



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



**Audit of The Office of Justice
Programs, Children's Justice Act
Partnerships and Comprehensive
Tribal Victim Assistance Grants
Awarded to the Iowa Tribe of
Oklahoma,
Perkins, Oklahoma**

AUDIT OF THE OFFICE OF JUSTICE PROGRAMS, CHILDREN'S JUSTICE ACT PARTNERSHIPS AND COMPREHENSIVE TRIBAL VICTIM ASSISTANCE GRANTS AWARDED TO THE IOWA TRIBE OF OKLAHOMA, PERKINS, OKLAHOMA

EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ) Office of the Inspector General completed an audit of three grants awarded by the Office of Justice Programs (OJP), under the Children's Justice Act Partnerships for Indian Communities Program and Comprehensive Tribal Victim Assistance Program to the Iowa Tribe of Oklahoma (ITOK) in Perkins, Oklahoma. The ITOK was awarded \$1,349,936 under Grant Numbers 2012-VI-GX-0006, 2012-VR-GX-0002, and 2015-VR-GX-K058 to support the investigation and prosecution of child abuse and the improvement of responses to victims of crime. As of August 3, 2016, the ITOK had drawn down \$842,712 of the total grant funds awarded.

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 grants; 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, budget management and control, drawdowns, and federal financial reports.

As a result of our audit testing, we concluded that the ITOK accomplished all but one of the stated goals and objectives. We found that Objective Number 5 under Grant Numbers 2012-VI-GX-0006 and 2012-VR-GX-0002, which required the development of a Strategic Plan and Logic Model, was nearly complete but was missing critical information; therefore, the ITOK included the completion of this objective under Grant Number 2015-VR-GX-K058. From our review, we found that ITOK was on schedule to complete this objective as planned. Further, this audit did not identify significant concerns regarding the ITOK's financial reports and progress reports. However, we found that the ITOK did not comply with essential grant conditions related to budget control and management, use of grant funds, and compliance with special conditions. Specifically, the ITOK: (1) transferred funds between approved budgeted categories in excess of 10 percent of the total grant amount, (2) paid for unbudgeted employee bonuses with grant funds, and (3) obligated federal funds prior to release of special conditions which restricted expenditures. As a result of these deficiencies, we identified \$131,535 in total questioned costs.

Our report contains four recommendations to OJP which are detailed later 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. We

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

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS, CHILDREN'S
JUSTICE ACT PARTNERSHIPS AND COMPREHENSIVE TRIBAL
VICTIM ASSISTANCE GRANTS AWARDED TO
THE IOWA TRIBE OF OKLAHOMA, PERKINS, OKLAHOMA**

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AUDIT OF THE OFFICE OF JUSTICE PROGRAMS, CHILDREN'S JUSTICE ACT PARTNERSHIPS AND COMPREHENSIVE TRIBAL VICTIM ASSISTANCE GRANTS AWARDED TO THE IOWA TRIBE OF OKLAHOMA, PERKINS, OKLAHOMA

The U.S. Department of Justice (DOJ) Office of the Inspector General completed an audit of three grants awarded by the Office of Justice Programs (OJP), under the Children's Justice Act Partnerships for Indian Communities Program and Comprehensive Tribal Victim Assistance Program to the Iowa Tribe of Oklahoma (ITOK) in Perkins, Oklahoma. ITOK was awarded three grants totaling \$1,349,936, as shown in Table 1.¹

Table 1
Grants Awarded to the Iowa Tribe of Oklahoma

Grant Number	Grant Date	Project Start Date	Project End Date	Grant Amount
2012-VI-GX-0006	09/27/12	10/01/12	09/30/16	\$450,000
2012-VR-GX-0002	09/27/12	10/01/12	12/30/15	\$449,988
2015-VR-GX-K058	09/16/15	10/01/15	09/30/18	\$449,948
Total:				\$1,349,936

Source: Award Documents

Funding through the Children's Justice Act Partnerships for Indian Communities supports the investigation and prosecution of child abuse, especially child sexual abuse and comprehensive and coordinated multidisciplinary responses to child abuse victims and their families in ways that are culturally competent and trauma-informed, and the Comprehensive Tribal Victim Assistance Grant Program supports tribal program responses to victims of crime, their families, and communities and provides trauma-informed, culturally competent holistic services.

