



April 18, 2016

Ms. Margaret Dierkers, Executive Director  
Pennsylvania Coalition Against Domestic Violence  
3605 Vartan Way Suite 100  
Harrisburg, Pennsylvania 17110

Dear Ms. Dierkers:

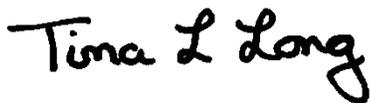
I am enclosing for your review the final performance audit report of the Pennsylvania Coalition Against Domestic Violence (PCADV) as prepared by the Division of Audit and Review (DAR). Your response has been incorporated into the final report and labeled as an Appendix. The report covers the period from July 1, 2013 to June 30, 2015.

I would like to extend my appreciation for the courtesy and cooperation extended to my staff during the course of the fieldwork.

The final audit report will be forwarded to the Department's Office of Social Programs (OSP) to begin the Department's resolution process concerning the report's contents. The staff from the OSP will be in contact with you to follow up on the corrective actions taken to comply with the report's recommendations.

If you have any questions concerning this matter, please contact David Bryan, Manager of the Audit Resolution Section, at [REDACTED].

Sincerely,



Tina L. Long, CPA  
Director

Enclosure

c: Mr. Brendan Harris  
Mr. Jay Bausch  
Ms. Karen Herrling

Some information has been redacted from this audit report. The redaction is indicated by magic marker highlight. If you want to request an unredacted copy of this audit report, you should submit a written Right to Know Law (RTKL) request to DHS's RTKL Office. The request should identify the audit report and ask for an unredacted copy. The RTKL Office will consider your request and respond in accordance with the RTKL (65P.S. §§ 67.101 et seq.) The DHS RTKL Office can be contacted by email at: [rapwrtkl@pa.gov](mailto:rapwrtkl@pa.gov).

April 18, 2016

Mr. Brendan Harris, Executive Deputy Secretary  
Department of Human Services  
Health & Welfare Building, Room 333  
Harrisburg, Pennsylvania 17120

Dear Deputy Secretary Harris:

The Bureau of Financial Operations (BFO) initiated an audit of the Pennsylvania Coalition Against Domestic Violence (PCADV). The audit was designed to investigate, analyze and make recommendations to the Office of Social Programs (OSP) regarding PCADV's compliance with the terms of the Grant Agreement with the Department of Human Services (DHS) regarding funds appropriated for the provision of domestic violence services. Our audit covered the period from July 1, 2013 to June 30, 2015 (Audit Period).

This report is currently in final form and therefore contains PCADV's views on the reported findings, conclusions and recommendations. PCADV's response to the revised draft audit report is included as Appendix B.

**Executive Summary**

PCADV is responsible for the administration of a statewide system to provide services to victims of domestic violence.

The report findings and recommendations for corrective action are summarized below:

FINDING	SUMMARY
<p><b>Finding No. 1 – PCADV Charged Certain Expenditures That Were Not Permitted Per the Grant Agreement.</b></p>	<p>The BFO examined PCADV's accounting records and determined that PCADV charged expenditures that were not permitted per the Grant Agreement. Certain PCADV practices were not in compliance with the Grant Agreement as well as the Code of Federal Regulations (CFR), Title 2 Part 230 (2 CFR 230), also known as the Office of Management and Budget (OMB) Circular A-122 Cost Principles for Non-Profit Organizations. This resulted in total questioned costs of \$680,564.</p>

**HIGHLIGHTS OF RECOMMENDATIONS**

OSP should:

- Consider the most appropriate method for continuing to distribute these grants.
- Determine the appropriate action regarding the \$680,564 in questioned costs from PCADV.
- Ensure that PCADV only charges for expenditures that are properly documented and are allowable under the terms of the Grant Agreement.
- Ensure that PCADV allocates costs appropriately.

PCADV should:

- Only charge administrative expenditures that are allowable and are adequately documented.
- Ensure that all grant managers and fiscal staff obtain and maintain a working knowledge of the Grant requirements as well as the Cost Principles for Non-Profit Organizations as set forth in 2 CFR 230 (OMB Circular A-122).

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FINDING	SUMMARY
<p align="center"><b>Finding No. 2 – Internal Control Deficiencies</b></p>	<p>PCADV has deficiencies in internal controls in the following areas: budgeting; grant management; approval of invoices; travel and credit card expenses; administration of consultant contracts; processing incoming mail, which includes cash receipts and invoices; the handling of donations; Board oversight; and maintaining an adequate accounting system and processes.</p>

**HIGHLIGHTS OF RECOMMENDATIONS**

OSP should:

- Require that PCADV implement changes to their current practices and adhere to their Standards for Financial Management Systems as well as other policies and procedures in the PCADV Fiscal Policy Manual in order to address the internal control deficiencies and to ensure that DHS funds are being used appropriately.
- Periodically review PCADV’s Board minutes to identify any significant issues and require the PCADV Board to be actively involved in addressing those issues.
- Require that PCADV maintain an accounting system that tracks expenses by functional classifications (cost centers) as well as by natural classifications so that the financial status of each grant can be determined quickly.

PCADV should:

- Follow the Cost Principles for Non-Profit Organizations.
- Establish budgeting processes that include input from appropriate fiscal staff and grant managers.
- Provide tools that enable grant managers to track expenditures as they are incurred and to prevent the approval of grant charges by non-grant managers within the organization.
- Limit the approval of invoices to the manager responsible for any given cost center, as outlined on the PCADV internal document [REDACTED] that is used by the Finance Department staff.
- Have the Director of Finance prepare a monthly contract activity report to be reviewed by the PCADV Board.
- Maintain proper documentation for all adjusting journal entries made in the general ledger.
- Develop and implement a policy which forbids the reallocation of expenses to another cost center based on the availability of funds pursuant to 2 CFR 230, Attachment A, A. 4. b.
- Monitor all grant spending throughout the year to avoid overspending.
- Maintain an accounting system which tracks expenses by cost center.
- Close the books shortly after the end of each accounting period to prevent the inappropriate posting of adjusting journal entries in prior accounting periods.
- Develop a travel policy and reimbursement procedures that are in compliance with the Commonwealth of Pennsylvania (CWOPA) travel policy as specified in the Grant Agreement.
- Institute a dual-control system whereby two staff members witness the processing of incoming mail and the processing/handling of cash receipts, invoices, and other fiscal documents including the responses to Requests for Proposals (RFPs).
- Consistently follow the policies and procedures in the PCADV Fiscal Policy Manual.

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The PCADV Board should:

- Avoid the appearance of favoritism and conflicts of interest in vendor selection by requiring RFPs for all services over a certain dollar threshold instead of the current practice of using word-of-mouth vendor recommendations.
- Request a periodic contract activity report from the Director of Finance (rather than the Executive Director) and review the spending that is occurring under each contract or grant in advance of the Board meetings.
- Adhere to PCADV's fiscal policy on limits of authority for signing contracts.
- Revise the contract approval limit for the Executive Director from \$50,000 to a lower amount.
- Define a formal process for RFPs to include uniform announcement guidelines, documentation of the proposals that are received, selection of an RFP evaluation committee, and vendor selection criteria to ensure a fair and proper RFP process.

FINDING	SUMMARY
<p><b>Finding No. 3 – Inaccurate Cash Needs Requests and Expenditure Reports Were Submitted To DHS.</b></p>	<p>Monthly Cash Needs Requests (CNRs) were based on budgeted amounts throughout the audit period instead of the actual expenditures that were incurred. The Grant allows submission of CNRs based on budgeted amounts for the first three months of the fiscal period but requires CNRs based on actual expenditures for the remainder of the fiscal year.<sup>1</sup> The monthly expenditure reports that were submitted to DHS did not use actual expenditures for those reporting periods. The general ledger was not up to date at the time the reports were due. The Grant Agreement requires that CNRs and monthly expenditure reports be based on actual expenditures, as described above.</p>

**HIGHLIGHTS OF RECOMMENDATIONS**

OSP should:

- Require PCADV to submit CNRs and expenditure reports as outlined in the Grant Agreement.
- Require supporting documentation for expenditure reports that are submitted to DHS.

PCADV should:

- Prepare CNRs and expenditure reports as outlined in the Grant Agreement.
- Record expenses in the general ledger in a timely manner to ensure that the accounting records are complete and up to date.
- Ensure that costs reported on the expenditure reports match the expenses that are recorded in the general ledger.

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<sup>1</sup> Grant Agreement, Rider 1, Paragraph 2

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**OBSERVATION – PCADV Work Environment**

During the course of the audit, the BFO interviewed current and former PCADV staff to gain an understanding of various business processes. The BFO became aware of a significant level of frustration among many of those interviewed regarding the work environment. Staff stated that certain behaviors were designed to minimize complaints or pressure staff into actions they felt were questionable.

PCADV should consider:

- Requesting assistance from PA Department of Labor and Industry, Bureau of Workers Compensation, Health and Safety Division to provide workplace training to the PCADV staff and Board.
- Developing and enforcing a zero-tolerance policy against bullying.
- Assigning sole responsibility to investigate employee complaints to the Director of Human Resources, who should report any findings directly to the PCADV Board.
- Revising the grievance guidelines outlined in the PCADV Employee Manual to mandate that the Board review all employee grievances and the resolution of each grievance.

The PCADV Board should consider:

- Taking steps to ensure that all PCADV staff is treated with respect and that the work environment is appropriate.
- Effectively addressing all employee complaints and grievances.
- Assisting the Director of Human Resources in developing an effective action plan to address employee complaints, raise employee morale, and improve employee relations.

**See Appendix A for the Background, Objectives, Scope and Methodology and Conclusion on the Objectives.**

**Results of Fieldwork**

**Finding No. 1 – PCADV Charged Certain Expenditures That Were Not Permitted Per the Grant Agreement.**

The BFO examined PCADV's accounting records and determined that PCADV charged expenditures to the Grant that are not allowed under the terms of the Grant Agreement.

Additionally, PCADV did not equitably allocate shared costs according to PCADV's cost allocation plan and the Cost Principles for Non-Profit Organizations.

The BFO also determined that PCADV made adjusting journal entries that were not supported by adequate documentation or were for costs that are not allowable.

Finally, the BFO determined that PCADV overcharged the Grant resulting in total questioned costs of \$680,564.

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The types of overcharges include (explained in further detail in the table below):

- The shifting of costs from a previously assigned funding stream to another funding stream to cover the shortages caused by over spending<sup>2</sup>.
- Reclassifications of payroll and benefits costs that are unsupported or fail to comply with the documentation provisions of 2 CFR 230.<sup>3</sup>
- Charging advertising<sup>4</sup> and the costs of entertainment to the Grant.<sup>5</sup> The advertising was not required by DHS and therefore not necessary to meet the requirements of the Federal award.<sup>6</sup>
- Not charging indirect costs such as rent, consultant fees, and other items equitably across all affected funding streams.<sup>7</sup>

The table below shows an analysis of the questioned costs:

Category	Reason for Questioned Costs	Overcharged Amounts
Indirect Costs	Charged DHS more than 62% of fair share (62% is per PCADV's cost allocation plan)	\$ 116,693
Payroll Reclassifications	Adjustments not adequately documented by time records <sup>8</sup>	289,681
Miscellaneous	Advertising is a non-allowable cost	85,777
	Professional baseball game tickets were charged as meeting expense. Entertainment is not an allowable cost.	2,800
Membership Dues	NNEDV membership dues were overcharged to DHS, based on the NNEDV membership dues formula.	7,023
Travel	Travel reimbursement was not per CWOPA travel policy.	3,157
Software	Charged DHS more than 62% of fair share.	34,737
Other Year End Adjustments	Adjustments to move cost overages from the Pennsylvania Commission on Crime and Delinquency (PCCD) grant to the DHS Grant.	7,221
Consultants	Charged DHS more than 62% of fair share, or percentage based on other funding source considerations for a given project.	133,475
<b>Total Questioned Costs</b>		<b>\$ 680,564</b>

<sup>2</sup> 2 CFR 230 Attachment A to Part 230-General Principles A. 4. b

<sup>3</sup> 2 CFR 230 Attachment B to Part 230-Selected Items of Cost 8. m. (1) (2)

<sup>4</sup> 2 CFR 230 Attachment B to Part 230-Selected Items of Cost 1. f. (1)

<sup>5</sup> 2 CFR 230 Attachment B to Part 230-Selected Items of Cost 14

<sup>6</sup> 2 CFR 230 Attachment B to Part 230-Selected Items of Cost 1. c. (4)

<sup>7</sup> 2 CFR 230 Attachment A to Part 230-General Principles A. 4. a

<sup>8</sup> 2 CFR 230 Attachment A to Part 230-General Principles A. 2. g

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**Recommendations**

The BFO recommends that OSP consider the most appropriate method for continuing to distribute these grants.

