



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



**Audit of the Office of Justice Programs
Coordinated Tribal Assistance
Solicitation Grants Awarded to
the Sac and Fox Tribe of the
Mississippi In Iowa, Meskwaki Nation,
Tama, Iowa**

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
COORDINATED TRIBAL ASSISTANCE SOLICITATION GRANTS
AWARDED TO
THE SAC AND FOX TRIBE OF THE MISSISSIPPI IN IOWA,
MESKWAKI NATION, TAMA, IOWA**

EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of two grants awarded by the Office of Justice Programs (OJP) under the Coordinated Tribal Assistance Solicitation (CTAS) program to the Sac and Fox Tribe of the Mississippi in Iowa, Meskwaki Nation ("Sac and Fox Tribe" or "the Tribe"), in Tama, Iowa. The Sac and Fox Tribe received \$269,095 for award number 2014-AC-BX-0119, which falls under the CTAS Justice Systems and Alcohol and Substance Abuse Program managed by the Bureau of Justice Assistance (BJA). This award's purpose was for the Tribe to provide quality legal representation in Tribal court for indigent persons or children and other vulnerable persons. The Sac and Fox Tribe was also awarded \$318,142 for grant number 2014-TY-FX-0014, which falls under the CTAS Tribal Youth Program managed by the Office of Juvenile Justice Delinquent Program (OJJDP). The purpose of this award was for the Tribe to develop a juvenile justice system. The two awards totaled \$587,237, and between October 2014 and March 2017, our audit review period, the Tribe drew down \$204,513, which included \$60,000 for the Tribal Youth Program grant and \$144,513 for the Justice Systems and Alcohol and Substance Abuse Program grant.

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, contractor oversight, budget management and control, drawdowns, and federal financial reports.

We found that the Sac and Fox Tribe did not adhere to all of the grant requirements we tested and did not demonstrate significant progress towards achieving some of the grants' stated goals and objectives, such as developing a juvenile justice system. We also found that the Tribe did not have adequate grant management policies and procedures, did not maintain auditable performance data, and did not track expenditures by approved budget categories. The Sac and Fox Tribe also did not follow cash management procedures and drew down funds in advance of expenditures, resulting in \$10,164 in excess drawdowns for its Justice Systems and Alcohol and Substance Abuse grant. Finally, we found that the Tribe submitted incorrect Federal Financial Reports to OJP for both awards. As a result of these deficiencies, we identified \$10,164 in questioned costs.

Our report contains seven recommendations to OJP, which are detailed in this report. Our audit objectives, scope, and methodology are discussed in Appendix 1 and our Schedule of Dollar-Related Findings appears in Appendix 2. In addition, we requested a response to our draft audit report from the Sac and Fox Tribe and OJP, and these responses are appended to this report in Appendices 3 and 4. Our analysis of the responses, as well as the summary of actions necessary to close the recommendations can be found in Appendix 5 of this report.

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COORDINATED TRIBAL ASSISTANCE SOLICITATION GRANTS
AWARDED TO
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The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of two grants awarded by the Office of Justice Programs (OJP) Office of Juvenile Justice Delinquency Programs (OJJDP) and the Bureau of Justice Assistance (BJA) to the Sac and Fox Tribe of the Mississippi in Iowa, Meskwaki Nation ("Sac and Fox Tribe" or "the Tribe"), in Tama, Iowa. The two grants audited totaled \$587,237, as shown in Table 1.

**Table 1
Grants Awarded to the Sac and Fox Tribe**

Award Name and Number	Award Date	Project Start Date	Original Project End Date	Project Extension	Award Amount
Justice Systems and Alcohol and Substance Abuse 2014-AC-BX-0119	09/22/2014	10/01/2014	09/30/2017	03/31/2018 (PENDING)	\$269,095
Tribal Youth Program 2014-TY-FX-0014	09/22/2014	10/01/2014	09/30/2017	03/30/2019 (APPROVED)	\$318,142
Total:					\$587,237

Source: Office of Justice Programs, Grants Management System

These grants were part of the Coordinated Tribal Assistance Solicitation (CTAS), which allows federally recognized tribes and tribal consortia to submit a single application for most of DOJ's tribal grant programs. DOJ designed this comprehensive approach to save time and resources. Through CTAS, tribes have the opportunity to apply for federal assistance in the following nine purpose areas: (1) Public Safety and Community Policing, (2) Comprehensive Planning Demonstration Projects, (3) Justice Systems and Alcohol and Substance Abuse, (4) Corrections and Correctional Alternatives, (5) Violence Against Women, (6) Children's Justice Act Partnerships for Indian Communities, (7) Comprehensive Tribal Victim Assistance, (8) Juvenile Healing to Wellness Court, and (9) the Tribal Youth Program.

Grant number 2014-AC-BX-0119 was awarded to the Tribe under the Justice Systems and Alcohol and Substance Abuse purpose area, which is managed by BJA. The award specifically provided funding to the Sac and Fox Tribe to establish a Public Defender Program to provide quality on-site legal representation services to indigent defendants and Guardian Ad Litem services for tribal children and vulnerable adults.¹

¹ A Guardian Ad Litem is an attorney appointed by the Court to represent the interests of parties such as minor children, or mentally incompetent individuals during the course of a case.