The Grantee

The ITOK is located on the Iowa Reservation in Perkins, Oklahoma. The ITOK has over 800 members within the tribal jurisdiction of Payne, Oklahoma, Lincoln, and Logan counties. The mission of the Iowa Nation is to improve the economic and social quality of life for tribal members and the adjacent communities.

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

¹ Differences in totals throughout the report are due to rounding (the sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded).

laws, regulations, guidelines, and terms and conditions of the grants; 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, budget management and control, drawdowns, and federal financial reports.

We tested compliance with what we consider to be the most important conditions of the grants. The *OJP Financial Guide*, the *2015 DOJ Grants Financial Guide*, and the award documents contain the primary criteria we applied during the audit.

The results of our analysis are discussed in detail later in this report. Appendix 1 contains additional information on this audit's objectives, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2. We discussed the results of our audit with the ITOK officials and have included their comments in the report, as applicable. In addition, we requested a response to our draft audit report from the ITOK and OJP, and their responses are appended to this report as Appendix 3 and 4, respectively. Our analysis of all responses, as well as a summary of actions necessary to close the recommendations can be found in Appendix 5 of this report.

Program Performance and Accomplishments

We reviewed required performance reports and grant documentation, and interviewed grantee officials to determine whether the ITOK demonstrated adequate progress towards achieving the program goals and objectives. We also reviewed the progress reports to determine if the required reports were accurate. Finally, we reviewed ITOK's compliance with the special conditions identified in the grant documentation.

Program Goals and Objectives

For Grant Number 2012-VI-GX-0006, the goals were to develop, establish, and operate programs that: (1) provide comprehensive and coordinated multidisciplinary responses to child abuse victims and their families; and (2) provide trauma-informed, culturally competent holistic services to child abuse victims and their families. In order to achieve these goals, the ITOK established the following objectives:

1. Improve the investigation, and overall handling of cases of child abuse, child sexual abuse, and severe physical abuse.
2. Identify the critical needs of children who are victims of child abuse, child sexual abuse, and severe physical abuse and provide culturally competent comprehensive victim assistance services.

3. Establish multidisciplinary teams and provide training in order to reinforce protocols for reporting, investigating, and prosecuting child abuse and neglect.
4. Work collaboratively with a technical assistance provider and other grantees to establish effective data collection mechanisms to measure the effectiveness of these programs and share promising practices in ways that will provide other tribal communities with the tools to implement these practices in their own communities.
5. Develop a Strategic and Logic Model to: set priorities, allocate resources, and determine the best direction for the program's future.

For Grant Number 2012-VR-GX-0002, the goals were to develop or enhance and sustain a comprehensive victim assistance program that: (1) provides comprehensive multi-disciplinary responses to victims of crime, their families, and community; and (2) provides trauma-informed, culturally competent holistic services to victims of crime, family, and community. Specifically, the ITOK established the following objectives to meet these goals:

1. Work collaboratively with community and key stakeholders to achieve a victim-centered response when crimes occur.
2. Work collaboratively with community and key stakeholders to achieve a victim-centered response to prevent re-victimization.
3. Work collaboratively with community and key stakeholders to increase awareness of program services and the impact of crime through training, community events, and media outlets.
4. Identify critical needs of crime victims and gaps in the local community.
5. Develop a Strategic Plan and Logic Model to set priorities, allocate resources, and determine the best direction for the programs future.
6. Implement the enhanced program as enumerated in the Strategic Plan and Logic Model.
7. Establish data collection procedures to measure the implementation and impact of the program.
8. Document promising practices so they may be shared and potentially replicated in other communities nationwide.
9. Work collaboratively with a technical assistance provider and other grantees throughout the life of the project.