The BFO recommends that OSP determine the appropriate action to take regarding the \$680,564 for charges made to the Grant that were inadequately documented, or not allowable under the terms of the Grant Agreement and/or the Cost Principles for Non-Profit Organizations.

The BFO recommends that OSP ensure that PCADV only charges for expenditures that are properly documented and are allowable under the terms of the Grant Agreement.

The BFO recommends that OSP ensure that PCADV allocates costs appropriately.

The BFO recommends that PCADV only charge administrative expenditures that are allowable and are adequately documented.

The BFO recommends that PCADV ensures that all grant managers and fiscal staff obtain and maintain a working knowledge of the Grant requirements as well as the Cost Principles for Non-Profit Organizations as set forth in 2 CFR 230 (OMB Circular A-122).

**Finding No. 2 – Internal Control Deficiencies.**

The BFO's examination of PCADV's policies, procedures and accounting records identified deficiencies with the following:

**The budgeting process:** PCADV did not have a formal budgeting process that involves input from the grant managers and the Director of Finance; the Executive Director is the primary decision-maker regarding the content of the budget.

**Grant management:** PCADV did not have a process by which the grant managers are able to easily track the income and expenditures for the cost centers for which they are responsible. Grant managers rely on monthly reports from the Finance Department to determine the grant balance for their cost centers.

PCADV collaborates with other domestic violence entities such as the National Resource Center on Domestic Violence (NRCDV), the Colorado Coalition Against Domestic Violence (COCADV) and the Pennsylvania Coalition Against Rape (PCAR). In most cases, the other entities do not pay their fair share of such collaborations. PCADV usually charged those expenses to the DHS Grant.

**Approval of vendor invoices:** Grant managers did not approve every expense that goes against the grant for which they are responsible. Expenses were approved by supervisors and department directors, but not necessarily by the designated grant manager.

**Travel and credit card expenses:** There were instances where a PCADV employee authorized his/her own travel expenses. The Executive Director also authorized her own reimbursable expenses and in her absence, her assistant authorized them.

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Travel expense vouchers were often filled out incorrectly. For example, an employee who charged parking fees to a PCADV credit card later reported those same credit card charges as “meals” on the travel voucher. Another employee reported mileage reimbursement as highway tolls.

The vouchers did not always contain adequate information regarding the reason for the travel, or only the destination city was listed but no street address. In one instance, the traveler listed only the name of the state for the out-of-state destination.

Receipts for meals charged to PCADV credit cards were not always itemized as required. PCADV employees frequently submitted the credit card summary slip as documentation for reimbursement.

On many occasions, travel reservation confirmations were used as travel receipts rather than an actual hotel or airline receipt that should have been obtained at the time of travel.

**Consultant contract administration:** Consultants are frequently paid more than their maximum contract amounts. For example, the contract for [REDACTED] had a ‘not-to-exceed amount of \$50,000’ clause. However, total payments for services provided under that contract totaled \$68,348.

Additionally, a contract with [REDACTED] for training services had a ‘not-to-exceed amount of \$5,500 per year’ clause for consultant travel. In the fiscal years 2013-2014 and 2014-2015, her travel expenses were \$13,845 and \$16,036, respectively. In addition, on numerous occasions PCADV reimbursed [REDACTED] [REDACTED] for payments she made to a PCADV employee for overnight lodging at the employee’s residence.

In some cases the descriptions of contract deliverables were inadequate, making it difficult to determine the nature and scope of the services that were being purchased and the relevance of the services to the DHS Grant. For example, the BFO reviewed two contracts between PCADV and Penn State University. One contract clearly defined the services that were to be provided, the reason for the services, as well as the specific deliverables for the Pennsylvania Coalition on Crime and Delinquency (PCCD). The other Penn State contract was vague and did not specify the funding source. For the second contract, PCADV allocated the expenses to both the DHS and PCCD grants.

In addition, contracts were not always approved by the authorized signatory. In one instance, the president of the PCADV Board signed a contract with a consultant on behalf of PCADV. The Authorization Limits section in the PCADV Fiscal Policy Manual states that the PCADV Treasurer is the only board member who is authorized to sign a contract and that authority is limited to contracts over \$50,000.

In another instance, the Executive Director was the only PCADV representative to sign a contract totaling \$56,000. The Contract Approval Form indicated that the contract was competitively bid, 3 bids were received and the Board and membership approved the contract. The Executive Director advised the BFO that the Board approved the contract in January 2015. The BFO could not verify this assertion in the Board minutes or via any of the other available documentation.

**The processing of incoming mail:** There was no dual control whereby two employees witnessed the processing of incoming mail that included cash receipts and invoices. One person at PCADV received all of the mail, opened the invoices, and then separated the mail into three bins that went to different areas of the organization. The checks that were received were placed in a folder which was not secured as other employees had access to the folder.

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In addition, incoming mail was not date-stamped upon receipt. Checks and invoices were not always recorded at the time the mail was opened. The mail that was addressed to the Contract, Legal and Fund Development departments and the NRCDV were not opened so there is no record of receipt. Any invoices and checks addressed to those departments had the potential to be misplaced.

**The handling of donations:** Donations were not always recorded in such a way that the purpose of the donation was maintained.

For example, the only documentation of a \$14,000 donation was a copy of the check which did not show the purpose of the donation or any restrictions placed on it. Had the check been tracked properly when it arrived in the mail, the specific details about the donation should have been known.

In addition, donations that were designated as “restricted” were sometimes applied to unrestricted general ledger accounts and thereby were likely to be used for a purpose other than what the donor had intended. This occurred even when documentation was available to support the restriction.

Additionally, sometimes unsolicited donations were classified as solicited. For example, the [REDACTED] made a \$136,026 unsolicited donation to PCADV. It was first classified as “Unrestricted Donations-Solicited”, then distributed to subrecipients as “Unsolicited”. However, PCADV recorded its 10% administrative portion as “Solicited”.

**Board oversight:** The PCADV Board in general did not deal with the PCADV staff. The flow of information to and from the board was almost exclusively via the Executive Director and therefore the Board was somewhat insulated from the activity at PCADV. Similarly, the Board did not have a process for which the PCADV staff could bring their concerns directly to the Board and therefore were not made aware of the Executive Director’s override of certain internal controls.

The Board did not review PCADV’s spending and relied on the Executive Director’s reports that were presented at the Board meetings. These reports often did not match the accounting records.

Also, the Board did not review contracts to ensure that they were properly authorized and executed.

The Board did not adequately resolve personnel issues as evidenced in the Board minutes.

Also, there appeared to be a lack of clarity as to the functions and responsibilities of the Board committees. The committees did not always operate at full member capacity which made them less effective than they should have been.

The Board did not have defined measures to evaluate the Executive Director’s performance and did not have criteria for performing self-assessments of the Board’s performance.

Finally, the Board did not monitor the Executive Director’s expense reimbursements. The Executive Director approved most of her reimbursable expenses so there was often no secondary review of these expenses.

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**Accounting system and processes:** PCADV did not always post accounting entries in a timely manner so at any given time the general ledger could contain incomplete information.

The routine monthly expenses such as rent and salary expenses were not always reported correctly.

The current accounting policies and procedures did not require the books to be closed shortly after the end of the accounting period to prevent the posting of transactions well after the end of the accounting period.

In addition, the current accounting policies and procedures allowed persons other than the assigned grant manager to approve expenses that are charged to a grant.

Also, the accounting system did not track revenues and expenses by cost center.

Finally, the current accounting policies and procedures did not require adequate justification for the reallocation of expenses across cost centers.

**Recommendations**

The BFO recommends that OSP require PCADV to implement changes to their current practices and adhere to their Standards for Financial Management Systems as well as other policies and procedures in the PCADV Fiscal Policy Manual in order to address the internal control deficiencies and to ensure that DHS funds are being used appropriately.

The BFO recommends that OSP periodically review PCADV's Board minutes to identify any significant issues and require the PCADV Board to be actively involved in addressing those issues.

The BFO recommends that OSP require PCADV to maintain an accounting system that tracks expenses by functional classifications (cost centers) as well as by natural classifications so that the financial status of each grant can be determined quickly.

The BFO recommends that PCADV follow the Cost Principles for Non-Profit Organizations.

The BFO recommends that PCADV establish budgeting processes that include input from appropriate fiscal staff and grant managers.

The BFO recommends that PCADV provide tools that enable grant managers to track expenditures as they are incurred and to prevent the approval of grant charges by non-grant managers within the organization.

The BFO recommends that PCADV limit the approval of invoices to the manager responsible for any given cost center, as outlined on the PCADV internal document [REDACTED] that is used by the Finance Department staff.

The BFO recommends that PCADV have the Director of Finance prepare a monthly contract activity report to be reviewed by the PCADV Board.

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The BFO recommends that PCADV maintain proper documentation for all adjusting journal entries made in the general ledger.

The BFO recommends that PCADV develop and implement a policy which forbids the reallocation of expenses to another cost center based on the availability of funds pursuant to 2 CFR 230, Attachment A, A. 4. b.

The BFO recommends that PCADV monitor all grant spending throughout the year to avoid overspending.

The BFO recommends that PCADV maintain an accounting system which tracks expenses by cost center.

The BFO recommends that PCADV close the books shortly after the end of each accounting period to prevent the inappropriate posting of adjusting journal entries in prior accounting periods.

The BFO recommends that PCADV develop a travel policy and reimbursement procedures that are in compliance with the CWOPA travel policy as specified in the Grant Agreement.

The BFO recommends that PCADV institute a dual-control system whereby two staff members witness the processing of incoming mail and the processing/handling of cash receipts, invoices, and other fiscal documents including the responses to RFPs.

The BFO recommends that PCADV consistently follow the policies and procedures in the PCADV Fiscal Policy Manual.

The BFO recommends that the PCADV Board avoid the appearance of favoritism and conflicts of interest in vendor selection by requiring RFPs for all services over a certain dollar threshold instead of the current practice of using word-of-mouth vendor recommendations.

The BFO recommends that the PCADV Board request a periodic contract activity report from the Director of Finance (rather than the Executive Director) and review the spending that is occurring under each contract or grant in advance of the Board meetings.

The BFO recommends that the PCADV Board adhere to PCADV's fiscal policy on limits of authority for signing contracts.

The BFO recommends that the PCADV Board revise the contract approval limit for the Executive Director from \$50,000 to a lower amount.

The BFO recommends that the PCADV Board define a formal process for RFPs to include uniform announcement guidelines, documentation of proposals that are received, selection of an RFP evaluation committee, and vendor selection criteria to ensure fair and proper administration of the RFP process.

**Finding No. 3 – Inaccurate Cash Needs Requests and Expenditure Reports Were Submitted to DHS.**

Monthly Cash Needs Requests (CNRs) were based on budgeted amounts throughout the audit period instead of the actual expenditures that were incurred. The Grant allows submission of CNRs based on budgeted amounts for the first three months of the fiscal period but requires CNRs based on actual

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expenditures for the remainder of the fiscal year<sup>9</sup>. The monthly expenditure reports that were submitted to DHS did not use actual expenditures for those reporting periods. The general ledger was not up to date at the time the reports were due. The Grant Agreement requires that CNRs and monthly expenditure reports be based on actual expenditures as described above.

**Recommendations**

The BFO recommends that OSP require PCADV to submit CNRs and expenditure reports as outlined in the Grant agreement.

The BFO recommends that OSP require supporting documentation for expenditure reports that are submitted to DHS.

The BFO recommends that PCADV prepare CNRs and expenditure reports as outlined in the Grant agreement.

The BFO recommends that PCADV record expenses in the general ledger in a timely manner to ensure that the accounting records are complete and up to date.

The BFO recommends that PCADV ensure that costs reported on the expenditure reports match the expenses that are recorded in the general ledger.

**Observation – PCADV Work Environment**

The BFO's audit objectives did not include an assessment of the work environment. Accordingly, we did not focus our efforts in this area and did not attempt to substantiate the claims described below.

During the course of the audit, the BFO interviewed current and former PCADV staff to gain an understanding of various business processes. The BFO became aware of a significant level of frustration among those interviewed regarding the work environment. Staff reported management yelling at them, slamming doors, throwing objects, lunging at one individual, and other actions they thought were designed to minimize complaints or pressure staff into actions they felt were questionable. Several former staff stated that they resigned due to the work environment and actions that went unaddressed and therefore unresolved.

Many of the claims that the BFO heard were consistent and concerning. If true, a work environment of this nature may contribute to increased employee turnover, lower morale, and decreased productivity. It can also increase costs due to additional recruiting, interviewing, hiring, and training of new employees, as well as the need for temporary staff.