In turn, grant number 2014-TY-FX-0014 was awarded to the Tribe under the CTAS Tribal Youth Program purpose area, which is managed by OJJDP. The award specifically supported the establishment and implementation of a juvenile justice system for the existing Tribal Court, which is the official judicial system of the Tribe.

The Grantee

The Sac and Fox Tribe is the only federally recognized Indian tribe located in Tama, Iowa, which is 64 miles northeast of Des Moines, Iowa. The Tribe has more than 1,400 enrolled tribal members and employs more than 1,200 people. Along with various public service departments and offices, the Tribe owns and manages a casino, a bank, several businesses, and an organic farm. In addition, the Tribe has its own Tribal Court, which has the mission of exercising judicial and dispute resolution powers of the Tribe. The Tribal Court is responsible for overseeing and implementing the DOJ awards we reviewed during this audit.

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, contractor oversight, budget management and control, drawdowns, and federal financial reports.

We tested compliance with what we consider the most important conditions of the grants. The 2014 OJP Financial Guide, Code of Federal Regulations Title 28 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments, and OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations contain the primary criteria we applied during the audit.

The results of our analysis are discussed in detail throughout this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology.

Program Performance and Accomplishments

We reviewed required performance reports, award solicitations and documentation, and interviewed Tribe officials to determine whether the Tribe demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed the 2016 progress reports to determine if the reports were accurate when compared to supporting documentation maintained

by the Sac and Fox Tribe. Finally, we reviewed the Tribe's compliance with some of the special conditions identified in the award documentation.

Program Goals and Objectives

According to the Sac and Fox Tribe's project narrative, the purpose of the BJA Justice Systems and Alcohol and Substance Abuse grant was to enable the Tribe to provide quality legal representation for indigent persons in Tribal Court through the establishment of a Public Defender's Office. The Public Defender's Office would not only provide defender services for the Tribe, but would also be responsible for creating a Bar Association and providing Guardian Ad Litem services to tribal children and vulnerable persons. In addition, the Tribe planned to use grant funds to improve the cost-effectiveness and efficiency of its court appointed representation activities by implementing processes to ensure that public defender services were productive and of high-quality and all associated costs were reasonable.

Based on our review, the Tribe had established a Public Defender's Office that was also offering Guardian Ad Litem services. However, we found that the Tribe had not yet initiated the development of the Meskwaki Bar Association because, according to Tribe officials, this task was assigned to the Public Defender's Office, which had a high caseload and other priority matters to handle for the Tribe. In order to meet all grant objectives, the Tribe requested an extension from the original end date of September 30, 2017, to March 31, 2018; however, BJA has not yet approved this extension request.

Regarding the OJJDP award, the Tribe's project narrative stated that the goals of the Tribal Youth Program grant were to improve the Tribal Court and establish a juvenile justice system that would allow the Tribe to hold and try juvenile defendants. To achieve this overarching goal, the Tribe planned to complete the following objectives: (1) conduct strategic planning activities, (2) develop a legal juvenile code, (3) create a juvenile court advisory board, (4) create a holdover process for detaining juvenile offenders, and (5) hire and train a Juvenile Probation Officer.

At the time of our audit, the Tribe reported to OJJDP that many of the projects' goals were still in the planning stages. In particular, we found that the Tribe had not yet completed its development of a legal juvenile code and had not offered grant-related services to juveniles. According to Tribe officials, developing, approving, and enacting a juvenile code is an extremely time-consuming process and the Tribe experienced staffing changes that affected its ability to initiate and complete this task.

However, despite not having a legal juvenile code in place, the Tribe hired the Juvenile Probation Officer. Consequently, this sequence of events resulted in the Juvenile Probation Officer not fulfilling their designated award responsibilities because no juveniles could be processed through the Tribal Court without the foundation of a legal juvenile code. Therefore, the Tribe assigned the Juvenile

Probation Officer other tasks not approved by OJJDP in the grant award, namely to work on developing a prevention program to identify at-risk youth called Family Connections. We discussed this matter with the Tribe during the audit and in June 2017, the Tribe submitted and OJJDP approved a Grant Adjustment Notification (GAN) that incorporated the at-risk youth project into the scope of the grant.²

Notwithstanding the Tribe's efforts to get the additional at-risk youth Family Connections program approved via the GAN, we found that the Tribe's delay in developing and finalizing the juvenile code resulted in it not yet fulfilling some of the remaining objectives of the grant, to include creating a juvenile detainee holdover process. Given the delays it experienced, the Tribe was behind schedule and was concerned about its ability to fulfill the overarching award goal of establishing a juvenile justice system by September 30, 2017, the award completion date. In June 2017, the Sac and Fox Tribe submitted a request for an extension of the grant. OJJDP approved this request and granted an extension of the award until March 30, 2019.