Finally, for Grant Number 2015-VR-GX-K058, the goals were to develop or enhance and sustain a comprehensive victim assistance program that: (1) provides comprehensive multi-disciplinary responses to victims of crime, their families, and community; and (2) provides trauma-informed, culturally competent holistic services to victims of crime, family, and community.

1. Work collaboratively with community and key stakeholders to achieve a victim-centered response when crimes occur.
2. Identify critical needs of crime victims and gaps in the local community.
3. Develop a Strategic Plan and Logic Model to set priorities, allocate resources, and determine the best direction for the program's future.
4. Implement the enhanced program as enumerated in the Strategic Plan and Logic Model.
5. Establish data collection procedures to measure the implementation and impact of the program.
6. Document promising practices so they may be shared and potentially replicated in other communities nationwide.
7. Work collaboratively with a technical assistance provider and other grantees throughout the life of the project.

Based on our review, the ITOK accomplished its stated goals and objectives except Objective Number 5 for Grant Numbers 2012-VI-GX-0006 and 2012-VR-GX-0002. We found that the ITOK did not fully complete the development of a Strategic Plan and Logic Model. However, according to the ITOK officials, since this objective was nearly complete but was missing some critical information, it was moved to Grant Number 2015-VR-GX-K058, and is on schedule to be completed as planned. We make no recommendation concerning the achievement of goals and objectives.

Required Performance Reports

According to the *OJP Financial Guide* and the *2015 DOJ Grants 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. In order to verify the information in the progress reports, we selected a sample of four performance measures from the two most recent progress reports submitted for each grant for a total sample size of 24. We then traced the items to supporting documentation maintained by the ITOK.

Based on our progress report testing, we did not identify any instances where the accomplishments described in the required reports did not match the supporting documentation.

Grant Financial Management

According to the *OJP Financial Guide* and the *2015 DOJ Grants 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 ITOK's financial management of the grants covered by this audit, we conducted interviews with key personnel and financial staff, examined policies and procedures, and inspected award documents to determine whether the ITOK adequately safeguards the grant funds we audited. We also reviewed the ITOK's Single Audit Report for 2015 to identify internal control weaknesses and significant non-compliance issues related to federal awards. Finally, we performed testing in the areas that were relevant for the management of this grant, as discussed throughout this report.

Based on our review, we did not identify significant concerns related to grant financial management, other than the issues described below.

Grant Expenditures

For Grant Numbers 2012-VI-GX-0006, 2012-VR-GX-0002, and 2015-VR-GX-K058, the ITOK's approved budget categories included personnel, fringe benefits, travel, supplies, contractual, other, and indirect costs. We reviewed documentation and accounting records, and performed verification testing related to grant expenditures. The following sections describe the results of that testing.

Direct Costs

To determine whether costs charged to the grants were allowable, supported, and properly allocated in compliance with grant requirements, we tested a sample of 95 transactions totaling \$79,211.

Based on our review of the 95 transactions, we did not identify any significant issues related to direct costs. However, in reviewing the general ledger, we observed unbudgeted bonuses were paid to employees with funds from Grant Numbers 2012-VI-GX-0006 and 2012-VR-GX-0002 in the amount of \$1,780. As a result, we questioned \$1,780 as unallowable. We recommend OJP remedy the \$1,780 and ensure the ITOK implements policies and procedures to ensure only budgeted expenses are paid with grant funds.

Indirect Costs

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. We evaluated all indirect costs for each grant

comparing the budget and negotiated indirect cost rate with actual indirect costs charged to the grants. We did not identify any significant issues related to indirect costs.

Budget Management and Control

According to the *OJP Financial Guide* and the *2015 DOJ Grants Financial Guide*, the recipient is responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for each grant. Additionally, the grant recipient must initiate a Grant Adjustment Notice (GAN) for a budget modification that reallocates funds among budget categories if the proposed cumulative change is greater than 10 percent of the total grant amount.

