



Audit of the Office on Violence Against Women  
Tribal Domestic Violence and Sexual Assault  
Coalitions Program Grants Awarded to the  
Montana Native Women's Coalition,  
Billings, Montana

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21-094

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**JULY 2021**

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# EXECUTIVE SUMMARY

## **Audit of the Office on Violence Against Women Tribal Domestic Violence and Sexual Assault Coalitions Program Grants Awarded to the Montana Native Women's Coalition, Billings, Montana**

### **Objectives**

The Department of Justice (DOJ) Office on Violence Against Women (OVW) awarded the Montana Native Women's Coalition (MNWC) three grants totaling \$931,599 for the Tribal Domestic Violence and Sexual Assault Coalitions Program. 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.

### **Results in Brief**

As a result of our audit, we concluded that the MNWC did not adequately manage the OVW grant awards. In addition, we found that the MNWC did not maintain adequate documentation to demonstrate that grant goals and objectives were achieved. We found significant inadequacies with the MNWC's accounting system, policies and procedures, and internal controls. Further the MNWC: (1) did not maintain documentation to support performance measures; (2) did not comply with all special conditions; (3) charged unallowable supply, construction, consulting, travel, other direct costs, and personnel costs; and (4) did not adequately document equipment, supply, construction, consulting, travel, other direct costs, and personnel costs. As a result of our review, we identified \$333,318 in dollar-related findings.

### **Recommendations**

Our report contains 31 recommendations to OVW. We requested a response to our draft audit report from the MNWC and the OVW, which can be found in Appendices 3 and 4 respectively. Our analysis of those responses is included in Appendix 5.

### **Audit Results**

The purposes of the three OVW grants we reviewed were to: (1) increase awareness of domestic violence and sexual assault against Indian women; (2) enhance the response to violence against Indian women at the federal, state, and tribal levels; (3) identify and provide technical assistance to coalition membership and tribal communities to enhance access to essential services to Indian women victimized by domestic and sexual violence including sex trafficking; and (4) assist Indian tribes in developing and promoting state, local, and tribal legislation and policies that enhance best practices for responding to violent crimes against Indian women including the crimes of domestic violence, dating violence, sexual assault, sex trafficking, and stalking. The project period for the grants was from October 2015 through June 2019. The MNWC drew down a cumulative amount of \$931,599 for the three grants we reviewed.

### **Program Goals and Accomplishments**

For the 3 grants, we found that the MNWC did not maintain support for the achievement of 11 required objectives under the FY 2015 award and 10 of 11 required objectives under the FY 2016 award. For the FY 2017 award, we found that the MNWC either did not provide any support or did not fully support achievement of 7 of 11 required objectives. Additionally, we found that the MNWC did not maintain adequate support for 27 of 29 sampled performance measures for all 3 grant awards.

### **Compliance with Special Conditions**

We found that the MNWC did not comply with five of six special conditions tested. These included a requirement that MNWC board members be representatives of the member service providers and the tribal communities in which the services are being provided. However, during the project periods for the three grants, the MNWC's board of directors included individuals that did not work for domestic violence offices and did not have approval to

represent their tribal communities. Further, we found that MNWC did not comply with a requirement to not expend or obligate funds until all previous grant funds under the same program were expended and the requirement was released by OVW.

### **Grant Financial Management**

We identified deficiencies with the MNWC's accounting system, financial policies, and internal controls. Accounting system deficiencies included failures to track expenditures by grant number and funding source, and errors such as duplicate expenditures and bank transfers, refunds, and travel expenditures reported as income. We also found that the MNWC's financial policies regarding check signatures were vague and confusing, and there were no documented policies and procedures regarding segregation of duties for procurements. Further, the MNWC did not have any documented processes related to performing System for Award Management reviews and reviews to avoid conflicts of interest.

### **Grant Expenditures**

We found that the MNWC charged \$93,049 in unallowable supplies, construction, contracts and consulting, travel, other direct costs, and personnel and associated fringe costs to the awards. In addition, the MNWC did not adequately document \$186,785 in equipment, supplies, contracts and consulting, travel, other direct costs, and personnel and associated fringe transactions.

### **Budget Management and Control**

We identified transactions that were not allocated to the appropriate budget categories. Additionally, we could not determine when the MNWC began and ended charging expenditures to the grants. As a result, we could not accurately identify expenditures applicable to each award or compare expenditures to budgeted amounts.

### **Drawdowns**

We identified \$78,741 in drawdowns related to \$83,151 in unallowable grant expenditures that occurred after the award periods ended for the FY 2015 and 2016 awards.

### **Federal Financial Reports**

We identified discrepancies between MNWC's accounting records and the four most recent Federal Financial Report submissions for the three grants. In addition, we found that MNWC lacked written policies and procedures for preparing and completing the Federal Financial Reports.

### **Program Income**

We identified income not related to grant drawdowns of \$3,435. However, we did not receive support for this income and the MNWC policies and procedures do not address program income. Therefore, we do not know whether the \$3,435 was generated as a result of the grant awards.

# Table of Contents

<b>Introduction</b> .....	<b>1</b>
The Grantee .....	1
OIG Audit Approach .....	2
<b>Audit Results</b> .....	<b>3</b>
Program Performance and Accomplishments .....	3
Program Goals and Objectives .....	3
Required Performance Reports.....	5
Compliance with Special Conditions.....	7
Grant Financial Management .....	9
Issues Identified with the Accounting System .....	9
Safeguarding Federal Funds .....	10
System for Award Management Verification.....	10
Conflicts of Interest .....	11
Lack of Segregation of Duties Policies.....	11
Grant Expenditures .....	11
Personnel and Fringe Costs .....	12
Travel.....	13
Contractors and Consultants .....	15
Other Direct Costs .....	17
Supplies.....	18
Equipment .....	19
Construction.....	19
Budget Management and Control .....	19
Drawdowns .....	20
Federal Financial Reports.....	22
Program Income.....	23
<b>Conclusion and Recommendations</b> .....	<b>24</b>
<b>APPENDIX 1: Objectives, Scope, and Methodology</b> .....	<b>29</b>
Objectives .....	29
Scope and Methodology.....	29
Internal Controls.....	29

APPENDIX 2: Schedule of Dollar-Related Findings ..... 31

APPENDIX 3: The Montana Native Women’s Coalition Response to the Draft Audit Report ..... 32

APPENDIX 4: The Office on Violence Against Women Response to the Draft Audit Report..... 39

APPENDIX 5: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the  
Audit Report..... 48

## Introduction

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of three grants awarded by the Office on Violence Against Women (OVW), Tribal Domestic Violence and Sexual Assault Coalitions Program (Tribal Coalitions Program) to the Montana Native Women’s Coalition (MNWC) in Billings, Montana. These three grants awarded to the MNWC totaled \$931,599, as shown in Table 1.

Table 1

**Grants Awarded to the MNWC**

<b>Award Number</b>	<b>Program Office</b>	<b>Award Date</b>	<b>Project Period Start Date</b>	<b>Project Period End Date</b>	<b>Award Amount</b>
2015-IW-AX-0010	OVW	09/17/2015	10/01/2015	02/28/2017	\$276,615 <sup>a</sup>
2016-IW-AX-0008	OVW	09/23/2016	10/01/2016	03/30/2018	\$336,976
2017-IW-AX-0018	OVW	09/29/2017	10/01/2017	06/30/2019	\$318,008
<b>Total:</b>					<b>\$931,599</b>

<sup>a</sup> As of November 2017, \$35,993 was deobligated from the original award amount of \$312,608 under Grant Number 2015 IW AX 010 when the award was officially closed, resulting in an adjusted award amount of \$276,615.

Source: Office of Justice Program’s Grants Management System (GMS)

Funding through the Tribal Coalitions Program supports the development and operation of nonprofit, nongovernmental tribal domestic violence, and sexual assault coalitions. Specifically, funding can be used to: (1) increase awareness of domestic violence and sexual assault against Indian women; (2) enhance the response to violence against Indian women at the federal, state, and tribal levels; (3) identify and provide technical assistance to coalition membership and tribal communities to enhance access to essential services to Indian women victimized by domestic and sexual violence, including sex trafficking; and (4) assist Indian tribes in developing and promoting state, local, and tribal legislation and policies that enhance best practices for responding to violent crimes against Indian women, including the crimes of domestic violence, dating violence, sexual assault, sex trafficking, and stalking.

### The Grantee

The MNWC is a statewide non-profit organization with a mission to improve urban, rural, and Native American community responses to victims of domestic and sexual violence. The MNWC was incorporated in 2007 and provides statewide technical trainings, tribal specific trainings and technical assistance, technical webinars, educational materials, and media campaigns and toolkits for tribal domestic violence and sexual assault programs. MNWC’s service area is the entire state of Montana, and the eight tribal communities/reservations which include: (1) Fort Peck Tribes, (2) Fort Belknap Tribes, (3) Chippewa Cree Tribe of Rocky Boy, (4) Blackfeet Nation, (5) Confederated Salish Kootenai Tribe, (6) Crow Nation, (7) Northern Cheyenne Nation, and (8) Little Shell Chippewa Tribe.

Separate from this audit, the Department of Justice OIG conducted two investigations of former MNWC staff and board members that led to federal prosecutions. During the first investigation, a former MNWC

Executive Director and former MNWC Administrative Assistant pled guilty and were convicted of theft of programs receiving federal funds. In July 2017, the former Executive Director received a prison sentence of 1 year and 1 day and was ordered to pay \$246,024 in restitution and the former Administrative Assistant was sentenced to probation for 2 years and ordered to pay \$30,000 in restitution. During a second investigation, another former MNWC Executive Director and a former MNWC Board Treasurer pled guilty and were convicted of theft of programs receiving federal funds. In June 2021, the former Executive Director was sentenced to probation for 3 years and ordered to pay \$35,127 in restitution and the former Board Treasurer was sentenced to probation for 2 years and ordered to pay \$2,973 in restitution. Further, during the second investigation, a former MNWC Board Chairwoman was found guilty by jury during a trial in April 2021, and convicted of theft from a program receiving federal funds, wire fraud, and false claims, and is scheduled to be sentenced in September 2021. All three MNWC officials have been suspended from doing business with the federal government. Moreover, upon sentencing of the MNWC Board Chairwoman, the DOJ OIG will coordinate with the DOJ Justice Management Division to debar the three MNWC officials.

## OIG Audit Approach

The objectives of this audit were to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant; and to determine whether the grantee demonstrated adequate progress towards achieving the program goals and objectives. To accomplish these objectives, we assessed performance in the following areas of grant management: program performance, financial management, expenditures, 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 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 objective, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

# Audit Results

## Program Performance and Accomplishments

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

## Program Goals and Objectives

In general, the overarching goals of Grant Numbers 2015-IW-AX-0010, 2016-IW-AX-0008, and 2017-IW-AX-0018 were to:

1. increase the capacity of the tribal sexual assault and domestic violence programs, tribal leadership, providers, and criminal justice systems through professional training, forums, and systemic change; and
2. increase awareness of sexual assault and domestic violence against native women while cultivating appropriate cultural standards, response, and beliefs by engaging tribal providers, criminal justice systems, cultural and council leaders and providing collective input to tribal, state and federal policies, training, and programming efforts.

In order to achieve these goals, the MNWC developed specific objectives it planned to accomplish under each grant, as shown in Table 2.

**Table 2**

### MNWC Goals and Objectives

Goal 1: To increase the capacity of the tribal Sexual Assault and Domestic Violence programs, tribal leadership, providers and criminal justice systems through professional training, forums, and systemic change.	
<b>Objectives</b>	➤ Conduct four quarterly board meetings, implementing the work plans of the board committees. [2015-IW-AX-0010 and 2016-IW-AX-0008]
	➤ Conducting monthly board meetings, keeping all minutes, and implementing the work plans of the board committees. [2017-IW-AX-0018]
	➤ Provide fundamental Sexual Assault and Domestic Violence trainings during on-site technical assistance visits with tribal programs. [2015-IW-AX-0010]
	➤ Provide a minimum of eight on-site training and technical assistance (T&TA) efforts, which will include at least one fundamental Sexual Assault and Domestic Violence training, one tribal leadership meeting, and pre/post evaluations of the MNWC T&TA effort. [2016-IW-AX-0008 and 2017-IW-AX-0018]
	➤ Provide one advanced Sexual Assault training that will expand and enhance the capacity, collaboration, and engagement with all sexual assault responders. [All grants]

➤ Provide assistance on implementation of tribal strategic plans and MNWC statewide strategic plan to impact and end violence against women. [All grants]
➤ Provide one advanced domestic violence training that will build skill levels for entry level advocates, first responders and professionals. [All grants]
➤ Provide one statewide culturally based technical conference that will enhance the capacity, response and outcomes for tribal programs, law enforcement and professionals in the field of sexual and domestic violence. [All grants]
➤ Provide one statewide systems forum to address systemic challenges within tribal programs as it impacts and/or relates to sexual and domestic violence in tribal communities. [2016-IW-AX-0008 and 2017-IW-AX-0018]

**Goal 2: To increase awareness of sexual assault and domestic violence against native women while cultivating appropriate cultural standards, response, and beliefs by engaging tribal providers, criminal justice systems, cultural and council leaders, and providing collective input to tribal, state, and federal policies, training and programming efforts.**

<b>Objectives</b>	➤ Provide methods of awareness that will outreach to tribal, state, and federal program staff, trainers and leadership while enhancing the general public’s knowledge of sexual and domestic violence in Indian Country of Montana. [All grants]
	➤ Increase the awareness, capacity, and response of tribal community by supporting the implementation of tribal strategic plans that impact and end sexual and domestic violence. [2015-IW-AX-0010]
	➤ Increase the awareness and response of state and federal agencies, stakeholders and policy makers by implementing a MNWC statewide tribal strategic plan to impact and end sexual and domestic violence in Montana's Indian Country. [2015-IW-AX-0010]
	➤ Provide three statewide trainings, and one statewide tribal forum that will address the challenges of impacting and ending sexual and domestic violence in Indian Country. [2016-IW-AX-0008 and 2017-IW-AX-0018]
	➤ Develop a tribal policy agenda that will serve to educate, address, and improve state and federal policies to better serve, and protect native women. [2015-IW-AX-0010]
	➤ Promote the MNWC statewide tribal strategic plan. [2016-IW-AX-0008 and 2017-IW-AX-0018]
	➤ Organize and coordinate tribal technical assistance meeting to showcase tribal strategic plans and MNWC strategic plan. [2015-IW-AX-0010]
	➤ Develop a tribal policy agenda that is reflective of the member tribal programs and native victims’ perspectives that will serve to protect native women. [2016-IW-AX-0008 and 2017-IW-AX-0018]

Source: OJP GMS

During our review, we found that MNWC policies and procedures did not address the documentation of progress, programmatic activities, or the completion of grant goals and objectives. Moreover, we found that the MNWC did not maintain support for the achievement of the 11 objectives under Grant Number 2015-IW-AX-0010 and 10 of the 11 objectives under Grant Number 2016-IW-AX-0008. Current MNWC officials stated that former grant officials did not retain any information or records supporting the achievement of the goals and objectives, and stated that they contacted the former MNWC accountant, who also did not provide any information. As such, we were unable to determine whether the objectives were achieved for Grant Numbers 2015-IW-AX-0010 and 2016-IW-AX-0008.

Activity under Grant Number 2017-IW-AX-0018, began in April 2018, and ended on June 30, 2019, the grant end date. As such, the current MNWC Executive Director, who was hired in May 2018 had a little over a year to complete the grant goals and objectives. However, we found that the MNWC did not maintain support

for the achievement of 4 of the 11 objectives including to: (1) provide assistance to implement tribal strategic plans and a MNWC statewide strategic plan; (2) promote the MNWC statewide tribal strategic plan; (3) hold one statewide systems forum to address systemic challenges within tribal programs, and the intersect between the war on meth and sexual and domestic violence in tribal communities; and (4) develop a tribal policy agenda that is reflective of the member tribal programs and native victims' perspectives to protect native women.

Additionally, we found that the MNWC only partially completed and supported its objectives to: (1) conduct monthly board of director meetings and to keep all minutes; (2) provide a minimum of eight onsite training and technical assistance, including at least one fundamental Sexual Assault and Domestic Violence training, one tribal leadership meeting, and pre/post evaluations of the MNWC training and technical assistance (T&TA) effort; and (3) provide three statewide trainings, and one statewide tribal forum addressing sexual and domestic violence in Indian Country.