Required Performance Reports

According to the 2014 OJP Financial Guide, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. The Tribal Court is the entity that is responsible for reporting this information for both grants. Therefore, to assess the information reported to BJA and OJJDP, we interviewed Tribal Court officials, and we reviewed case files and supporting documentation for the performance measures tested, as detailed in the following sections.

BJA Justice Systems and Alcohol and Substance Abuse Program

For the BJA Justice Systems and Alcohol and Substance Abuse award, we reviewed the two most recent progress reports ending in June 30, 2016, and December 31, 2016, and selected a sample of two performance measures that dealt with providing quality legal representation for indigent persons in tribal court and improving cost-effectiveness and efficiency. The Sac and Fox Tribe's progress reports identified the number of civil and criminal cases in which legal services were provided. We requested supporting documentation to validate these figures and found that the Tribe did not maintain auditable source documentation to support all data it reported. Specifically, the Tribe used a manual process to compile and report information to OJP. This process entailed a Tribal Court official manually reviewing court hearing records and using the Tribal Court's automated management system to document all new cases. However, we found that the automated system did not specifically identify new cases where a public defender was assigned. As a result, we were unable to determine if the public defender was

² The Office of Justice Programs requires a grantee to submit a formal request called a Grant Adjustment Notification in order to make any changes in the project scope of the grant.

providing civil or criminal legal services and could not validate the performance measure data contained in the Progress Reports.

OJJDP Tribal Youth Program

For the OJJDP Tribal Youth Program grant, we reviewed the two most recent progress reports ending in June 30, 2016, and December 31, 2016, and found that the Tribe only reported that it trained one employee during 2016 because the Tribe had not developed and enacted its legal juvenile code. We found that this was an accurate reflection of the progress made by the Tribe on the grant. However, given the lack of auditable source data related to the Tribe's performance measures for the BJA grant, we are concerned that once the Tribe codifies the juvenile code and the Tribal Court begins to process juvenile offenses, it may not have an accurate process for collecting and reporting data to OJJDP.

We recommend that OJP ensure that the Tribe establishes procedures that will produce auditable source documentation to support all data collected for each performance measure reported to OJJDP and BJA.

Grant Financial Management

According to the 2014 OJP Financial Guide, all grant recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess the Sac and Fox Tribe's financial management of the grants covered by this audit, we conducted interviews with financial staff, examined policy and procedures, and inspected grant documents to determine whether the Tribe adequately safeguarded the grant funds we audited. We also reviewed the Tribe's Single Audit Reports to identify any previously identified internal control weaknesses and significant non-compliance issues related to federal awards. Finally, we performed testing in the areas that were relevant to the management of this grant, as discussed throughout this report.

We reviewed the Tribe's Single Audit Reports for fiscal years (FY) 2013, 2014, and 2015 and found that these reports identified various issues related to the Tribe's financial management system.³ Although DOJ grant funds were not specifically audited in any of the Single Audit Reports we reviewed, we identified findings for other federal awards that were present for various years, as well as cross-cutting issues that could impact DOJ funds. In particular, we found that all three Single Audit Reports identified that the Tribe's fiscal year-end reporting system lacked certain accounting entries and that the Tribe did not have adequate procedures in place to ensure that accounts payable is complete and accurate at year-end. In addition, between FYs 2014 and 2015, the Tribe's Single Audit Reports identified significant issues related to internal controls, non-compliance with federal requirements, and inadequate policies and procedures.⁴

³ The Sac and Fox Tribe's fiscal year starts on October 1 and ends September 30.

⁴ At the time of our audit, the Tribe had not submitted its FY 2016 Single Audit Report.

We discussed the Single Audit Report findings with Sac and Fox Tribe officials and they stated that the Tribe has undergone high turnover in key positions in their fiscal department, specifically the Comptroller position, which hindered its ability to maintain consistent procedures and address the Single Audit Report findings. The Sac and Fox Tribe hired its most recent Comptroller in September 2016, and this official has focused on addressing the Single Audit Report findings, reorganizing the fiscal department, and updating and migrating the Tribe's accounting system. In addition, Sac and Fox Tribe officials stated that they were updating and revising the Tribe's financial policies and procedures, to include establishing a procurement policy that complies with federal grant requirements.

During the audit, we verified that the Tribe had updated its accounting system, hired additional officials, and was in the process of updating its financial policies. However, we found that the Tribe did not have any policies and procedures specifically addressing grant management. We believe that this lack of grant management policies and procedures contributed to deficiencies in the Sac and Fox Tribe's compliance with certain OJP requirements related to drawdowns, financial reporting, and budget tracking; these findings are detailed in the following sections of this report. Based on the above information, we have concluded that the Tribe's grant financial management system needs improvement. We recommend that OJP ensures the Tribe develops and implements adequate financial policies and procedures, as well as grant management policies and procedures to ensure compliance with OJP requirements.

