



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



Audit of the Office on Violence Against Women and the Office of Justice Programs Awards to the Seneca-Cayuga Nation, Grove, Oklahoma

AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN AND THE OFFICE OF JUSTICE PROGRAMS AWARDS TO THE SENECA-CAYUGA NATION, GROVE, OKLAHOMA

EXECUTIVE SUMMARY

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four grants awarded by the Office on Violence Against Women (OVW) and the Office of Justice Programs (OJP) to the Seneca-Cayuga Nation (SCN) (formerly known as the Seneca-Cayuga Tribe of Oklahoma) headquartered in Grove, Oklahoma. The SCN was awarded \$1,939,114 under Grant Numbers 2011-TW-AX-0031, 2012-AW-BX-0022, 2014-AW-BX-0058, and 2014-TW-AX-0050. As of January 25, 2017, the SCN had drawn down \$1,711,982.

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

We examined SCN's policies and procedures, accounting records, and financial and progress reports and concluded that the SCN's management of federal awards needs improvement. We found non-compliance and deficiencies in areas we reviewed, including indirect costs, budget management, compliance with special conditions, and direct cost expenditures. As a result of these deficiencies, we identified \$178,395 in total questioned costs.

Our report contains 13 recommendations to the OVW and 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 SCN officials and have included their comments in the report, as applicable. In addition, we requested a response to our draft audit report from the SCN, OJP, and OVW, and the responses are found in Appendices 3, 4, and 5 respectively of this final report. The actions necessary to close the report appear in Appendix 6.

**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN AND
THE OFFICE OF JUSTICE PROGRAMS AWARDS TO THE
SENECA-CAYUGA NATION, GROVE, OKLAHOMA**

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The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of four grants awarded by the Office on Violence Against Women (OVW) and the Office of Justice Programs (OJP) to the Seneca-Cayuga Nation (SCN) (formerly known as the Seneca-Cayuga Tribe of Oklahoma) of Grove, Oklahoma. The SCN was awarded \$1,939,114, as shown in Table 1.

**Table 1
OVW and OJP Awards to the SCN**

Awarding Agency	Award Number	Award Date	Project Start Date	Project End Date	Award Amount
OVW	2011-TW-AX-0031	09/14/2011	10/01/2011	12/31/2014	\$ 789,700
OJP	2012-AW-BX-0022	08/30/2012	10/01/2012	12/31/2014	\$ 151,471
OJP	2014-AW-BX-0058	09/11/2014	10/01/2014	09/30/2016	\$ 155,943
OVW	2014-TW-AX-0050	09/22/2014	10/01/2014	09/30/2017	\$ 842,000
Total:					\$1,939,114

Source: OJP Grant Management System (GMS)

The SCN awards included in our audit were funded through two different programs. Grant Numbers 2011-TW-AX-0031 and 2014-TW-AX-0050 were funded under the Grants to Indian Tribal Governments Program. Program funds supported the opportunity for recipients to develop and strengthen effective responses to violence against women. Grant Numbers 2012-AW-BX-0022 and 2014-AW-BX-0058 were funded under the Support for Adam Walsh Act Implementation Grant Program. Funding through this program supported efforts in developing and enhancing sex offender registration and notification programs that support implementation of the Sex Offender Registration and Notification Act (SORNA).

The Grantee

The SCN consists of descendants of the Seneca and Cayuga Tribes, originating from what is now known as New York State, united in Oklahoma Indian Territory. The SCN reservation consists of approximately 67,000 acres in the northeast corner of Oklahoma, adjacent to the northern boundary of the Cherokee Nation and Missouri to the east, running 15 miles east and west and 7 miles north and south. The SCN are headquartered in Grove, Oklahoma with tribal enrollment of more than 5,000. The SCN is governed by the Reservation Business Committee, which acts as the Tribe's legislative council overseeing daily governing, and consists of seven elected members (Chief, Second Chief, Secretary-Treasurer, and four members). The SCN also has a Grievance Committee made up of five elected members that acts as the Tribe's judiciary. In 2014 a referendum election was held that resulted in the tribe changing its name from the Seneca-Cayuga Tribe of Oklahoma to the Seneca-Cayuga Nation.

OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the awards were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the awards; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish this, 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 OVW Financial Grants Management Guide, OJP Financial Guide, and award documents contain the primary criteria we applied during the audit.¹

As a result of our audit testing, we concluded that the SCN's management of federal awards needs to improve. We found non-compliance and deficiencies in areas we reviewed, including indirect costs, budget management, compliance with special conditions, and direct cost expenditures. As a result of these deficiencies, we identified \$178,395 in total questioned costs.

Our report contains 13 recommendations to the OVW and OJP, which 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. The responses to the Draft Report by the SCN, OJP, and OVW are found in Appendices 3, 4, and 5 respectively. The actions necessary to close the report appear in Appendix 6.

Program Performance and Accomplishments

We reviewed required performance reports and award documentation, and interviewed SCN officials to determine whether the SCN demonstrated adequate progress towards achieving or, depending on the award, demonstrated adequate achievement of the program goals and objectives. We also reviewed the progress reports to determine if these required reports were accurate. Finally, we reviewed the SCN's compliance with the special conditions identified in the award documentation.

Program Goals and Objectives

The overall goals of the OVW Grants to Indian Tribal Governments Program were to: (1) decrease violent crimes against women and girls, (2) enhance and expand services available to victims, (3) strengthen the capacity of tribes to

¹ We collectively refer to the OVW Financial Grants Management Guide and OJP Financial Guide as the OVW and OJP financial guides throughout this report.

respond to violence against women, and (4) better serve victims of domestic violence. The SCN will also develop a Coordinated Community Response Team and provide training to the staff and community. The overall goals of the OJP Adam Walsh Act Implementation Grant Program were to: (1) hire a Sexual Offender Registration and Notification Act (SORNA) coordinator, (2) achieve and maintain SORNA compliance, (3) maintain the Tribe and Territory Sex Offender Registry System (TTSORS), and (4) develop cooperative relationships with other tribes.