Specifically, the MNWC provided board meeting minutes covering only a four-month period of grant activity. We also found that the MNWC conducted only four of eight onsite T&TA efforts and did not conduct pre/post- evaluations for any of its onsite T&TA as required. Further, we found that MNWC provided only one of the three statewide trainings, and did not provide the statewide forum to specifically address the challenges of ending sexual and domestic violence in Indian Country as planned.

Based on our interviews with MNWC officials and the lack of both supporting documentation and written policies and procedures, we determined that the MNWC's process for documenting the accomplishments of the goals and objectives of the grants could be improved. As a result, we recommend the OVV ensure that the MNWC develop and implement a formal written process for reliably and accurately demonstrating that program goals and objectives are achieved, including a plan to solicit feedback from tribal domestic violence offices and to analyze feedback related to on-site T&TA.

## **Required Performance Reports**

According to the 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 29 quantifiable performance measures from the 2 most recent reports submitted under the grants, specifically 9 performance measures under Grant Number 2015-IW-AX-0010, and 10 performance measures each under Grant Numbers 2016-IW-AX-0008 and 2017-IW-AX-0018. We then attempted to trace the items to supporting documentation maintained by the MNWC.

However, MNWC officials stated that they were unable to locate or secure supporting documentation for many of the performance measures from former grantee officials. As a result, we found that the MNWC could not sufficiently support 27 of the 29 sampled progress report measures. Of these 27 performance measures, the MNWC did not provide any documentation to support the following 15 measures, as shown in Table 3.

**Table 3**

**MNWC Performance Measures Without Support**

2015-IW-AX-0010
➤ Training events provided by tribal coalitions program-funded staff or directly supported with tribal coalitions Program funds [Two progress report periods: July 2016 through June 2017]
➤ Total people trained by tribal coalitions program funded staff or supported by tribal coalitions program funds [Two progress report periods: July 2016 through June 2017]
➤ Education events provided by tribal coalitions program-funded staff or directly supported with tribal coalitions program funds [Two progress report periods: July 2016 through June 2017]
➤ Total people educated with tribal coalitions funds [Two progress report periods: July 2016 through June 2017]
➤ Number of technical assistance activities provided by tribal coalitions program-funded staff or directly supported with tribal coalitions program funds [One progress report period: July 2016 through December 2016]
2016-IW-AX-0008
➤ System advocacy activities [Two progress report periods: July 2017 through June 2018]
➤ Coalition development and capacity building – Board member and staff development [One progress report period: July 2017 through December 2017]
➤ Coalition development and capacity building – Equipment and software purchase [One progress report period: July 2017 through December 2017]
➤ Coalition development and capacity building – Strategic planning [One progress report period: July 2017 through December 2017]
➤ Number of People Trained [One progress report period: January 2018 through June 2018]

Source: OJP GMS

Although the MNWC did provide support for the remaining 12 measures, we found that the support did not include sufficient detail to fully verify claims of grant achievement, as shown in Table 4.

**Table 4**

**MNWC Performance Measures With Partial Support**

Award Number	Reported in Progress Report	Results
2016-IW-AX-0008		
➤ Culturally specific activities [Two progress report periods: July 2017 through June 2018]	4 activities	MNWC provided support for two of four activities. However, support for activities did not specify the content presented or discussed.
➤ Training events provided by tribal coalitions program-funded staff or directly supported with tribal coalitions program funds [One progress report period: January 2018 through June 2018]	3 events	MNWC provided support for one of three events.

Award Number	Reported in Progress Report	Results
	1 site visit	MNWC provided support for a site visit, but it was for a meeting that occurred more than 1 month after the award period end. The support did not specify the content presented or discussed.
<b>2017-IW-AX-0018</b>		
	7 events	MNWC provided support for one of seven events, but support did not specify the content presented or discussed.
	71 people educated	MNWC provided support that showed an estimate of event attendees.
	3 activities	MNWC provided support for two of three activities
	5 events	MNWC provided support for one of five events
	137 people trained	MNWC provided support that only identified 82 people trained
	8 site visits 16 technical assistance consultations	MNWC provided support for five site visits, but no technical assistance consultations.
	3 presentations at in-person board meetings	MNWC provided support that only identified one presentation.

Source: OJP GMS and MNWC

Based on our interviews with MNWC officials, and both the lack of supporting documentation and written policies and procedures, we determined that the MNWC’s process for the documentation of programmatic activities could be improved. As a result, we recommend that OJV coordinate with the MNWC to develop and implement formal written performance reporting policies and procedures to ensure that valid source documentation is maintained to support all data collected for each performance measure reported in its 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 are not addressed in another section of this report. As a result, we

evaluated two special conditions under Grant Numbers 2015-IW-AX-0010, 2016-IW-AX-0008, and 2017-IW-AX-0018 for a total of six special conditions.

We identified five instances in which the MNWC was not in compliance with the special conditions of the grant. Specifically, each grant included a special condition that the recipient be comprised of board and general members that are representatives of the member service providers and the tribal communities in which the services are being provided. If the recipient does not meet these criteria, it agrees to contact the assigned OVW grant manager as soon as possible.

Based on our review, the tribal coalitions program solicitations for FYs 2015 through 2017 states that member service providers offer shelter and rape crisis services and assistance to Indian women and their dependents that are victims of domestic violence, dating violence, sexual assault, sex trafficking, and stalking. MNWC Program narratives for the 3 grant years identify member service providers as the tribal domestic violence programs within the MNWC tribal service area. Therefore, to be compliant with this special condition, board members should be representatives from the identified tribal domestic violence program offices. However, the MNWC Executive Director informed us that three board members serving MNWC under Grant Numbers 2015-IW-AX-0010 and 2016-IW-AX-0008 and four board members under Grant Number 2017-IW-AX-0018 were not part of a domestic violence office and represented their respective tribes without tribal approval. Upon learning this, MNWC removed them as voting members of the board of directors. While we acknowledge that MNWC officials took appropriate action in removing the board members, MNWC did not comply with this special condition for Grant Numbers 2015-IW-AX-0010, 2016-IW-AX-0008, and 2017-IW-AX-0018.

In addition, each grant included a special condition prohibiting the MNWC from obligating, expending, and drawing down funds until all previous grant funds had been expended unless the MNWC obtained prior written approval from OVW. According to the special condition, in order to obligate, expend, or draw down funds prior to the completion and expiration of the previous award, the MNWC was required to submit a written request to OVW for review and approval. If approved, OVW issues a Grant Adjustment Notice (GAN) releasing this special condition and allowing MNWC to access the grant funds.<sup>1</sup> Based on our review of the general ledgers and GANs, we found that the MNWC did not comply with this special condition for Grant Numbers 2015-IW-AX-0010 and 2017-IW-AX-0018. Specifically, for Grant Number 2015-IW-AX-0010, we found that the MNWC obligated \$1,576 in salaries and associated fringe benefits prior to all previous grants being expended and without OVW approval. Likewise, for Grant Number 2017-IW-AX-0018, we identified \$8,539 in expenditures and \$16,988 in obligations associated with salaries and fringe benefits, consulting fees and travel, mileage and meals and incidental expenses (M&IE) for travel to a cultural event, office supplies, and t-shirts that were reported in the general ledger for which no GAN was requested or approved by OVW. Therefore, we recommend the OVW remedy the \$27,103 in expenditures incurred as a result of a special condition noncompliance, specifically: \$1,576 under Grant Number 2015-IW-AX-0010 and \$25,527 under Grant Number 2017-IW-AX-0018.

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<sup>1</sup> The only funds excluded from this special condition were funds for travel related expenses to attend OVW-sponsored technical assistance events.

As a result of the issues identified above, we recommend the OVV coordinate with the MNWC to develop and implement procedures to ensure compliance with all award special conditions.

## **Grant Financial Management**

According to the 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 MNWC's financial management of the grants covered by this audit, we conducted interviews with financial staff, examined policy and procedures, and inspected grant documents to determine whether the MNWC adequately safeguarded the grant funds we audited. Finally, we performed testing in the areas that were relevant for the management of the grants, as discussed throughout this report.

Based on our review, we concluded that the MNWC grant financial system needs improvement. Specifically, we found that MNWC accounting records: (1) did not track expenditures for each award separately, (2) did not track other non-federal income (donations) received, or the associated non-grant related expenditures separately, (3) included duplicate accounting entries for personnel and fringe benefits, contracts and consultants, supplies, other direct costs; and (4) erroneously recorded bank transfers, refunds, and travel expenditures as income. Additionally, we identified a need for improvement in MNWC safeguarding federal funds and reviewing the System for Award Management (SAM) for suspended and debarred entities and individuals. Further, we identified deficiencies related to the MNWC's financial policies.

## **Issues Identified with the Accounting System**

According to the DOJ Grants Financial Guide, recipients must ensure that agency funds are not commingled with funds from other Federal or non-federal agencies. Additionally, recipients must account for each award separately and are prohibited from commingling funds on either a program-by-program or project-by-project basis. However, during our review of accounting records, and interviews with MNWC officials, we found that although the MNWC accounting system identified drawdowns by grant, it did not track expenditures by grant as required. As a result, in September 2018, the MNWC contracted with a financial consultant to reconstruct financial records after its former accountant resigned. Interviews with the financial consultant indicated that the MNWC accounting system lacked an account structure to separately track grant expenditures. In order to identify which expenditures were associated with each grant, the financial consultant used the dates of the first drawdowns for each grant in order to identify grant periods. However, these dates did not align with actual grant activity thus contributing to the unreliability of the MNWC accounting records. As a result, we found it difficult to verify the accuracy of Federal Financial Reports (FFRs) and to determine whether MNWC effectively managed grant drawdowns and adhered to budget requirements.

Moreover, we found that the MNWC did not track other non-federal income received, or the associated non-grant related expenditures separately. In reviewing the general ledgers, we identified \$7,815 in non-federal income and \$4,380 in non-grant related expenditures, leaving \$3,435 in non-federal income with no identifiable associated non-grant expenditures. In addition to the DOJ Grants Financial Guide, the MNWC own fiscal policies state that separate accounting was to be maintained for each funding source, including income and disbursements for each account. Therefore, we recommend that the OVV coordinate

with the MNWC to ensure that going forward, the MNWC has updated its accounting system to track non-federal income and expenditures by funding source.

During our review of the accounting records, we also identified 32 duplicate entries totaling \$66,384 for personnel and fringe, contracts and consultants, supplies, travel, and other direct costs. Additionally, while not selected in our review of expenditures we identified an additional \$12,089 in duplicate expenditures for Grant Number 2017-IW-AX-0018. After reviewing bank records and confirming with MNWC officials, we found only one instance of an individual that was paid more than once. In this one instance the initial check payment was voided, and the individual did not deposit the initial payment. However, MNWC did not update its accounting records to reverse the initial expenditure. In our judgment, accurate accounting records are essential to proper grant management. As a result, we recommend OVV ensure that MNWC updates its policies and procedures to include a process for reviewing grant accounting records for duplicate expenditures, and rectifying all duplicate transactions identified.

We also found that the MNWC accounting records under grant number 2017-IW-AX-0018 erroneously reported \$67,166 in bank transfers, refunds, and travel expenditure credits in the income accounts. After identifying these errors, we found that \$1,355 remained in income. Therefore, we recommend the OVV ensure that the MNWC review accounting records to determine actual total income and total expenses under Grant Number 2017-IW-AX-0018.

### **Safeguarding Federal Funds**

During our review of controls for cash management, we were unable to review bank reconciliations because MNWC officials did not believe the former accountant prepared bank reconciliations for the three grants. However, we reviewed the general ledger and check copies for abnormalities. Based on our review, we identified two instances in which the general ledger showed transactions for different amounts reported on different dates associated with the same check number. The check numbers listed in the bank statements did not match check numbers for the later transactions. Although, MNWC policies and procedures did require monthly bank reconciliations, we found those policies and procedures to be ambiguous regarding check signatures stating, "All checks require two (1) signature." In reviewing check copies, we found that checks only had one signature. As a result of these discrepancies note above, we recommend that the OVV coordinate with the MNWC to ensure it has developed effective controls for safeguarding federal funds such as clarifying signature requirements and performing routine and timely bank reconciliations.

### **System for Award Management Verification**

Further, we found that the MNWC's suspension and debarment verification for employees and contractors could be improved. During our review, we found no requirement in the MNWC policies and procedures or evidence that the MNWC routinely performed a review of the System for Award Management (SAM) for new or existing employees, contractors, consultants, or vendors. The DOJ Grants Financial Guide states agencies are required to establish and implement procedures to ensure that Federal assistance is not awarded to entities that are prohibited from receiving Federal funds. Award recipients must perform a SAM review of potential contractors and individuals. As a result, we recommend that OVV ensure the MNWC develops formal written policies and procedures that ensures compliance with debarment and suspension requirements.

## Conflicts of Interest

We also found the MNWC policies and procedures did not address employee conflicts of interest.<sup>2</sup> The DOJ Grants Financial Guide states that non-federal entities must maintain written standards of conduct covering conflict of interest and employee participation in selection, award, and administration of contracts. Therefore, we recommend the OVW ensure that the MNWC develop written standards covering conflicts of interest and employee participation in selection, award, and administration of contracts. Further, we recommend the OVW ensure that the MNWC document its process for checking conflicts of interest and for verifying that contracts are not awarded to contractors or individuals on the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

## Lack of Segregation of Duties Policies

Finally, we found that the MNWC did not have documented procedures to address segregation of duties for procurement. The Uniform Administrative Requirements state that a non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. The DOJ Grants Financial Guide expands on this stating that segregation of duties is a key internal control concept that establishes procedures for certain types of financial transactions where no one person is able to execute the entire procedure alone. In its response to a FY 2016 Tribal Domestic Violence and Sexual Assault financial accounting practices questionnaire, the MNWC officials indicated that all vendor payments must be supported by a bill payment coversheet signed by the executive director and the treasurer of the MNWC board of directors.

In our review of expenditures, we identified transactions for Grant Numbers 2015-IW-AX-0010 and 2016-IW-AX-0008 that were supported by bill payment forms which appeared to serve as a coversheet, but the bill payment forms were not signed. During our site visit in March 2020, MNWC officials stated that it has switched to a process using an accounts payable voucher that requires a signature by the executive director. This voucher would be maintained with the invoice, a copy of the check, and the check stub. In our review of sampled expenditures for Grant Number 2017-IW-AX-0018, we found that the earliest instances of an accounts payable voucher form being used was in January 2019. The accounts payable voucher required requestor and approval signatures. The MNWC Executive Assistant signed the form as the requestor and the MNWC Executive Director signed as the approver. We consider this to be an improvement as it indicates that MNWC has enacted a practice to allow for more than one person to be involved in the procurement process. However, this practice is not documented in existing policies and procedures. Therefore, we recommend the OVW coordinate with the MNWC to ensure that the MNWC document policies and procedures that adequately address segregation of duties for procurement.

## Grant Expenditures

For Grant Numbers 2015-IW-AX-0010, 2016-IW-AX-0008, and 2017-IW-AX-0018, the MNWC's approved budgets included personnel, fringe benefits, travel, supplies, contracts and consultants, and other costs. Additionally, Grant Number 2015-IW-AX-0010 included equipment costs. To determine whether costs

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<sup>2</sup> MNWC did have Articles of Incorporation that addressed conflicts of interest. However, we found that the article regarding conflicts interest was specific to board members and not MNWC employees.

charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a judgmental sample of transactions in Table 5 below.<sup>3</sup>

Table 5

Judgmental Sample of Direct Costs

Award Number	Sampled Transactions	Dollars Sampled	Percent of Direct Costs
2015-IW-AX-0010	91	\$80,233	28.3
2016-IW-AX-0008	191	155,976	45.1
2017-IW-AX-0018	94	134,858	29.7
<b>Total:</b>	<b>376</b>	<b>\$371,067</b>	N/A

Source: MNWC

We also judgmentally selected payroll costs for two non-consecutive months under Grant Number 2015-IW-AX-0010 and three non-consecutive months under Grant Numbers 2016-IW-AX-0008 and 2017-IW-AX-0018.

We reviewed documentation, accounting records, and performed verification testing related to grant expenditures. Based on this testing, we identified \$248,364 in net questioned costs. Therefore, we recommend that the OVW remedy \$248,364 in net questioned costs. The following sections describe the results of that testing.