Grant Expenditures

The Tribe's budget for the BJA Justice Systems and Alcohol and Substance Abuse grant included travel, contractors and consultants, and other costs. The OJJDP Tribal Youth Program grant budget categories included personnel, fringe benefits, travel, supplies, contractors and consultants, indirect costs, and other costs. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of transactions.

For the BJA Justice Systems and Alcohol and Substance Abuse grant, we reviewed 108 transactions for a total amount of \$107,370 of the \$134,349 in recorded expenditures, as of March 31, 2017. We found that all transactions were allowable and supported. However, we also identified minor discrepancies related to transactions that were entered incorrectly into the accounting system. While these errors did not have a significant impact on how the Tribe accounted for its grant funds, the errors could affect the Sac and Fox Tribe's monitoring of expenditures by budget category. We believe that the Tribe did not identify these errors because it does not have formalized grant management policies and procedures.

We also reviewed 43 transactions for a total amount of \$42,934 of the \$78,855 in recorded expenditures for the OJJDP Tribal Youth Program, as of

March 31, 2017. During our testing, we found that the Sac and Fox Tribe used grant funds to pay the Juvenile Probation Officer for work associated with the Family Connections Program that was not originally approved by OJJDP. In addition, we found that the Tribe used grant funds to pay for the Tribal Youth Director to attend training, which was not a cost that was approved by OJJDP. We discussed these unapproved expenditures with Sac and Fox Tribe officials. In June 2017, the Tribe filed and OJJDP approved a GAN to retroactively expand the duties of the Juvenile Probation Officer to encompass the new program and added the Tribal Youth Director to the list of employees eligible for training under the grant. As a result, we found that all 43 Tribal Youth Program grant transactions were supported and allowable.

Furthermore, we found that the Sac and Fox Tribe's approved budget for the OJJDP Tribal Youth Program grant authorized indirect costs, which 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. OJJDP also stipulated that the Tribe must submit an approved indirect cost rate to the Office of the Chief Financial Officer prior to expending any grant funds in this budget category. We found that the Tribe had not recorded or requested reimbursement for any expenditures in the indirect cost category. However, nearly 3 years after receiving this instruction from OJJDP, the Tribe had not yet obtained a finalized approved indirect cost rate. The Tribe's Comptroller stated that the indirect cost rate determination process was ongoing and that the Tribe planned to expense all indirect costs at the end of the grant.

Contractor Oversight

OJP requires grantees to establish adequate policies and procedures to oversee and manage contract services. The BJA Justice Systems and Alcohol and Substance Abuse grant authorized the Sac and Fox Tribe to use grant funds to pay a contractor for public defender services and required the Tribe to follow procurement procedures to award the contract. The OJJDP Tribal Youth Program grant authorized the Sac and Fox Tribe to use grant funds for an attorney (identified as a consultant) to assist with the Tribal Juvenile Code development and to participate in the strategic planning process.

We found that the Sac and Fox Tribe did not have formalized procurement policies and procedures at the time of our audit. Notwithstanding the lack of formalized policies and procedures, we confirmed that the Tribe advertised a request for proposal for the BJA public defender grant position. Tribe officials stated that they evaluated multiple bids for the contracted services. The Sac and Fox Tribe established a written contract with an attorney to provide public defender services from March 1, 2015, to March 1, 2016, with the stipulation that the period of the contract may otherwise commence and terminate on such dates as agreed upon by the attorney and the Tribe. We found that the Tribe used, monitored, and paid the contractor using DOJ funds throughout the contract period and after March 1, 2016, the end of the written contract period. According to Sac and Fox Tribe officials, the Tribe and the contracted attorney were in the process of

updating the contract, but had a verbal agreement to continue abiding by the terms of the contract on a month-by-month basis. We believe that this verbal agreement is acceptable given the stipulation in the written contract; however, we also believe that a best business practice would be to renew and update the written contract to ensure proper oversight within the grant.

In regards to the use of a consultant for the OJJDP grant, we found that the costs for these services did not meet the dollar threshold for requiring certain procurement actions, to include a competitive bidding process. However, we also found that the Tribe did not maintain documentation related to the selection and hiring of this consultant and did not have a formal agreement in place for the intended services related to the grant, specifically the development of a juvenile code, which, as noted in the Program Performance and Accomplishments section above, is behind schedule.

Formal agreements for the provision of goods and services reduce the risk that funds will be used inefficiently and would allow the Tribe to hold contractors or vendors accountable. According to Sac and Fox Tribe officials, the Tribe is in the process of developing and implementing a formal procurement policy, including requirements related to contractors. We recommend that OJP ensure that the Tribe implements and adheres to written procurement policies and procedures, including a requirement that all contractors and consultants have written agreements in place prior to expending grant funds on any services.

Budget Management and Control

According to the 2014 OJP Financial Guide, grant recipients are responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for each award. Additionally, the grant recipient must initiate a GAN for a budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total award amount.

To determine if the Sac and Fox Tribe's expenditures exceeded the 10 percent reallocation threshold, we compared recorded grant expenditures, by budget category, to its approved budgets for both grants as of March 30, 2017. Although the Tribe had not yet expended all funds for each of the OJP awards, we found that the cumulative difference for approved budget category totals for each of the awards was not greater than 10 percent.