**Recommendations**

The BFO recommends that PCADV request assistance from the PA Department of Labor and Industry, Bureau of Workers Compensation, Health and Safety Division to provide workplace training to the PCADV staff and Board.

The BFO recommends that PCADV develop and enforce a zero-tolerance policy against bullying.

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<sup>9</sup> Grant Agreement, Rider 1, Paragraph 2

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The BFO recommends that PCADV assign sole responsibility to investigate employee complaints to the Director of Human Resources, who should report any findings directly to the PCADV Board.

The BFO recommends that PCADV revise the grievance guidelines outlined in the PCADV Employee Manual to mandate the Board review all employee grievances and the resolution of each grievance.

The BFO recommends that the PCADV Board take steps to ensure that all PCADV staff is treated with respect and that the work environment is appropriate.

The BFO recommends that the PCADV Board effectively address all employee complaints and grievances.

The BFO recommends that the PCADV Board assist the Director of Human Resources in developing an effective action plan to address employee complaints, raise employee morale, and improve employee relations.

**Exit Conference/Auditor's Commentary**

The BFO issued its draft audit report and then subsequently made certain revisions to the draft audit report based on PCADV's initial response, the additional information PCADV submitted, and the discussions that took place at the Exit Conference on March 31, 2016. The BFO then permitted PCADV to revise their response to correspond with the changes to the draft audit report.

The BFO read PCADV's revised response and considered its content. The response did not present any significant information or arguments that were not previously presented to the BFO before the revised draft audit report was issued. Accordingly, there are only minor wording changes between the revised draft audit report and the final audit report.

In accordance with our established procedures, an audit response matrix will be provided to OSP. Once it is received, OSP should complete the matrix within 60 days and email the Excel file to the DHS Audit Resolution Section at:



The response to each recommendation should indicate OSP's concurrence or non-concurrence, the corrective action to be taken, the staff responsible for the corrective action, the expected date that the corrective action will be completed and any related comments.

Sincerely,

A handwritten signature in black ink that reads "Tina L Long".

Tina L. Long, CPA  
Director

**PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE**

**APPENDIX A**

## **Appendix A**

### **Background**

PCADV is responsible for the provision of services to domestic violence (DV) victims in Pennsylvania's 67 counties. PCADV's responsibilities include the allocation of subgrants to local domestic violence programs; administration and management of the subgrants; gathering and compiling data from the local DV programs and submitting it to DHS in the form of reports and invoices; statewide training and technical assistance to the local DV programs; statewide advocacy and awareness activities; and information technology support as needed to operate a statewide crime victim hotline and database.

The funding sources for the DHS Grant include Pennsylvania General Assembly Act 1988 – 44 & Act 1990 – 222, Federal Department of Health and Human Services, Administration for Children and Families (ACF), Title XX Social Services Block Grant, and the ACF Family Violence Prevention and Services Grant.

PCADV reports its expenditures to DHS by submitting monthly invoices and reports its monitoring activity to DHS on a quarterly basis.

### **Objective, Scope and Methodology**

Our audit objectives were:

- To determine if PCADV's expenditures are in accordance with the grant agreement and applicable regulations
- To determine if PCADV is in compliance with the grant agreement and applicable laws and regulations
- To determine if PCADV performs adequate monitoring of its subgrantees

In pursuing our objectives, the BFO interviewed PCADV fiscal staff and other key administrative staff. We also reviewed fiscal data for the audit period including credit card statements, bank statements, payroll records, travel expense reports, contracts, and other pertinent documentation necessary to pursue the audit objectives.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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.

Government auditing standards require that we obtain an understanding of management controls that are relevant to the audit objective described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of their effectiveness.

Based on our understanding of the controls, there were various internal control deficiencies which are described in Finding No. 2. Areas where the BFO noted an opportunity for improvement in management controls are addressed in the findings and recommendations of this report.

The BFO's fieldwork was conducted from July 7, 2015 to August 17, 2015 and was performed in accordance with GAGAS. An audit Closing Conference with PCADV's management was held on October 9, 2015. An Exit Conference with PCADV's management and legal counsel was held on March 31, 2016. The final report is available for public inspection.

### **Conclusion on the Objectives**

- PCADV charged expenditures to the DHS grant that were not in accordance with the grant agreement and applicable regulations. This resulted in questioned costs of \$680,564.
- PCADV was not fully in compliance with the grant agreement and applicable laws and regulations.
- PCADV performs adequate monitoring of its subgrantees.

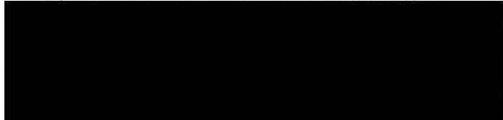
**PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE**

**RESPONSE TO THE DRAFT REPORT**

**APPENDIX B**

April 14, 2016

Ms. Olayemi Gbadamosi  
Audit Manager  
Bureau of Financial Operations  
Department of Human Services



Re: Response by the Pennsylvania Coalition Against Domestic Violence to the Bureau of Financial Operations' Revised Draft Performance Audit Report

Dear Ms. Gbadamosi:

On behalf of the Pennsylvania Coalition Against Domestic Violence, I am submitting the attached Response in reply to the Revised Draft Performance Audit Report prepared by the Bureau of Financial Operations.

We look forward to discussing the Performance Audit and our Response with you.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Kane".

JOHN A. KANE, ESQUIRE

Attachments



**RESPONSE BY THE PENNSYLVANIA COALITION AGAINST DOMESTIC  
VIOLENCE TO THE BUREAU OF FINANCIAL OPERATIONS'  
DRAFT PERFORMANCE AUDIT REPORT**

**INTRODUCTION**

The Pennsylvania Coalition Against Domestic Violence (the “Coalition”) submits this Response in reply to the Draft Performance Audit Report (“Draft Report”) prepared by the Bureau of Financial Operations (“BFO”), Department of Human Services (“DHS”), relating to the Coalition’s compliance with the terms and conditions of a Grant Agreement between the Coalition and the Department during Fiscal Years 2013-2014 and 2014-2015.<sup>1</sup>

The Grant Agreement addresses: (1) the management and delivery of care and services to victims of domestic violence in each of the Commonwealth’s 67 counties; (2) the provision of training and technical assistance to the thousands of staff and volunteers of local domestic violence programs; (3) the conduct of statewide advocacy and awareness activities; and (4) the maintenance of a statewide database including the development and implementation of information technology essential to the operation of a statewide service delivery system, a statewide crime victims hotline and statewide legal services and support. See Exhibit 1.

On March 31, 2016, following a meeting with representatives of the Coalition, BFO withdrew its initial Draft Report (issued November 17, 2015) and invited the Coalition to submit supplemental information. See Attachment 1. The Coalition submitted lengthy and detailed supplemental information to BFO regarding the Coalition’s cost allocation methodology and certain costs questioned by BFO on April 6, 2016. See attached Exhibit 17.<sup>2</sup> On April 7, 2016, BFO advised the Coalition that it had considered the supplemental information “but determined that additional changes to the [revised] draft report were not warranted.” See Attachment 2. BFO provided no explanation for its decision or rebuttal to the detailed facts set forth in the Coalition’s submission.

**I. EXECUTIVE SUMMARY**

To read the Draft Report, one might wonder whether something was amiss in the Coalition’s implementation of the Grant Agreement during Fiscal Years 2013-2014 and 2014-2015. See Exhibit 2. Upon close and objective scrutiny of the Draft Report’s Findings and related Recommendations and its “Observation,” however, one readily concludes that neither the plain terms of the Grant Agreement nor the cited provisions of OMB Circular A-122 (“A-122”)

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<sup>1</sup> A performance audit is intended to review program performance and operations and to provide findings based on sufficient, appropriate evidence. See Generally Accepted Government Auditing Standards (“GAGAS”) at § 2.10. Audit findings must be presented in specific detail and with clarity. See 2 C.F.R. § 200.516(b).

<sup>2</sup> The Coalition’s Response to BFO’s initial Draft Report included 16 Exhibits. Those Exhibits are referenced and incorporated herein.

relied on by BFO nor any identified facts actually support the significant allegations or the large majority of the questioned costs set forth in the Draft Report.

In a single and brief sentence, the Draft Report, Appendix A, at 2, actually acknowledges the Coalition's compliance with oversight and management of 60 sub-grantees. And, notably, the Draft Report, after several months of preparation, takes no issue with the Coalition's day to day assurance of accessibility to high quality services, the performance by the Coalition of its detailed and specific tasks as specified in the Grant Agreement and its recognized accomplishments and achievements.

Otherwise, however, the Draft Report criticizes, in generally conclusionary format, and often cryptic and unspecific text, the Coalition's allocation of certain costs to the Grant and its incurrence of other costs. As discussed in Sections II B.-D., infra, the criticisms consist largely of erroneous judgments that in turn reflect misinterpretations and misperceptions of the plain text of the Grant Agreement, A-122 and the odd avoidance of and failure and refusal to consider actual facts.

In reviewing the Draft Report, it is essential to understand the following points:

- there is no dispute that the auditors, relying on the Coalition's books and records, could readily identify the expenditures and use of all of the DHS grant funds received by the Coalition for both fiscal years (approximately \$50M);
- the majority of the "questioned" costs listed in Finding No. 1 are themselves actually allowable costs under the terms of the Grant Agreement and A-122 but are questioned based on the auditors' erroneous assertions that the costs should be allocated to other funding sources and otherwise costs are questioned based on misperception of the express allowability of the costs under the Grant Agreement and/or A-122;
- in both fiscal years, the Coalition experienced an operating deficit, i.e., its allowable expenses exceeded its revenues received under the Grant Agreement and from its other grants;
- time records exist and were produced to BFO for every hour of every day for every Coalition employee for the two fiscal years;
- there are no criticisms regarding the Coalition's performance in assuring and coordinating delivery of and accessibility to high quality services and supports throughout the Commonwealth in both fiscal years; and
- there are no concerns raised relating to the timeliness or content of the quarterly and annual reports submitted by the Coalition to the Department that identified and detailed the Coalition's ongoing

expenditures and activities under the Grant Agreement during both fiscal years.

The Draft Report conveys a remarkably false and misleading sense that the Coalition has not adequately managed and accounted for its DHS-related grant funding and gives no credit and scant regard to the Coalition's successful performance under the Grant Agreement. Furthermore, the "Observation," although plainly conceded by BFO to be both outside the scope of the audit and factually unsubstantiated in its entirety, nonetheless is included in the Draft Report together with related and equally unsupported "Recommendations." It involves as well a matter that is well beyond the training and experience of fiscal audit staff. In every respect, the Observation reflects unfounded and baseless allegations.

In reflecting on the actual Findings and Recommendations and the Observation, one must consider and be guided by the following two points. First, the Grant Agreement is a document drafted by DHS, the substantive terms of which have remained relatively constant for more than 15 years. And, to the extent any ambiguities may exist relating to the terms of the Agreement, under applicable law, they must be construed against DHS. Second, the audit Findings and the Observation, of necessity, must be supported by and rely upon substantial evidence (i.e., facts that reasonable, objective minds would accept as adequate to support a conclusion as opposed to simply stating and relying on a conclusion). Also, they must not constitute an abuse of discretion or arbitrary and capricious decision making (e.g., an audit finding that runs counter to the facts or fail to consider relevant facts or where a preference or opinion overcomes and ignores controlling if inconvenient facts).

Our response to the Draft Report is set forth below. As we explain in detail, neither the plain terms of the Grant Agreement nor the relevant facts nor the audit standards referenced and relied on by BFO remotely support the principal draft Findings and Recommendations or the Observation presented in the Draft Report. For those reasons, the Draft Report should be withdrawn in its entirety.

## **II. DISCUSSION**

### **A. BACKGROUND**

The Draft Report identified the following three audit objectives:

- (1) to determine whether the Coalition's expenditures were in accordance with the terms of the grant agreement and applicable regulations;
- (2) to determine whether the Coalition was in compliance with the terms of the grant agreement and applicable laws and regulations;
- (3) to determine whether the Coalition performs adequate monitoring of its sub-grantees.

Draft Report, Appendix A, at 1.

As presented in the Draft Report, the auditors concluded:

1. the Coalition “charged expenditures to the DHS grant that were not in accordance with the grant agreement and applicable regulations;”
2. the Coalition “was not fully in compliance with the Grant Agreement and applicable laws and regulations;” and
3. the Coalition “performs adequate monitoring of its sub-grantees.”

Id. At 2.

The Draft Audit details the first and second conclusions above by way of three “Findings” and related “Recommendations.”