**Personnel and Fringe Costs**

**Unallowable Personnel and Fringe Costs**

According to the budget for each grant, funds were approved for payroll and fringe benefit costs like FICA, health insurance, workers compensation, and unemployment compensation. We reviewed documentation from a sample of personnel transactions for 8 months during the scope of our audit. During our review, we identified six instances, that included \$5,860 in unallowable personnel and fringe benefit costs for Grant Number 2016-IW-AX-0008 related to pay increases that included commission pay and board-approved compensation and personal reimbursement. Commission pay was not in the approved budget and there was no board approval for compensation and personal reimbursement. Therefore, we recommend the OVW remedy the \$5,860 in unallowable personnel and fringe benefit costs under Grant Number 2016-IW-AX-0008.

**Unsupported Personnel and Fringe Costs**

We also identified 12 instances, that included \$27,892 in unsupported personnel and fringe costs. Specifically, we identified the following:

1. Two instances, that included \$6,816 for 336 hours of compensatory time that was not supported. In

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<sup>3</sup> This table does not include personnel and fringe benefit costs. Testing specific to personnel is discussed in the "Personnel and Fringe Costs" section of this report.

addition, one of these instances was supported by a timesheet with hours reported for a different pay period than the pay period identified on the pay stub.

2. Nine instances, that included \$20,440 that were supported by pay stubs, but for which there was no timesheet, or the timesheet did not cover the entire pay period that was charged to the grant. For two of these instances, pay also included a total of 160 hours of vacation pay, but vacation accruals were not reported.
3. One instance, that included \$636 for 20 additional hours that were charged to the grant but not reported on timesheets which covered the entire pay period.

Therefore, we recommend the OVW remedy the \$27,892 in unsupported personnel and fringe benefit costs, specifically: \$13,794 under Grant Number 2015-IW-AX-0010; \$5,942 under Grant Number 2016-IW-AX-0008; and \$8,156 under Grant Number 2017-IW-AX-0018.

## **Travel**

According to the DOJ Grants Financial Guide, travel costs must be reasonable and in accordance with the organization's established travel policy. In absence of an established travel policy, the organization must comply with the Federal Travel Regulations. However, the DOJ awarding agency reserves the right to determine the reasonableness of an organization's travel policy.

According to MNWC policies and procedures, the approval for travel expenses shall be made in advance by the Executive Director and the MNWC will pay the going state rate for all travel costs, unless otherwise stated in the budget of a specific grant or contract.

MNWC policies and procedures further state that reimbursement for employee business expenses must be requested on a Travel Expense Form and be accompanied with mileage and an explanation of the purpose for travel. MNWC policies only require staff to submit receipts of expenditures in the cases where federal per diem rates are not used. Additionally, the Budget Detail Worksheets state the travel rate is based on the current GSA travel rate. The travel policies and procedures make no mention of rest periods during travel. Therefore, we consider the MNWC travel policies to be lacking and we verified compliance of MNWC travel expenditures with Federal Travel Regulations.

## **Unallowable Travel**

We identified 91 instances, or \$38,088 in unallowable travel expenditures. Specifically, we identified:

1. Twenty-one transactions, that included \$1,159 for excess mileage charged as the total mileage payments exceeded the allowable mileage using rates established by the Internal Revenue Service and for excess M&IE during the first and last day of travel.
2. Thirteen transactions related to unnecessary travel days resulting in \$1,681 in unallowable lodging and M&IE, and excess M&IE related to furnished meals at a conference.

3. One transaction, totaling \$500 for a cell phone case that was incorrectly reported as a travel expense, not in budget, and an unallowable promotional item.
4. Three transactions, that included \$2,000 for “day of service” payments which were paid to board members in addition to travel advance payments. “Day of service” payments were payments made to board members and staff as compensation for board meeting attendance. However, these payments were not in the approved budgets.
5. Eighteen transactions, that included \$4,918 for lodging, airfare, training registration, M&IE, parking, and mileage for travel not incurred.
6. Thirty-four transactions, that included \$27,815 for lodging, M&IE, parking, mileage, room service, rollaway bed charges, and travel insurance that were not in the budget or approved by OVW.
7. One transaction, that included \$15 for scholarship travel advance payments that exceed amounts reported in supporting documents.

Therefore, we recommend the OVW remedy \$38,088 in unallowable travel costs, specifically: \$1,873 under Grant Number 2015-IW-AX-0010; \$32,760 under Grant Number 2016-IW-AX-0008; and \$3,455 under Grant Number 2017-IW-AX-0018.

#### **Unsupported Travel**

Additionally, we identified 144 transactions, that included \$83,277 in unsupported travel expenditures. Specifically, we identified:

1. Thirteen transactions, that included \$7,447 for lodging, airfare, mileage, M&IE, and parking for travel not incurred or partially incurred. Accounting records show that travel advances were paid, but there was no support that excess portions of the travel advances were reimbursed back to the MNWC.
2. Ninety transactions, that included \$60,484 for airfare, lodging, mileage, M&IE, parking, luggage, and shuttle fees that were missing documents to support travel expenditures or that individuals attended meetings, trainings, or conferences.
3. Two transactions, totaling \$511 for mileage, M&IE, and catering that had no support regarding whether the purpose of travel was within grant goals and objectives or that expenditures were not charged to the grant.
4. Two transactions, totaling \$2,335 for lodging and banquet room rentals that were supported by a contract between the MNWC and the hotel but were not supported by invoices or documents to support why these expenditures were charged to the grant.
5. Seven transactions, that included \$1,605 for lodging that were supported by invoices in excess of the GSA lodging rate, but there was no support regarding whether the hotel refused to honor the GSA lodging rate as required.

6. Four transactions, that included \$1,622 for lodging and M&IE for an additional travel day, but there was no support regarding whether this travel day was necessary. One instance also includes lodging for a board member whose name was not listed on the training sign-in sheet. Therefore, it is unknown whether this individual attended training.
7. One transaction, totaling \$500 for a cell phone case, while also incorrectly reported as a travel expense, was not supported by an invoice.
8. Six transactions, totaling \$4,373 for training events. We did not receive any support regarding whether OVW approved training attendance.
9. Nine transactions, that included \$1,813 for lodging, mileage, and M&IE supported by travel advance and reimbursement documents that identified a destination that did not match the lodging invoice or mileage request.
10. Three transactions, totaling \$495 for lodging, mileage, and M&IE supported by travel advance and reimbursement documents that identified a travel destination in the same city as the MNWC office and lacked documentation to explain why travel was necessary.
11. Six transactions, that included \$1,511 for lodging and taxi or parking. Lodging invoices showed that travel advances were greater than the invoice, but we did not receive any support regarding whether the differences were reimbursed back to the MNWC. Additionally, taxi or parking costs were missing supporting documentation such as invoices or receipts.
12. One transaction, for \$581 that was a payment to a travel agency for airfare and a rental car. While we received an invoice from the travel agency and airline itineraries, we did not receive an invoice for the rental car. In addition, the invoice from the travel agency showed that the MNWC overpaid, but there was no support that the travel agency credited or refunded the overpayment.

Therefore, we recommend the OVW remedy \$83,277 in unsupported travel costs, specifically: \$27,410 under Grant Number 2015-IW-AX-0010; \$46,957 under Grant Number 2016-IW-AX-0008; and \$8,910 under Grant Number 2017-IW-AX-0018. Additionally, we recommend that OVW coordinate with the MNWC to enhance its travel procedures to ensure that all travelers requesting travel reimbursement submit documentation to support travel expenses and to verify attendance at conferences, trainings, and meetings.

## **Contractors and Consultants**

### **Unallowable Contractors and Consultants**

We identified 21 transactions, totaling \$16,656 in unallowable consulting fees and travel. Specifically, for Grant Number 2016-IW-AX-0008, we identified two transactions, that included \$2,295 for accounting fees that were for services that were outside the scope of the contract and exceeded the agreed upon monthly fee for the services that were within the scope of contract. In addition, for Grant Number 2016-IW-AX-0008, we identified 13 transactions, that included \$5,790 for consulting fees and travel for both an accountant and consultant to attend a board of directors meeting held in Las Vegas, NV. According to the contract between the MNWC and the accountant, travel would only be reimbursed if required in the performance of approved accounting services. However, board meeting attendance is not an accounting service specified in the contract. Additionally, the MNWC hired a consultant to perform board policy and procedure development

training during the board meeting in Las Vegas, NV, but this consulting service and travel was not in the approved budget. Further, the OVW did not approve travel to Las Vegas, NV.

In addition, for Grant Number 2017-IW-AX-0018, we identified 6 transactions, that included \$8,571 in unallowable contractors and consulting expenditures. Specifically, we identified:

1. Two transactions totaling \$2,426 for consulting fees and travel for a stand-up comedian to perform at an event hosted by another organization, which were not in the approved budget.
2. One transaction for \$3,500 in consulting fees associated with reestablishing the nonprofit status of MNWC which qualify as organization costs.<sup>4</sup>
3. One transaction that included \$1,693 for conference lodging fees for a board member and drum circle performers, which were not included in the grant budget. Additionally, we found that this transaction also included one night of lodging for seven individuals that did not check in to the hotel.
4. One transaction included \$914 for excessive consulting fees. We found that the conference agenda only supports that the total time spent conducting presentations during the two days was 4 hours and 45 minutes.
5. One transaction included \$38 for excess consulting fees that were incorrectly totaled on the invoice.

As a result of these findings, we recommend that the OVW remedy the \$16,656 in unallowable consulting fees and travel, specifically: \$8,085 under Grant Number 2016-IW-AX-0008; and \$8,571 under Grant Number 2017-IW-AX-0018.

### Unsupported Contractors and Consultants

Additionally, we identified 30 transactions, or \$23,836 in unsupported consulting fees and travel. For Grant Numbers 2015-IW-AX-0010, 2016-IW-AX-0008, and 2017-IW-AX-0018, we identified 19 transactions that included \$17,319 for consulting fees and travel that were not supported by contracts or invoices detailing work accomplished. MNWC Policies and Procedures state that consultants will be required to enter into a contract with services with the MNWC signed by the consultant and the MNWC Executive Director. In addition, we were not provided any travel reimbursement documents for the two transactions for consultant travel. For Grant Number 2015-IW-AX-0010, we identified three transactions totaling \$2,365 for consultant and instructor travel that were not supported by any travel reimbursement documents or support that consulting services were performed.

For Grant Number 2016-IW-AX-0008, we identified six transactions totaling \$1,726 for accountant travel that was supported by a travel reimbursement form, but the form showed that expenses paid as travel advances were not incurred. However, we did not receive support that these removed expenses were reimbursed

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<sup>4</sup> According to Uniform Administrative Requirements, organization costs include costs such as incorporation fees, brokers' fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselor, whether or not employees of the non-Federal entity in connection with establishment or reorganization of an organization. These are unallowable except with prior approval of the Federal awarding agency.

back to the MNWC. Finally, for Grant Number 2017-IW-AX-0018, we identified two transactions, totaling \$2,426 for fees and travel for a comedian. We received a flyer to support an event where the comedian would perform, but the event date on the flyer was the day before the comedian traveled to the event destination. We received no support that the event was rescheduled or that it occurred over multiple days.

As a result of these findings, we recommend that the OVW remedy the \$23,836 in unsupported consulting fees and travel, specifically: \$6,665 under Grant Number 2015-IW-AX-0010; \$13,135 under Grant Number 2016-IW-AX-0008; and \$4,036 under Grant Number 2017-IW-AX-0018.

## Other Direct Costs

### Unallowable Other Direct Costs

We identified 16 transactions, totaling \$15,119 in unallowable other direct costs.<sup>5</sup> Specifically, for Grant Numbers 2016-IW-AX-0008, and 2017-IW-AX-0018 we identified eight transactions, totaling \$4,792 for advertising, cultural awareness items, and printing that were unallowable promotional items. While the budgets for Grant Numbers 2016-IW-AX-0008 and 2017-IW-AX-0018 allowed for printing and binding materials for trainings and educational and awareness items that included posters, banners and table tents, these transactions were for purchases of promotional items such as earrings, and t-shirts. The support for transactions associated with the purchase for t-shirts included requests for cash donations from the MNWC so that tribal domestic violence offices could purchase t-shirts for Missing, Murdered, and Indigenous Women events.<sup>6</sup> We found that the requestors were MNWC Board Members that also worked for the tribal domestic violence offices.

In addition, for Grant Number 2016-IW-AX-0008, the MNWC budgeted for three media campaigns and public service announcements. For four transactions, totaling \$7,200, the MNWC used all approved budgeted media costs to purchase conference packets for its annual conference. The conference packets qualified as small purchases. According to 2 CFR §200.320, price or rate quotations must be obtained from an adequate number of qualified sources. Rather than obtain quotes, MNWC officials informed the vendor that it could charge the full amount of budgeted printing and media costs. Further, for Grant Numbers 2015-IW-AX-0010 and 2017-IW-AX-0018, we identified two transactions, totaling \$571 for overdraft fees and moving expenses that were not in the approved budget. For Grant Number 2016-IW-AX-0008, we identified \$356 for meals that were not in the budget and qualified as unallowable entertainment in accordance with the DOJ Grant Financial Guide.

For Grant Number 2016-IW-AX-0008, we identified \$2,200, for booth rental fees for information in Las Vegas, NV in November. While booth rental fees were in the approved budget, the budget specifies that booths would be at various trainings, conferences, education, and awareness events around the State of Montana. Additionally, the OVW did not approve travel to Las Vegas, NV.

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<sup>5</sup> Here and throughout the report, differences in the total amounts are due to rounding.

<sup>6</sup> According to the Uniform Administrative Requirements, costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable.

As a result of these findings, we recommend that the OVW remedy the \$15,119 in unallowable other direct costs and associated fees, specifically: \$280 under Grant Number 2015-IW-AX-0010; \$11,501 under Grant Number 2016-IW-AX-0008; and \$3,339 under Grant Number 2017-IW-AX-0018.

### **Unsupported Other Direct Costs**

Additionally, we identified 24 transactions, that included \$36,741 in unsupported other direct costs. Specifically, for Grant Numbers 2015-IW-AX-0010, 2016-IW-AX-0008, and 2017-IW-AX-0018, we identified 18 transactions, totaling \$32,099 for cell phone charges, overdraft fees, online meeting and conferencing software subscription fees, meals, tribal advocate charges, youth camp charges, promotional items for events, and moving expenses, that were not supported by invoices, bills, or contracts from vendors or service providers. In addition, for Grant Numbers 2015-IW-AX-0010 and 2016-IW-AX-0008 we identified three transactions, totaling \$1,796 for office rent payments that were not supported by rental agreements. MNWC officials requested a copy of the rental agreement from the landlord. The landlord informed the MNWC that it never had a rental agreement with MNWC, but rather another organization. We found that, at the time of these rent expenditures, MNWC and the other organization shared the same address and executive director. Therefore, we could not determine whether MNWC was also paying rent for the other organization. Additionally, for Grant Number 2016-IW-AX-0008, we identified one transaction totaling \$199 for an unallowable purchase of earrings that was not supported by any explanation regarding the purpose of the purchase or support that the earrings were not charged to the grant. For Grant Number 2015-IW-AX-0010, we identified one transaction totaling \$140 that had no support or an explanation of the transaction in the accounting records. MNWC officials stated that they could not find original documents or supporting documents regarding the payment. Finally, for Grant Number 2017-IW-AX-0018, we identified one transaction totaling \$2,507 for a prepaid charge card. While we did receive a statement showing the purchases made with the card, we did not receive invoices or receipts from vendors identifying what was purchased or support that purchases were in the approved budget. Also, the remaining balance of the card was refunded back to the MNWC and the refund was recorded as other income, but there was no indication that the refunded amount reduced grant expenditures.

As a result of these findings, we recommend that the OVW remedy the \$36,741 in unsupported other direct costs, specifically: \$17,942 under Grant Number 2015-IW-AX-0010; \$11,485 under Grant Number 2016-IW-AX-0008; and \$7,314 under Grant Number 2017-IW-AX-0018.

## **Supplies**

### **Unallowable Supplies**

We identified four transactions that included \$13,226 in unallowable supply costs. Specifically, for Grant Number 2015-IW-AX-0010, we identified two transactions totaling \$2,709 of unallowable promotional items that were not in the approved budget. While the budget for 2015-IW-AX-0010 allowed for office supplies, postage, and educational and awareness items that included posters and table tents, we found instances of expenditures for promotional items such as a shawls, t-shirts, and a ribbon shirt.