However, we also found that the Sac and Fox Tribe did not have policies and procedures for tracking expenditures by budget category and Tribe officials did not know how the budget categories and amounts for each of the grants were determined because personnel who developed the grants' budget categories no longer worked for the Tribe. At the time of our audit, the Tribe had relied on the program manager and the fiscal staff to track expenditures, but had not performed an analysis to ensure that its expenditures correlated to the approved budget categories. A Sac and Fox Tribe official stated that the Tribe had recently

purchased new software that could assist them with tracking expenditures by budget categories. However, the Tribe had not implemented a process to conduct this type of analysis. Therefore, we recommend that OJP ensure that the Sac and Fox Tribe develops, implements, and distributes policies and procedures to adequately review expenditures by approved budget categories.

Drawdowns

According to the 2014 OJP Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. Recipients should draw down the minimum amount needed to be expended immediately or within 10 days and return any excess funds to the awarding agency. To assess whether the Sac and Fox Tribe managed grant funds in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. As of March 2017, the grantee had drawn down \$144,513 for the BJA Justice Systems and Alcohol and Substance Abuse grant and \$60,000 for the OJJDP Tribal Youth Program grant.

Regarding the BJA Justice Systems and Alcohol and Substance Abuse grant, we found that the Sac and Fox Tribe inappropriately advanced itself award funds and did not comply with OJP's cash management requirements. Specifically, we found that the Tribe initially drew down \$67,273 on November 12, 2014, but did not incur any expenses until more than 3 months later on February 25, 2015. Of concern, Sac and Fox Tribe officials were unaware of why the previous Comptroller had drawn down the funds in November 2014 when the Tribe had not incurred or planned to incur expenses immediately. Moreover, as of March 30, 2017, the Sac and Fox Tribe had drawn down a total of \$144,513 in award funds, but its accounting records reflected total expenditures of only \$134,349. Therefore, we question the \$10,164 difference between funds drawn down and recorded expenditures as excess drawdowns.

During our analysis of the OJJDP Tribal Youth Program grant drawdowns, we also found an instance of an excess drawdown. The Sac and Fox Tribe drew down \$60,000 in award funds, but only expended \$54,733 within 10 days of the drawdown, leaving a \$5,267 difference. The Tribe subsequently expended these funds, but not within the required timeframe.

In general, we do not believe that the Tribe exercised adequate procedures when tracking expenses and requesting drawdowns, which was due, in part, to the lack of formal grant management policies and procedures that should incorporate OJP's cash management requirements. We recommend that OJP ensure that the Tribe develops, distributes, and implements policies and procedures that incorporate OJP's cash management requirements.

Federal Financial Reports

According to the OJP Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each

financial report as well as cumulative expenditures. To determine whether the Sac and Fox Tribe submitted accurate Federal Financial Reports (FFRs), we compared all submitted reports to the Tribe’s accounting records for both awards. We found that some of the FFRs did not match the Tribe’s accounting records for both awards within our scope, as shown in the following table.⁵

Table 2
FFR Grants Expenditure Reporting

Reporting Period Ending Date	Expenses for Period As Reported in FFR	Expenses for Period As Recorded in General Ledger	Difference for Reporting Period
BJA Justice Systems and Alcohol and Substance Abuse Program			
6/30/2015	\$12,409	\$5,214	\$7,195
9/30/2015	\$8,244	\$4,892	\$3,353
OJJDP Tribal Youth Program			
3/31/2015	\$7,060	\$6,052	\$1,007
6/30/2015	\$1,058	\$647	\$411
9/30/2015	\$310	\$620	(\$310)
9/30/2016	\$18,171	\$17,397	\$774

Source: OIG Analysis of OJP and Tribe documentation

We determined that in some cases, the differences between the FFRs and the accounting records were due to accrual adjustments that occurred between reporting periods. In addition, we found that at the time of our audit, the official who was responsible for reporting expenditures for the grant had not received any instruction or training on how to prepare FFRs. Furthermore, the Tribe did not have formalized procedures related to the process for preparing FFRs. Therefore, we recommend that OJP ensure that the Sac and Fox Tribe develops and implements grant management policies and procedures that address preparing accurate FFRs.

Conclusion

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the award; and to determine whether the grantee demonstrated adequate progress towards achieving program goals and objectives. We assessed the Sac and Fox Tribe’s program performance, financial management, expenditures, contractor oversight, budget management and control, drawdowns, and federal financial reports. Based on our audit testing, we conclude that the Tribe did not adhere to all of the grant requirements we tested and incurred delays with achieving the goals and objectives of each of the audited grants. Specifically, the Sac and Fox Tribe did not have adequate grant management policies and procedures, did not maintain auditable performance data, and did not track expenditures by approved budget categories. The Sac and Fox

⁵ The difference in the total amount of expenses reported and expenses recorded is due to rounding.