We compared grant expenditures to the approved budgets to determine whether the ITOK transferred funds among budget categories in excess of 10 percent. We found that for Grant Number 2012-VI-GX-0006, the ITOK had transferred funds in excess of the 10 percent allowable without authorization from OJP resulting in questioned costs of \$718. We recommend that OJP remedy the \$718 in questioned costs and ensure the ITOK implements policies and procedures to ensure a GAN is obtained prior to the modification of the approved budget for proposed cumulative changes greater than 10 percent of the total grant amount.

Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the awards. We evaluated the special conditions for each of the grants and selected a judgmental sample of the requirements that are significant to performance under the grants and are not addressed in another section of this report. We evaluated two special conditions from each grant relating to spending restrictions that must be released by OJP with a GAN prior to the grantee expending, obligating, or drawing down funds.

We identified three instances where the ITOK was not in compliance with the special conditions. For Grant Number 2012-VI-GX-0006, we found that the ITOK expended \$33,203 prior to the GAN issued on February 6, 2013, which removed Special Condition Number 23. This special condition required the recipient not to obligate, expend, or draw down funds until the Office of the Chief Financial Officer approved the budget and budget narrative for the grant.

For Grant Number 2012-VR-GX-0002, we found that the ITOK expended \$16,444 prior to the GAN issued on February 6, 2013, which removed Special Condition Number 23. This special condition required the recipient not to obligate, expend, or draw down funds until application documentation verifying the recipient's compliance with the Comprehensive Tribal Victim Assistance Program had been submitted to the Office for Victims of Crime.

Lastly, for Grant Number 2015-VR-GX-K058, we found that the ITOK had expended \$79,391 prior to the GAN issued on September 16, 2016, which removed Special Condition Number 41. This special condition required the recipient not to obligate, expend, or draw down any funds under the grant until a revised program narrative that removed reference to Purpose Area 8.

Based on our review, we questioned \$129,037 in unallowable costs related to non-compliance with special conditions. We recommend that OJP remedy the \$129,037 in unallowable costs and ensure the ITOK implements policies and procedures to ensure compliance with grant special conditions.

Drawdowns

According to the *OJP Financial Guide* and the *2015 DOJ Grants Financial Guide*, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. According to ITOK management, the drawdown request is prepared by its contracted accounting firm based on the monthly actual expenditures. During this audit, we did not identify significant deficiencies related to the recipient's process for developing drawdown requests.

To assess whether the ITOK managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. As of August 3, 2016, the ITOK had drawn down \$842,712 of the total grant funds awarded. Grant Number 2015-VR-GX-K058 did not have any drawdowns at the time of our site work, but subsequently drew down \$118,725 as of January 12, 2017. For Grant Numbers 2012-VI-GX-0006 and 2012-VR-GX-0002, we determined that the cumulative drawdowns generally matched the accounting records with minor differences we viewed as immaterial. Therefore, we make no recommendations concerning drawdowns.

Federal Financial Reports

According to the *OJP Financial Guide* and the *2015 DOJ Grants 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 ITOK submitted accurate FFRs, we compared the four most recent reports to the ITOK's accounting records for each grant.²

We determined that quarterly and cumulative expenditures for the reports reviewed matched the accounting records.

² Grant 2015-VR-GX-K058 had only three FFRs at the time of our testing, so we selected all three.

Conclusion

As a result of our testing, we conclude that the ITOK demonstrated adequate progress towards achieving the grants' stated goals and objectives. We did not identify significant issues regarding the ITOK's financial reports and progress reports. However, we found that the ITOK did not comply with essential grant conditions related to budget control and management, use of grant funds, and compliance with special conditions. Specifically, the ITOK: (1) transferred funds between approved budget categories in excess of 10 percent of the total grant amount, (2) paid for unbudgeted employee bonuses out of grant funds, and (3) obligated federal funds prior to release of special conditions which restricted expenditures. As a result of these deficiencies, we identified \$131,535 in total questioned costs. We provide four recommendations to OJP to address these deficiencies.