In addition, for Grant Number 2016-IW-AX-0008, we identified one transaction, that included \$10,353 for office supplies that were not in the budget including laptops, office furniture and assembly, and a coffee maker. We also identified one transaction, that included \$164, for money order and cash change fees associated with a purchase of supplies. These fees were not included in the budget.

As a result of these findings, we recommend that the OVW remedy the \$13,226 in unallowable supply costs and associated fees, specifically: \$2,709 under Grant Number 2015-IW-AX-0010 and \$10,517 under Grant Number 2016-IW-AX-0008. In addition, we recommend that the OVW coordinate with the MNWC to enhance its procurement procedures to ensure that federal funds are only used for allowable supplies, and outreach and awareness items and services.

### **Unsupported Supplies**

Additionally, we identified four transactions totaling \$5,395 in unsupported supply costs. Specifically, for Grant Number 2015-IW-AX-0010, we identified one transaction totaling \$1,986 for shawls and a ribbon shirt, and travel costs for the individual the making the shawls and ribbon shirt. While we received a handwritten note that discussed the purchase, we did not receive support regarding the purpose of the purchase and whether it was intended for the grant. For Grant Number 2016-IW-AX-0008, we identified three transactions that included \$3,409 for supplies that were not supported by invoices. We also did not receive any detail regarding what was purchased. Therefore, we recommend the OVW remedy the \$5,395 in unsupported supply costs, specifically: \$1,986 under Grant Number 2015-IW-AX-0010; and \$3,409 under Grant Number 2016-IW-AX-0008.

## **Equipment**

### **Unsupported Equipment**

We identified one transaction for \$9,644 in unsupported equipment costs. Specifically, for Grant Number 2015-IW-AX-0010, the MNWC budgeted for the cost of a copier. According to the approved budget, the cost of the copier was based on the MNWC requesting three bids and selecting the lowest bid. However, MNWC officials did not provide copies of the bids obtained during the selection process for the copier. Therefore, we recommend the OVW remedy the \$9,644 in unsupported equipment costs under Grant Number 2015-IW-AX-0010.

## **Construction**

### **Unallowable Construction**

We identified one transaction totaling \$4,100 in unallowable construction costs. Specifically, for Grant Number 2016-IW-AX-0008, the MNWC contracted with a vendor for maintenance services for the MNWC office building exterior and for the construction of a deck. The invoice listed labor and preparation costs totaling \$2,168 and materials totaling \$1,932. These costs were not included in the approved budget. Further, the deck represents a construction cost which is not allowed under the Tribal Coalitions Program. Therefore, we recommend the OVW remedy the \$4,100 in unallowable construction costs under Grant Number 2016-IW-AX-0008.

## **Budget Management and Control**

According to the 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 award. 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 award amount.

We attempted to compare grant expenditures to the approved budgets to determine whether the MNWC transferred funds among budget categories in excess of 10 percent. However, during our review of expenditures we noted that MNWC did not properly identify the correct budget categories for many transactions listed in its general ledgers. For example, we found that MNWC reported a tax payment as a travel expenditure. Additionally, every transaction that we reviewed that was related to consultant travel was reported as a travel expenditure. However, the MNWC budget detail worksheets, specify that consultant travel falls under the consultants and contracts category. Since we were unable to confirm the appropriate budget categories for all transactions reported in MNWC accounting records, we cannot reasonably rely on the accounting records to compare expenditures with budgeted amounts.

Moreover, as noted in the Grant Financial Management section of this report, we could not determine when the MNWC began and ended charging expenditures to the grants and, as a result, could not accurately identify expenditures applicable to each award or compare expenditures to budgeted amounts. Therefore, we recommend the OVW coordinate with the MNWC to ensure that it has updated its accounting system to ensure that actual expenditures can be compared to budgeted amounts for current and future grant awards and to ensure that the MNWC does not violate the 10-percent rule.

## **Drawdowns**

According to the 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. Additionally, the DOJ Grants Financial Guide states that recipients should develop written procedures for cash management of funds to ensure that Federal cash on hand is kept at or near zero. While we did not find that the MNWC policies addressed drawdowns, in its response to Tribal Domestic Violence and Sexual Assault financial accounting practices questionnaires for the 3 grant years, MNWC officials indicated that it draws down funds on a reimbursement process whenever possible.

To assess whether the MNWC managed grant receipts in accordance with Federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. As of July 2, 2019, the MNWC had drawn down a total of \$931,599 in award funds under the three grants, as shown in Table 6.

Table 6

Total Drawdowns Compared to Expenditures as of July 2019

Award Number	Award Amount	Total Drawdowns	Total Expenditures <sup>7</sup>	Total Expenditures Less Drawdowns
2015-IW-AX-0010	\$276,615	\$276,615	\$279,972	\$ 2,276
2016-IW-AX-0008	336,976	336,976	345,261	7,285
2017-IW-AX-0018	318,008	318,008	343,122	23,759
<b>Total:</b>	<b>\$931,599</b>	<b>\$931,599</b>	<b>\$968,355</b>	<b>\$33,320</b>

Source: OJP GMS and the MNWC

Additionally, according to the DOJ Grants Financial Guide, drawdown requests should be timed to ensure that Federal cash on hand is the minimum needed for disbursements/reimbursements to be made immediately or within 10 days. If not spent or disbursed within 10 days, funds must be returned to the awarding agency. We found 16 instances where drawdowns exceeded expenditure over the 10-day requirement. However, in October, 2019, OVW limited grant drawdowns to a reimbursement basis until the MNWC can demonstrate an ongoing ability to manage grant funds in compliance with federal grant requirements. Therefore, we do not offer a recommendation.

Although the drawdown process did not result in MNWC receiving excess federal funds, MNWC did not have formalized policies and procedures for conducting drawdowns. As a result, we recommend that OVW ensure MNWC develops formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide.

As previously noted in the Grant Financial Management section of this report, the MNWC did not properly allocate expenditures by funding source. As a result, MNWC allocated expenditures after-the-fact so that expenditures would align with drawdown dates for each grant award. This method of allocation caused \$83,151 in expenses to be charged to the 2015 and 2016 grants after the award end dates. Because of the failure to initially identify expenses by funding source, we cannot determine an accurate dollar amount for expenses associated with drawdowns for the audited grants. While the overall expenditures allocated to the grant exceeded grant drawdowns, we found that the MNWC allocated unallowable expenditures to the grant after the award periods ended for Grant Numbers 2015-IW-AX-0010 and 2016-IW-AX-0008. According to the DOJ Grants Financial Guide, any costs that are incurred either before the start of the project period or after the expiration of the project period are not allowable, unless written approval is granted by the awarding agency. However, we identified a total of \$83,151 in grant expenditures incurred after two grants had ended without specific approval in a GAN. Grant Number 2015-IW-AX-0010 ended on February 28, 2017, and we identified \$44,684 drawdowns related to \$42,148 in unallowable grant expenditures that were allocated to the grant after the award period ended. Grant Number 2016-IW-AX-0008 ended on March 30, 2018, and we identified \$34,057 drawdowns related to \$41,003 in unallowable grant expenditures that were allocated to the grant after the award period ended. Therefore, we recommend the OVW remedy the

<sup>7</sup> This column is adjusted for duplicate expenditures totaling \$78,473 reported in the general ledger and expenditure credits of \$1,363 that were erroneously reported as other income in the general ledger.

\$83,151 in expenditures incurred after the grants had ended, specifically: \$42,148 under Grant Number 2015-IW-AX-0010 and \$41,003 under Grant Number 2016-IW-AX-0008.

## Federal Financial Reports

According to the 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. We found that MNWC’s policies for financial management did not include written procedures for preparing and completing the required FFRs. To determine whether MNWC submitted accurate FFRs, we compared the four most recent reports to MNWC’s accounting records for each grant. Based on our review, we found discrepancies with all FFRs compared to MNWC’s accounting records, as shown in Table 7.

**Table 7**  
**Accuracy of MNWC FFRs**

Award Number	FFR Number	Report Period Dates	Cumulative Expenditures per Accounting Records <sup>8</sup>	Cumulative Total per FFR	Cumulative Difference
2015-IW-AX-0010	3	04/01/2016 - 06/30/2016	\$ 47,797	\$ 33,481	\$ 14,316
	4	07/01/2016 - 09/30/2016	134,608	137,189	(2,581)
	5	10/01/2016 - 12/31/2016	202,280	191,394	10,886
	6 (Final)	01/01/2017 - 02/28/2017	237,039	276,615	(39,576)
	Expenditures Outside FFR Period:		\$ 42,933		
2016-IW-AX-0008	3	04/01/2017 - 06/30/2017	\$ 11,129	\$ 17,517	\$ (6,389)
	4	07/01/2017 - 09/30/2017	91,133	116,058	(24,925)
	5	10/01/2017 - 12/31/2017	198,877	168,960	29,918
	6 (Final)	01/01/2018 - 03/30/2018	301,072	316,861	(15,789)
	Expenditures Outside FFR Period:		\$ 44,189		
2017-IW-AX-0018	4	07/01/2018 - 09/30/2018	\$ 65,773	\$103,360	\$ (37,587)
	5	10/01/2018 - 12/31/2018	137,188	194,158	(56,969)
	6	01/01/2019 - 03/31/2019	202,504	241,022	(38,518)
	7 (Final)	04/01/2019 - 06/30/2019	335,588	318,008	17,580
	Expenditures Outside FFR Period:		\$ 7,534		

Source: OIG Analysis, OJP GMS and the MNWC

The DOJ Grants Financial Guide states that an adequate accounting system must support financial reporting that is accurate, current, complete, and compliant with all financial reporting requirements of the award. We discussed the sources of information used in preparing FFRs with current MNWC officials, who acknowledge that former officials did not maintain adequate accounting records or supporting documentation on how the FFRs were prepared. As previously discussed, MNWC officials stated that they attempted to reconstruct the general ledger for each grant by relying on the drawdown dates in order to

<sup>8</sup> This column is adjusted for duplicate expenditures totaling \$78,473 reported in the general ledger and expenditure credits of \$1,363 that were erroneously reported as other income in the general ledger.

identify which expenditures were applicable to each grant. As a result of this methodology, and shown in Table 7, the reconstructed general ledgers reported expenditures outside of FFR reporting periods.

We also found that another contributing factor to the discrepancies was the MNWC's lack of formal written FFR policies and procedures which increases the risk that completing and submitting FFRs may not be performed consistently or accurately if staffing or other changes take place. Therefore, we recommend that the OVW ensure that the MNWC implement policies and procedures to ensure the proper accounting and classification of award funds by establishing a system to adequately record, monitor, and track funds in order to properly report the correct amount of expenditures on its FFRs.

## **Program Income**

The DOJ Grants Financial Guide states that without prior approval from the OVW, program income must be deducted from total allowable cost to determine the net allowable costs. In order to add program income to the OVW award, the recipient must seek approval from its program manager via a budget modification GAN prior to generating any program income. MNWC budget documents, GANs, and FFRs did not identify any program income. However, as discussed in the Drawdowns section of this report, we identified transactions reported as income not related to grant drawdowns of \$3,435. While MNWC officials stated that it had received donations, we did not receive support for this income. Further, MNWC policies and procedures do not address program income. As a result, we do not know whether the \$3,435 was related to donations to MNWC or if it was generated because of the grant awards. Therefore, we recommend the OVW coordinate with the MNWC to ensure that it establishes policies and procedures for accurately reporting program income and requesting approval from OVW program managers to add program income, if any, to awards.

## Conclusion and Recommendations

As a result of our audit testing, we concluded that the MNWC did not adequately manage the three awards we reviewed. We found that the MNWC did not maintain adequate documentation to demonstrate that grant goals and objectives were achieved. In addition, we found that the MNWC did not adhere to all of the award requirements that we tested and did not maintain an adequate accounting system or financial records necessary to meet the requirements set forth in the DOJ Grants Financial Guide. We also found that the MNWC's internal controls and policies and procedures were inadequate related to safeguarding federal funds, segregation of duties for procurements, conflicts of interest, and performing SAM reviews.

Moreover, we found significant issues regarding the accuracy of the MNWC's tracking of expenditures. Specifically, we found that the MNWC did not track expenditures by funding source but relied on the timing of drawdowns to determine grant expenditures. Additionally, the MNWC continued to charge expenditures to grants after award period end dates, resulting in unallowable costs and potential commingling of grant funds among grant programs and non-grant income. We found that accounting records for Grant Number 2017-IW-AX-0018 contained significant errors that resulted in a high amount of unallowable duplicated expenditures. We also found that the MNWC charged unallowable supply, construction, consulting, travel, other direct cost, and personnel transactions to the awards. Further, we found that the MNWC did not adequately document equipment, supply, consulting, other direct cost, travel, and personnel transactions. Finally, we determined that policies and procedures associated with drawdowns, FFRs, and program income could be improved. As a result of these deficiencies, we questioned \$333,318 in net questioned costs. We provide 31 recommendations to the MNWC to address these deficiencies.

We recommend that OVW:

1. Ensure that the MNWC develop and implement a formal written process for reliably and accurately demonstrating that program goals and objectives are achieved, including a plan to solicit feedback from tribal domestic violence offices and to analyze feedback related to on-site T&TA.
2. Coordinate with the MNWC to develop and implement formal written performance reporting policies and procedures to ensure that valid source documentation is maintained to support all data collected for each performance measure reported in its progress reports.
3. Remedy the \$27,103 in expenditures incurred as a result of a special condition noncompliance, specifically: \$1,576 under Grant Number 2015-IW-AX-0010 and \$25,527 under Grant Number 2017-IW-AX-0018.
4. Coordinate with the MNWC to develop and implement procedures to ensure compliance with all award special conditions.
5. Coordinate with the MNWC to ensure that going forward, MNWC has updated its accounting system to track income and expenditures by funding source.

6. Ensure that MNWC update its policies and procedures to include a process for reviewing grant accounting records for duplicate expenditures, and rectifying all duplicate transactions identified.
7. Ensure that the MNWC review accounting records to determine actual total income and total expenses under Grant Number 2017-IW-AX-0018.
8. Coordinate with the MNWC to ensure it has developed effective controls for safeguarding federal funds such as clarifying signature requirements and performing routine and timely bank reconciliations.
9. Ensure the MNWC develops formal written policies and procedures that ensures compliance with debarment and suspension requirements.
10. Ensure that the MNWC develop written standards covering conflicts of interest and employee participation in selection, award, and administration of contracts.
11. Ensure that the MNWC document its process for checking conflicts of interest and for verifying that contracts are not awarded to contractors or individuals on the List of Parties Excluded from Federal Procurement and Non-procurement Programs.
12. Coordinate with the MNWC to ensure that the MNWC adopt policies and procedures that adequately address segregation of duties for procurement.
13. Remedy the \$5,860 in unallowable personnel and fringe benefit costs under Grant Number 2016-IW-AX-0008.
14. Remedy the \$27,892 in unsupported personnel and fringe benefit costs, specifically:
  - a. \$13,794 under Grant Number 2015-IW-AX-0010;
  - b. \$5,942 under Grant Number 2016-IW-AX-0008; and
  - c. \$8,156 under Grant Number 2017-IW-AX-0018.
15. Remedy the \$38,088 in unallowable travel costs, specifically:
  - a. \$1,873 under Grant Number 2015-IW-AX-0010;
  - b. \$32,760 under Grant Number 2016-IW-AX-0008; and

- c. \$3,455 under Grant Number 2017-IW-AX-0018.
16. Remedy the \$83,277 in unsupported travel costs, specifically:
- a. \$27,410 under Grant Number 2015-IW-AX-0010;
  - b. \$46,957 under Grant Number 2016-IW-AX-0008; and
  - c. \$8,910 under Grant Number 2017-IW-AX-0018.
17. Coordinate with the MNWC to enhance its travel procedure to ensure that all travelers requesting travel reimbursement submit document to support travel expenses and to verify attendance at conferences, trainings, and meetings.
18. Remedy the \$16,656 in unallowable consulting fees and travel, specifically:
- a. \$8,085 under Grant Number 2016-IW-AX-0008; and
  - b. \$8,571 under Grant Number 2017-IW-AX-0018.
19. Remedy the \$23,836 in unsupported consulting fees and travel, specifically:
- a. \$6,665 under Grant Number 2015-IW-AX-0010;
  - b. \$13,135 under Grant Number 2016-IW-AX-0008; and
  - c. \$4,036 under Grant Number 2017-IW-AX-0018.
20. Remedy, the \$15,119 in unallowable other direct costs and associated fees, specifically:
- a. \$280 under Grant Number 2015-IW-AX-0010;
  - b. \$11,501 under Grant Number 2016-IW-AX-0008; and
  - c. \$3,339 under Grant Number 2017-IW-AX-0018.
21. Remedy the \$36,741 in unsupported other direct costs, specifically:
- a. \$17,942 under Grant Number 2015-IW-AX-0010;

- b. \$11,485 under Grant Number 2016-IW-AX-0008; and
  - c. \$7,314 under Grant Number 2017-IW-AX-0018.
- 22. Remedy the \$13,226 in unallowable supply costs and associated fees, specifically:
  - a. \$2,709 under Grant Number 2015-IW-AX-0010; and
  - b. \$10,517 under Grant Number 2016-IW-AX-0008.
- 23. Coordinate with the MNWC to enhance its procurement procedures to ensure that federal funds are only used for allowable supplies, and outreach and awareness items and services.
- 24. Remedy the \$5,395 in unsupported supply costs, specifically:
  - a. \$1,986 under Grant Number 2015-IW-AX-0010; and
  - b. \$3,409 under Grant Number 2016-IW-AX-0008.
- 25. Remedy the \$9,644 in unsupported equipment costs under Grant Number 2015-IW-AX-0010.
- 26. Remedy the \$4,100 in unallowable construction under Grant Number 2016-IW-AX-0008.
- 27. Coordinate with the MNWC to ensure that it has updated its accounting system to ensure that actual expenditures can be compared to budgeted amounts for current and future grant awards and to ensure that the MNWC does not violate the 10-percent rule.
- 28. Ensure MNWC develops formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide.
- 29. Remedy the \$83,151 in expenditures incurred after the grants had ended, specifically:
  - a. \$42,148 under Grant Number 2015-IW-AX-0010; and
  - b. \$41,003 under Grant Number 2016-IW-AX-0008.
- 30. Ensure that the MNWC implement policies and procedures to ensure the proper accounting and classification of award funds by establishing a system to adequately record, monitor, and track funds in order to properly report the correct amount of expenditures on its FFRs.