Tribe also did not follow cash management procedures and drew down funds in advance of expenditures, resulting in \$10,164 in excess drawdowns for its BJA Justice Systems and Alcohol and Substance Abuse grant. Finally, we found that the Tribe submitted incorrect Federal Financial Reports to OJP for both awards. As a result of these deficiencies, we identified \$10,164 in questioned costs. We provide seven recommendations to the Tribe to address these deficiencies.

Recommendations

We recommend that the Office of Justice Programs:

1. Ensure that the Sac and Fox Tribe develops a process to maintain the documentation used to prepare the progress reports and establishes procedures that will produce auditable source documentation to support all data collected for each performance measure reported to OJJDP and BJA.
2. Ensure that the Sac and Fox Tribe develops and implements adequate financial policies and procedures, as well as grant management policies and procedures to ensure compliance with OJP requirements.
3. Ensure that the Sac and Fox Tribe implements and adheres to written procurement policies and procedures including a requirement that contractors and consultants have written agreements in place prior to expending grant funds on any services.
4. Ensure that the Sac and Fox Tribe develops and implements policies and procedures to adequately track expenditures by approved budget categories.
5. Remedy the \$10,164 in excess drawdowns on the BJA Justice Systems and Alcohol and Substance Abuse grant.
6. Ensure that the Sac and Fox Tribe develops, distributes, and implements policies and procedures that incorporate OJP's cash management requirements.
7. Ensure that the Sac and Fox Tribe develops and implements grant management policies and procedures for preparing accurate FFRs.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, contractor oversight, 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 OJP grants that were awarded to the Sac and Fox Tribe of the Mississippi, Meskwaki Nation ("Sac and Fox Tribe" or "the Tribe") through the Coordinated Tribal Assistance Solicitation. The Sac and Fox Tribe was awarded \$318,142 for grant 2014-TY-FX-0014 through the Office of Juvenile Justice and Delinquency Prevention (OJJDP) Tribal Youth Program to establish a juvenile justice system. The other grant, 2014-AC-BX-0119, totaled \$269,095 and was awarded to the Tribe by the Bureau Justice Assistance (BJA) to provide public defender services. As of March 30, 2017, the Tribe had drawn down \$204,513 of the total grant funds awarded. This included \$144,513 for the BJA grant and \$60,000 for the OJJDP grant. The original scope for both grants was October 1, 2014, to September 30, 2017, but at the Tribe's request, OJJDP extended the end date for the Tribal Youth Program grant to March 30, 2019. Our audit concentrated on, but was not limited to grant-related activities that occurred between October 1, 2014, through March 31, 2017.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of the Tribe's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll, fringe benefit charges, indirect costs, financial reports, and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The primary criteria we applied during the audit consisted of the specific award documents and the following:

- The 2014 OJP Financial Guide;
- Code of Federal Regulations Title 28 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments;

- OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments; and
- OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations.

During our audit, we obtained information from OJP's Grant Management System as well as the Tribe's accounting system specific to the management of DOJ funds during the audit period. We did not test the reliability of those systems as a whole; therefore, any findings identified involving information from those systems was verified with documentation from other sources.

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs⁶:		
Unallowable Excess Drawdowns	\$10,164	9
TOTAL QUESTIONED COSTS	<u>\$10,164</u>	

⁶ **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

**THE SAC AND FOX TRIBE'S RESPONSE
TO THE DRAFT AUDIT REPORT⁷**



Sac & Fox Tribe of the Mississippi in Iowa

349 Meskwaki Road, Tama, IA 52339-9634 • (641) 484-4678 FAX (641) 484-5424

September 11, 2017

U.S. Department of Justice
Office of Justice Programs
Office of Audit, Assessment and Management
Audit and Review Division
Chicago Regional Audit Office

Attn: Carol Taraszka

Dear Ms. Taraszka,

In response to the seven recommendations and questioned costs, contained in the draft audit report issued August 29, 2017, please find below our responses to each of the recommendations and questioned cost.

1. Agree with this finding. Procedures will be modified to provide auditable source data. The Tribe will work with the program manager assigned to this grant to develop appropriate reporting procedures.
2. Agree with this finding. Financial policies and procedures are being drafted that reflect current practices which comply with grant requirements and Uniform Guidance.
3. Agree with this finding. Going forward, an active written agreement will be in place prior to expending grant funds.
4. Disagree with this finding. Our reports are more detailed in both budget and actual reporting. We will continue to use our standard reporting. Attached is a sample of our reporting and how it rolls up in to the grant categories.
5. Agree with this finding. We will correct this in the next quarterly reporting.
6. Agree with this finding. This is a continuation of recommendation number five. Much of this stemmed from prior practices which are no longer in place.
7. Agree with this finding. We will draft policies and procedures that reflect current practices which are in compliance with the grant requirements and Uniform Guidance.

Please let me know if you have questions.

Best regards,

Bill Thurman, Comptroller
Sac & Fox Tribe of the Mississippi in Iowa

⁷ The Tribe's response included an attachment. This attachment is not included in this report due to its technical nature.