Recommendations

We recommend that OJP:

1. Remedy \$131,535 in unallowable questioned costs associated with the following issues:
 - a. Remedy \$1,780 in grant reimbursements expended on personnel bonuses that were not in the approved budget.
 - b. Remedy \$718 in grant reimbursements expended which exceeded the 10 percent allowable transfer between approved budget categories.
 - c. Remedy \$129,037 in grant reimbursements expended prior to release of special conditions which limited obligating, expending, or drawing down grant funds.
2. Ensure that the ITOK implements appropriate policies and procedures to ensure grants funds are expended on allowable costs only.
3. Ensure that the ITOK implements appropriate policies and procedures to ensure transfers between approved budget categories do not exceed 10 percent of the total grant amount.
4. Ensure that the ITOK implements appropriate policies and procedures to ensure compliance with grant special conditions.

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 grants; 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, 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 Office of Justice Programs grants awarded to the Iowa Tribe of Oklahoma (ITOK) under the Children's Justice Act Partnerships for Indian Communities Program and the Comprehensive Tribal Victim Assistance Program. The ITOK was awarded \$1,349,936 under Grant Numbers 2012-VI-GX-0006, 2012-VR-GX-0002, and 2015-VR-GX-K058 to support the investigation and prosecution of child abuse and the improvement of responses to victims of crime. As of August 3, 2016, the ITOK had drawn down \$842,712 of the total grant funds awarded. Our audit concentrated on, but was not limited to September 27, 2012, the award date for Grant Numbers 2012-VI-GX-0006 and 2012-VR-GX-0002, through August 26, 2016. Grant Number 2012-VR-GX-0002 was administratively closed July 7, 2016. Grant Number 2015-VR-GX-K058 had expenditures but did not have drawdowns as of August 3, 2016.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of the ITOK'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 *OJP Financial Guide*, the *2015 DOJ Grant Financial Guide*, and the award documents contain the primary criteria we applied during the audit.

During our audit, we obtained information from OJP's Grants Management System, as well as the ITOK'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 Costs³:		
Unallowable Employee Bonuses	\$ 1,780	5
Transfers Between Budget Categories Exceeding 10%	718	6
Premature Spending	<u>129,037</u>	6
Unallowable Costs	\$ 131,535	
Net Questioned Costs	\$ 131,535	
TOTAL DOLLAR-RELATED FINDINGS	<u>\$ 131,535</u>	

³ **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.

**IOWA TRIBE OF OKLAHOMA RESPONSE
TO THE DRAFT REPORT⁴**



Iowa Tribe of Oklahoma

335588 E. 750 Rd.
Perkins, Oklahoma 74059-3268
(405) 547-2402

February 21, 2017
David M. Sheeren
Regional Audit Manager
Denver Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
1120 Lincoln Street, Suite 1500
Denver, Colorado 80230

Dear Mr. Sheeren,

Please see the Iowa Tribe of Oklahoma's audit responses and corrective action plan regarding Grant Numbers 2012-VI-GX-0006, 2012-VR-GX-0002, and 2015-VR-GX-K058.

Please let us know if you need any additional information. We look forward to working with you in correcting these findings.

Sincerely,


Bobby Walkup

Chairman

⁴ Attachments referenced in this response were not included in the final report.