We reviewed documentation the SCN provided as support for achieving goals, which included monthly reports, emails, phone records, attendance sheets, training flyers, course descriptions, and intake records. We compared the appropriate documentation to each stated goal to assess the likelihood that the goal was accomplished or is being accomplished. Taken together, we did not find any evidence to lead us to believe the SCN had not achieved or was not on track to achieve the goals of both the OVW and OJP grants.

Required Performance Reports

According to the OVW and OJP financial guides, the funding recipient must ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation or award. In order to verify the information in the progress reports, we selected a judgmental sample totaling twenty performance measures from the two most-recent reports submitted for all four grants.

The OJP SORNA grants only had goals and objectives as the criteria for which performance was measured. Therefore, we selected one goal from each of the last two progress reports for each grant for a total of four items out of eight. The goals evaluated for the two SORNA grants included establishing relationships and MOU's with other tribes and law enforcement, conducting community outreach and training, revising and maintaining SORNA compliance policies and procedures, and continuing to develop relationships and service MOU's with other tribes. The two OVW Grants to Indian Tribal Governments had additional indices that were reported besides performance to goals and objectives. We selected 4 indices for each of the last 2 progress reports for each OVW grant for a total of 16 samples. The indices were the same for both grants and included the number of people educated, outreach activities performed, demographics of victims, and services provided to victims. The total items tested from all 8 progress reports for all 4 grants was 20.

For OVW Grant Numbers 2011-TW-AX-0031 and 2014-TW-AX-0050, we found that all but one of the measures we reviewed substantially matched supporting documentation. For Grant Number 2014-TW-AX—0050, progress report number 4, for the measure "people educated," the amount reported was approximately half of the amount we calculated from the raw data (112 versus 228). Additionally, the SCN did not adequately maintain the data in a form that could be easily reviewed for accuracy. There were no tally sheets or summary sheets indicating the origins of the numbers reported. In order to verify the

numbers reported, the program manager acquired the raw data from each victim file and added it up individually.

For OJP SORNA Grant Numbers 2012-AW-BX-0022 and 2014-AW-BX-0058, the only measures of performance in the performance reports were the accomplishment of goals and objectives as previously stated in the first paragraph of this section. To evaluate performance we reviewed support documents substantiating the accomplishment of goals. These included monthly reports, emails, meeting minutes, and telephone logs.

Based on the information presented, we believe the SCN successfully accomplished the stated goals for all four grants. As a result, we make no recommendations concerning accomplishment of goals and objectives. However, as mentioned previously, the SCN did not have tally sheets or summary sheets to allow for expeditious verification of reported data for the OVW grants. The raw data had to be recomputed and totaled for each of the indices. We discussed the missing tally and summary sheets, as well as the best practices of managing supporting documentation, with the SCN management and they concurred. We make no recommendation concerning support documents for progress reports.

Compliance with Special Conditions

Special conditions are the terms and conditions that are included with the awards. We evaluated the special conditions for each grant and selected a judgmental sample of the requirements that are significant to performance under the grants and that are not addressed in another section of this report. We evaluated two special conditions from each of the two OVW awards, and one special condition for each of the OJP grants for a total of six. Based on our sample, we identified three instances where the SCN was not in compliance with the special conditions.

For OVW Grant Number 2011-TW-AX-0031, we found the SCN complied with special conditions related to materials and publications, and spending restrictions related to budget approval. This award was in compliance with the special conditions for the items tested.

For OJP Grant Number 2012-AW-BX-0022, we found that the SCN expended \$4,272 prior to the Grant Adjustment Notice (GAN) issued on January 8, 2013, which removed Special Condition Number 21. 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 OJP Grant Number 2014-AW-BX-0058, we found that the SCN expended \$20,231 prior to the GAN issued on April 29, 2015, 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.

Lastly, for OVW Grant Number 2014-TW-AX-0050, we found that the SCN had expended \$125,899 prior to the GAN issued on May 19, 2015, which removed Special Condition Number 63. This special condition required the recipient not to obligate, expend, or draw down any funds under the grant until a collaborative letter of support from a qualified nonprofit partner agency or an advisory committee comprised of American Indian or Alaska Native women from the community had been submitted to the OVW for review and approval.

Based on our review, we questioned \$150,402 in unallowable costs related to non-compliance with special conditions. We recommend that OJP remedy \$24,503 and the OVW remedy the \$125,899 in unallowable costs, and ensure the SCN implements policies and procedures to ensure compliance with grant special conditions.

Grant Financial Management

According to the OVW and OJP financial guides, all grant recipients and sub-recipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. To assess the SCN's financial management of the grants covered by this audit, we reviewed the SCN's Single Audit Report for Fiscal Year (FY) 2015 to identify internal control weaknesses and significant non-compliance issues related to federal awards. We also conducted interviews with financial staff, examined policies and procedures, and inspected grant documents to determine whether the SCN adequately safeguarded the grant funds we audited. Finally, we performed testing in the areas that were relevant for the management of the awards, as discussed throughout this report.

Concerning our review of the single audit report, for the FY 2015 report, there were no findings in "Section III - Federal Award Findings and Questioned Costs." However, in "Section II - Financial Statement Findings," it was found that a single individual in the accounting department compiled the timesheet information, reviewed the worksheet, and transmitted the information to the payroll company. Segregation of duties over payroll was not adequately implemented. It was recommended that the SCN designate an individual to review the timesheet compilation prior to submitting to the payroll company. The SCN responded by designating the property accounting technician as the individual responsible to review timesheet compilations prior to submitting.

We reviewed the SCN's documented policies governing personnel, procurement, grants and contracts, and financial matters and interviewed SCN officials. Those policies included segregation of duties in accounting, procurement, and receiving functions.

In addition to the unallowable expenditures noted previously in the *Compliance with Special Conditions* section, our review of grant expenditures also identified weaknesses in the SCN's award financial management. Specifically, we found that the SCN charged unallowable and unsupported expenditures to the

awards, transferred funds between budget categories in excess of the allowable 10 percent, and exceeded the allowable indirect costs charged to the grants. These issues are discussed in more detail in the *Grant Expenditures, Indirect Costs, and Budget Management and Control* sections of this report.