THE OFFICE OF JUSTICE PROGRAM'S RESPONSE
TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

SEP 18 2017

MEMORANDUM TO: Carol Taraszka
Regional Audit Manager
Chicago Regional Audit Office
Office of the Inspector General

FROM:

 Ralph E. Martin 
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs, Coordinated Tribal Assistance Solicitation Grants Awarded to the Sac and Fox Tribe of the Mississippi in Iowa, Meskwaki Nation; Tama, Iowa*

This memorandum is in reference to your correspondence, dated August 29, 2017, transmitting the above-referenced draft audit report for the Sac and Fox Tribe of the Mississippi in Iowa, Meskwaki Nation (Sac and Fox Tribe). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **seven** recommendations and **\$10,164** in questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. **We recommend that OJP ensure that the Sac and Fox Tribe develops a process to maintain the documentation used to prepare the progress reports and establishes procedures that will produce auditable source documentation to support all data collected for each performance measure reported to Office of Juvenile Justice and Delinquency Prevention (OJJDP) and Bureau of Justice Assistance (BJA).**

OJP agrees with this recommendation. We will coordinate with the Sac and Fox Tribe to obtain written policies and procedures, developed and implemented, to ensure that auditable source documentation is maintained to support the information reported on its progress reports, and the data collected and reported for each performance measure.

2. **We recommend that OJP ensure that the Sac and Fox Tribe develops and implements adequate financial policies and procedures, as well as grant management policies and procedures to ensure compliance with OJP requirements.**

OJP agrees with this recommendation. We will coordinate with the Sac and Fox Tribe to obtain written financial and grants management policies and procedures, developed and implemented, to ensure compliance with the U.S. Department of Justice (DOJ) Grants Financial Guide.

3. **We recommend that OJP ensure that the Sac and Fox Tribe implements and adheres to written procurement policies and procedures including a requirement that contractors and consultants have written agreements in place prior to expending grant funds on any services.**

OJP agrees with this recommendation. We will coordinate with the Sac and Fox Tribe to obtain written procurement policies and procedures, developed and implemented, to ensure that contractors and consultants have written agreements in place prior to expending grant funds on any services.

4. **We recommend that OJP ensure that the Sac and Fox Tribe develops and implements policies and procedures to adequately track expenditures by approved budget categories.**

OJP agrees with this recommendation. We will coordinate with the Sac and Fox Tribe to obtain written policies and procedures, developed and implemented, to ensure adequate tracking of expenditures by approved budget categories.

5. **We recommend that OJP remedy the \$10,164 in excess drawdowns on the BJA Justice Systems and Alcohol and Substance Abuse grant.**

OJP agrees with this recommendation. We will work with Sac and Fox Tribe to remedy the \$10,164 in questioned costs, related to excess drawdowns from Grant Number 2014-AC-BX-0119.

6. **We recommend that OJP ensure that the Sac and Fox Tribe develops, distributes, and implements policies and procedures that incorporate OJP's cash management requirements.**

OJP agrees with this recommendation. We will coordinate with the Sac and Fox Tribe to obtain written policies and procedures, developed and implemented, to ensure adherence to DOJ's cash management requirements applicable to grantees.

7. **We recommend that OJP ensure that the Sac and Fox Tribe develops and implements grant management policies and procedures for preparing accurate Federal Financial Reports (FFRs).**

OJP agrees with this recommendation. We will coordinate with the Sac and Fox Tribe to obtain written policies and procedures, developed and implemented, for ensuring that Federal Financial Reports are accurately prepared.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Jeffery A. Haley, Deputy Director, Audit and Review Division, on (202) 616-2936.

cc: Maureen A. Henneberg
Deputy Assistant Attorney General
for Operations and Management

Lara Allen
Senior Advisor
Office of the Assistant Attorney General

Jeffery A. Haley
Deputy Director, Audit and Review Division
Office of Audit, Assessment, and Management

Tracey Trautman
Acting Director
Bureau of Justice Assistance

Pamela Cammarata
Chief of Staff
Bureau of Justice Assistance

Michael Bottner
Budget Director
Bureau of Justice Assistance

Amanda LoCicero
Budget Analyst
Bureau of Justice Assistance

Jonathan Faley
Associate Deputy Director
Bureau of Justice Assistance

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

The Department of Justice (Department or DOJ) Office of the Inspector General (OIG) provided a draft of this audit report to Office of Justice Programs (OJP) and the Sac and Fox Tribe of the Mississippi in Iowa, Meskwaki Nation ("Sac and Fox Tribe" or the "Tribe") for review and official comment. The Sac and Fox Tribe's response is incorporated as Appendix 3, and OJP's response is incorporated in Appendix 4 of this final report. OJP agreed with each recommendation contained in this report and discussed the actions it plans to complete in order to address the recommendations. As a result, the report is resolved. The Sac and Fox Tribe agreed with all but one of the seven recommendations, as discussed below. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations for OJP:

- 1. Ensure that the Sac and Fox Tribe develops a process to maintain the documentation used to prepare the progress reports and establishes procedures that will produce auditable source documentation to support all data collected for each performance measure reported to OJJDP and BJA.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it would coordinate with the Sac and Fox Tribe to ensure that the Tribe develops a process to maintain the documentation used to prepare the progress reports and establishes procedures that will produce auditable source documentation to support all data collected for each performance measure reported to OJJDP and BJA.