31. Ensure that it establishes policies and procedures for accurately reporting program income and requesting approval from OVW program managers to add program income, if any, to awards.

# **APPENDIX 1: Objectives, Scope, and Methodology**

## **Objectives**

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

## **Scope and Methodology**

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 OVW grants 2015-IW-AX-0010, 2016-IW-AX-0008, and 2017-IW-AX-0018 awarded to the MNWC under the Tribal Domestic Violence and Sexual Assault Coalitions Program. The grant awards totaled \$931,599, and as of January 30, 2020, MNWC had drawn down all of the total grant funds awarded. Our audit concentrated on, but was not limited to September 2015, the award date for Grant Number 2015-IW-AX-0010, through December 2020, the last day of our audit work.

To accomplish our objectives, we tested compliance with what we consider to be the most important conditions of the MNWC's activities related to the audited grants. We performed sample-based audit testing for grant expenditures including payroll and fringe benefit charges 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 DOJ Grants 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 MNWC'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 were verified with documentation from other sources.

## **Internal Controls**

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of MNWC to provide assurance on its internal control structure as a whole. MNWC management is responsible for the establishment and maintenance of internal controls in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for

Federal Awards, 2 C.F.R. §200, etc. Because we do not express an opinion on the MNWC’s internal control structure as a whole, we offer this statement solely for the information and use of the MNWC and OWW.<sup>9</sup>

In planning and performing our audit, we identified the following internal control components and underlying internal control principles as significant to the audit objectives:

Internal Control Components & Principles Significant to the Audit Objectives
Control Environment Principles
Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives.
Risk Assessment Principles
Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
Control Activity Principles
Management should design control activities to achieve objectives and respond to risks.
Management should design the entity’s information system and related control activities to achieve objectives and respond to risks.
Management should implement control activities through policies.
Information & Communication Principles
Management should use quality information to achieve the entity’s objectives.

We assessed the design, implementation, and operating effectiveness of these internal controls and identified deficiencies that we believe could affect the MNWC’s ability to effectively and efficiently operate, correctly state financial and performance information, and to ensure compliance with laws and regulations. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

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<sup>9</sup> This restriction is not intended to limit the distribution of this report, which is a matter of public record.

## APPENDIX 2: Schedule of Dollar-Related Findings

Description	2015-IW-AX-0010	2016-IW-AX-0008	2017-IW-AX-0018	Amount <sup>10</sup>	Page
<b>Questioned Costs:</b>					
Unallowable Personnel and Associated Fringe Benefits	-	\$5,860	-	\$5,860	12
Unallowable Travel Costs	\$1,873	32,760	\$3,455	38,088	13-14
Unallowable Contract and Consultant costs	-	8,085	8,571	16,656	15-16
Unallowable Other Direct Costs	280	11,501	3,339	15,119	17-18
Unallowable Supplies	2,709	10,517	-	13,226	18-19
Unallowable Construction	-	4,100	-	4,100	19
Noncompliance with Special Condition	1,576		25,527	27,103	8
Noncompliance with DOJ Grants Financial Guide	<u>42,148</u>	<u>41,003</u>	<u>-</u>	<u>83,151</u>	21
Unallowable Costs	\$48,586	\$113,826	\$40,892	\$203,303	
Personnel and Associated Fringe Benefits	\$13,794	\$5,942	\$8,156	\$27,892	12-13
Travel Costs	27,410	46,957	8,910	83,277	14-15
Contract and Consultant Costs	6,665	13,135	4,036	23,836	16-17
Other Direct Costs	17,942	11,485	7,314	36,741	18
Supply Costs	1,986	3,409	-	5,395	19
Equipment Costs	<u>9,644</u>	<u>-</u>	<u>-</u>	<u>9,644</u>	19
Unsupported Costs	\$77,441	\$80,928	\$28,416	\$186,785	
<i>Gross Questioned Costs<sup>11</sup></i>	<i>\$126,027</i>	<i>\$194,754</i>	<i>\$69,308</i>	<i>\$390,088</i>	
Less Duplicate Questioned Costs <sup>12</sup>	<u>(9,242)</u>	<u>(32,541)</u>	<u>(14,988)</u>	<u>(56,770)</u>	
<b>Net Questioned Costs</b>				<b>\$333,318</b>	
<b>TOTAL DOLLAR-RELATED FINDINGS</b>				<b><u>\$333,318</u></b>	

<sup>10</sup> Differences in the total amounts are due to rounding.

<sup>11</sup> **Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, the provision of supporting documentation, or contract ratification, where appropriate.

<sup>12</sup> Some costs were questioned for more than one reason. Net questioned costs exclude the duplicate amount, which includes \$31,179 in travel costs, \$3,919 in salary expenditures, \$14,358 in contract and consultant costs, \$1,986 in supply costs, \$5,328 in other direct costs, that were both unallowable, unsupported, noncompliant with special conditions, and noncompliant with the DOJ Grants Financial Guide.

## APPENDIX 3: The Montana Native Women's Coalition Response to the Draft Audit Report



THE MONTANA NATIVE WOMEN'S COALITION PROGRAM  
15 N. 26<sup>th</sup> St., Suite 201 Billings, MT 59101  
Office: 406.969.2552 • Fax: 406.894.2513

Jean Bearcrane, Executive Director  
Email: [jbearcrane@gmail.com](mailto:jbearcrane@gmail.com)  
Heather Takes Horse, Executive Assistant  
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May 7, 2021

Mr. David M. Sheeren  
Regional Audit Manager  
Denver Regional Audit Office  
Office of the Inspector General  
U.S. Department of Justice  
1120 Lincoln St. Suite 1500  
Denver, CO 80203

RE: Response to 2015-2017 Audit Draft Report, Dated

Dear Mr. Sheeren:

The following are responses to the 31 audit draft recommendations:

1. Ensure that the MNWC develop and implement a formal written process for reliably and accurately demonstrating that program goals and objectives are achieved, including a plan to solicit feedback from tribal domestic violence offices and to analyze feedback related to on-site T&TA.

**Response: This process has been in place since the new Executive Director has been in place. We did add language to the Policies and Procedures under the Annual Work Plan to address it.**

2. Coordinate with the MNWC to develop and implement formal written performance reporting policies and procedures to ensure that valid source documentation is maintained to support all data collected for each performance measure reported in its progress reports.

**Response: Financial Policies and Procedures, Section 3 Financial Management Policies, 3.8 Financial Reporting and 3.9 Provision of Financial Reports; Section 10 Financial Reporting Policies – Internal; and Section 11 Financial Reporting Policies – External.**

3. Remedy the \$27,103 in expenditures incurred as a result of a special condition noncompliance, specifically: \$1,576 under Grant Number 2015-IW-AX-0010 and \$25,527 under Grant Number 2017-IW-AX-0018.

**Response: MNWC is in the process of discerning which of these are to be covered by the restitution conditions connected to the conviction of two of the previous Executive Directors and others. We believe that most or all of the total was tallied in those settlements or will be**

Page 1 of 7

**addressed as restitution in actions brought by the U.S. Department of Justice against relevant persons.**

4. Coordinate with the MNWC to develop and implement procedures to ensure compliance with all award special conditions.

**Response: We did add language to the Policies and Procedures under the Annual Work Plan in the Special Conditions paragraph to address it.**

5. Coordinate with the MNWC to ensure that going forward, MNWC has updated its accounting system to track income and expenditures by funding source.

**Response: MNWC has addressed this situation by segregating bank accounts from each funding source in the accounting software.**

6. Ensure that MNWC update its policies and procedures to include a process for reviewing grant accounting records for duplicate expenditures, and rectifying all duplicate transactions identified.

**Response: This has been addressed in the Federal Grant Policies and Procedures portion of The Montana Native Women's Coalition Policies and Procedures Manual, Section 1 Required Written Policies and Procedures, 1.1 Grant Compliance.**

7. Ensure that the MNWC review accounting records to determine actual total income and total expenses under Grant Number 2017-IW-AX-0018.

**Response: This is presently under review and we will have the totals by the end of May.**

8. Coordinate with the MNWC to ensure it has developed effective controls for safeguarding federal funds such as clarifying signature requirements and performing routine and timely bank reconciliations.

**Response: The MNWC has set the signature requirements in Financial Policies and Procedures, Section Internal Control Policies, 2.7 Annual Authorization of Signers; 2.8 Authorities Chart; and 2.9 EFT Transfer, Authority for.**

9. Ensure the MNWC develops formal written policies and procedures that ensures compliance with debarment and suspension requirements.

**Response: These are found in Financial Policies and Procedures, Section Internal Control Policies, 2.1 General Business Conduct and Disclosure and 2.2 Compliance with Laws**

10. Ensure that the MNWC develop written standards covering conflicts of interest and employee participation in selection, award, and administration of contracts.

**Response: Although the Conflict of Interest has always been part of the MNWC Bylaws, we have updated the Policy and added to the Policies and Procedures Appendix A along with adding it to the body of the Policies and Procedures**

11. Ensure that the MNWC document its process for checking conflicts of interest and for verifying that contracts are not awarded to contractors or individuals on the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

**Response: This is also part of the Conflict of Interest Policy**

12. Coordinate with the MNWC to ensure that the MNWC adopt policies and procedures that adequately address segregation of duties for procurement.

**Response: Financial Policies and Procedures, Section 2 Internal Control Policies, 2.10 Finance and Cash Management and 2.11 Other Cash Handling Policies address the segregation of duties and the Appendix D Sample Segregation of Duties Worksheet provides the present duties.**

13. Remedy the \$5,860 in unallowable personnel and fringe benefit costs under Grant Number 2016-IW-AX-0008.

**Response: MNWC is in the process of discerning which of these are to be covered by the restitution conditions connected to the conviction of two of the previous Executive Directors and others. We believe that most or all of the total was tallied in those settlements or will be addressed as restitution in actions brought by the U.S. Department of Justice against relevant persons.**

14. Remedy the \$27,892 in unsupported personnel and fringe benefit costs, specifically:

- a. \$13,794 under Grant Number 2015-IW-AX-0010;
- b. \$5,942 under Grant Number 2016-IW-AX-0008; and
- c. \$8,156 under Grant Number 2017-IW-AX-0018.

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15. Remedy the \$38,088 in unallowable travel costs, specifically:

- a. \$1,873 under Grant Number 2015-IW-AX-0010;
- b. \$32,760 under Grant Number 2016-IW-AX-0008; and
- c. \$3,455 under Grant Number 2017-IW-AX-0018.

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- a. \$27,410 under Grant Number 2015-IW-AX-0010;
- b. \$46,957 under Grant Number 2016-IW-AX-0008; and

c. \$8,910 under Grant Number 2017-IW-0018.

**Response: MNWC is in the process of discerning which of these are to be covered by the restitution conditions connected to the conviction of two of the previous Executive Directors and others. We believe that most or all of the total was tallied in those settlements or will be addressed as restitution in actions brought by the U.S. Department of Justice against relevant persons.**

17. Coordinate with the MNWC to enhance its travel procedure to ensure that all travelers requesting travel reimbursement submit document to support travel expenses and to verify attendance at conferences, trainings, and meetings.

**Response: Financial Policies and Procedures, Section 4 addresses all of the Travel policies and Appendix E provides a Sample Travel Expense Form**

18. Remedy the \$16,656 in unallowable consulting fees and travel, specifically:
- a. \$8,085 under Grant Number 2016-IW-AX-0008; and
  - b. \$8,571 under Grant Number 2017-IW-AX-0018.

**Response: MNWC is in the process of discerning which of these are to be covered by the restitution conditions connected to the conviction of two of the previous Executive Directors and others. We believe that most or all of the total was tallied in those settlements or will be addressed as restitution in actions brought by the U.S. Department of Justice against relevant persons.**

19. Remedy the \$23,836 in unsupported consulting fees and travel, specifically:
- a. \$6,665 under Grant Number 2015-IW-AX-0010;
  - b. \$13,135 under Grant Number 2016-IW-AX-0008; and
  - c. \$4,036 under Grant Number 2017-IW-AX-0018.

**Response: MNWC is in the process of discerning which of these are to be covered by the restitution conditions connected to the conviction of two of the previous Executive Directors and others. We believe that most or all of the total was tallied in those settlements or will be addressed as restitution in actions brought by the U.S. Department of Justice against relevant persons.**

20. Remedy, the \$15,119 in unallowable other direct costs and associated fees, specifically:
- a. \$280 under Grant Number 2015-IW-AX-0010;
  - b. \$11,501 under Grant Number 2016-IW-AX-0008; and
  - c. \$3,339 under Grant Number 2017-IW-AX-0018.

**Response: MNWC is in the process of discerning which of these are to be covered by the restitution conditions connected to the conviction of two of the previous Executive Directors and others. We believe that most or all of the total was tallied in those settlements or will be addressed as restitution in actions brought by the U.S. Department of Justice against relevant persons.**

21. Remedy the \$36,741 in unsupported other direct costs, specifically:

- a. \$17,942 under Grant Number 2015-IW-AX-0010;
- b. \$11,485 under Grant Number 2016-IW-AX-0008; and
- c. \$7,314 under Grant Number 2017-IW-AX-0018.

**Response:** MNWC is in the process of discerning which of these are to be covered by the restitution conditions connected to the conviction of two of the previous Executive Directors and others. We believe that most or all of the total was tallied in those settlements or will be addressed as restitution in actions brought by the U.S. Department of Justice against relevant persons.

22. Remedy the \$13,226 in unallowable supply costs and associated fees, specifically:

- a. \$2,709 under Grant Number 2015-IW-AX-0010; and
- b. \$10,517 under Grant Number 2016-IW-AX-0008.

**Response:** MNWC is in the process of discerning which of these are to be covered by the restitution conditions connected to the conviction of two of the previous Executive Directors and others. We believe that most or all of the total was tallied in those settlements or will be addressed as restitution in actions brought by the U.S. Department of Justice against relevant persons.

23. Coordinate with the MNWC to enhance its procurement procedures to ensure that federal funds are only used for allowable supplies, and outreach and awareness items and services.

**Response:** Financial Policies and Procedures, Section 5 addresses all of the Procurement Policies of MNWC.

24. Remedy the \$5,395 in unsupported supply costs, specifically:

- a. \$1,986 under Grant Number 2015-IW-AX-0010; and
- b. \$3,409 under Grant Number 2016-IW-AX-0008.