Based on the above information, we concluded that award financial management related to adherence to award special conditions, the use of award funds, and accounting for and documenting award expenditures and indirect costs could be improved to mitigate the risk of fraud, waste, and abuse. We make recommendations in the remaining sections of this report to the OVW and OJP to remedy these deficiencies.

Grant Expenditures

For all four grants, the SCN's approved budgets included personnel, fringe, travel, supplies, contractual, and indirect costs. Additionally, Grant Number 2012-AW-BX-0022 included "other" as a cost category, and Grant Numbers 2014-AW-BX-0058 and 2014-TW-AX-0050 included equipment as a cost category in the approved budget. The SCN was not required to provide any local matching funds. The following sections describe the details of our analysis.

Direct Costs

To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a judgmental sample of 110 transactions totaling \$303,851. This included 25 transactions each for Grant Numbers 2011-TW-AX-0031, 2012-AW-BX-0022, and 2014-AW-BX-0058, and 35 transactions for Grant Number 2014-TW-AX-0050. We selected these samples attempting to provide a fair representation of all expense categories based on account type, size of transaction, transaction descriptions, dollar amounts, and items of interest. Overall, we identified three transactions totaling \$857 in unallowable questioned costs involving expenditures mistakenly charged to the wrong account. Therefore, we recommend that the OVW remedy \$511 and OJP remedy \$346 in unallowable direct costs, and that the OVW and OJP ensure that the SCN has implemented procedures to ensure costs charged to federal grants are allowable.

Personnel Costs

Additionally, we judgmentally selected two non-consecutive pay periods for each award that included 11 personnel transactions totaling \$19,616, with the associated fringe benefits. For each pay period, we reviewed the employees' hours, labor rates, and fringe benefits and examined payroll records, comparing budgeted and actual wages, labor hours, and fringe benefits.

For Grant Number 2014-TW-AX-0031, the salary for one individual was higher than budgeted for both pay periods, but did not exceed the 10-percent rule and overall the budget category was under budget. In reviewing the benefits paid

compared to the budget, we found some minor discrepancies in that the fringe benefits were slightly higher for 3 of the 14 payroll records, but all were within the 10-percent rule and total fringe benefits were below budget. There were no other discrepancies in the pay and benefits. Therefore, we make no recommendations concerning personnel costs.

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 reviewed all indirect costs from the four awards in our audit scope. We verified whether indirect costs in our sample were charged to the awards using the approved rates.

Indirect cost rates are negotiated annually with the Department of the Interior as the SCN’s cognizant agency. These rates vary from year to year as shown in Table 2.

Table 2
Indirect Cost Rates for the SCN

Fiscal Year	Negotiated IDC Rate (%)
2012	33.22
2013	41.17
2014	35.74
2015	39.90
2016	44.95
2017	65.99

Source: OJP Grant Management System (GMS)

According to these indirect cost rate agreements, the basis for these rates is total direct salaries and wages, including fringe benefits. To determine the amount of indirect costs to be billed under these agreements, direct salaries and wages and related fringe benefits should be totaled and multiplied by the negotiated rate. However, the negotiated rate is not necessarily the allowable rate for the purposes of allocation of expenses to grant awards.

According to the OJP Financial Guide, "[t]ransferring funds into or out of the indirect cost category is not allowable without prior approval from the awarding agency. A budget modification is required." Additionally, according to the OVW Financial Grants Management Guide, "[r]ecipients are required to report deviations from approved budgets and must request prior approval for the following: Transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa." Based on this guidance, the highest rate that can be charged to the grant is the amount in the approved budget, or the negotiated rate, whichever is lower as neither of these rates may be exceeded without prior approval.

Typically grants are awarded for 2- or 3-year periods and the budget narrative uses the current negotiated IDC rate at the time of the grant application,

and uses that rate for the life of the grant. Therefore, the approved rate is usually constant throughout the life of the award unless a Grant Adjustment Notice is approved modifying the indirect costs.

To evaluate indirect costs charged to the grants we reviewed and compared the budgeted rates with the actual rates and negotiated rates. We found that the SCN correctly charged indirect costs to Grant Number 2012-AW-BX-0022 based on the approved budget. For Grant Number 2011-TW-AX-0031, we found indirect costs charged exceeded the allowable amounts during FY 2013 and FY 2014 by \$5,108 and \$5,301, respectively, but were under charged in FY 2012 by \$1,455 for a net total of \$8,954 in excess indirect costs.

For Grant Number 2014-AW-BX-0058, we found that SCN charged indirect costs in excess of the allowable amounts during FY 2015 and FY 2016 by \$3,250 and \$3,641, respectively for a total of \$6,890.

For Grant Number 2014-TW-AX-0050, we found SCN charged indirect costs in excess of the allowable amounts during FY 2015, FY 2016 and FY 2017, in the amounts of \$16,496, \$23,487, and \$10,436 for a total of \$50,419. However, since the award period for Grant Number 2014-TW-AX-0050 does not end until September 30, 2017, the SCN adjusted the excess indirect costs charged to the grant eliminating the discrepancy. However, this adjustment resulted in drawdowns exceeding expenses by \$44,743 as of May 27, 2017. We discussed this with the accounting firm that provides financial services for the SCN, and it was aware of the excessive drawdowns and stated the SCN would not draw down any additional funds until the expenses catch up, which was estimated to occur by the end of July 2017. Therefore, we recommend the OVW follow up with SCN to ensure the drawdowns are in line with the expenses.

Overall we identified \$15,844 in questioned costs related to excessive indirect costs, \$8,954 for Grant Number 2011-TW-AX-0031 and \$6,890 for Grant Number 2014-AW-BX-0058. Therefore, we recommend that the OVW remedy \$8,954 in unallowable indirect costs and OJP remedy \$6,890 in unallowable indirect costs. We also recommend that the OVW and OJP ensure the SCN implements policies and procedures to ensure compliance with requirements pertaining to indirect costs.

Budget Management and Control

According to the OVW and OJP financial guides, 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 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.

We compared grant expenditures to the approved budgets to determine whether the SCN transferred funds among budget categories in excess of

10 percent. As shown in Table 3, for Grant Number 2011-TW-AX-0031, the SCN exceeded the 10 percent allowable threshold by \$10,805. For Grant Number 2012-AW-BX-0022, the SCN exceeded the 10 percent allowable threshold by \$487.