The Coalition is a nonprofit organization that administers a statewide network of 60 community-based domestic violence programs that provide support and safety to battered women and children every day throughout the Commonwealth. Its annual budget for the two audit years examined was \$24,879,648.00 in FY 2013-2014 and \$25,769,172.00 in FY 2014-2015.<sup>3</sup> In total, the “questioned costs” identified in the revised Draft Report total \$680,564.00.

The Grant Agreement imposes on the Coalition responsibility for the day to day management of the Grant Agreement and assurance for the provision of care and services to domestic violence victims in every county in Pennsylvania along with the broad mission of combating personal and institutional violence through education, systems advocacy and social change activities. See Grant Agreement, Rider 2, “Work Statement” and “Work Plan.” Rider 2 also specifies 77 specific tasks and activities for the Coalition to perform during the term of the Grant Agreement. The Coalition, in coordination with its community partners:

- assures the provision of care and services to nearly 95,000 women and children each year (over 2.5 million victims of domestic violence since 1976);
- provides technical assistance and resources to anyone whose professional role is to work directly with victims of domestic violence;
- supports professionals to ensure they have the latest information strategies and resources they need to support any victim of domestic violence who turns to them for assistance;

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<sup>3</sup> The Coalition derives approximately 90% of its funding from DHS. It has sought and successfully obtained additional grants from the U.S. Department of Health and Human Services, the Pennsylvania Commission on Crime and Delinquency and the U.S. Department of Justice.

- trains a broad spectrum of professionals to improve response to, and safety and justice for, victims of domestic violence;
- trains thousands of law enforcement officers, judges, prosecutors, probation and parole officers, attorneys, advocates, healthcare providers and government agencies including children and youth, aging and welfare workers about domestic violence and how to assist domestic violence victims;
- provides hotlines, emergency shelter, counseling, legal and medical advocacy, job training and other free and confidential services for victims and their children;
- accompanies victims to court; helping them to apply for Protection from Abuse (“PFA”) Orders and assisting them in navigating the legal system;
- advocates before the General Assembly for improvements to state statutes for victims and collaborates with community programs and ensuring these laws are enforced;
- develops training materials to effectively coordinate Pennsylvania’s response to domestic violence;
- provides emergency shelter, long-term transitional housing and assistance in securing permanent housing;
- advocates for housing laws and public housing policies that protect victims and prevent landlords from discriminating against them;
- delivers school-based education and community-wide prevention presentations and serve as an expert source on the dangers and effects of domestic violence for the local media; and
- supports research on public attitudes toward domestic violence, design and distribute public awareness materials and encourage responsible media coverage of domestic violence.<sup>4</sup>

We discuss below the failure of the Draft Report to comply with the fundamental principles that govern the conduct of performance audits and, thereafter, sertiam, the Draft Report’s Findings and the Observation along with the ad hoc and post hoc interpretations and judgments from which they proceed.<sup>5</sup>

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<sup>4</sup> See Exhibits 3 and 4: Pennsylvania Coalition Against Domestic Violence Final Reports for FY 2013-2014 and 2014-2015.

<sup>5</sup> In this revised Draft Report, without comment, BFO deletes the “questioned costs” relating to the Coalition’s “Membership Meetings.” See Exhibits 5 -11.

**B. BFO'S REFUSAL AND FAILURE TO EXPLAIN IN THE DRAFT REPORT ITS REJECTION OF THE COALITION'S DETAILED SUBMISSION OF FACTS AND EXPLANATION REGARDING ITS ALLOCATION METHODOLOGY AND EXPENDITURES IS CONTRARY TO GAGAS, UNDERMINES THE OBJECTIVITY OF THE DRAFT REPORT AND SO REQUIRES ITS RETRACTION.**

Having rescinded its initial Draft Report on March 31, 2016, BFO, in developing and determining to issue a revised Draft Report, was obligated under GAGAS to articulate in reasonable detail to the Coalition, an explanation for its Findings and Recommendations. GAGAS at ¶¶s 1.05, 2.10, 4.08, 4.15, 4.29, 6.03, 6.28, 6.38, 6.56, 6.57, 6.69 and 6.80. See also 2 C.F.R. § 200.516(b). BFO was duty bound to explain why the information and accompanying explanation submitted by the Coalition both prior to and on April 6, 2016 was insufficient such that changes to the already prepared revised Draft Audit “were not warranted” (Attachment 2) and to do so in detail consistent with the detail submitted by the Coalition (i.e., 44 pages) and sufficient for the Coalition to know BFO’s rationale for refusing to alter its Draft Report.

Instead, and even more egregious than its reliance on cryptic conclusions in the initial Draft Report, BFO issued the revised Draft Report devoid of any explanation for the rejection of the April 6, 2016 information prepared and submitted by the Coalition. See Exhibit 17. Such refusal to account for the facts and information submitted by the Coalition is a clear error in judgment and a manifest abuse of discretion. A government entity may not lawfully ignore countervailing facts but must explain in reasoned detail the bases for its decision to not accept such facts.

BFO’s refusal to address the facts and explanation submitted by the Coalition places the Coalition at the extreme, unjust and indefensible disadvantage of not knowing the essential facts, the bases, for BFO’s disapproval of the allocation of certain costs and other costs in general. Mere allegations that question costs without detailed explanations in response to contrary facts makes it impossible for the Coalition to understand and rebut the allegations. Consequently, the Draft Report is fundamentally flawed under GAGAS and must, for that reason alone, be withdrawn.

**C. FINDING NO. 1 -- THE COALITION IMPERMISSIBLY CHARGED CERTAIN EXPENDITURES TO THE GRANT AGREEMENT.**

This Finding alleges that the Coalition “charged expenditures to the Grant that were not allowed under the terms of the Grant Agreement.” Draft Report at 4. Each of the questioned costs is addressed below. In every instance, the allegation made is refuted by the facts and/or the plain terms of the Grant Agreement itself and/or the applicable provisions of A-122.

The Draft Report alleges four principal reasons to question certain expenditures:

- expenditures were not eligible for Grant funding pursuant to A-122;
- expenditures were not allocated sufficiently among the Coalition's funding sources according to the Coalition's cost allocation plan;
- allocation of staff time to the DHS Grant was not consistent with time records.
- certain costs were unallowable.

**(1) Miscellaneous Questioned Costs.**

The Draft Report questions what it describes as costs incurred by the Coalition for “advertising and gifts,” dues for membership by the Coalition in the National Network To End Domestic Violence (a national organization dedicated to creating and promoting a social and economic environment to combat and end violence against women); certain consultant costs; and costs determined to be allowable but higher than applicable Commonwealth policy.

The “advertising costs” identified in the Draft Report involved statewide activities specifically targeted to increase awareness of the risk factors associated with perpetration of domestic violence by males. Such activities are tasks expressly set forth in the Grant Agreement’s Scope of Work (II.A), at 2; Rider A (§ 2.(a) (13(d) [Awareness Programs] at 10; and, the Work Plan’s Objective C at 2 (“increase public understanding of the nature, prevalence, and impact of domestic violence and promote more active individual, organizational and community involvement in its prevention”). See Exhibit 2.

The PA Department of Health, utilizing the funds received from “Preventive Health and Health Services Block Grant,” also sub-granted to DHS \$100,000.00 for use by the Coalition “to enhance the goals, objectives and strategies developed in the statewide domestic violence prevention plan” and to do so as part of a “social marketing campaign targeting men and boys.” See Exhibit 12.

So, where and how might the Coalition succeed in effectively engaging thousands of men, and particularly young men, in promoting these prescribed tasks across the state?

The Draft Report certainly does not suggest either where or how to accomplish such tasks nor does it account for the outreach requirements specified in Rider 2 of the Grant Agreement or the Health Department’s directive involving the use of its grant funds. Rather, it simply concluded that the activities undertaken by the Coalition relating to prevention and outreach activities and the costs that it incurred were nothing more than “advertising” and “gift giving.”

The Coalition did reflect on activities that could raise the awareness among boys and men about domestic violence and sexual abuse and where those activities might successfully engage large numbers of boys and men. And so, in concert with and similar to like activities across the country, the Coalition, under a competitive bid process, procured the services of [REDACTED] to develop and support a social marketing campaign that would gain the attention of boys

and men. [REDACTED] focused on “Father Day Pledge Signing” events before [REDACTED] games. [REDACTED] performed graphic design and other work to support the mission.

In consideration of the time and effort devoted by boys to participate in two-hour focus groups relating to the “Where Do You Stand Campaign” to educate college age young men to become active bystanders, volunteers who participated in the Coalition’s focus groups were paid with gift cards in lieu of cash. Community business leaders who joined in to support the “No More” campaign and to promote game day activities directed at boys and men to help promote awareness of and the need to prevent domestic violence and sexual assault were given two tickets to the events. No refreshments, no meals and no lodging were provided to attendees to the games. Importantly, the gift cards and tickets were paid for not with DHS Grant funds but with unrestricted sponsorship funds.

As noted previously, “advertising costs” and “public relations” costs typically are unallowable as costs incurred by an entity to promote itself. Clearly, the costs incurred by the Coalition and questioned by the auditors here did not involve self-promotion or self-advertising about the Coalition but were plainly associated with the Coalition’s contractual responsibility to engage in prevention and outreach efforts. Those efforts, reasonably understood, required precisely the types of activities that the Coalition engaged in over the two years. See Exhibit 13, “Sign-up” pledge.

A-122, Appendix B at 1.c.(2) and (4) and d.(1)-(2) allows costs that involve advertising and public relations. The Draft Report fails and neglects to apply those provisions of Appendix B to the presenting facts.<sup>6</sup> When properly considered within the purpose for and terms of the DHS Grant Agreement and the Health Department Grant, and consistent with the terms of A-122 Appendix B, the entire questioned cost of \$107,816.26 relating to these initiatives must be withdrawn.

## **(2) NNEDV Membership Dues.**

The Draft Report concedes the incurrence and allowability of the Coalition’s payment of membership dues to NNEDV, a professional organization that provides training and assistance to statewide and local domestic violence coalitions. Information about NNEDV is available at [www.nnedv.org](http://www.nnedv.org). It alleges that the fees “should” be charged not to the DHS Grant but to revenues received by the Coalition from its sub-grantees. Draft Report at 5. In support of that position, the Draft Report cites generally but with no explanation to A-122 Appendix B.1.f.(1)-(4). None of the cited provisions in any way address let alone preclude membership fees to an organization. In fact, although unmentioned in the Draft Report, A-122, Appendix B, at 30, expressly recognizes the allowability of membership fees.

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<sup>6</sup> Appendix B.1.(c)(2) allows “advertising costs” devoted to “[t]he procurement of goods and services for the performance of a Federal award” and at (c)(4) for “[o]ther specific purposes necessary to meet the requirements of the Federal award.” Appendix B.d.(2) allows “[c]osts of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of Federal awards (these costs are considered necessary as part of the outreach efforts for the Federal award).”

Distinct from the costs questioned as “unallowable” (meetings and membership fees) are costs conceded to be allowable but not charged “equitably” across the Coalition’s grants. Those allegations are refuted below. Additionally, however, and both fatal to the Draft Report’s Finding and Recommendation and determinative of the issue, is that in FY 2013-2014, the Coalition utilized all of its available grant funding from DHS, HHS, DOJ and the PA Commission on Crime and Delinquency as well as other private foundations and still realized a loss of \$104,686.00 as evidenced by its audited financial statements. In Fiscal Year 2014-2015, the Coalition incurred a loss of \$72,966.33. Obviously, regardless of how the funds actually were allocated, all funds were expended on allowable costs. To now recommend a disallowance of allowable expenditures due to a dispute over their allocation when all available grant funds were expended is to effectively and wrongfully impose a penalty on the Coalition. There is no support under the Grant Agreement or A-122 for any such claw back of funds.

**(3) Payroll Reclassification.**

██████████

Costs in the amount of \$436.97 for ██████████ were moved from HHS project ██████████ to DHS. Cost center ██████████ captures costs “to ensure the Coalition can serve as the educational and advocacy arm of the domestic violence network in Pennsylvania, holding statewide and regional trainings for victim advocates, criminal justice agencies and other professionals, and continue essential programs.” These costs are clearly allowable under the DHS grant. The HHS funds reduced the total amount charged to DHS.

Costs of \$255.32 for employee ██████████, the accounts payable clerk, were also moved from HHS project ██████████ to DHS cost center ██████████. The HHS funds appropriately offset the amount charged to DHS.

Costs for ██████████ (employee code ██████████) were also moved as part of this journal entry and disallowed by BFO. ██████████ assists with the Training Institute. The method utilized for charging Training Institute costs is discussed in the payroll section below. These costs are clearly allowable under the DHS grant.