**Iowa Tribe of Oklahoma
Audit Responses / Corrective Action Plan
Department of Justice Draft Report**

Findings	Page	Amount	Resolution Agency	Recommendations	Corrective Action Plan
Unallowable Employee Bonuses	8	1,780.00	DOJ	Ensure that the ITOK implements appropriate policies and procedures to ensure grants funds are expended on allowable costs only.	Tribal Response: The Iowa Tribe concurs with the finding. This was an accounting posting error. The current payroll process policy is to not pay bonuses from grant funds. The policy will be updated to require additional monitoring to confirm bonus payments will not be paid from grant funds. See Attachment 1
Transfers Between Budget Categories Exceeding 10%	8	718.00	DOJ	Ensure that the ITOK implements appropriate policies and procedures to ensure transfers between approved budget categories do not exceed 10 percent of the total grant amount.	Tribal Response: The Iowa Tribe concurs with the finding. The Tribe experienced personnel changes during the tenure of this grant. The Director prepared the budget and no cost extension and submitted the information on GMS. This information is supported by e-mails documenting the budget was received by the OVC Victim Justice Program Specialist. The Tribe cannot verify that the budget was submitted in the GAN for the no cost extension, however, the one year no cost extension was approved. (See attached e-mails for communications between director and OVC Program Specialist.) See Attachment 2
Premature Spending	8	129,037.00	DOJ	Ensure that the ITOK implements appropriate policies and procedures to ensure compliance with grant special conditions.	Tribal Response: The Iowa Tribe concurs with the finding. The Tribe has adopted Policy & Procedure: Compliance Review for Grants and Contracts #A.C16-01 which requires systematic review of grant conditions and expenditures. Additionally, the Tribe will adopt a policy and procedure requiring compliance review for all grant special conditions. The Tribe did not draw down funds until all special conditions were met. See Attachment 3

OFFICE OF JUSTICE PROGRAMS RESPONSE
TO THE DRAFT REPORT



U.S. Department of Justice


Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

MAR -1 2017

MEMORANDUM TO: David M. Sheeren
Regional Audit Manager
Denver 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, Office for Victims of Crime, Children's Justice Act Partnerships for Indian Communities Program and Comprehensive Tribal Victim Assistance Program Grants Awarded to the Iowa Tribe of Oklahoma, Perkins, Oklahoma*

This memorandum is in reference to your correspondence, dated January 31, 2017, transmitting the above-referenced draft audit report for the Iowa Tribe of Oklahoma (ITOK). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **four** recommendations and **\$131,535** 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 OJP's response.

1. **We recommend that OJP remedy \$131,535 in unallowable questioned costs associated with the following issues:**
 - a. **Remedy \$1,780 in grant reimbursements expended on personnel bonuses that were not in the approved budget.**

OJP agrees with this sub-part of the recommendation. We will coordinate with the ITOK to remedy the \$1,780 in questioned costs, related to reimbursements expended on personnel bonuses for staff that were not included in the approved budgets for Award Numbers 2012-VI-GX-0006 and 2012-VR-GX-0002.

- b. Remedy \$718 in grant reimbursements expended which exceeded the 10 percent allowable transfer between approved budget categories.**

OJP agrees with this sub-part of the recommendation. We will coordinate with the ITOK to remedy the \$718 in questioned costs, related to excess and unapproved budget adjustments that were charged to Award Number 2012-VI-GX-0006.

- c. Remedy \$129,037 in grant reimbursements expended prior to release of special conditions which limited obligating, expending, or drawing down grant funds.**

OJP agrees with this sub-part of the recommendation. We will coordinate with the ITOK to remedy the \$129,037 in questioned costs, related to reimbursements in violation of award special conditions, which were charged to Award Numbers 2012-VI-GX-0006, 2012-VR-GX-0002, and 2015-VR-GX-K058.

- 2. We recommend that OJP ensure that the ITOK implements appropriate policies and procedures to ensure grant funds are expended on allowable costs only.**

OJP agrees with this recommendation. We will coordinate with the ITOK to obtain a copy of written policies and procedures, developed and implemented, to ensure Federal award funds are only expended on allowable costs.

- 3. We recommend that OJP ensure that the ITOK implements appropriate policies and procedures to ensure transfers between approved budget categories do not exceed 10 percent of the total grant amount.**

OJP agrees with this recommendation. We will coordinate with the ITOK to obtain a copy of written policies and procedures, developed and implemented, to ensure transfers between approved budget categories do not exceed 10 percent of the total award amount.

- 4. We recommend that OJP ensure that the ITOK implements appropriate policies and procedures to ensure compliance with grant special conditions.**

OJP agrees with this recommendation. We will coordinate with the ITOK to obtain a copy of written policies and procedures, developed and implemented, to ensure adherence to Federal award special conditions.