Table 3
Analysis of 10 Percent Rule

Awarding Agency	Award Number	Award Amount	10 Percent Limit on Transfers	Excess Transfers
OVW	2011-TW-AX-0031	\$789,900	\$78,970	\$ 10,805
OJP	2012-AW-BX-0022	\$151,471	\$15,147	\$ 487
Total:				\$ 11,292

Source: Award documents, SCN accounting records, and OJP-approved budgets

We discussed this deficiency with the SCN officials and they acknowledged that they had inadvertently exceeded the 10-percent rule. Therefore, we are questioning \$11,292 as unallowable. We recommend the OVW remedy \$10,805 and OJP remedy \$487 in unallowable expenses due to exceeding the 10-percent rule for transfers of amounts between budget categories. We also recommend the OVW and OJP ensure the SCN implements procedures to ensure compliance with the 10 percent rule.

Drawdowns

According to the OVW and OJP financial guides an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. SCN officials stated that award drawdowns are requested once or twice a month using expense reports generated by its accounting system. To assess whether the SCN managed grant receipts in accordance with federal requirements, we compared the total amounts reimbursed to the total expenditures in the accounting records.

As of January 25, 2017, the SCN had drawn down a total of \$1,711,982 from the four audited awards, as shown in Table 3.

Table 3
Analysis of Drawdowns as of January 25, 2017

Awarding Agency	Award Number	Award Amount	Drawdowns	Expenses (Accounting Records)	Funds Not Drawn down
OVW	2011-TW-AX-0031	\$ 789,700	\$ 789,700	\$ 795,938	\$ 0
OJP	2012-AW-BX-0022	151,471	151,471	151,471	0
OJP	2014-AW-BX-0058	155,943	121,229	140,849	34,714
OVW	2014-TW-AX-0050	842,000	649,582	649,895	\$ 192,418
Total:		\$1,939,114	\$1,711,982	\$1,738,153	\$227,132

Source: Award documents, SCN accounting records, and drawdown histories

In all four grants, expenses were either equal to or greater than amounts withdrawn at the time of our fieldwork. Therefore, we make no recommendation concerning the process of drawing down funds. However, as mentioned in the *Indirect Costs* section, for Grant Number 2014-TW-AX-0050, an adjustment was made to correct excess indirect costs, which resulted in excess drawdowns of \$44,743. Therefore, we recommend the OVW verifies that the SCN expenses align with drawdowns.

Federal Financial Reports

According to the OVW and OJP financial guides, 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 SCN submitted accurate Federal Financial Reports (FFR), we compared the four most-recent reports to the SCN's accounting records for all four grants.

For Grant Numbers 2011-TW-AX-0031 and 2012-AW-BX-0022 we identified two FFRs for the period ending March 31, 2014, that did not have supporting documentation. For all grants, we expressed a concern that the accounting firm provided expense summaries with cumulative totals but did not provide expense summaries with quarterly totals. Therefore, to calculate the quarterly numbers we subtracted the previous cumulative expenses from the current cumulative expenses. We found that the calculated numbers generally matched those reported on the FFR.

We discussed the missing support documents, as well as the best practices of managing supporting documentation, with the accounting firm that prepares the SCN's FFRs and it concurred with our observations. As a result, the accounting firm has revised its methodology as evidenced in its most recent FFR for the period ending March 31, 2017. Additionally, we noted that all FFRs that were verified subsequent to March 31, 2014, had adequate documentation. Therefore, we make no recommendations concerning the preparation and submission of FFRs.

Conclusion

As a result of our audit testing, we concluded that the SCN's management of federal awards needs improvement as we found non-compliance and deficiencies in some of the areas we reviewed. We did not make recommendations regarding the SCN's achievement of program goals, management of drawdowns, accuracy of financial and progress reports, and personnel costs. However, we found that the SCN: (1) did not comply with all special conditions; (2) charged unallowable direct and indirect costs to the awards; and (3) transferred funds between budget categories in excess of the allowable 10 percent without agency approval. Therefore, we provide 13 recommendations to the OVW and OJP to address these deficiencies.

Recommendations

We recommend that the OVW:

1. Remedy \$125,899 in early spending relating to special conditions.
2. Remedy \$511 in direct costs charged incorrectly to the grant.
3. Remedy \$8,954 in excessive indirect costs charged to the grant without a Grant Adjustment Notification with agency approval.
4. Remedy \$10,805 in transfers between budget categories exceeding 10 percent of the total award.
5. Verify that the SCN drawdowns align with expenses for Grant Number 2014-TW-AX-0050.

We recommend that OJP:

6. Remedy \$24,503 in early spending relating to special conditions.
7. Remedy \$346 in direct costs charged incorrectly to the grant.
8. Remedy \$6,890 in excessive indirect costs charged to the grant without a Grant Adjustment Notification with agency approval.
9. Remedy \$487 in transfers between budget categories exceeding 10 percent of the total award.

We recommend that both the OVW and OJP ensure that the SCN has the following:

10. Procedures to ensure compliance with all special conditions.
11. Procedures to ensure only allowable and supported costs are charged to the grants.

12. Procedures to ensure indirect costs are charged correctly to each award.
13. Procedures to ensure transfers between budget categories comply with the requirements of the 10 percent rule.

APPENDIX 1

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this audit were to determine whether costs claimed under the awards 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 the program goals and objectives. To accomplish this objective, 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 the OVW and OJP grants awarded to the Seneca-Cayuga Nation (SCN). The OVW awarded \$1,631,700 to the SCN through Grant Numbers 2011-TW-AX-0031 and 2014-TW-AX-0050 under the Violence Against Women Tribal Government Assistance Program. OJP awarded \$307,414 to the SCN through Grant Numbers 2012-AW-BX-0022 and 2014-AW-BX-0058 under the Adam Walsh Act Implementation Grant Program. As of January 25, 2017, the SCN had drawn down \$1,711,982 of the total grant funds awarded. Our audit concentrated on, but was not limited to October 1, 2011, the period start date for Grant Number 2011-TW-AX-0031, through February 10, 2017, the last day of our fieldwork. Grant Number 2011-TW-AX-0031 and 2012-AW-BX-0022 were completed and closed out May 22, 2015, and April 22, 2015, respectively. Grant Number 2014-AW-BX-0058 ended September 30, 2016. Grant Number 2014-TW-AX-0050 was ongoing at the time of our review.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of the SCN's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit charges, 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 OVW and OJP financial guides 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 SCN'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.