Other costs moved which are included in this entry are for administrative duties including, Human Resource, Finance and IT. All other funds were exhausted before charging these costs to the DHS grant. The activities performed by these individuals support the DHS grant.

Costs inappropriately disallowed related to this entry are \$13,574.66 for the FY 13-14.

██████████

Support for this journal entry, maintained with the accounting records, clearly shows that Coalition funds were utilized to their full extent before DHS funds were utilized. This project is entitled “PA STOP” – The primary purpose of the STOP funding was to support statewide training, technical assistance and resource development for courts, law enforcement, prosecution

and victim services' advocates to improve counties' coordinated community response to domestic violence, dating violence, stalking and sexual assault. This overlaps with the DHS work plan, [REDACTED] - Continue work with fatality review teams around the state re: domestic violence homicides, assist in the development of strategies designed to close the gaps in service, increase protections, strengthen laws, training systems and improve community responses. It also overlaps with page 6, [REDACTED] - Continue to provide technical assistance for judges, court personnel, law enforcement and prosecutors and local coordinated community response teams. As a result of the description above, these costs are completely allowable under the DHS grant. All other sources of funds were utilized to offset DHS costs.

Costs inappropriately disallowed were \$13,302.66 for FY 14-15 as is the time charged for the lethality assessment project (LAP) classroom training. [REDACTED] created a training video for staff to use during in person training of LAP programs.

[REDACTED] time is solely dedicated to training which is allowable and required component of the DHS work plan [see Training in DHS work plan (Exhibit 2)]. The Coalition received program income from [REDACTED]. [REDACTED] purchased training materials already developed by the Coalition. Related income of \$3,225 is recorded in cost center [REDACTED] for FY 2015 which appropriately offset expenses. For FY 2014, cost center [REDACTED] appropriately offsets cost center [REDACTED] where the Training Institute Manger and E-Learning Specialist salaries of \$26,188 are charged.

Costs inappropriately disallowed were \$81,736.62 for FY 13-14 and \$50,740.91 for FY 14-15.

JE [REDACTED]

According to BFO, certain payroll reclassifications were not supported by time records. Draft Report at 5. The Coalition provided time records for all of the reclassified costs. The costs in question relate to the E-Learning Specialist [REDACTED] - These costs were charged to cost center [REDACTED] and then moved to the cost centers for DHS.

The Coalition's accounting software has three components for each account number XX-XXXX-XXX, and consists of the following:

XX restricted)	restriction (i.e., unrestricted, temporarily restricted, permanently
XXXX	general ledger account code (i.e., [REDACTED] is consultants, [REDACTED] is healthcare)
XXX	cost center (department, caucus, funding source)

Due to the lack of additional components in the account structure, the software does not have the capability to track Training Institute expenses as it related to grant funding. The Coalition utilized the [REDACTED] cost center to accumulate the costs for the Training Institute Department which are allowable under more than one grant and then reclassified the costs to the appropriate cost center.

**There is no restriction in A-122 whatsoever (and the Draft Report cites to none) regarding the utilization of journal entries to record payroll to the correct cost center and, as noted earlier, all of the Coalition’s activities other than lobbying and fundraising are allowable under the DHS grant.**

Cost Center [REDACTED] is utilized to collect time charged to support the training and technical assistance efforts of the Coalition through the creation of online training, webinars, videos, classroom training and the Coalition’s bi-annual conference. Rider 2 Section 1. A.4. Work Statement of the Grant Agreement between DHS and the Coalition provides:

Statewide training and technical assistance to local domestic violence programs, including their staff, volunteers and interested stakeholders.

[REDACTED] is the only Coalition employee who designs, builds and implements all of the online training modules. This includes meeting with the content providers and designing the module which includes module interactions, assessments, imagery, as well as audio recording and editing. [REDACTED] is involved with the bi-annual conference through creating video presentations as well as the post conference report. [REDACTED] has a Master Degree in Instructional Design and is instrumental in preparing Coalition staff for their roles as trainers to advocates and allied professionals. Included on [REDACTED] time card is time charged to a course entitled “Goal Planning” which teaches goal planning and decision making for survivors. All timecard activity listed between [REDACTED] is directly related to the goal planning course including the audio recording and editing.

[REDACTED]

A portion of this journal entry (\$8,772.99) is related to [REDACTED] as described under [REDACTED] above, this time is allowable under the DHS grant. The remainder of the JE relates to time charged by the Director of Prevention, the Training/ TA Specialist and the Legal Director. The duties of each of these persons are allowable under the DHS Grant and all other grant sources were utilized before the use of DHS funds.

Costs inappropriately disallowed were \$95,680.26 for FY 13-14.

[REDACTED]

Support for this journal entry, maintained with the accounting records, moves costs from cost center [REDACTED] and [REDACTED] to the DHS grant. These cost centers capture costs for the statewide coalition. Again, the BFO auditors disallowed these costs because they were recorded from a journal entry. There is no prohibition in Circular A-122 regarding charging costs to grants via journal entry. Further, by failing to recognize that all activities except for lobbying and fundraising are allowable and properly allocated to the DHS grant, the auditors incorrectly disallowed \$34,645.60 for FY 13-14.

**(4) Rent.**

The Coalition agrees that rent should be charged equitably, but does not agree with the calculation in the Draft Report. As noted above, all activities other than fundraising and lobbying are in support of the DHS Grant and, as such, the Coalition believes that it properly allocated rent.

BFO allocated [REDACTED] of the net rent to DHS grants. It appears the auditors simply used the full time equivalent (FTE) employee percentage and applied it to the net rent expense. This methodology does not comply with the Coalition's cost allocation plan which has been prepared in accordance with OMB Circular A-122 and does not consider all activities are related to DHS grant activities.

Per [REDACTED] lease:

Monthly rent [REDACTED]	\$22,956.84	
	<u>* 6 months</u>	
		\$137,741.03

Monthly rent [REDACTED]	\$23,530.76	
	<u>* 6 months</u>	
		\$141,184.56

Calculated rent expense [REDACTED]	\$278,925.59	
The Coalition's total rent expense per the trial balance	\$278,925.60	

[REDACTED]

NRCDV payments to the Coalition recorded to rental

Income	\$109,416.83
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Net amount charged to DHS	\$169,508.77
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The Coalition cost allocation plan related to rent is as follows:

M. Facilities Expenses (including Rent, Utilities, Maintenance and Property Taxes) -- Allocated based on usable square footage. The ratio of total square footage used by all personnel to total square footage is calculated. Facilities costs related to general and administrative activities are allocated to program based on the ratio of program square footage to total square footage. Facilities costs related to an individual whose salary is allocated to multiple programs will be allocated to those programs based on the corresponding salary allocation.

Also contained in the cost allocation plan are example calculations. Example 5 in the plan is specific to facility expense, which incorporates both square footage and FTE percentage.

It appears on the schedule the auditors used the same percentage for both FY 2014 and FY 2015. The auditors were inconsistent in applying its methodology. If they were consistent they would have used a different FTE % for FY 2015. In the file, [REDACTED] which was also provided to the auditors, the FY 2015 FTE was [REDACTED]. Instead the auditors used the smaller percentage rate for both years.

By not following the cost allocation plan and failing to recognize that all activities except for lobbying and fundraising are allowable and properly allocated to the DHS grant, the auditors incorrectly calculated unallowable rent expense of \$116,692.96.

#### **(5) Software.**

The Coalition agrees that accounting software and related training should be charged equitably, but does not agree with the calculation completed by BFO. As described above, all activities other than fundraising and lobbying are in support of the DHS Grant and as such, the Coalition believes it properly allocated software costs.

Further, the BFO auditors allocated [REDACTED] of the accounting software training to DHS grants for both years audited. It appears the auditors simply used the full time equivalent (FTE) employee percentage for FY 13-14 and applied it to the expense total for both years. A separate calculation needs to be completed for FY 14-15 and therefore the method used to determine disallowed costs is not accurate.

By not following the Coalition's cost allocation plan and failing to recognize that all activities except for lobbying and fundraising are allowable and properly allocated to the DHS grant, the auditors incorrectly calculated unallowable expenses in the amount of \$34,483.86 for FY-14-15.

#### **(6) Year End Adjustments.**

Journal entry [REDACTED] reclassified printing, library development, postage, supplies insurance, rent and telephone costs from the STOP grant for training for the justice systems, cost center [REDACTED] to DHS. The primary purpose of the STOP funding was to support statewide training, technical assistance and resource development for courts, law enforcement, and prosecution and victim services' advocates to improve counties' coordinated community response to domestic violence, dating violence, stalking and sexual assault. This overlaps with the DHS work plan, [REDACTED] - Continue work with fatality review teams around the state re: domestic violence homicides, assist in the development of strategies designed to close the gaps in service, increase protections, strengthen laws, training systems and improve community responses. It also overlaps with [REDACTED] - Continue to provide technical assistance for judges, court personnel, law enforcement and prosecutors and local coordinated community response teams. As a result of the description above, these costs are completely allowable under the DHS grant. All other sources of funds were utilized to offset DHS costs.

Further, BFO made an error in the calculation of the amount of costs moved from cost center [REDACTED] to DHS cost centers [REDACTED]. BFO disallowed \$7,385.62, but the amount moved between the two cost centers is only \$7,220.75. Further, we contend that the costs were allowable and no costs should be disallowed.

[REDACTED]

BFO disallowed costs related to these consultants on the basis of the allocation made to DHS. As stated previously lobbying and fundraising activities are the only Coalition costs that are not allowable and they have not been charged to DHS grants. Further, indirect costs have been allocated to both lobbying and fundraising costs and are shown on the attached statements of activities. All other activities and costs of the Coalition are allowable and supportive of the DHS Grant and related work plan. Other funding streams are solicited and utilized to offset the costs of the activities undertaken including sponsorships, administrative fees and private donations. Funds received from Foundations and other government sources defray costs of specific programs but do not cover all costs of the programs funded, which are all part of the DHS work plan. The Coalition properly utilized all other available funding before charging costs to the DHS grant. The DHS grant simply does not cover all of the programs in the grant work plan.

We believe BFO inappropriately calculated the allocation of costs and improperly disallowed \$11,586.68.

(7) [REDACTED]

[REDACTED] is the Coalition's training and continuing education vendor. It is the host site platform for all 60 PA sub-grantees and their staffs. BFO inappropriately disallowed \$30,185 in costs relating to cost center [REDACTED] which is where Training Institute Costs are captured. Charging of costs to this cost center is explained above in this response. The Coalition was fortunate to receive program income from [REDACTED] [REDACTED] purchased training modules already developed by the Coalition. Related income of \$3,225 is recorded in cost center [REDACTED] for FY 2015 which appropriately offset expenses. For FY 2014 cost center [REDACTED] appropriately offsets cost center [REDACTED] (DHS CLR) where the Training Institute Manager and E-Learning Specialist salaries of \$26,188 are charged.

(8) [REDACTED] **Dashboard.**

There are three dashboards as follows: [REDACTED]  
[REDACTED]

The [REDACTED] is a questionnaire tool used by police to assess the lethality risk of victims of domestic violence. If the person is at a high risk of being killed, the police provide contact information for the local domestic violence program. The goal of LAP is to reduce domestic violence homicides. The Dashboard can be customized and presents the data related to the questions in the assessment. The dashboard supports the DHS grant.

BFO disallowed \$21,216.96 for FY 13-14 and \$26,347.19 for FY-14-15. The reason provided was that the costs should be split 50/50 between PCCD and DHS. No support is provided regarding how BFO determined this split or why this arbitrary allocation would be more appropriate than the split of costs made by the Coalition especially since all funds were exhausted. As a result, BFO improperly disallowed funds regarding this contract. BFO further noted that there was “a lot of movement of funds between cost centers for the PCCD and DHS grants”. The number of journal entries required to move funds to the proper cost center is irrelevant. OMB Circular A-122 contains no prohibition regarding the use of journal entries.

**D. FINDING NO. 2 – INTERNAL CONTROL DEFICIENCIES.**

This Finding is divided into six sub-sections.

**(1) The Budgeting Process.**

The Draft Audit asserts that the Coalition “did not have a formal budgeting process that involves input from the grant managers and the Director of Finance; the Executive Director is the primary decision-maker regarding the content of the budget.” (emphasis added). Draft Report at 6.

