPT acknowledged that a second staff member did not provide their signature verifying the gift card distributions to victims although there were signatures from the victims and issuing staff members. The PLPT stated that the proposed policy and procedure changes it described for Recommendation 1 will address the concern related to this recommendation.

This portion of the recommendation can be closed when OVW provides us with evidence that the \$275 in questioned costs related to the issuance of gift cards without the proper approving signatures has been remedied. In addition, we request the PLPT’s updated policies and procedures related to the proper issuance of gift cards and the need to obtain proper approval on required forms.

⁸ The total amount that we questioned on our final report (\$4,534) differs slightly from the amount that we included in our draft report (\$4,484). The reason for the slight difference is attributable to mathematical adjustments in our final calculations.

- c. **We recommended that OVW remedy \$968 in grant reimbursements expended on direct expenditures for which the PLPT could not provide adequate support.**

In its response, the PLPT stated that after the audit, its Victim Services unit identified how supply costs should be calculated and attributed to the grant. The PLPT will identify supplies that are specifically utilized for the grant and charge the grant for those supplies. In addition, supplies that are considered general office supplies and utilized on more than one grant will be allocated to the grant on a percentage basis based on a staff members' involvement on the grant.

The PLPT's Finance Department stated that based on the audit write-up on the finding, it did not identify exactly what information was missing. It requested additional detail as to the missing information so that it can pull the appropriate documents. The detail about these transactions was communicated to the PLPT at the conclusion of our audit. Specifically, the expenditures that lacked adequate support included \$875 for business cards (May 2013) and \$93 in fuel charges (November 2012). The PLPT failed to maintain any type of supporting documentation (such as receipts, bills, invoices, etc.) for these expenditures. We added the detailed information on the two expenditures to the Expenditure Section of the report as further clarification. Further, the PLPT's Finance Department stated that it will review the procedures manual and make sure that the check requests and purchase orders all have supporting documents.

This portion of the recommendation can be closed when OVW provides us with evidence that the \$968 in questioned costs has been remedied.

- d. **We recommended that OVW remedy \$454 in grant reimbursements expended on a portion of direct expenditures for which the PLPT could not support the allocation rate.**

In its response, the PLPT stated that it has developed a process to determine the percentage that should be applied to direct expenditures. The PLPT's process is based on the staff member's percentage of involvement under the specific award and whether they are stationed at the Victim Services Program Office.

This portion of the recommendation can be closed when OVW provides us with evidence that the \$454 in unsupported direct expenditures has been remedied. Also, we request supporting documentation for the PLPT's new allocation method.

- 3. We recommended that OVW remedy \$1,379 in unallowable questioned costs for grant reimbursements expended on staff who did not perform services on this grant program.**

Resolved. OVW concurred with our recommendation. In its response, OVW indicated that it would coordinate with the PLPT to remedy \$1,379 in unallowable questioned costs for grant reimbursements expended on staff who did not perform services on the grant we audited.

In its response, the PLPT explained how an employee's transfer from working on the grant to another project was not reflected when the employee's payroll was posted in the accounting records. As a solution, the PLPT's Finance Department will ensure that any future employee changes and resulting payroll will be recorded in a timely manner and properly coded. In addition, the Victim Services Coordinator will monitor monthly financial reports to ensure that proper expenditures are charged to the grant.

This recommendation can be closed when OVW provides us with evidence that the \$1,379 in unallowable questioned costs was remedied. Also, we request documentation supporting PLPT's establishment of procedures to ensure that only grant related payroll transactions are charged to the grant.

- 4. We recommended that OVW ensure that the PLPT establishes a policy to ensure accurate indirect costs are charged to the grant.**

Resolved. OVW concurred with our recommendation. In its response, OVW indicated that it would coordinate with the PLPT to ensure that they establish a policy to ensure accurate indirect costs are charged to the grant.

In its response, the PLPT stated that its Finance Department enacted a policy for monitoring any payments that are processed to ensure that payments covering more than one grant are not coded to a direct cost account but to an indirect cost account. This recommendation can be closed when OVW provides us with documentation supporting PLPT's establishment of a policy that will ensure that it charge only accurate indirect cost amounts to the grant.

- 5. We recommended that OVW ensure that the PLPT establishes procedures to ensure the accuracy of the FFRs.**

Resolved. OVW concurred with our recommendation. In its response, OVW indicated that it would coordinate with the PLPT to establish procedures to ensure that its FFRs are accurate.

In its response, the PLPT stated that its Finance Department will enforce a procedure by which all expenditures will have to be submitted before the end of the reporting quarter in order to ensure the FFRs are accurate. This recommendation can be closed when OVW provides us with documentation

supporting the PLPT's establishment of procedures to preparing and submitting accurate FFRs.

6. We recommended that OVW ensure that the PLPT prepares and submits accurate Progress Reports and maintains sufficient documentation to support progress claims.

Resolved. OVW concurred with our recommendation. In its response, OVW indicated that it would coordinate with the PLPT to ensure that the PLPT prepares and submits accurate Progress Reports and maintains sufficient documentation to support progress claims.

In its response, the PLPT stated that its Victim Services Program Coordinator has reviewed the discrepancies noted by the audit and has made improvements in how statistical data is documented by staff members and how quality controls were established to ensure accuracy. The Victim Services Program Coordinator is now more closely monitoring how the PLPT documents and reports the services it provides. In addition, the PLPT stated that its Finance Department will conduct audits to test for compliance.

This recommendation can be closed when OVW provides us with documentation supporting PLPT's improved Progress Report documentation and reporting process. In addition, we request evidence to support that the Finance Department has performed and will continue to perform audits to ensure compliance.

7. We recommended that OVW ensure that the PLPT complies with the grant special condition pertaining to the addition of required language on printed material, including flyers.

Resolved. OVW concurred with our recommendation. In its response, OVW indicated that it would coordinate with the PLPT to ensure that the PLPT complies with the special condition requiring language on grant-related printed material, including flyers.

In its response, the PLPT stated that although there have been lapses in its staff members' use of the grant's language on written and visual materials, the Victim Services Coordinator has directed staff members to assure compliance with the grant special condition. This assurance is supposed to occur by staff members acknowledging the grant when materials are being developed under the project and activities are being held.

This recommendation can be closed when OVW provides us with documentation supporting the PLPT's establishment of procedures for adding the required disclosure and related language on all material and publications resulting from award activities.

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