APPENDIX 2

SCHEDULE OF DOLLAR-RELATED FINDINGS

<u>Description</u>	<u>Amount</u>	<u>Page</u>
Questioned Costs:²		
<u>Unallowable Costs</u>		
Early Spending	\$ 150,402	4
Direct costs charged incorrectly to the grants	857	6
Unallowable Indirect Costs	15,844	8
Excessive transfers between budget categories	<u>11,292</u>	9
Total Unallowable Costs	\$ 178,395	
Net Questioned Costs	\$178,395	
TOTAL DOLLAR-RELATED FINDINGS	<u>\$178,395</u>	

² **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.

**SENECA-CAYUGA NATION RESPONSE TO
THE DRAFT AUDIT REPORT**



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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, CO 80203

June 23, 2017

Re: Response to June 15, 2017 Draft Audit Report

Dear Mr. Sheeren,

On Thursday, June 15, 2017, the U.S. Department of Justice, Office of the Inspector General (OIG), Denver Regional Audit Office, issued a draft audit report for the Seneca-Cayuga Nation (SCN), to the Office of Justice Programs (OJP) and the Office on Violence Against Women (OVW), related to an audit of OJP grant numbers 2012-AW-BX-0022 and 2014-AW-BX-0058, and OVW grant numbers 2011-TW-AX-0031 and 2014-TW-AX-0050.

In response to the Draft Audit Report the Nation is providing the OIG, OJP and OVW offices with comments and additional information relating to the conclusions and recommendations reached during the audit.

The conclusion of the audit report (page 11) identified three specific areas of concern:

1. The Seneca-Cayuga Nation did not comply with all special conditions
2. The Seneca-Cayuga Nation charged unallowable direct and indirect costs to the awards.
3. The Seneca-Cayuga Nation transferred funds between budget categories in excess of the allowable 10 percent without agency approval.

From these areas of concern, 13 recommendations were made:

OVW recommendations:

1. Remedy \$125,899 in early spending relating to special conditions.

The Nation agrees with this recommendation: The Nation is working on updating financial policies and procedures that include internal controls to ensure all of the special conditions are resolved and when necessary a GAN has been issued prior to moving forward with grant activities. The Nation feels that it is important to point out that while a portion of the funds were technically expended prior to receiving a GAN, they were within the award period and the project scope was completed as outlined in the award. The Nation will work with OVW to remedy this situation.

2. Remedy \$511 in direct costs charged incorrectly to the grant.

The Nation agrees with this recommendation: the Nation is working on updating financial policies and procedures that include internal controls to help ensure that the correct amount is charged to the direct costs expense categories of the awards. These controls include workflows designed to automatically notify when budget limits are reached or are outside of tolerances. Additionally the Nation is in the process of scheduling an OMB Uniform Guidance training course for staff.

3. Remedy \$8,954 in excessive indirect costs charged to the grant without a Grant Adjustment Notification with agency approval.

The Nation agrees with this recommendation: the Nation is working on updating financial policies and procedures that include internal controls to help ensure that the correct amount is charged to the indirect costs expense categories of the awards. These controls include workflows designed to automatically notify when budget limits are reached or are outside of tolerances. The Nation feels it is important to point out that over the term of the award the amount charged to the IDC line item did not exceed the approved IDC budget for the awards.

4. Remedy \$10,805 in transfers between budget categories exceeding 10 percent of the total award.

The Nation acknowledges the deficiencies related to the 10 percent rule and is taking steps to help ensure that any budget modification have the appropriate approvals from the funding agency. The steps include updating the Nation's financial policies and procedures, implementing system workflows and business rules that provide notification and control of the budget modification process.

5. Verify that the SCN drawdowns align with expenses for Grant Number 2014-TW-AX-0050

The Nation acknowledges this recommendation: the Nation has modified its drawdown procedures to require documentation showing that the expense reported support the drawdowns requested.

OJP recommendations:

6. Remedy \$24,503 in early spending relating to special conditions.

The Nation agrees with this recommendation: The Nation is working on updating financial policies and procedures that include internal controls to ensure all of the special conditions are resolved and when necessary a GAN has been issued prior to moving forward with grant activities. The Nation feels that it is important to point out that while a portion of the funds were technically expended prior to receiving a GAN, they were within the award period and the project scope was completed as outlined in the award. The Nation will work with OJP to remedy this situation.

7. Remedy \$346 in direct costs charged incorrectly to the grant.

The Nation agrees with this recommendation: the Nation is working on updating financial policies and procedures that include internal controls to help ensure that the correct amount is charged to the direct costs expense categories of the awards. These controls include workflows designed to automatically notify when budget limits are reached or are outside of tolerances. Additionally the Nation is in the process of scheduling an OMB Uniform Guidance training course for staff.

8. Remedy \$6,890 in excessive indirect costs charged to the grant without a Grant Adjustment Notification with agency approval.

The Nation agrees with this recommendation: the Nation is working on updating financial policies and procedures that include internal controls to help ensure that the correct amount is charged to the indirect costs expense categories of the awards. These controls include workflows designed to automatically notify when budget limits are reached or are outside of tolerances. The Nation feels it is important to point out that over the term of the award the amount charged to the IDC line item did not exceed the approved IDC budget for the awards.

9. Remedy \$487 in transfers between budget categories exceeding 10 percent of the total award.

The Nation acknowledges the deficiencies related to the 10 percent rule and is taking steps to help ensure that any budget modification have the appropriate approvals from the funding agency. The steps include updating the Nation's financial policies and procedures, implementing system workflows and business rules that provide notification and control of the budget modification process.

Global recommendations:

10. Procedures to ensure compliance with all special conditions.

The Nation agrees with this recommendation: The Nation is working on updating financial policies and procedures that include internal controls to ensure all of the special conditions are resolved and when necessary a GAN has been issued prior to moving forward with grant activities. The Nation feels that it is important to point out that while a portion of the funds were technically expended prior to receiving a GAN, they were within the award period and the project scope was completed as outlined in the award.