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
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for Operations and Management

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

The OIG provided a draft of this audit report to OJP and the ITOK. The ITOK's response is incorporated in Appendix 3 and OJP's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, OJP concurred with our recommendations, and as a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Analysis of ITOK/OJP Response

Recommendations for OJP:

- 1. We recommend that OJP remedy \$135,535 in questioned costs associated with the following issues:**
 - a. Remedy \$1,780 in grant reimbursements expended on personnel bonuses that were not in the approved budget.**
 - b. Remedy \$718 in grant reimbursements expended which exceeded the 10 percent allowable transfer between approved budget categories.**
 - c. Remedy \$129,037 in grant reimbursements expended prior to release of special conditions which limited obligating, expending, or drawing down grant funds.**

Resolved. OJP concurred with our recommendation. OJP stated in its response it would coordinate with ITOK to remedy the \$135,535 in questioned costs related to unbudgeted bonuses, exceeding the 10 percent allowable transfer limit, and reimbursements in violation of special conditions.

The ITOK concurred with our recommendation and stated in its response it would generate policies and procedures to address the individual issues. The ITOK also stated that, in reference to the \$718 which exceeded the 10 percent allowable transfer between approved budget categories, it had submitted a revised budget with a no cost extension request that is supported in emails; however, it cannot verify the budget was submitted in the GAN. In relation to the \$129,037 in questioned costs, ITOK stated that it had not drawn down funds before all special conditions were met. However, we note that according to ITOK's accounting records, it incurred expenditures

prior to meeting those conditions, which was a violation of the special conditions in effect. As a result, we do not have evidence that ITOK allowably incurred those costs.

This recommendation can be closed when we receive documentation that the \$135,535 in questioned costs has been remedied.

2. We recommend that OJP ensure that the ITOK implements appropriate policies and procedures to ensure grant funds are expended on allowable costs only.

Resolved. OJP concurred with our recommendation. OJP stated in its response it will coordinate with the ITOK to obtain a copy of written policies and procedures, developed and implemented, to ensure Federal award funds are only expended on allowable costs.

The ITOK concurred with our recommendation and stated in its response it would update the policy to require additional monitoring to confirm bonus payments will not be paid from grant funds.

This recommendation can be closed when we receive documentation that written policies and procedures have been developed and implemented to ensure federal award funds are only expended on allowable expenses.

3. We recommend that OJP ensure that the ITOK implements appropriate policies and procedures to ensure transfers between approved budget categories do not exceed 10 percent of the total grant amount.

Resolved. OJP concurred with our recommendation. OJP stated in its response it will coordinate with the ITOK to obtain a copy of written policies and procedures, developed and implemented, to ensure transfers between approved budget categories do not exceed 10 percent of the total award amount.

The ITOK concurred with our recommendation and stated in its response it had submitted a revised budget with the extension request; however, it cannot verify that the budget was submitted in the GAN.

This recommendation can be closed when we receive documentation that written policies and procedures have been developed and implemented to ensure transfers between approved budget categories do not exceed 10 percent of the total award amount.

4. We recommend that OJP ensure that the ITOK implements appropriate policies and procedures to ensure compliance with grant special conditions.

Resolved. OJP concurred with our recommendation. OJP stated in its response it will coordinate with the ITOK to obtain a copy of written policies and procedures, developed and implemented, to ensure adherence to Federal award special conditions.

The ITOK concurred with our recommendation and stated in its response it has adopted a policy and procedure (Compliance Review for Grants and Contracts #A.C16-01) which requires systematic review of grant conditions and expenditures. Additionally, ITOK will adopt a policy and procedure requiring compliance review with all grant special conditions. ITOK also noted that no federal funds had been drawn down prior to release of the special conditions.

This recommendation can be closed when we receive documentation that written policies and procedures have been developed and implemented to ensure adherence to federal award special conditions.

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