The Draft Report does not explain what a “formal” budgeting process means or consists of or its conclusion that the Executive Director is the “primary decision maker” regarding the Coalition’s annual budget. It fails to offer any facts in support of its statements.<sup>7</sup>

In fact, the Coalition’s Board, under the Coalition’s By-Laws, is the primary and principal “decision maker” regarding the content of the Coalition’s yearly budget. See Exhibit 15 at ¶ 8.3.2. Further, and as one might expect when planning a budget involving multiple funding sources and approximately \$25M, Coalition staff, including the Executive Director, the Finance Director and grant managers, must collaborate to develop an acceptable and balanced budget for ultimate approval by the Coalition’s Board. The Draft Report does not include any facts derived from Board Members that states to the contrary as would be expected to support the allegations it makes.

**(2) Grant Management.**

The Draft Report concludes, again without any detail, that the Coalition “did not have a process by which grant managers are able to easily track the income and expenditures for the cost centers for which they are responsible.” (emphasis added). Draft Report at 6.

In fact, the Coalition has a process by which the grant managers track the financial activity for their grants. Each month, the Finance Department produces a report that matches expenses against a particular grant. The grant manager reviews the reports. In a small organization, the grant manager has immediate access to the Finance Director and staff should

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<sup>7</sup> BFO did not share with the Coalition the Department’s “formal” budgeting process.”

they need special reports, have questions related to any grant activity, or want to modify activity within the grant.

The Draft Report notes how the Coalition collaborates with other domestic violence organizations but alleges that “the other entities do not pay their fair share of these collaborations” and that the Coalition “usually charged those expenses to the DHS Grant”. Id.

Apart from this general conclusion, the Draft Report does not present any facts and so fails to explain the basis for the conclusion. Absent the identification of facts and some reasoned articulation, no response is possible to this allegation as to how to better parse the benefits and expenditures attributable to such collaborations.

### **(3) Approval of Vendor Invoices.**

The concern here is not that the Coalition’s expenses were unapproved but, in some (unspecified) instances, they were approved by supervisors and directors as opposed to a grant manager. There is no reference in the Draft Report to any violation, for example, of the Grant Terms or identification of the unspecified “some instances” themselves and so the Coalition is unable to respond this assertion.

### **(4) Travel and Credit Card Expenses.**

The Draft Report mentions how, on occasion, travel vouchers were not correctly completed and receipts not fully itemized. Certainly mistakes occur from time to time in the completion of vouchers but, and as demonstrated to the auditors who raised questions regarding various staff travel vouchers, the Coalition managers were aware of and had adequate documentation relating to any questioned travel voucher.<sup>8</sup>

The Coalition complement consists of but 35 staff not all of whom travel. Given the small (but effective) staff, supervisors are always aware of and monitor all staff travel. The Coalition, on the advice of BFO, has changed its practices (that had been approved by outside independent auditors) regarding the itemization of meals.

As to the use of travel reservation confirmations as travel receipts rather than using actual hotel or airline receipts, the Coalition efficiently relies on third party travel vendors (e.g., Priceline, Expedia) to obtain the most economical travel arrangements. The travel reservation confirmation details actual travel expenses and is the only receipt when using a travel vendor.

### **(5) Consultant Contract Administration.**

The Draft Report sets out several alleged deficiencies in regarding the Coalition’s oversight of contracts.

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<sup>8</sup> The Draft Report refers to how a contractor, [REDACTED] paid a Coalition employee \$25.00/night for lodging in the employee’s home. Unnoted is that the arrangement was pre-approved, that the employee rented a room to other non-Coalition related entities and, of course, resulted in savings to the Coalition. As to the critique of an overrun of contract travel funds, [REDACTED] travel as to time and place was controlled by the Office of Income Maintenance.

Although insisting that “consultant contracts were frequently paid beyond their contract amounts,” there is but one contract so identified -- the [REDACTED]. As to that contract, not mentioned in the Draft Report but readily apparent from the contract terms and supporting documentation, is that additional tasks were added to the contract. Those additional tasks, in turn, increased the total amount of the contract. Further, and also unmentioned in the Draft Report, the additional tasks were paid for with non-DHS funds.

The Draft Report alleges that “[i]n some cases the descriptions of contract deliverables were inadequate, making it difficult to determine the nature and scope of the services that were being purchased and the relevance of the services to the DHS Grant.” Draft Report at 7. The “in some cases” apparently consists of two contracts both of which were between the Coalition and [REDACTED]. According to the Draft Report, one contract “clearly identified the services that were to be provided, the reason for the services, as well as the specific deliverables . . . the other [REDACTED] contract was vague and did not specify the funding source.” (emphasis added.) *Id.*

When asked to explain why the “second” [REDACTED] contract was considered to be “vague,” the auditors could not explain. Actually, and as demonstrated to the auditors, the “second” contract actually was directly related to the “first” contract. The terms of both contracts are most clear and are included as Exhibit 14.<sup>9</sup>

The Draft Report also alleges that “a contract totaling \$56,000.00 was signed by the Executive Director.” Unmentioned in the Draft Report is that the contract was for the purpose of retaining strategic planning consultants and how the Board and the Membership minutes of [REDACTED] and [REDACTED] plainly detail that both the Board and the Membership were involved in the selection of consultants. And see also [REDACTED] of the Coalition’s By-laws that expressly authorizes and delegates responsibility to the Executive Director to execute contracts “relating to and in furtherance of the business and affairs” of the Coalition.

#### **(6) Board Oversight.**

The Draft Report contains several criticisms of the Coalition’s Board relating to the administration of the Coalition’s activities. But unmentioned in the Draft Report, and a fundamental and fatal defect inherent in each criticism, is that the auditors never interviewed even one member of the Board let alone the Board’s Chairperson or Board Committee Chairpersons (or the Executive Director) regarding this subject matter.

Instead, according to supplemental but informal information supplied to the Coalition by BFO, auditors based their conclusions merely upon their “understanding” of the “minutes” of unidentified Board meetings “as well as understandings gained from discussions with [unnamed] Coalition employees during the audit (this includes past and current employees).” BFO Supplemental Audit Memo at 9.

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<sup>9</sup> For ease of reference, the “second contract,” at 1, references how the first contract involved “the first phase of the project” and that “phase 2” under the second contract would begin in October 2014 and identifies the tasks that it would involve.

Based on the Draft Report issues by DHS, the auditors did not interview any individual current or directly involved Board members as required under GAGAS in order to support the conclusions reached related to the Board's oversight of Coalition activities. The auditors apparently formalized their opinions based merely on their review of minutes and discussions with certain Coalition employees. Had the DHS auditors interviewed Board members to ascertain important information regarding the level of oversight and governance, their conclusions would be significantly different.

The several findings in the Draft Report directed toward the Board are improperly presented and fail to identify the actual source of the evidence for the findings. Use of terms such as "in general," "almost exclusively," "somewhat insulated," and "there appeared to be" hardly constitute an "objective evaluation" demanded by GAGAS at § 3.62. In general, the accusations regarding the Board's oversight, not to mention the inaccurate presumptions about the Board's responsibilities on which the accusations rely, are completely inconsistent with the standards for performing audits under GAGAS. See generally GAGAS, Chapters 4 and 6.<sup>10</sup>

#### **(7) Accounting System and Processes.**

The findings regarding the Coalition's accounting system and processes are presented in text that infers systemic deficiencies but without corresponding reference and proof. Non-specific explanations for the noted concerns obviously preclude a detailed response to the concerns. We address the generally stated concerns below:

There are circumstances that occur which can delay the posting of an invoice in the accounting system. For example, staff cannot post an accounts payable invoice in anticipation of receiving the actual invoice. There are times account payable invoices are received weeks and even months after the service or product was received. Staff only post invoices after they are received.

There are many circumstances that can explain why rent and/or salary expenses deviate from the normal amounts. For example, there can be a simple input error that is corrected on a future payment.

The Coalition's policy is to close the books as soon as possible after the end of the accounting period. There are circumstances that can interfere with that policy. For example, a grant ends but the Coalition does not receive all invoices timely. Thus, it holds the period open to properly record all transactions related to the grant. The Coalition has grant periods not all of which are on the same fiscal year. So, periods can remain open until all transactions are recorded for the grant in the grant period.

Another example is what occurs at the end of the fiscal year. The Coalition holds the prior year open until it posts all audit entries and verifies that the trial balance agrees with the

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<sup>10</sup> The Draft Report criticizes the Board for allegedly not having "defined measures to evaluate the Executive Director's performance." Draft Report at 8. Actually, the Executive Director's performance is evaluated by the Board's Personnel Committee consistent with the provisions of the By-laws. See Exhibit [REDACTED] By-laws at 7.5.5 and 8.3.4.

auditor's trial balance. This process starts after receipt of the final audit report, which usually occurs in December or January. The closing of periods before recording all necessary transactions will result in accounting records that do not agree with the reports submitted to funders.

Curiously, the Draft Report alleges that the Coalition "does not track revenues and expenses by cost center" but in the next sentence, recognizes that cost centers actually exist. Draft Report at 9. In fact, the Coalition's accounting system tracks all revenues and expenses by project/cost center. There are cost centers that are pooled or suspense accounts where expenses are accumulated until the information necessary to properly post all transactions is received by the Coalition. For example, Visa charge card transactions are posted to a suspense account until the credit card charge form is received that has the correct account code. When the charge form is received, the transaction is reclassified from the suspense account to the correct expense account including project/cost center.

The [REDACTED] account structure is [REDACTED] which is:

[REDACTED] - fund restriction.

[REDACTED] unrestricted  
[REDACTED] temporarily restricted  
[REDACTED] permanently restricted

[REDACTED] - general ledger code. [REDACTED] is payments to sub-recipients.

[REDACTED] - project/cost center. There are approximately 40 project/cost centers dependent upon how many grants we have at any time.

The Coalition clearly maintained proper and adequate documentation and justification for the reallocation of expenses across cost centers. It appears that the auditors did not fully understand the task and activities contained in the Coalition's work plan that qualify for reimbursement under different funding sources.

**E. FINDING NO. 3 – INACCURATE CASH NEEDS REQUESTS AND EXPENDITURE REPORTS WERE SUBMITTED TO DHS.**

The Grant Agreement at [REDACTED] provides, in part:

For each of the first three months of each State Fiscal Year, the Grantee may request up to 1/12<sup>th</sup> of the budget amount set forth in Rider 3. For each remaining month of each Fiscal Year, the Grantee must base its Cash Needs Requests on actual expenditures for previous months and any extraordinary need for services in the month for which funding is being requested.

In the initial draft, BFO observed that “[T]he Grant Agreement requires that CNRs and monthly expenditure reports be based on actual expenditures.” After several months of discussion, the auditors now concede that Paragraph 2.B. is not written as broadly as they suggest and clearly permits the Coalition to submit cash needs requests based on the approved budget amount for the first three months of a fiscal year. It is also undisputed by BFO that the Coalition submitted a report to DHS every month evidencing actual its expenditures for the prior month during the two year audit period. The Coalition also submitted each month, with the knowledge and approval of DHS, a CNR based upon the approved budget. On but two occasions, DHS adjusted the CNR request to match the actual expenditure report submitted by the Coalition.

**F. DRAFT REPORT OBSERVATION - THE COALITION WORK ENVIRONMENT**

The Observation consists entirely of unverified and false assertions, hearsay, innuendo, inference and speculation. And, notwithstanding the conceded lack of factual support for the Observation, it nonetheless includes “Recommendations” to the Coalition as if the statements within the Observation were factual as opposed to unsubstantiated.

The motivations, personal bias, and/or ill will that may have prompted the allegations made to the auditors and referenced in the Observation are unknown.

The inclusion of anonymous and unsubstantiated allegations critical of the Coalition’s work environment places the Coalition in the untenable position of responding to a negative statement. How can the Coalition possibly reply to allegations that derive exclusively from hearsay and innuendo for their support?<sup>11</sup>

Just what constitutes a “significant level of frustration” among the unstated number of “current and former” Coalition staff interviewed by the auditors? And what were the questions posed by the auditors? And what precisely were the “actions” attributed to unnamed “management” that the staff are alleged to have said “were designed to minimize complaints or pressure staff into actions they felt were questionable”? And what might those “questionable actions” consist of? The answers to each of those questions is unstated in the Draft Report. Draft Report at 11.

The Draft Report does posit that “if” the claims that the BFO heard were “true, a work environment of this nature may contribute to increased employee turnover, lower morale, and decreased productivity.” Draft Report at 11. Did BFO document “increased turnover” due to “workplace environment”?

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<sup>11</sup> As to the specific allegations that “[s]taff reported management yelling at them, slamming doors, throwing objects, lunging at one individual,” even in the abstract, such subjective non-facts have no place in an audit report. Also, and by way of simple example of the suspiciousness of the alleged claims, see media reports regarding the brouhaha over Hillary Clinton’s style and delivery of speech as “shouting.” (N.Y. Times, February 4, 2016).

No.

Did BFP document “lower morale” due to “workplace environment”?