11. Procedures to ensure only allowable and supported costs are charged to the grants.

The Nation agrees with this recommendation: the Nation is working on updating financial policies and procedures that include internal controls to help ensure that the correct amount is charged to the direct costs expense categories of the awards. These controls include workflows designed to automatically notify when budget limits are reached or are outside of tolerances. Additionally the Nation is in the process of scheduling an OMB Uniform Guidance training course for staff.

12. Procedures to ensure indirect costs are charged correctly to each award.

The Nation agrees with this recommendation: the Nation is working on updating financial policies and procedures that include internal controls to help ensure that the correct amount is charged to the indirect cost expense categories of the awards. These controls include workflows designed to automatically notify when budget limits are reached or are outside of tolerances. The Nation feels it is important to point out that over the term of the award the amount charged to the IDC line item did not exceed the approved IDC budget for the awards.

13. Procedures to ensure transfers between budget categories comply with the requirements of the 10 percent rule.

The Nation acknowledges the deficiencies related to the 10 percent rule and is taking steps to help ensure that any budget modification have the appropriate approvals from the funding agency. The steps include system workflows and business rules that provide notification and control of the budget modification process.

Additionally, the Nation has made personnel changes within the programs. The goal of these changes is to provide better management to the programs as a whole. The Nation is actively working with the funding agency to remedy issues on the open grant.

Thank you for your time and please feel free to contact us at (918)787-5452 if you have any questions or need further information.

Respectfully,

A handwritten signature in blue ink that reads "William L. Fisher". The signature is written in a cursive style with a large initial "W".

William L. Fisher, Chief
Seneca-Cayuga Nation

OFFICE OF JUSTICE PROGRAMS 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

JUL 13 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 on
Violence Against Women and the Office of Justice Programs
Awards to the Seneca-Cayuga Nation, Grove, Oklahoma*

This memorandum is in reference to your correspondence, dated June 15, 2017, transmitting the above-referenced draft audit report for the Seneca-Cayuga Nation (SCN). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains 13 recommendations and \$178,395 in questioned costs, of which: four recommendations and \$32,226 in questioned costs are directed to the Office of Justice Programs (OJP); five recommendations and \$146,169 in questioned costs are directed to the Office on Violence Against Women (OVW); and four recommendations are directed to both OJP and OVW.

The following is OJP's analysis of the draft audit report recommendations. For ease of review, the recommendations directed to OJP, specifically Recommendation Numbers 6-13, are restated in bold and are followed by our response.

6. We recommend that OJP remedy \$24,503 in early spending relating to special conditions.

OJP agrees with the recommendation. We will review the \$24,503 in questioned costs, related to special conditions associated with Grant Numbers 2012-AW-BX-0022 (\$20,231) and 2014-AW-BX-0058 (\$4,272), and work with SCN to remedy any such costs determined to be unauthorized.

- 7. We recommend that OJP remedy \$346 in direct costs charged incorrectly to the grant.**

OJP agrees with the recommendation. We will review the \$346 in questioned costs, related to direct costs charged incorrectly to Grant Number 2014-AW-BX-0058, and work with SCN to remedy any such costs determined to be unallowable.

- 8. We recommend that OJP remedy \$6,890 in excessive indirect costs charged to the grant without a Grant Adjustment Notification with agency approval.**

OJP agrees with the recommendation. We will review the \$6,890 in questioned costs, related to unauthorized and excessive indirect costs charged to Grant Number 2014-AW-BX-0058, and work with SCN to remedy, as appropriate.

- 9. We recommend that OJP remedy \$487 in transfers between budget categories exceeding 10 percent of the total award.**

OJP agrees with the recommendation. We will coordinate with SCN to remedy the \$487 in transfers between budget categories that exceeded 10 percent of the total award under Grant Number 2012-AW-BX-0022.

- 10. We recommend that both the OVW and OJP ensure that the SCN has procedures to ensure compliance with all special conditions.**

OJP agrees with the recommendation. We will coordinate with SCN to obtain a copy of its written policies and procedures, developed and implemented, for ensuring compliance with all award special conditions.

- 11. We recommend that both the OVW and OJP ensure that the SCN has procedures to ensure only allowable and supported costs are charged to the grants.**

OJP agrees with the recommendation. We will coordinate with SCN to obtain a copy of its written policies and procedures, developed and implemented, for ensuring that only allowable and supported costs are charged to the grants.

- 12. We recommend that both the OVW and OJP ensure that the SCN has procedures to ensure indirect costs are charged correctly to each award.**

OJP agrees with the recommendation. We will coordinate with SCN to obtain a copy of its written policies and procedures, developed and implemented, for ensuring that indirect costs are charged correctly to each award.

13. **We recommend that both the OVW and OJP ensure that the SCN has procedures to ensure transfers between budget categories comply with the requirements of the 10 percent rule.**

OJP agrees with the recommendation. We will coordinate with SCN to obtain a copy of its written policies and procedures, developed and implemented, for ensuring compliance with DOJ's requirements pertaining to grant budget transfers.

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

Dawn Doran
Acting Director
Office of Sex Offender Sentencing, Monitoring, Apprehending,
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cc: Leigh A. Benda
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Office on Violence Against Women

Donna Simmons
Associate Director, Grants Financial Management Division
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Rodney Samuels
Audit Liaison
Office on Violence Against Women

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Assistant Director, Audit Liaison Group
Internal Review and Evaluation Office
Justice Management Division

OJP Executive Secretariat
Control Number IT20170616084543

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



U.S. Department of Justice

Office on Violence Against Women

Washington, DC 20530

July 6, 2017

MEMORANDUM

TO: David Sheeren
Regional Audit Manager
Denver Regional Audit Office

FROM: Nadine M. Neufville *nmn*
Acting Director
Office on Violence Against Women

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

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women and the Office of Justice Programs Awards to the Seneca-Cayuga Nation, Grove, Oklahoma

This memorandum is in response to your correspondence dated June 15, 2017 transmitting the above draft audit report for the Seneca-Cayuga Nation (SCN). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains 12 recommendations, which include \$178,395 in net questioned costs, of which: five recommendations and \$150,402 in net questioned costs are directed to the Office on Violence Against Women (OVW); and four recommendations are directed to OVW and OJP jointly. OVW is committed to working with the grantee to address and bring these recommendations to a close as quickly as possible. The following is our analysis of the audit recommendations.