**Response:** MNWC is in the process of discerning which of these are to be covered by the restitution conditions connected to the conviction of two of the previous Executive Directors and others. We believe that most or all of the total was tallied in those settlements or will be addressed as restitution in actions brought by the U.S. Department of Justice against relevant persons.

25. Remedy the \$9,644 in unsupported equipment costs under Grant Number 2015-IW-AX-0010.

**Response:** MNWC is in the process of discerning which of these are to be covered by the restitution conditions connected to the conviction of two of the previous Executive Directors and others. We believe that most or all of the total was tallied in those settlements or will be addressed as restitution in actions brought by the U.S. Department of Justice against relevant persons.

26. Remedy the \$4,100 in unallowable construction under Grant Number 2016-IW-AX-0008.

**Response: MNWC is in the process of discerning which of these are to be covered by the restitution conditions connected to the conviction of two of the previous Executive Directors and others. We believe that most or all of the total was tallied in those settlements or will be addressed as restitution in actions brought by the U.S. Department of Justice against relevant persons.**

27. Coordinate with the MNWC to ensure that it has updated its accounting system to ensure that actual expenditures can be compared to budgeted amounts for current and future grant awards and to ensure that the MNWC does not violate the 10-percent rule.

**Response: MNWC has been using QuickBooks as its accounting software and is in the process of reconciling all of the issues from the previous administration. We plan to have this completed by July 1 of this year.**

28. Ensure MNWC develops formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide.

**Response: Financial Policies and Procedures, Section 3 Financial Management Policies, 3.4 Cash Management and Federal Grant Policies and Procedures, Section 1 Required Written Policies and Procedures, 1.1 Grant Compliance address these requirements.**

29. Remedy the \$83,151 in expenditures incurred after the grants had ended, specifically:  
a. \$42,148 under Grant Number 2015-IW-AX-0010; and  
b. \$41,003 under Grant Number 2016-IW-AX-0008.

**Response: MNWC is in the process of discerning which of these are to be covered by the restitution conditions connected to the conviction of two of the previous Executive Directors and others. We believe that most or all of the total was tallied in those settlements or will be addressed as restitution in actions brought by the U.S. Department of Justice against relevant persons.**

30. Ensure that the MNWC implement policies and procedures to ensure the proper accounting and classification of award funds by establishing a system to adequately record, monitor, and track funds in order to properly report the correct amount of expenditures on its FFRs.

**Response: MNWC Federal Grant Policies and Procedures, Section 1 Required Written Policies and Procedures, 1.1 Grant Compliance also address these requirements.**

31. Ensure that it establishes policies and procedures for accurately reporting program income and requesting approval from OVW program managers to add program income, if any, to awards.

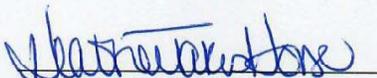
**Response: MNWC Federal Grant Policies and Procedures, Section 1 Required Written Policies and Procedures, 1.1 Grant Compliance also address these requirements.**

As you are aware, this is our first experience addressing an audit such as the one you have prepared. Consequently, we will need more definitive guidance from OVW and possibly your staff. We thank you for your comments during our meetings because those comments made us feel that the issues can be resolved.

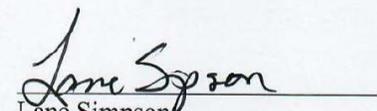
Sincerely,



Jean Bearcrane  
Executive Director



Heather TakesHorse  
Financial Point of Contact  
Exec. Assistant



Lane Simpson  
Financial Consultant  
Risen 8

# APPENDIX 4: The Office on Violence Against Women Response to the Draft Audit Report



U.S. Department of Justice

Office on Violence Against Women

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Washington, DC 20530

May 26, 2021

## MEMORANDUM

TO: David M. Sheeren  
Regional Audit Manager

FROM: Nadine M. Neufville *NMN*  
Acting Director, Office on Violence Against Women (OVW)

Erin Lorah *EL*  
Acting Associate Director, Grants Financial Management Unit

Rodney Samuels *RS*  
Audit Liaison/Staff Accountant

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grant Awarded to the Montana Native Women’s Coalition, Billings, Montana

This memorandum is in response to your correspondence dated March 29, 2021, transmitting the above Draft Audit Report for the Montana Native Women’s Coalition (MNWC). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains 31 recommendations with \$333,318 of Questioned Costs. OVW is committed to addressing and bringing the open recommendations identified by your office to a close as quickly as possible. The following is our analysis of each recommendation.

**1. Ensure that the MNWC develop and implement a formal written process for reliably and accurately demonstrating that program goals and objectives are achieved, including a plan to solicit feedback from tribal domestic violence offices and to analyze feedback related to on-site T&TA.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes for accurately reporting and tracking program goals and objectives; including a plan to solicit feedback from tribal domestic violence offices and to analyze feedback related to on-site training and technical assistance.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grant Awarded to the Montana Native Women’s Coalition, Billings, Montana

The Financial Policies and Procedures provided on May 7, 2021, does not demonstrate that MNWC can support performance measurement data, directly related to the program goals and objectives of the OVW awards.

**2. Coordinate with the MNWC to develop and implement formal written performance reporting policies and procedures to ensure that valid source documentation is maintained to support all data collected for each performance measure reported in its progress reports.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes that demonstrate performance reports are complete and accurate and include the necessary steps of maintaining supporting documentation for the performance measures at the time of reporting.

The Financial Policies and Procedures provided on May 7, 2021, does not demonstrate that MNWC is maintaining supporting documentation for the performance measure data, directly related to the program goals and objectives of the OVW awards.

**3. Remedy the \$27,103 in expenditures incurred as a result of a special condition noncompliance, specifically: \$1,576 under Grant Number 2015-IW-AX-0010 and \$25,527 under Grant Number 2017-IW-AX-0018.**

Concur: OVW will work with the MNWC to ensure that they remedy the \$27,103 in expenditures incurred as a result of a special condition noncompliance, specifically: \$1,576 under Grant Number 2015-IW-AX-0010 and \$25,527 under Grant Number 2017-IW-AX-0018.

**4. Coordinate with the MNWC to develop and implement procedures to ensure compliance with all award special conditions.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes that demonstrate MNWC is following all awards special conditions.

The Financial Policies and Procedures provided on May 7, 2021, does not specify the steps needed to ensure that MNWC is compliant with all awards special conditions.

**5. Coordinate with the MNWC to ensure that going forward, MNWC has updated its accounting system to track income and expenditures by funding source.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes that demonstrate the necessary steps implemented to ensure that the accounting system tracks income and expenditures by funding sources.

The Financial Policies and Procedures provided on May 7, 2021, does not specify the necessary steps taken to ensure that MNWC accounting system tracks income and expenditures by funding sources.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grant Awarded to the Montana Native Women’s Coalition, Billings, Montana

**6. Ensure that MNWC update its policies and procedures to include a process for reviewing grant accounting records for duplicate expenditures, and rectifying all duplicate transactions identified.**

Concur: OVW will work with MNWC to ensure that they update their policies and procedures to include a process for reviewing grant accounting records for duplicate expenditures, and rectifying all duplicate transactions identified.

The Financial Policies and Procedures provided on May 7, 2021, do not specify the necessary steps taken to prevent the entering of duplicate expenditures, and rectifying all duplicate transactions identified during the initial review of grant accounting records.

**7. Ensure that the MNWC review accounting records to determine actual total income and total expenses under Grant Number 2017-IW-AX-0018.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes for ensuring accounting records are reviewed to determine actual total income and total expenses under Grant Number 2017-IW-AX-0018.

The Financial Policies and Procedures provided on May 7, 2021, does not adequately address the reviewing of accounting records to determine the actual total income and total expenses under OVW awards.

**8. Coordinate with the MNWC to ensure it has developed effective controls for safeguarding federal funds such as clarifying signature requirements and performing routine and timely bank reconciliations.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes that demonstrate effective controls are in place for safeguarding federal funds such as clarifying signature requirements and performing routine and timely bank reconciliations.

The Financial Policies and Procedures provided on May 7, 2021, does not adequately demonstrate that the controls in place by MNWC would effectively safeguarding federal funds - such as clarifying signature requirements and performing routine and timely bank reconciliations.

**9. Ensure the MNWC develops formal written policies and procedures that ensures compliance with debarment and suspension requirements.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes that ensure compliance with debarment and suspension requirements.

The Financial Policies and Procedures provided on May 7, 2021, does not specify the necessary steps provided to ensure compliance with debarment and suspension requirements.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grant Awarded to the Montana Native Women’s Coalition, Billings, Montana

**10. Ensure that the MNWC develop written standards covering conflicts of interest and employee participation in selection, award, and administration of contracts.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes for written standards covering conflicts of interest and employee participation in selection, award, and administration of contracts.

The Financial Policies and Procedures provided on May 7, 2021, does not demonstrate that MNWC has developed effective standards covering conflicts of interest and employee participation in selection, award, and administration of contracts.

**11. Ensure that the MNWC document its process for checking conflicts of interest and for verifying that contracts are not awarded to contractors or individuals on the List of Parties Excluded from Federal Procurement and Non-procurement Programs.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes for checking conflicts of interest and for verifying that contracts are not awarded to contractors or individuals on the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

The Financial Policies and Procedures provided on May 7, 2021, does not demonstrate that MNWC document its process for checking conflicts of interest and for verifying that contracts are not awarded to contractors or individuals on the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

**12. Coordinate with the MNWC to ensure that the MNWC adopt policies and procedures that adequately address segregation of duties for procurement.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes that demonstrate procedures are being implemented to ensure that segregation of duties for procurement.

The Financial Policies and Procedures provided on May 7, 2021, does not demonstrate that MNWC has adopt policies and procedures that adequately address segregation of duties for procurement.

**13. Remedy the \$5,860 in unallowable personnel and fringe benefit costs under Grant Number 2016-IW-AX-0008.**

Concur: OVW will work with the MNWC to ensure that they remedy the \$5,860 in unallowable personnel and fringe benefit costs under Grant Number 2016-IW-AX-0008.

**14. Remedy the \$27,892 in unsupported personnel and fringe benefit costs, specifically:**

- a. \$13,794 under Grant Number 2015-IW-AX-0010;**

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grant Awarded to the Montana Native Women’s Coalition, Billings, Montana

- b. \$5,942 under Grant Number 2016-IW-AX-0008; and**
- c. \$8,156 under Grant Number 2017-IW-AX-0018.**

Concur: OVW will work with the MNWC to ensure that they remedy \$27,892 under Grant Numbers 2015-IW-AX-0010; 2016-IW-AX-0008; and 2017-IW-AX-0018.

**15. Remedy the \$38,088 in unallowable travel costs, specifically:**

- a. \$1,873 under Grant Number 2015-IW-AX-0010;**
- b. \$32,760 under Grant Number 2016-IW-AX-0008; and**
- c. \$3,455 under Grant Number 2017-IW-AX-0018.**

Concur: OVW will work with the MNWC to ensure that they remedy \$38,088 under Grant Numbers 2015-IW-AX-0010; 2016-IW-AX-0008; and 2017-IW-AX-0018.

**16. Remedy the \$83,277 in unsupported travel costs, specifically:**

- a. \$27,410 under Grant Number 2015-IW-AX-0010;**
- b. \$46,957 under Grant Number 2016-IW-AX-0008; and**
- c. \$8,910 under Grant Number 2017-IW-0018.**

Concur: OVW will work with the MNWC to ensure that they remedy \$83,277 under Grant Numbers 2015-IW-AX-0010; 2016-IW-AX-0008; and 2017-IW-AX-0018.

**17. Coordinate with the MNWC to enhance its travel procedure to ensure that all travelers requesting travel reimbursement submit document to support travel expenses and to verify attendance at conferences, trainings, and meetings.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes that demonstrate travel procedures are in place to ensure that all travelers requesting travel reimbursement submit document to support travel expenses and to verify attendance at conferences, trainings, and meetings.

The Financial Policies and Procedures provided on May 7, 2021, does not specify that MNWC enhanced its travel procedure to ensure that all travelers requesting travel reimbursement submit document to support travel expenses and to verify attendance at conferences, trainings, and meetings.

**18. Remedy the \$16,656 in unallowable consulting fees and travel, specifically:**

- a. \$8,085 under Grant Number 2016-IW-AX-0008; and**
- b. \$8,571 under Grant Number 2017-IW-AX-0018.**

Concur: OVW will work with the MNWC to ensure that they remedy \$16,656 under Grant Numbers 2016-IW-AX-0008 and 2017-IW-AX-0018.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grant Awarded to the Montana Native Women’s Coalition, Billings, Montana

**19. Remedy the \$23,836 in unsupported consulting fees and travel, specifically:**

- a. \$6,665 under Grant Number 2015-IW-AX-0010;**
- b. \$13,135 under Grant Number 2016-IW-AX-0008; and**
- c. \$4,036 under Grant Number 2017-IW-AX-0018.**

Concur: OVW will work with the MNWC to ensure that they remedy \$23,836 under Grant Numbers 2015-IW-AX-0010; 2016-IW-AX-0008; and 2017-IW-AX-0018.

**20. Remedy, the \$15,119 in unallowable other direct costs and associated fees, specifically:**

- a. \$280 under Grant Number 2015-IW-AX-0010;**
- b. \$11,501 under Grant Number 2016-IW-AX-0008; and**
- c. \$3,339 under Grant Number 2017-IW-AX-0018.**

Concur: OVW will work with the MNWC to ensure that they remedy \$15,119 under Grant Numbers 2015-IW-AX-0010; 2016-IW-AX-0008; and 2017-IW-AX-0018.

**21. Remedy the \$36,741 in unsupported other direct costs, specifically:**

- a. \$17,942 under Grant Number 2015-IW-AX-0010;**
- b. \$11,485 under Grant Number 2016-IW-AX-0008; and**
- c. \$7,314 under Grant Number 2017-IW-AX-0018.**

Concur: OVW will work with the MNWC to ensure that they remedy \$36,741 under Grant Numbers 2015-IW-AX-0010; 2016-IW-AX-0008; and 2017-IW-AX-0018.

**22. Remedy the \$13,226 in unallowable supply costs and associated fees, specifically:**

- a. \$2,709 under Grant Number 2015-IW-AX-0010; and**
- b. \$10,517 under Grant Number 2016-IW-AX-0008.**

Concur: OVW will work with the MNWC to ensure that they remedy \$13,226 under Grant Numbers 2015-IW-AX-0010 and 2016-IW-AX-0008.

**23. Coordinate with the MNWC to enhance its procurement procedures to ensure that federal funds are only used for allowable supplies, and outreach and awareness items and services.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes that demonstrate procurement procedures are implemented to ensure that federal funds are only used for allowable supplies, and outreach and awareness items and services.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grant Awarded to the Montana Native Women’s Coalition, Billings, Montana

The Financial Policies and Procedures provided on May 7, 2021, does not specify that MNWC enhanced its procurement procedures to ensure that federal funds are only used for allowable supplies, and outreach and awareness items and services.

**24. Remedy the \$5,395 in unsupported supply costs, specifically:**

**a. \$1,986 under Grant Number 2015-IW-AX-0010; and**

**b. \$3,409 under Grant Number 2016-IW-AX-0008.**

Concur: OVW will work with the MNWC to ensure that they remedy \$5,395 under Grant Numbers 2015-IW-AX-0010 and 2016-IW-AX-0008.

**25. Remedy the \$9,644 in unsupported equipment costs under Grant Number 2015-IW-AX-0010.**

Concur: OVW will work with the MNWC to ensure that they remedy the \$9,644 in unsupported equipment costs under Grant Number 2015-IW-AX-0010.

**26. Remedy the \$4,100 in unallowable construction under Grant Number 2016-IW-AX-0008.**

Concur: OVW will work with the MNWC to ensure that they remedy the \$4,100 in unallowable construction under Grant Number 2016-IW-AX-0008.

**27. Coordinate with the MNWC to ensure that it has updated its accounting system to ensure that actual expenditures can be compared to budgeted amounts for current and future grant awards and to ensure that the MNWC does not violate the 10-percent rule.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes that demonstrate actual expenditures can be compared to budgeted amounts for current and future grant awards and to ensure that the MNWC does not violate the 10-percent rule.

The Financial Policies and Procedures provided on May 7, 2021, does not demonstrate that MNWC has updated its accounting system to ensure that actual expenditures can be compared to budgeted amounts for current and future grant awards and to ensure that the MNWC does not violate the 10-percent rule.