The Sac and Fox Tribe also concurred with our recommendation and stated that it will develop appropriate reporting procedures and modify current procedures to provide auditable source data.

This recommendation can be closed when we receive evidence that the Sac and Fox Tribe has developed a process to maintain documentation used to prepare progress reports and established procedures that will produce auditable source documentation to support all data collected for each performance measure reported to OJJDP and BJA.

- 2. Ensure that the Sac and Fox Tribe develops and implements adequate financial policies and procedures, as well as grant management policies and procedures to ensure compliance with OJP requirements.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it would coordinate with the Sac and Fox Tribe to develop and implement adequate financial policies and procedures, as well as grant management policies and procedures to ensure compliance with OJP requirements.

The Sac and Fox Tribe also concurred with our recommendation and stated that the Tribe is drafting financial policies and procedures that reflect current practices that comply with grant requirements.

This recommendation can be closed when we receive evidence that the Sac and Fox Tribe has developed and implemented adequate financial policies and procedures, as well as grant management policies and procedures that comply with OJP requirements.

- 3. Ensure that the Sac and Fox Tribe implements and adheres to written procurement policies and procedures, including a requirement that contractors and consultants have written agreements in place prior to expending grant funds on any services.**

Resolved. OJP concurred with our recommendation. OJP stated in its response that it would coordinate with the Sac and Fox Tribe to implement and adhere to written procurement policies and procedures including a requirement that contractors and consultants have written agreements in place prior to expending grant funds on any services.

The Sac and Fox Tribe also concurred with our recommendation and stated that going forward, an active written agreement will be in place prior to expending grant funds.

This recommendation can be closed when we receive evidence that the Sac and Fox Tribe has implemented and adhered to written procurement policies and procedures, including a requirement that contractors and consultants have written agreements in place prior to expending grant funds on any services.

4. Ensure that the Sac and Fox Tribe develops and implements policies and procedures to adequately track expenditures by approved budget categories.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it would coordinate with the Sac and Fox Tribe to develop and implement adequate policies and procedures to track expenditures by approved budget categories.

The Sac and Fox Tribe did not concur with our recommendation. The Tribe stated that it will continue to use its standard reporting, which the Tribe believes to be detailed in both budget and actual reporting. As noted in our report, there are no formalized policies and procedures that document the “standard reporting” process that the Sac and Fox Tribe refers to in its response. The absence of such policies and procedures not only increases the risk for errors to occur, but also could affect the continuity of operations during staffing changes and turnover. As a result, we believe that the Tribe should develop and document its systematic process of tracking expenditures by budget categories to ensure adequate tracking of expenditures by budgeted amounts.

This recommendation can be closed when we receive evidence that the Sac and Fox Tribe has developed and implemented adequate policies and procedures to track expenditures by approved budget categories.

5. Remedy the \$10,164 in excess drawdowns on the BJA Justice Systems and Alcohol and Substance Abuse grant.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it would coordinate with the Sac and Fox Tribe to remedy the \$10,164 in excess drawdowns on the BJA Justice Systems and Alcohol and Substance Abuse grant.

The Sac and Fox Tribe also concurred with our recommendation and stated that it will correct the excess drawdown in its next quarterly reporting period.

This recommendation can be closed when we receive evidence that the \$10,164 in excess drawdowns on the BJA Justice Systems and Alcohol and Substance Abuse grant has been adequately remedied.

6. Ensure that the Sac and Fox Tribe develops, distributes, and implements policies and procedures that incorporate OJP’s cash management requirements.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it would coordinate with the Sac and Fox Tribe to ensure that the Tribe develops, distributes, and implements policies and procedures that incorporate OJP’s cash management requirements.

The Sac and Fox Tribe also concurred with our recommendation and stated that the reported cash management deficiency stemmed from prior practices that are no longer in place. The Tribe also referenced its response to recommendation 5, which states that the excess drawdown will be remedied during the Tribe's next quarterly reporting period.

This recommendation can be closed when we receive evidence that the Sac and Fox Tribe has developed, distributed, and implemented policies and procedures that incorporate OJP's cash management requirements.

7. Ensure that the Sac and Fox Tribe develops and implements grant management policies and procedures for preparing accurate FFRs.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it would coordinate with the Sac and Fox Tribe to develop and implement grant management policies and procedures for preparing accurate FFRs.

The Sac and Fox Tribe also concurred with our recommendation and stated that it will draft policies and procedures that reflect current practices that comply with grant requirements.

This recommendation can be closed when we receive evidence that the Sac and Fox Tribe has developed and implemented grant management policies and procedures for preparing accurate FFRs.

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