OIG recommends that OVW:

- 1. Remedy the \$125,899 in early spending relating to special conditions.**

OVW does agree with the recommendation. We will work with the grantee to remedy the \$125,899 in early spending relating to special conditions.

2. Remedy the \$511 in direct costs charge incorrectly to the grant.

OVW does agree with the recommendation. We will work with the grantee to remedy the \$511 in direct costs charge incorrectly to the grant.

3. Remedy the \$8,954 in excessive indirect costs charged to the grant without a Grant Adjustment Notification with agency approval.

OVW does agree with the recommendation. We will work with the grantee to remedy the \$8,954 in excessive indirect costs charged to the grant without a Grant Adjustment Notification with agency approval.

4. Remedy the \$10,805 in transfers between budget categories exceeding 10 percent of the total award.

OVW does agree with the recommendation. We will work with the grantee to remedy the \$10,805 in transfers between budget categories exceeding 10 percent of the total award.

5. Verify that the SCN drawdowns align with expenses for Grant Number 2014-TW-AX-0050.

OVW does agree with the recommendation. We will work with the grantee to verify that the SCN drawdowns align with expenses for Grant Number 2014-TW-AX-0050.

OIG recommends that both OVW and OJP ensure that the SCN has the following:

10. Procedures to ensure compliance with all special conditions.

OVW does agree with the recommendation. We will work with the grantee to ensure that they have procedures to ensure compliance with all special conditions.

11. Procedures to ensure only allowable and supported costs are charged to the grants.

OVW does agree with this recommendation. We will work with the grantee to ensure that they have procedures to ensure only allowable and supported costs are charged to the grant.

12. Procedures to ensure indirect costs are charged correctly to each award.

OVW does agree with this recommendation. We will work with the grantee to ensure that they have procedures to ensure indirect costs are charged correctly to each award.

13. Procedures to ensure transfers between budget categories comply with the requirements of the 10 percent rule.

OVW does agree with this recommendation. We will work with the grantee to ensure that they have procedures to ensure transfers between budget categories comply with the requirements of the 10 percent rule.

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

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

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

Darla Sims
Program Manager
Office on Violence Against Women (OVW)

**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, OVW, and the SCN. The SCN's response is incorporated in Appendix 3, OJP's response is incorporated in Appendix 4, and OVW's response is incorporated in Appendix 5 of this final report. In response to our draft audit report, OJP and OVW concurred with our recommendations, and as a result, the status of the audit report is resolved. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendations for OVW:

1. Remedy \$125,899 in early spending relating to special conditions.

Resolved. OVW concurred with our recommendation. OVW stated in its response that it will work with SCN to remedy the \$125,899 in early spending relating to special conditions.

The SCN concurred with our recommendation and stated in its response that it is working on updating financial policies and procedures that include internal controls to ensure all of the special conditions are resolved and when necessary a GAN has been issued prior to moving forward with grant activities. The SCN noted in its response that while a portion of the funds were technically expended prior to receiving a GAN, they were expended within the award period and the project scope was completed as outlined in the award. The SCN will work with OVW to remedy the situation.

This recommendation can be closed when we receive documentation that \$125,899 in questioned costs associated with early spending has been remedied.

2. Remedy \$511 in direct costs charged incorrectly to the grants.

Resolved. OVW concurred with our recommendation. OVW stated in its response that it will work with SCN to remedy the \$511 in direct costs charged incorrectly to the grant.

The SCN concurred with our recommendation and stated in its response that it is working on updating financial policies and procedures that include internal controls to ensure that the correct amount is charged to the direct costs expense categories of the award. These controls include workflows designed to automatically notify when budget limits are reached or are

outside of tolerances. Additionally, the SCN is in the process of scheduling an OMB Uniform Guidance training course for staff.

This recommendation can be closed when we receive documentation that \$511 in questioned costs associated with direct costs charged incorrectly to the grant has been remedied.

3. Remedy \$8,594 in excessive indirect costs charged to the grant without a Grant Adjustment Notification with agency approval.

Resolved. OVW concurred with our recommendation. OVW stated in its response that it will work with SCN to remedy the \$8,594 in excessive indirect costs charged to the grant without a Grant Adjustment Notification with agency approval.

The SCN concurred with our recommendation and stated in its response that it is working on updating financial policies and procedures that include internal controls to ensure that the correct amount is charged to the indirect costs expense categories of the awards. These controls include workflows designed to automatically notify when budget limits are reached or are outside of tolerances. The SCN stated that over the term of the award the amount charged to the IDC line item did not exceed the approved IDC budget for the awards.

This recommendation can be closed when we receive documentation that \$8,954 in questioned costs associated with excessive indirect costs has been remedied.

4. Remedy \$10,805 in transfers between budget categories exceeding 10 percent of the total award.

Resolved. OVW concurred with our recommendation. OVW stated in its response that it will work with SCN to remedy the \$10,805 in transfers between budget categories exceeding 10 percent of the total award.

The SCN stated that it acknowledges the deficiencies related to the 10 percent rule and is taking steps to help ensure that any budget modifications have the appropriate approvals from the funding agency. The steps include updating the SCN's financial policies and procedures, implementing system workflows and business rules that provide notification and control of the budget modification process.

This recommendation can be closed when we receive documentation that \$10,805 in questioned cost associated with transfers between budget categories exceeding 10 percent of the total award have been remedied.

5. Verify that the SCN drawdowns align with expenses for Grant Number 2014-TW-AX-0050.

Resolved. OVW concurred with our recommendation. OVW stated in its response that it will work with SCN to verify that the SCN drawdowns align with expenses for Grant Number 2014-TW-AX-0050.

The SCN stated that it acknowledges this recommendation and has modified its drawdown procedures to require documentation showing that the expenses reported support the drawdowns requested.

This recommendation can be closed when we receive documentation that SCN has provided documentation showing drawdowns align with expenses for Grant Number 2014-TW-AX-0050.