**28. Ensure MNWC develops formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes that demonstrate compliance with the DOJ Grants Financial Guide.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grant Awarded to the Montana Native Women’s Coalition, Billings, Montana

The Financial Policies and Procedures provided on May 7, 2021, does not demonstrate that MNWC developed formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide.

**29. Remedy the \$83,151 in expenditures incurred after the grants had ended, specifically: a. \$42,148 under Grant Number 2015-IW-AX-0010; and**

- a. \$42,148 under Grant Number 2015-IW-AX-0010; and**
- b. \$41,003 under Grant Number 2016-IW-AX-0008.**

Concur: OVW will work with the MNWC to ensure that they remedy \$83,151 under Grant Numbers 2015-IW-AX-0010 and 2016-IW-AX-0008.

**30. Ensure that the MNWC implement policies and procedures to ensure the proper accounting and classification of award funds by establishing a system to adequately record, monitor, and track funds in order to properly report the correct amount of expenditures on its FFRs.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes that demonstrate proper accounting and classification of award funds by establishing a system to adequately record, monitor, and track funds in order to properly report the correct amount of expenditures on its FFRs.

The Financial Policies and Procedures provided on May 7, 2021, does not demonstrate that MNWC implemented policies and procedures to ensure the proper accounting and classification of award funds by establishing a system to adequately record, monitor, and track funds in order to properly report the correct amount of expenditures on its FFRs.

**31. Ensure that it establishes policies and procedures for accurately reporting program income and requesting approval from OVW program managers to add program income, if any, to awards.**

Concur: OVW will coordinate with MNWC to ensure that they update their policies and procedures to include processes that demonstrate accurately reporting program income and requesting approval from OVW program managers to add program income, if any, to awards.

The Financial Policies and Procedures provided on May 7, 2021, does not demonstrate that MNWC established policies and procedures for accurately reporting program income and requesting approval from OVW program managers to add program income, if any, to awards.

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 at (202) 514-9820.

MEMORANDUM

SUBJECT: Draft Audit Report – Audit of the Office on Violence Against Women (OVW) Grant  
Awarded to the Montana Native Women’s Coalition, Billings, Montana

cc Louise M. Duhamel, Ph.D.  
Acting Director, Internal Review and Evaluation Office, Audit Liaison Group  
Justice Management Division

Tia Farmer  
Program Manager  
Office on Violence Against Women

Thelma Bailey  
Program Assistant  
Office on Violence Against Women

## APPENDIX 5: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report

The OIG provided a draft of this audit report to the OVW and the MNWC. MNWC's response is incorporated in Appendix 3 and OVW's response is incorporated in Appendix 4 of this final report. In response to our draft audit report, the OVW concurred with our recommendations, and as a result, the status of the audit report is resolved. The MNWC did not state whether it concurred with any of the 31 recommendations contained in this report. However, in its response related to the questioned costs identified in this report, the MNWC indicated that it believes the questioned costs will be addressed as restitution in actions brought by the Department of Justice (DOJ) against two previous Executive Directors and other former employees and board members.<sup>13</sup> As stated previously, separate from this audit, the Department of Justice OIG conducted two investigations of former MNWC staff and board members that led to federal prosecutions. During the first investigation, a former MNWC Executive Director and former MNWC Administrative Assistant pled guilty and were convicted of theft of programs receiving federal funds. In July 2017, the former Executive Director received a prison sentence of 1 year and 1 day and was ordered to pay \$246,024 in restitution and the former Administrative Assistant was sentenced to probation for 2 years and ordered to pay \$30,000 in restitution. During a second investigation, another former MNWC Executive Director and a former MNWC Board Treasurer pled guilty and were convicted of theft of programs receiving federal funds. In June 2021, the former Executive Director was sentenced to probation for 3 years and ordered to pay \$35,127 in restitution and the former Board Treasurer was sentenced to probation for 2 years and ordered to pay \$2,973 in restitution. Further, during the second investigation, a former MNWC Board Chairwoman was found guilty by jury during a trial in April 2021, and convicted of theft from a program receiving federal funds, wire fraud, and false claims, and is scheduled to be sentenced in September 2021.

The following provides the OIG analysis of the responses and summary of actions necessary to close the report. **Recommendations for OVW:**

- 1. Ensure that the MNWC develop and implement a formal written process for reliably and accurately demonstrating that program goals and objectives are achieved, including a plan to solicit feedback from tribal domestic violence offices and to analyze feedback related to on-site T&TA.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with MNWC to ensure that they update their policies and procedures to include processes for accurately reporting and tracking program goals and objectives; including a plan to solicit feedback from tribal domestic violence offices and to analyze feedback related to on-site training and technical assistance.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that a process has been in place since the new Executive Director was hired and language was added to policies and procedures. However, the OVW stated in its response that the MNWC policies and procedures do not demonstrate that MNWC can support performance measurement

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<sup>13</sup> It is the responsibility of OVW to provide a corrective action plan to remedy questioned costs and request closure. Further, any questioned costs related to transactions that occurred after the former MNWC officials left the organization, would not be remedied by court ordered restitution.

data directly related to the program goals and objectives of the OVW awards. We also reviewed the MNWC policies and procedures and found that it did discuss monthly meetings between the Executive Director and a Compliance Committee to discuss progress towards goals and objectives and assessing feedback from surveys provided by tribes during trainings and consultations. While we acknowledge that MNWC has incorporated policies regarding the review of goals and objectives and soliciting feedback from its primary users, we agree with OVW that the policies and procedures do not specify a process for supporting performance measurement data directly related to the program goals and objectives of the OVW awards. Further, we found no indication that the policies and procedures have been reviewed and approved by the MNWC's Board of Directors.

This recommendation can be closed when we receive documentation that MNWC has enhanced its policies and procedures to address supporting performance measurement data directly related to the program goals and objectives of the OVW awards in order to ensure that progress towards goals and objectives is accurately tracked and reported.

- 2. Coordinate with the MNWC to develop and implement formal written performance reporting policies and procedures to ensure that valid source documentation is maintained to support all data collected for each performance measure reported in its progress reports.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with MNWC to ensure that they update their policies and procedures to include processes that demonstrate performance reports are complete and accurate and include the necessary steps of maintaining supporting documentation for the performance measure at the time of reporting.

The MNWC did not state whether it concurred with our recommendation. The MNWC indicated in its response that this was incorporated in policies and procedures. However, the OVW stated in its response that the MNWC policies and procedures do not demonstrate that MNWC is maintaining supporting documentation for the performance measures at the time of reporting. We also reviewed the policies and procedures and agree with the OVW's statement. Further, we found no indication that the policies and procedures have been reviewed and approved by the MNWC's Board of Directors.

This recommendation can be closed when we receive documentation that MNWC has enhanced its policies and procedures to ensure that valid source documentation is maintained to support all data collected for each performance measure reported in its progress reports.

- 3. Remedy the \$27,103 in expenditures incurred as a result of a special condition noncompliance, specifically: \$1,576 under Grant Number 2015-IW-AX-0010 and \$25,527 under Grant Number 2017-IW-AX-0018.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will work with the MNWC to remedy the \$27,103 in expenditures incurred as a result of a special condition noncompliance.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it believes these expenditures will be addressed as restitution in actions brought by the U.S. Department of Justice against two previous Executive Directors and others.

This recommendation can be closed when we receive documentation that the OVW has remedied \$27,103 in expenditures incurred as a result of a special condition noncompliance, specifically \$1,576 under Grant Number 2015-IW-AX-0010, and \$25,527 under Grant Number 2017-IW-AX-0018.

**4. Coordinate with the MNWC to develop and implement procedures to ensure compliance with all award special conditions.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with MNWC to ensure that it updates policies and procedures to include processes that demonstrate MNWC is following all awards special conditions.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it added language to policies and procedures to ensure compliance with all special conditions. However, the OVW stated in its response that the MNWC policies and procedures do not specify the steps to ensure that MNWC is compliant with all award special conditions. We also reviewed the policies and acknowledge that while the policies and procedures state that the MNWC Executive Director and the Compliance Committee will review special conditions and ensure compliance on a monthly basis, they do not specify what steps MNWC will take in ensuring compliance with special conditions. Further, we found no indication that the policies and procedures have been reviewed and approved by the MNWC's Board of Directors.

This recommendation can be closed when we receive documentation detailing the steps MNWC will take in ensuring compliance with special conditions.

**5. Coordinate with the MNWC to ensure that going forward, MNWC has updated its accounting system to track income and expenditures by funding source.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with MNWC to ensure that it updates its policies and procedures to include processes demonstrating that its accounting system tracks income and expenditures by funding sources.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it has addressed the recommendation by segregating bank accounts from each funding source in the accounting software. However, the OVW stated in its response that the MNWC policies and procedures do not specify the necessary steps taken to ensure that the MNWC accounting system track income and expenditures by funding sources.

This recommendation can be closed when we receive documentation to support that MNWC's accounting system has been updated to trace income and expenditure transactions to the specific grant award or non-grant funding source.

**6. Ensure that MNWC update its policies and procedures to include a process for reviewing grant accounting records for duplicate expenditures, and rectifying all duplicate transactions identified.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will work with the MNWC to ensure that it updates its policies and procedures to include a process for reviewing grant accounting records for duplicate expenditures, and rectifying all duplicate transactions identified.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it has addressed the recommendation in its policies and procedures. However, the OVW stated in its response that the MNWC policies and procedures do not specify the necessary steps taken to prevent the entering of duplicate expenditures and rectifying all duplicate transactions identified during the initial review of grant accounting records. We also reviewed the policies and procedures submitted by MNWC and while we acknowledge that the policies and procedures state that the Executive Director will review all transactions which would help to prevent duplicate transactions from being recorded in accounting records, we did not receive any documentation regarding how duplicates would be rectified. Further, we found no indication that the policies and procedures have been reviewed and approved by the MNWC's Board of Directors.

This recommendation can be closed when we receive documentation that the MNWC has documented a process for rectifying duplicate transactions identified.

**7. Ensure that the MNWC review accounting records to determine actual total income and total expenses under Grant Number 2017-IW-AX-0018.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with the MNWC to ensure that it updates its policies and procedures to include processes for ensuring accounting records are reviewed to determine actual total income and total expenses under Grant Number 2017-IW-AX-0018.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that the actual total income and total expenses are under review. The OVW stated in its response that the MNWC policies and procedures do not adequately address reviewing accounting records to determine actual total income and total expenses under OVW awards.

This recommendation can be closed when we receive documentation that the MNWC has determined actual total income and total expenses under Grant Number 2017-IW-AX-0018.

**8. Coordinate with the MNWC to ensure it has developed effective controls for safeguarding federal funds such as clarifying signature requirements and performing routine and timely bank reconciliations.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with the MNWC to ensure that it update policies and procedures to include processes

that demonstrate effective controls in place for safeguarding federal funds such as clarifying signature requirements and performing routine and timely bank reconciliations.

The MNWC did not state whether it concurred with our recommendation. The MNWC indicated in its response that it has established signature requirements in its policies and procedures. However, the OVW stated in its response that the MNWC policies and procedures do not adequately demonstrate that MNWC's controls would effectively safeguard federal funds. We also reviewed policies and procedures submitted by MNWC and found that its policies listed signatory authorities for expenditures and procedures for handling cash and performing bank reconciliations.

Although, we consider the updated policies and procedures to be sufficient to close the recommendation, we also found no indication that these updated policies and procedures have been reviewed and approved by the MNWC's Board of Directors. Additionally, we acknowledge that in its response, OVW does not consider MNWC's policies and procedures to be adequate. Therefore, this recommendation can be closed when we receive documentation that OVW has coordinated with MNWC to enhance its controls for safeguarding federal funds, and that any updated policies and procedures have been reviewed and approved by the MNWC's Board of Directors.

**9. Ensure the MNWC develops formal written policies and procedures that ensures compliance with debarment and suspension requirements.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with MNWC to ensure that it updates its policies and procedures to include processes that ensure compliance with debarment and suspension requirements.

The MNWC did not state whether it concurred with our recommendation. The MNWC indicated in its response that it addressed this recommendation in its policies and procedures. However, the OVW stated in its response that the MNWC policies and procedures do not specify the necessary steps to ensure compliance with debarment and suspension requirements. We also reviewed policies and procedures submitted by MNWC and found that while it included policies regarding compliance with laws, we agree with the OVW that the MNWC policies and procedures do not specify the necessary steps provided to ensure compliance with debarment and suspension requirements. Further, we found no indication that the policies and procedures have been reviewed and approved by the MNWC's Board of Directors.

This recommendation can be closed when we receive documentation to support that the MNWC has developed formal written policies and procedures that ensure compliance with debarment and suspension requirements.

**10. Ensure that the MNWC develop written standards covering conflicts of interest and employee participation in selection, award, and administration of contracts.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with MNWC to ensure that they update their policies and procedures to includes

processes for written standards covering conflicts of interest and employee participation in selection, award, and administration of contracts.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that conflicts of interest have always been a part of the MNWC bylaws, and it has updated its policies and procedures to address conflicts of interest. However, the OVW stated in its response that the MNWC policies and procedures do not demonstrate that MNWC has developed effective standards covering conflicts of interest and employee participation in selection, award, and administration of contracts. We also reviewed policies and procedures submitted by the MNWC and found that while the policies and procedures do address conflicts of interest, the policies, like the MNWC bylaws, is specific to board members rather than employees. Therefore, we agree with the OVW that the MNWC policies and procedures do not demonstrate that MNWC has developed effective standards covering conflicts of interest and employee participation in selection, award, and administration of contracts. Further, we found no indication that the policies and procedures have been reviewed and approved by the MNWC's Board of Directors.

This recommendation can be closed when we receive documentation to support that the MNWC has developed formal written standards covering conflicts of interest and employee participation in selection, award, and administration of contracts.

**11. Ensure that the MNWC document its process for checking conflicts of interest and for verifying that contracts are not awarded to contractors or individuals on the List of Parties Excluded from Federal Procurement and Non-procurement Programs.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with MNWC to ensure that it updates policies and procedures to include processes for checking conflicts of interest and for verifying that contracts are not awarded to individuals on the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

The MNWC did not state whether it concurred with our recommendation. The MNWC indicated in its response that this recommendation is addressed in updated policies and procedures regarding conflicts of interest. However, the OVW stated in its response that the MNWC policies and procedures do not demonstrate that MNWC has documented a process for checking conflicts of interest and for verifying that contracts are not awarded to individuals on the List of Parties Excluded from Federal Procurement and Non-procurement Programs. We also reviewed the policies and procedures submitted by the MNWC and agree with the OVW that the MNWC policies and procedures do not demonstrate that MNWC has documented a process for checking conflicts of interest and for verifying that contracts are not awarded to individuals on the List of Parties Excluded from Federal Procurement and Non-procurement Programs. Further, we found no indication that the policies and procedures have been reviewed and approved by the MNWC's Board of Directors.

This recommendation can be closed when we receive documentation to support that the MNWC has developed a process for checking conflicts of interest and for verifying that contracts are not

awarded to contractors or individuals on the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

**12. Coordinate with the MNWC to ensure that the MNWC adopt policies and procedures that adequately address segregation of duties for procurement.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with MNWC to ensure that it adopts policies and procedures that adequately address segregation of duties for procurement.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that segregation of duties for procurement is addressed in its policies and procedures. However, the OVW stated in its response that the MNWC policies and procedures do not adequately address segregation of duties for procurement. We also reviewed the policies and procedures submitted by the MNWC and found that while MNWC included a chart detailing segregation of duties for its Executive Director, Finance Manager, and Payables Clerk, the MNWC only employs an Executive Director and an Executive Assistant, and does not employ a Finance Manager or Payables Clerk. Therefore, we agree with the OVW that the MNWC policies and procedures do not adequately address segregation of duties for procurement as it is not reflective of MNWC's staffing. Further, we found no indication that the policies and procedures have been reviewed and approved by the MNWC's Board of Directors.

This recommendation can be closed when we receive documentation to support that the MNWC has adopted policies and procedures that adequately address segregation of duties for procurement.

**13. Remedy the \$5,860 in unallowable personnel and fringe benefit costs under Grant Number 2016-IW-AX-0008.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will work with the MNWC to remedy the \$5,860 in unallowable personnel and fringe benefit costs under Grant Number 2016-IW-AX-0008.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it believes these expenditures will be addressed as restitution in actions brought by the U.S. Department of Justice against two previous Executive Directors and others.