No.

Did BFP document “decreased productivity” due to “workplace environment”?

No. And, indeed, it is undisputed that the Coalition fully performed all of its duties under the Grant Agreement during both fiscal years.

So, BFO’s hypothesis is belied by its very own findings regarding the Coalition’s performance. How then does it rationally, reasonably and objectively make and include the Observation and its related Recommendations in the absence of any proof for the conjecture and speculation that it promotes? The failure to quantitatively or qualitatively demonstrate facts in support of the Observation requires its deletion under GAGAS.

The Observation is a gross and reckless mischaracterization of the Coalition’s work environment. Its substance is unconnected and foreign to applicable legal guidelines. The one sided statements alleged in the Observation, compounded by observations by persons lacking the requisite professional training and skills to make such interpretations regarding workplace environment in an objective and authorized fashion, are meritless. Consequently, the inclusion of the Observation in the Draft Report, given the fundamental defects inherent in its development, drafting and text, is plain error.

## CONCLUSION

Unfortunately, the Draft Report is more remarkable for its accusatory tone and text than for its presentation of an accurate accounting of the Coalition’s performance and use of Grant Agreement funding in FY 2013-2014 and 2014-2015. It is a document that principally relies on conclusions and judgments that lack essential and relevant supporting facts to support the Findings and the Observation. Time and again the Draft Report impermissibly disregards audit protocol, grant funding guidelines and standards, the plain text of the Grant Agreement and actual facts.

While boldly pronouncing Recommendations regarding a program about which audit staff appear to have neither prior knowledge of nor experience in, the Draft Report may not properly rely on theories or preferences as to how program operations should be conducted.<sup>12</sup> Rather, to satisfy the requirements of GAGAS, the Draft Report must allege with particularity

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<sup>12</sup> Among the too many inappropriate and applicable unwarranted “Recommendations” in the Draft Report is that the Department should “[c]onsider whether it is appropriate to continue the current practice of having PCADV administer the Domestic Violence Program.” Draft Report at 1. Such a comment is well outside the scope of the audit and BFO’s experience, training, competence and responsibility. For those reasons, the Draft Report is, apart from its woeful and telling lack of substantive rebuttal to the Coalition’s specific, point by point rebuttal to BFO’s allegations, inconsistent with the basic tenets of GAGAS.

the specific facts that demonstrate purported non-compliance with express terms of the Grant Agreement and/or A-122. But for the discrepancies noted above and in Exhibit 17, the Draft Report fails to align its conclusions with the undisputed countervailing facts that detail how the Coalition correctly identified and tracked its DHS grant funding, properly incurred allowable costs and met all of the mandated program objectives and tasks set forth in Rider 2 of the Grant Agreement.

**For all of the reasons discussed in this Response, Findings Nos. 1, 2 and 3 and their related Recommendations and the Observation and its related Recommendation must be withdrawn in their entirety.**

## **ATTACHMENT 1**

[REDACTED]

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**From:**  
**Sent:**  
**To:**  
**Cc:**  
**Subject:**

[REDACTED]  
Requested Items

Good afternoon [REDACTED]

After some internal discussions, DHS is going to issue a revised draft audit report for PCADV. We will also allow PCADV to re-respond within one week of the issuance of the revised draft report. We need to receive any additional information that PCADV wishes to be considered in the revised draft report by close of business next [REDACTED]. This includes any allocation methodologies.

Please let me know if you have any questions.

Thanks.

[REDACTED]

## ATTACHMENT 2

[Redacted]

**From:**  
**Sent:**  
**To:**  
**Cc:**  
**Subject:**  
**Attachments:**

[Redacted]

Good afternoon [Redacted]

Thank you for the information you provided yesterday regarding the cost allocations. We considered the information you provided, but determined that additional changes to the draft audit report were not warranted. The revised draft report is attached; your revised response is due by the close of business on [Redacted]. Please note that the audit staff will be in training on the [Redacted] so if you hand-deliver the response, please take it to the BFO offices on the [Redacted] [Redacted] (the address is in the transmittal letter).

Also, there is \$7,023 of questioned costs for NNEDV membership dues; the attached spreadsheet gives the details of the calculation. In addition, I included a spreadsheet showing the makeup of the total questioned costs.

Thanks.

[Redacted]

## EXHIBIT 2



April 7, 2016

[Redacted]

Dear [Redacted]

I am enclosing for your review the revised "draft" performance audit report of the Pennsylvania Coalition Against Domestic Violence (PCADV), as prepared by the Division of Audit and Review (DAR). The report covers the period from July 1, 2013 through June 30, 2015.

This report contains all of the DAR's findings and recommendations.

As communicated by [Redacted] PCADV has one week from today to respond to the revised draft audit report. If a response is not received by the end of the time period specified above, the report will be issued as final without PCADV's response. The response, which will be considered in the preparation of the final report, should be sent to:

[Redacted]

Please contact [Redacted] if you have any questions concerning the revised draft report.

Sincerely,

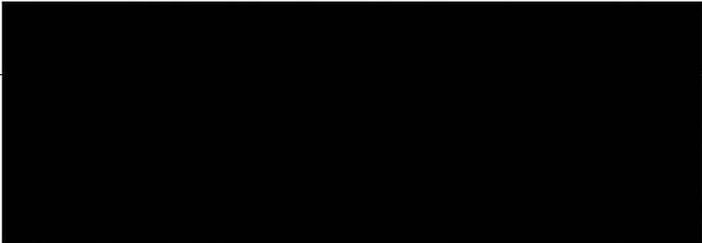
[Redacted]

Enclosure

[Redacted]



**“This draft of a proposed audit report is being made available for review and comment by officials having management responsibilities concerning the matters presented. This draft report is not to be considered final as it is subject to further review and revision. Please safeguard this document against unauthorized use.”**



The Bureau of Financial Operations (BFO) initiated an audit of the Pennsylvania Coalition Against Domestic Violence (PCADV). The audit was designed to investigate, analyze and make recommendations to the Office of Social Programs (OSP) regarding PCADV’s compliance with the terms of the Grant Agreement with the Department of Human Services (DHS) regarding funds appropriated for the provision of domestic violence services. Our audit covered the period from July 1, 2013 to June 30, 2015 (Audit Period).

This report is currently in draft form and therefore does not contain PCADV's views on the reported findings, conclusions and recommendations.

**Executive Summary**

PCADV is responsible for the administration of a statewide system to provide services to victims of domestic violence.

The report findings and recommendations for corrective action are summarized below:

FINDING	SUMMARY
<p><b>Finding No. 1 – PCADV Charged Certain Expenditures That Were Not Permitted Per the Grant Agreement.</b></p>	<p>The BFO examined PCADV’s accounting records and determined that PCADV charged expenditures that were not permitted per the Grant Agreement. Certain PCADV practices were not in compliance with the Grant Agreement as well as the Code of Federal Regulations (CFR), Title 2 Part 230 (2 CFR 230), also known as the Office of Management and Budget (OMB) Circular A-122 Cost Principles for Non-Profit Organizations. This resulted in total questioned costs of \$680,564.</p>

**HIGHLIGHTS OF RECOMMENDATIONS**

OSP should:

- Consider whether it is appropriate to continue the current practice of having PCADV administer the Domestic Violence program.
- Recover \$680,564 from PCADV.
- Ensure that PCADV only charges for expenditures that are properly documented and are allowable under the terms of the Grant Agreement.
- Ensure that PCADV uses appropriate cost allocation bases.



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PCADV should:

- Only charge administrative expenditures that are allowable and are adequately documented.
- Ensure that all grant managers and fiscal staff obtain and maintain a working knowledge of the Grant requirements as well as the Cost Principles for Non-Profit Organizations as set forth in 2 CFR 230 (OMB Circular A-122).

FINDING	SUMMARY
<p align="center"><b>Finding No. 2 – Internal Control Deficiencies</b></p>	<p>PCADV has deficiencies in internal controls in the following areas: budgeting; grant management; approval of invoices; travel and credit card expenses; administration of consultant contracts; processing incoming mail, which includes cash receipts and invoices; the handling of donations; Board oversight; and maintaining an adequate accounting system and processes.</p>

**HIGHLIGHTS OF RECOMMENDATIONS**

OSP should:

- Require that PCADV implement changes to their current practices and adhere to their Standards for Financial Management Systems as well as other policies and procedures in the PCADV Fiscal Policy Manual in order to address the internal control deficiencies and to ensure that DHS funds are being used appropriately.
- Periodically review PCADV's Board minutes to identify any significant issues and require the PCADV Board to be actively involved in addressing those issues.
- Require that PCADV maintain an accounting system that tracks expenses by functional classifications (cost centers) as well as by natural classifications so that the financial status of each grant can be determined quickly.

PCADV should:

- Follow the Cost Principles for Non-Profit Organizations.
- Establish budgeting processes that include input from appropriate fiscal staff and grant managers.
- Provide tools that enable grant managers to track expenditures as they are incurred and to prevent the approval of grant charges by non-grant managers within the organization.
- Limit the approval of invoices to the manager responsible for any given cost center, as outlined on the PCADV internal document [REDACTED] that is used by the Finance Department staff.
- Have the Director of Finance prepare a monthly contract activity report to be reviewed by the PCADV Board.
- Maintain proper documentation for all adjusting journal entries made in the general ledger.
- Develop and implement a policy which forbids the reallocation of expenses to another cost center based on the availability of funds pursuant to 2 CFR 230, Attachment A, A. 4. b.
- Monitor all grant spending throughout the year to avoid overspending.
- Maintain an accounting system which tracks expenses by cost center.
- Close the books shortly after the end of each accounting period to prevent the inappropriate posting of adjusting journal entries in prior accounting periods.
- Develop a travel policy and reimbursement procedures that are in compliance with the Commonwealth of Pennsylvania (CWOPA) travel policy as specified in the Grant Agreement.

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- Institute a dual-control system whereby two staff members witness the processing of incoming mail and the processing/handling of cash receipts, invoices, and other fiscal documents including the responses to Requests for Proposals (RFPs).
- Consistently follow the policies and procedures in the PCADV Fiscal Policy Manual.

The PCADV Board should:

- Avoid the appearance of favoritism and conflicts of interest in vendor selection by requiring RFPs for all services over a certain dollar threshold instead of the current practice of using word-of-mouth vendor recommendations.
- Request a periodic contract activity report from the Director of Finance (rather than the Executive Director) and review the spending that is occurring under each contract or grant in advance of the Board meetings.
- Adhere to PCADV's fiscal policy on limits of authority for signing contracts.
- Revise the contract approval limit for the Executive Director from \$50,000 to a lower amount.
- Define a formal process for RFPs to include uniform announcement guidelines, documentation of the proposals that are received, selection of an RFP evaluation committee, and vendor selection criteria to ensure a fair and proper RFP process.

FINDING	SUMMARY
<p><b>Finding No. 3 – Inaccurate Cash Needs Requests and Expenditure Reports Were Submitted To DHS.</b></p>	<p>Monthly Cash Needs Requests (CNRs) were based on budgeted amounts throughout the audit period instead of the actual expenditures that were incurred. The Grant allows submission of CNRs based on budgeted amounts for the first three months of the fiscal period but requires CNRs based on actual expenditures for the remainder of the fiscal year.<sup>1</sup> The monthly expenditure reports that were submitted to DHS did not use actual expenditures for those reporting periods. The general ledger was not up to date at the time the reports were due. The Grant Agreement requires that CNRs and monthly expenditure reports be based on actual expenditures, as described above.</p>

**HIGHLIGHTS OF RECOMMENDATIONS**

OSP should:

- Require PCADV to submit CNRs and expenditure reports as outlined in the Grant Agreement.
- Require supporting documentation for expenditure reports that are submitted to DHS.

PCADV should:

- Prepare CNRs and expenditure reports as outlined in the Grant Agreement.
- Record expenses in the general ledger in a timely manner to ensure that the accounting records are complete and up to date.
- Ensure that costs reported on the expenditure reports match the expenses that are recorded in the general ledger.

<sup>1</sup> Grant Agreement, Rider 1, Paragraph 2

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**OBSERVATION – PCADV Work Environment**

During the course of the audit, the BFO interviewed current and former PCADV staff to gain an understanding of various business processes. The BFO became aware of a significant level of frustration among many of those interviewed regarding the work environment. Staff stated that certain behaviors were designed to minimize complaints or pressure staff into actions they felt were questionable.

PCADV should consider:

- Requesting assistance from PA Department of Labor and Industry, Bureau of Workers Compensation, Health and Safety Division to provide workplace training to the PCADV staff and Board.
- Developing and enforcing a zero-tolerance policy against bullying.
- Assigning sole responsibility to investigate employee complaints to the Director of Human Resources, who should report any findings directly to the PCADV Board.
- Revising the grievance guidelines outlined in the PCADV Employee Manual to mandate that the Board review all employee grievances and the resolution of each grievance.