Recommendations for OJP:

6. Remedy \$24,503 in early spending relating to special conditions.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will review the \$24,503 in questioned costs related to special conditions associated with Grant Numbers 2012-AW-BX-0022 (\$4,272) and 2014-AW-BX-0058 (\$20,231), and work with SCN to remedy any such costs determined to be unauthorized.

The SCN concurred with our recommendation and stated in its response that it is working on updating financial policies and procedures that include internal controls to ensure all of the special conditions are resolved and when necessary a GAN has been issued prior to moving forward with grant activities. The SCN stated that while a portion of the funds were technically expended prior to receiving a GAN, they were within the award period and the project scope was completed as outlined in the award. The SCN will work with OJP to remedy the situation.

This recommendation can be closed when we receive documentation that \$24,503 in questioned costs (\$4,272 for Grant Number 2012-AW-BX-0022 and \$20,231 for Grant Number 2014-AW-BX-0058) for early spending relating to special conditions has been remedied.

7. Remedy \$346 in direct costs charged incorrectly to the grant.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will review the \$346 in questioned costs related to direct costs charged incorrectly to Grant Number 2014-AW-BX-0058 and work with SCN to remedy any such costs determined to be unallowable.

The SCN concurred with our recommendation and stated in its response that it is working on updating financial policies and procedures that include

internal controls to ensure that the correct amount is charged to the direct costs expense categories of the awards. These controls include workflows designed to automatically notify when budget limits are reached or are outside of tolerances. Additionally the SCN is in the process of scheduling an OMB Uniform Guidance training course for staff.

This recommendation can be closed when we receive documentation that \$346 in questioned costs associated with direct costs charged incorrectly to the grant have been remedied.

8. Remedy \$6,890 in excessive indirect costs charged to the grant without a Grant Adjustment Notification with agency approval.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will review the \$6,890 in questioned costs related to unauthorized and excessive indirect costs charged to Grant Number 2014-AW-BX-0058 and work with SCN to remedy, as appropriate.

The SCN concurred with our recommendation and stated in its response that it is working on updating financial policies and procedures that include internal controls to ensure that the correct amount is charged to the indirect costs expense categories of the award. These controls include workflows designed to automatically notify when budget limits are reached or are outside of tolerances. The SCN stated that, over the term of the award, the amount charged to the IDC line item did not exceed the approved IDC budget for the awards.

This recommendation can be closed when we receive documentation that \$6,890 in questioned costs associated with indirect costs has been remedied.

9. Remedy \$487 in transfers between budget categories exceeding 10 percent of the total award.

Resolved. OJP concurred with our recommendation. OJP stated in its response that it will coordinate with SCN to remedy the \$487 in transfers between budget categories that exceeded 10 percent of the total award under Grant Number 2012-AW-BX-0022.

The SCN acknowledged the deficiencies related to the 10 percent rule and stated that it is taking steps to help ensure that any budget modification has the appropriate approvals from the funding agency. The steps include updating the SCN's financial policies and procedures, implementing system workflows and business rules that provide notification and control of the budget modification process.

This recommendation can be closed when we receive documentation that \$487 in questioned cost associated with transfers between budget categories exceeding 10 percent of the total award has been remedied.

Recommendations for OVW and OJP:

10. Ensure the SCN has procedures to ensure compliance with all special conditions.

Resolved. OVW and OJP concurred with our recommendation. OVW and OJP stated in their responses that they will work with SCN to ensure it has developed and implemented written policies and procedures to ensure compliance with all special conditions.

The SCN concurred with our recommendation and stated in its response that it is working on updating financial policies and procedures that include internal controls to ensure all of the special conditions are resolved and when necessary a GAN has been issued prior to moving forward with grant activities. The SCN stated that while a portion of the funds were technically expended prior to receiving a GAN, they were expended within the award period and the project scope was completed as outlined in the award.

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

11. Ensure that the SCN has procedures to ensure only allowable and supported costs are charged to the grants.

Resolved. OVW and OJP concurred with our recommendation. OVW and OJP stated in their responses that they will work with SCN to ensure it has developed and implemented written procedures for ensuring only allowable and supported costs are charged to the grants.

The SCN concurred with our recommendation and stated in its response that it is working on updating financial policies and procedures that include internal controls to help ensure that the correct amount is charged to the direct costs expense categories of the awards. These controls include workflows designed to automatically notify when budget limits are reached or are outside of tolerances. Additionally the SCN is in the process of scheduling an OMB Uniform Guidance training course for staff.

This recommendation can be closed when we receive documentation that written policies and procedures have been developed and implemented to ensure only allowable and supported costs are charged to the grants.

12. Ensure that the SCN has procedures to ensure indirect costs are charged correctly to each award.

Resolved. OVW and OJP concurred with our recommendation. OVW and OJP stated in their responses that they would work with SCN to ensure it has

developed and implemented written policies and procedures for ensuring that indirect costs are charged correctly to each award.

The SCN concurred with our recommendation and stated in its response that it is working on updating financial policies and procedures that include internal controls to ensure that the correct amount is charged to the indirect cost expense categories of the awards. These controls include workflows designed to automatically notify when budget limits are reached or are outside of tolerances. The SCN stated that over the term of the award the amount charged to the IDC line item did not exceed the approved IDC budget for the awards.

This recommendation can be closed when we receive documentation that written policies and procedures have been developed and implemented to ensure that indirect costs are charged correctly to each award.

13. Ensure that the SCN has procedures to ensure transfers between budget categories comply with the requirements of the 10 percent rule.

Resolved. OVW and OJP concurred with our recommendation. OVW and OJP stated in their responses that they would work with SCN to ensure it has developed and implemented written procedures for ensuring that transfers between budget categories comply with the requirement of the 10 percent rule.

The SCN acknowledges the deficiencies related to the 10 percent rule and stated that it is taking steps to help ensure that any budget modifications have the appropriate approvals from the funding agency. The steps include system workflows and business rules that provide notification and control of the budget modification process.

This recommendation can be closed when we receive documentation that written procedures have been developed and implemented to ensure transfers between budget categories comply with the requirements of the 10 percent rule.

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