This recommendation can be closed when we receive documentation that the OVW has remedied \$5,860 in unallowable personnel and fringe benefit costs under Grant Number 2016-IW-AX-0008.

**14. Remedy the \$27,892 in unsupported personnel and fringe benefit costs, specifically:**

- a. \$13,794 under Grant Number 2015-IW-AX-0010;
- b. \$5,942 under Grant Number 2016-IW-AX-0008; and

**c. \$8,156 under Grant Number 2017-IW-AX-0018.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will work with the MNWC to remedy the \$27,892 under Grant Numbers 2015-IW-AX-0010, 2016-IW-AX-0008, and 2017-IW-AX-0018.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it believes these expenditures will be addressed as restitution in actions brought by the U.S. Department of Justice against two previous Executive Directors and others.

This recommendation can be closed when we receive documentation that the OVW has remedied \$27,892 in unsupported personnel and fringe benefit costs, specifically \$13,794 under Grant Number 2015-IW-AX-0010, \$5,942 under Grant Number 2016-IW-AX-0008, and \$8,156 under Grant Number 2017-IW-AX-0018.

**15. Remedy the \$38,088 in unallowable travel costs, specifically:**

- a. \$1,873 under Grant Number 2015-IW-AX-0010;**
- b. \$32,760 under Grant Number 2016-IW-AX-0008; and**
- c. \$3,455 under Grant Number 2017-IW-AX-0018.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will work with the MNWC to remedy the \$38,088 under Grant Numbers 2015-IW-AX-0010, 2016-IW-AX-0008, and 2017-IW-AX-0018.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it believes these expenditures will be addressed as restitution in actions brought by the U.S. Department of Justice against two previous Executive Directors and others.

This recommendation can be closed when we receive documentation that the OVW has remedied \$38,088 in unallowable travel costs, specifically \$1,873 under Grant Number 2015-IW-AX-0010, \$32,760 under Grant Number 2016-IW-AX-0008, and \$3,455 under Grant Number 2017-IW-AX-0018.

**16. Remedy the \$83,277 in unsupported travel costs, specifically:**

- a. \$27,410 under Grant Number 2015-IW-AX-0010;**
- b. \$46,957 under Grant Number 2016-IW-AX-0008; and**
- c. \$8,910 under Grant Number 2017-IW-AX-0018.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will work with the MNWC to remedy the \$83,277 under Grant Numbers 2015-IW-AX-0010, 2016-IW-AX-0008, and 2017-IW-AX-0018.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it believes these expenditures will be addressed as restitution in actions brought by the U.S. Department of Justice against two previous Executive Directors and others.

This recommendation can be closed when we receive documentation that the OVW has remedied \$83,277 in unsupported travel costs, specifically \$27,410 under Grant Number 2015-IW-AX-0010, \$46,957 under Grant Number 2016-IW-AX-0008, and \$8,910 under Grant Number 2017-IW-AX-0018.

**17. Coordinate with the MNWC to enhance its travel procedure to ensure that all travelers requesting travel reimbursement submit documents to support travel expenses and to verify attendance at conferences, trainings, and meetings.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with MNWC to ensure it updates policies and procedures to include processes that demonstrate that travel procedures are in place to ensure that all travelers requesting travel reimbursement submit documents to support travel expenses and to verify attendance at conferences, trainings, and meetings.

The MNWC did not state whether it concurred with our recommendation. The MNWC indicated in its response that it has addressed this recommendation in its policies and procedures. However, the OVW stated in its response that the MNWC policies and procedures do not specify that it will require that travelers requesting travel reimbursement submit documents to support travel expenses and to verify attendance at conferences, trainings, and meetings. We also reviewed the policies and procedures submitted by MNWC and found that, although, they do require all employees have sufficient documentation to establish the amount, date, place, and essential character of travel expenditures, the policies and procedures make no mention of requiring documentation to verify attendance at conferences, trainings, and meetings. Further, we found no indication that the policies and procedures have been reviewed and approved by the MNWC's Board of Directors.

This recommendation can be closed when we receive documentation that the MNWC has enhanced its travel procedure to ensure that all travelers requesting travel reimbursement submit documents to verify attendance at conferences, trainings, and meetings.

**18. Remedy the \$16,656 in unallowable consulting fees and travel, specifically:**

- a. **\$8,085 under Grant Number 2016-IW-AX-0008; and**
- b. **\$8,571 under Grant Number 2017-IW-AX-0018.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will work with the MNWC to remedy the \$16,656 under Grant Numbers 2016-IW-AX-0008 and 2017-IW-AX-0018.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it believes these expenditures will be addressed as restitution in actions brought by the U.S. Department of Justice against two previous Executive Directors and others.

This recommendation can be closed when we receive documentation that the OVW has remedied \$16,656 in unallowable consulting fees and travel, specifically \$8,085 under Grant Number 2016-IW-AX-0008 and \$8,571 under Grant Number 2017-IW-AX-0018.

**19. Remedy the \$23,836 in unsupported consulting fees and travel, specifically:**

- a. **\$6,665 under Grant Number 2015-IW-AX-0010;**
- b. **\$13,135 under Grant Number 2016-IW-AX-0008; and**
- c. **\$4,036 under Grant Number 2017-IW-AX-0018.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will work with the MNWC to remedy the \$23,836 under Grant Numbers 2015-IW-AX-0010, 2016-IW-AX-0008, and 2017-IW-AX-0018.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it believes these expenditures will be addressed as restitution in actions brought by the U.S. Department of Justice against two previous Executive Directors and others.

This recommendation can be closed when we receive documentation that the OVW has remedied \$23,836 in unsupported consulting fees and travel, specifically \$6,665 under Grant Number 2015-IW-AX-0010, \$13,135 under Grant Number 2016-IW-AX-0008, and \$4,036 under Grant Number 2017-IW-AX-0018.

**20. Remedy, the \$15,119 in unallowable other direct costs and associated fees, specifically:**

- a. **\$280 under Grant Number 2015-IW-AX-0010;**
- b. **\$11,501 under Grant Number 2016-IW-AX-0008; and**
- c. **\$3,339 under Grant Number 2017-IW-AX-0018.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will work with the MNWC to remedy the \$15,119 under Grant Numbers 2015-IW-AX-0010, 2016-IW-AX-0008, and 2017-IW-AX-0018.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it believes these expenditures will be addressed as restitution in actions brought by the U.S. Department of Justice against two previous Executive Directors and others.

This recommendation can be closed when we receive documentation that the OVW has remedied \$15,119 in unallowable other direct costs and associated fees, specifically \$280 under Grant Number 2015-IW-AX-0010, \$11,501 under Grant Number 2016-IW-AX-0008, and \$3,339 under Grant Number 2017-IW-AX-0018.

**21. Remedy the \$36,741 in unsupported other direct costs, specifically:**

- a. **\$17,942 under Grant Number 2015-IW-AX-0010;**
- b. **\$11,485 under Grant Number 2016-IW-AX-0008; and**
- c. **\$7,314 under Grant Number 2017-IW-AX-0018.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will work with the MNWC to remedy the \$36,741 under Grant Numbers 2015-IW-AX-0010, 2016-IW-AX-0008, and 2017-IW-AX-0018.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it believes these expenditures will be addressed as restitution in actions brought by the U.S. Department of Justice against two previous Executive Directors and others.

This recommendation can be closed when we receive documentation that the OVW has remedied \$36,741 in unsupported other direct costs, specifically \$17,942 under Grant Number 2015-IW-AX-0010, \$5,942 under Grant Number 2016-IW-AX-0008, and \$8,156 under Grant Number 2017-IW-AX-0018.

**22. Remedy the \$13,226 in unallowable supply costs and associated fees, specifically:**

- a. **\$2,709 under Grant Number 2015-IW-AX-0010; and**
- b. **\$10,517 under Grant Number 2016-IW-AX-0008.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will work with the MNWC to remedy the \$13,226 under Grant Numbers 2015-IW-AX-0010 and 2016-IW-AX-0008.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it believes these expenditures will be addressed as restitution in actions brought by the U.S. Department of Justice against two previous Executive Directors and others.

This recommendation can be closed when we receive documentation that the OVW has remedied \$13,226 in unallowable supply costs and associated fees, specifically \$2,709 under Grant Number 2015-IW-AX-0010 and \$10,517 under Grant Number 2016-IW-AX-0008.

**23. Coordinate with the MNWC to enhance its procurement procedures to ensure that federal funds are only used for allowable supplies, and outreach and awareness items and services.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with the MNWC to ensure that it updates policies and procedures to include processes that demonstrate procurement procedures are implemented to ensure that federal funds are only used for allowable supplies, and outreach and awareness items and services.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that procurement is addressed in policies and procedures. However, the OVW stated in its response that the MNWC policies and procedures do not specify that it enhanced its procurement procedures to ensure that federal funds are only used for allowable supplies, and outreach and awareness items and services. We also reviewed the policies and procedures submitted by MNWC and found that the policies and procedures do identify allowable costs associated with public relations, community relations, and costs of meetings and events. In addition, the MNWC policies and procedures specify instances of authorized and unauthorized purchases.

Although we consider the updated policies and procedures to be sufficient to close the recommendation, we also found no indication that these updated policies and procedures have been reviewed and approved by the MNWC's Boards of Directors. Additionally, we acknowledge that in its response, OVW does not consider MNWC's policies and procedures to be adequate. Therefore, this recommendation can be closed when we receive documentation that OVW has coordinated with MNWC to enhance its procurement procedures to ensure that federal funds are only used for allowable supplies, and outreach and awareness items and services, and that any updated policies and procedures have been reviewed and approved by the MNWC's Board of Directors.

**24. Remedy the \$5,395 in unsupported supply costs, specifically:**

- a. **\$1,986 under Grant Number 2015-IW-AX-0010; and**
- b. **\$3,409 under Grant Number 2016-IW-AX-0008.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will work with the MNWC to remedy the \$5,395 under Grant Numbers 2015-IW-AX-0010 and 2016-IW-AX-0008.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it believes these expenditures will be addressed as restitution in actions brought by the U.S. Department of Justice against two previous Executive Directors and others.

This recommendation can be closed when we receive documentation that the OVW has remedied \$5,395 in unsupported supply costs, specifically \$1,986 under Grant Number 2015-IW-AX-0010 and \$3,409 under Grant Number 2016-IW-AX-0008.

**25. Remedy the \$9,644 in unsupported equipment costs under Grant Number 2015-IW-AX-0010.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will work with the MNWC to remedy the \$9,644 under Grant Number 2015-IW-AX-0010.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it believes these expenditures will be addressed as restitution in actions brought by the U.S. Department of Justice against two previous Executive Directors and others.

This recommendation can be closed when we receive documentation that the OVW has remedied \$9,644 in unsupported equipment costs under Grant Number 2015-IW-AX-0010.

**26. Remedy the \$4,100 in unallowable construction under Grant Number 2016-IW-AX-0008.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will work with the MNWC to remedy the \$4,100 under Grant Number 2016-IW-AX-0008.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it believes these expenditures will be addressed as restitution in actions brought by the U.S. Department of Justice against two previous Executive Directors and others.

This recommendation can be closed when we receive documentation that the OVW has remedied \$4,100 in unallowable construction costs under Grant Number 2016-IW-AX-0008.

**27. Coordinate with the MNWC to ensure that it has updated its accounting system to ensure that actual expenditures can be compared to budgeted amounts for current and future grant awards and to ensure that the MNWC does not violate the 10-percent rule.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with MNWC to ensure that it updates its policies and procedures to include processes that demonstrate actual expenditures can be compared to budgeted amounts for current and future grant awards and to ensure that the MNWC does not violate the 10-percent rule.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it is in the process of reconciling all accounting system issues caused by its previous administration. However, the OVW stated in its response that the MNWC policies and procedures do not demonstrate that MNWC updated its accounting system to ensure that actual expenditures can be compared to budgeted amounts for current and future grant awards and to ensure that the MNWC does not violate the 10-percent rule.

This recommendation can be closed when we received documentation that the MNWC has updated its accounting system to ensure that actual expenditures can be compared to budgeted amounts for current and future grant awards and to ensure that the MNWC does not violate the 10-percent rule.

**28. Ensure MNWC develops formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with MNWC to ensure that it updates its policies and procedures to include processes that demonstrate compliance with the DOJ Grants Financial Guide.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it has addressed this recommendation in its policies and procedures. However, the OVW stated in its response that the MNWC policies and procedures do not demonstrate that MNWC developed formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide. We also reviewed the policies and procedures submitted by MNWC and found that they do identify responsibilities associated with requesting, preparing, and approving drawdowns. In addition, the policies and procedures specify that funds are requested on an as needed basis using the best available forecast of expenses prepared by the Executive Director.

Although we consider the updated policies and procedures to be sufficient to close the recommendation, we also found no indication that these updated policies and procedures have been reviewed and approved by the MNWC's Board of Directors. Additionally, we acknowledge that in its response, OVW does not consider MNWC's policies and procedures to be adequate. Therefore, this recommendation can be closed when we receive documentation that OVW has coordinated with MNWC to develop formal written drawdown policies and procedures to ensure compliance with the DOJ Grants Financial Guide, and that any updated policies and procedures have been reviewed and approved by the MNWC's Board of Directors.

**29. Remedy the \$83,151 in expenditures incurred after the grants had ended, specifically:**

- a. **\$42,148 under Grant Number 2015-IW-AX-0010; and**
- b. **\$41,003 under Grant Number 2016-IW-AX-0008.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will work with the MNWC to remedy the \$83,151 under Grant Numbers 2015-IW-AX-0010 and 2016-IW-AX-0008.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it believes these expenditures will be addressed as restitution in actions brought by the U.S. Department of Justice against two previous Executive Directors and others.

This recommendation can be closed when we receive documentation that the OVW has remedied \$83,151 in expenditures incurred after the grants ended, specifically \$42,148 under Grant Number 2015-IW-AX-0010 and \$41,003 under Grant Number 2016-IW-AX-0008.

**30. Ensure that the MNWC implement policies and procedures to ensure the proper accounting and classification of award funds by establishing a system to adequately record, monitor, and track funds in order to properly report the correct amount of expenditures on its FFRs.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with MNWC to ensure that it updates its policies and procedures to include processes that demonstrate proper accounting and classification of award funds by establishing a system to adequately record, monitor, and track funds in order to properly report the correct amount of expenditures on its FFRs.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it has addressed this recommendation in its policies and procedures. However, the OVW stated in its response that the MNWC policies and procedures do not demonstrate that MNWC implemented policies and procedures to include processes that demonstrate proper accounting and classification of award funds by establishing a system to adequately record, monitor, and track funds in order to properly report the correct amount of expenditures on its FFRs. We also reviewed policies and procedures submitted by MNWC and agree with the OVW that MNWC's policies and procedures are not sufficient to ensure the proper accounting and classification of award funds by establishing a system to adequately record, monitor, and track funds in order to properly report the correct amount of expenditures on its FFRs. Further, we found no indication that the policies and procedures have been reviewed and approved by the MNWC's Board of Directors.

This recommendation can be closed when we receive documentation that the MNWC has implemented policies and procedures to include processes that demonstrate proper accounting and classification of award funds by establishing a system to adequately record, monitor, and track funds in order to properly report the correct amount of expenditures on its FFRs.

**31. Ensure that the MNWC establishes policies and procedures for accurately reporting program income and requesting approval from OVW program managers to add program income, if any, to awards.**

Resolved. The OVW concurred with our recommendation and stated in its response that it will coordinate with MNWC to ensure that it updates its policies and procedures to include processes that demonstrate that it accurately reports program income and request approval from OVW program managers to add program income, if any, to awards.

The MNWC did not state whether it concurred with our recommendation. The MNWC stated in its response that it has addressed this recommendation in its policies and procedures. However, the OVW stated in its response that the MNWC policies and procedures do not demonstrate that MNWC established policies and procedures for accurately reporting program income and requesting approval from OVW program managers to add program income, if any, to awards. We also reviewed policies and procedures submitted by MNWC and found that while Program Income was defined

and an accounting process was discussed, we agree with OVW that MNWC's policies and procedures do not demonstrate that MNWC established policies and procedures for accurately reporting program income and requesting approval from OVW program managers to add program income, if any, to awards. Further, we found no indication that the policies and procedures have been reviewed and approved by the MNWC's Board of Directors.

This recommendation can be closed when we receive documentation that the MNWC has established policies and procedures for accurately reporting program income and requesting approval from OVW program managers to add program income, if any, to awards.