The PCADV Board should consider:

- Taking steps to ensure that all PCADV staff is treated with respect and that the work environment is appropriate.
- Effectively addressing all employee complaints and grievances.
- Assisting the Director of Human Resources in developing an effective action plan to address employee complaints, raise employee morale, and improve employee relations.

**See Appendix A for the Background, Objectives, Scope and Methodology and Conclusion on the Objectives.**

**Results of Fieldwork**

**Finding No. 1 – PCADV Charged Certain Expenditures That Were Not Permitted Per the Grant Agreement.**

The BFO examined PCADV's accounting records and determined that PCADV charged expenditures to the Grant that are not allowed under the terms of the Grant Agreement.

Additionally, PCADV did not equitably allocate shared costs according to PCADV's cost allocation plan and the Cost Principles for Non-Profit Organizations.

The BFO also determined that PCADV made adjusting journal entries that were not supported by adequate documentation or were for costs that are not allowable.

Finally, the BFO determined that PCADV overcharged the Grant resulting in total questioned costs of \$680,564.

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The types of overcharges include (explained in further detail in the table below):

- The shifting of costs from a previously assigned funding stream to another funding stream to cover the shortages caused by over spending<sup>2</sup>.
- Reclassifications of payroll and benefits costs that are unsupported or fail to comply with the documentation provisions of 2 CFR 230.<sup>3</sup>
- Charging advertising<sup>4</sup> and the costs of entertainment to the Grant.<sup>5</sup> The advertising was not required by DHS and therefore not necessary to meet the requirements of the Federal award.<sup>6</sup>
- Not charging indirect costs such as rent, consultant fees, and other items equitably across all affected funding streams.<sup>7</sup>

The table below shows an analysis of the questioned costs:

Category	Reason for Questioned Costs	Overcharged Amounts
Indirect Costs	Charged DHS more than 62% of fair share (62% is per PCADV's cost allocation plan)	\$ 116,693
Payroll Reclassifications	Adjustments not adequately documented by time records <sup>8</sup>	289,681
Miscellaneous	Advertising is a non-allowable cost	85,777
	Professional baseball game tickets were charged as meeting/training expense. Entertainment is not an allowable cost.	2,800
Membership Dues	NNEDV membership dues were overcharged to DHS, based on the NNEDV membership dues formula.	7,023
Travel	Travel reimbursement was not per CWOPA travel policy.	3,157
Software	Charged DHS more than 62% of fair share.	34,737
Other Year End Adjustments	Adjustments to move cost overages from the Pennsylvania Commission on Crime and Delinquency (PCCD) grant to the DHS Grant.	7,221
Consultants	Charged DHS more than 62% of fair share, or percentage based on other funding source considerations for a given project.	133,475
<b>Total Questioned Costs</b>		<b>\$ 680,564</b>

<sup>2</sup> 2 CFR 230 Attachment A to Part 230-General Principles A. 4. b

<sup>3</sup> 2 CFR 230 Attachment B to Part 230-Selected Items of Cost 8. m. (1) (2)

<sup>4</sup> 2 CFR 230 Attachment B to Part 230-Selected Items of Cost 1. f. (1)

<sup>5</sup> 2 CFR 230 Attachment B to Part 230-Selected Items of Cost 14

<sup>6</sup> 2 CFR 230 Attachment B to Part 230-Selected Items of Cost 1. c. (4)

<sup>7</sup> 2 CFR 230 Attachment A to Part 230-General Principles A. 4. a

<sup>8</sup> 2 CFR 230 Attachment A to Part 230-General Principles A. 2. g

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**Recommendations**

The BFO recommends that OSP consider whether it is appropriate to continue the current practice of having PCADV administer the Domestic Violence program.

The BFO recommends that OSP recover \$680,564 from PCADV for charges made to the Grant that were inadequately documented, or not allowable under the terms of the Grant Agreement and/or the Cost Principles for Non-Profit Organizations.

The BFO recommends that OSP ensure that PCADV only charges for expenditures that are properly documented and are allowable under the terms of the Grant Agreement.

The BFO recommends that OSP ensure that PCADV allocates costs appropriately.

The BFO recommends that PCADV only charge administrative expenditures that are allowable and are adequately documented.

The BFO recommends that PCADV ensures that all grant managers and fiscal staff obtain and maintain a working knowledge of the Grant requirements as well as the Cost Principles for Non-Profit Organizations as set forth in 2 CFR 230 (OMB Circular A-122).

**Finding No. 2 – Internal Control Deficiencies.**

The BFO's examination of PCADV's policies, procedures and accounting records identified deficiencies with the following:

**The budgeting process:** PCADV did not have a formal budgeting process that involves input from the grant managers and the Director of Finance; the Executive Director is the primary decision-maker regarding the content of the budget.

**Grant management:** PCADV did not have a process by which the grant managers are able to easily track the income and expenditures for the cost centers for which they are responsible. Grant managers rely on monthly reports from the Finance Department to determine the grant balance for their cost centers.

PCADV collaborates with other domestic violence entities such as the National Resource Center on Domestic Violence (NRCDV), the Colorado Coalition Against Domestic Violence (COCADV) and the Pennsylvania Coalition Against Rape (PCAR). In most cases, the other entities do not pay their fair share of such collaborations. PCADV usually charged those expenses to the DHS Grant.

**Approval of vendor invoices:** Grant managers did not approve every expense that goes against the grant for which they are responsible. Expenses were approved by supervisors and department directors, but not necessarily by the designated grant manager.

**Travel and credit card expenses:** There were instances where a PCADV employee authorized his/her own travel expenses. The Executive Director also authorized her own reimbursable expenses and in her absence, her assistant authorized them.

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Travel expense vouchers were often filled out incorrectly. For example, an employee who charged parking fees to a PCADV credit card later reported those same credit card charges as "meals" on the travel voucher. Another employee reported mileage reimbursement as highway tolls.

The vouchers did not always contain adequate information regarding the reason for the travel, or only the destination city was listed but no street address. In one instance, the traveler listed only the name of the state for the out-of-state destination.

Receipts for meals charged to PCADV credit cards were not always itemized as required. PCADV employees frequently submitted the credit card summary slip as documentation for reimbursement.

On many occasions, travel reservation confirmations were used as travel receipts rather than an actual hotel or airline receipt that should have been obtained at the time of travel.

**Consultant contract administration:** Consultants are frequently paid more than their maximum contract amounts. For example, the contract for [REDACTED] had a 'not-to-exceed amount of \$50,000' clause. However, total payments for services provided under that contract totaled \$68,348.

Additionally, a contract with [REDACTED] for training services had a 'not-to-exceed amount of \$5,500 per year' clause for consultant travel. In the fiscal years 2013-2014 and 2014-2015, her travel expenses were \$13,845 and \$16,036, respectively. In addition, on numerous occasions PCADV reimbursed [REDACTED] for payments she made to a PCADV employee for overnight lodging at the employee's residence.

In some cases the descriptions of contract deliverables were inadequate, making it difficult to determine the nature and scope of the services that were being purchased and the relevance of the services to the DHS Grant. For example, the BFO reviewed two contracts between PCADV and [REDACTED]. One contract clearly defined the services that were to be provided, the reason for the services, as well as the specific deliverables for the Pennsylvania Coalition on Crime and Delinquency (PCCD). The other [REDACTED] contract was vague and did not specify the funding source. For the second contract, PCADV allocated the expenses to both the DHS and PCCD grants.

In addition, contracts were not always approved by the authorized signatory. In one instance, the president of the PCADV Board signed a contract with a consultant on behalf of PCADV. The Authorization Limits section in the PCADV Fiscal Policy Manual states that the PCADV Treasurer is the only board member who is authorized to sign a contract and that authority is limited to contracts over \$50,000.

In another instance, the Executive Director was the only PCADV representative to sign a contract totaling \$56,000. The Contract Approval Form indicated that the contract was competitively bid, 3 bids were received and the Board and membership approved the contract. The Executive Director advised the BFO that the Board approved the contract in January 2015. The BFO could not verify this assertion in the Board minutes or via any of the other available documentation.

**The processing of incoming mail:** There was no dual control whereby two employees witnessed the processing of incoming mail that included cash receipts and invoices. One person at PCADV received all of the mail, opened the invoices, and then separated the mail into three bins that went to different areas of the organization. The checks that were received were placed in a folder which was not secured as other employees had access to the folder.

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In addition, incoming mail was not date-stamped upon receipt. Checks and invoices were not always recorded at the time the mail was opened. The mail that was addressed to the Contract, Legal and Fund Development departments and the NRCDV were not opened so there is no record of receipt. Any invoices and checks addressed to those departments had the potential to be misplaced.

**The handling of donations:** Donations were not always recorded in such a way that the purpose of the donation was maintained.

For example, the only documentation of a \$14,000 donation was a copy of the check which did not show the purpose of the donation or any restrictions placed on it. Had the check been tracked properly when it arrived in the mail, the specific details about the donation should have been known.

In addition, donations that were designated as "restricted" were sometimes applied to unrestricted general ledger accounts and thereby were likely to be used for a purpose other than what the donor had intended. This occurred even when documentation was available to support the restriction.

Additionally, sometimes unsolicited donations were classified as solicited. For example, the WAWA Foundation Inc. made a \$136,026 unsolicited donation to PCADV. It was first classified as "Unrestricted Donations-Solicited", then distributed to subrecipients as "Unsolicited". However, PCADV recorded its 10% administrative portion as "Solicited".

**Board oversight:** The PCADV Board in general did not deal with the PCADV staff. The flow of information to and from the board was almost exclusively via the Executive Director and therefore the Board was somewhat insulated from the activity at PCADV. Similarly, the Board did not have a process for which the PCADV staff could bring their concerns directly to the Board and therefore were not made aware of the Executive Director's override of certain internal controls.

The Board did not review PCADV's spending and relied on the Executive Director's reports that were presented at the Board meetings. These reports often did not match the accounting records.

Also, the Board did not review contracts to ensure that they were properly authorized and executed.

The Board did not adequately resolve personnel issues as evidenced in the Board minutes.

Also, there appeared to be a lack of clarity as to the functions and responsibilities of the Board committees. The committees did not always operate at full member capacity which made them less effective than they should have been.

The Board did not have defined measures to evaluate the Executive Director's performance and did not have criteria for performing self-assessments of the Board's performance.

Finally, the Board did not monitor the Executive Director's expense reimbursements. The Executive Director approved most of her reimbursable expenses so there was often no secondary review of these expenses.

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**Accounting system and processes:** PCADV did not always post accounting entries in a timely manner so at any given time the general ledger could contain incomplete information.

The routine monthly expenses such as rent and salary expenses were not always reported correctly.

The current accounting policies and procedures did not require the books to be closed shortly after the end of the accounting period to prevent the posting of transactions well after the end of the accounting period.

In addition, the current accounting policies and procedures allowed persons other than the assigned grant manager to approve expenses that are charged to a grant.

Also, the accounting system did not track revenues and expenses by cost center.

Finally, the current accounting policies and procedures did not require adequate justification for the reallocation of expenses across cost centers.

### **Recommendations**

The BFO recommends that OSP require PCADV to implement changes to their current practices and adhere to their Standards for Financial Management Systems as well as other policies and procedures in the PCADV Fiscal Policy Manual in order to address the internal control deficiencies and to ensure that DHS funds are being used appropriately.

The BFO recommends that OSP periodically review PCADV's Board minutes to identify any significant issues and require the PCADV Board to be actively involved in addressing those issues.

The BFO recommends that OSP require PCADV to maintain an accounting system that tracks expenses by functional classifications (cost centers) as well as by natural classifications so that the financial status of each grant can be determined quickly.

The BFO recommends that PCADV follow the Cost Principles for Non-Profit Organizations.

The BFO recommends that PCADV establish budgeting processes that include input from appropriate fiscal staff and grant managers.

The BFO recommends that PCADV provide tools that enable grant managers to track expenditures as they are incurred and to prevent the approval of grant charges by non-grant managers within the organization.

The BFO recommends that PCADV limit the approval of invoices to the manager responsible for any given cost center, as outlined on the PCADV internal document [Grant Funding Listing.xls](#) that is used by the Finance Department staff.

The BFO recommends that PCADV have the Director of Finance prepare a monthly contract activity report to be reviewed by the PCADV Board.

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The BFO recommends that PCADV maintain proper documentation for all adjusting journal entries made in the general ledger.

The BFO recommends that PCADV develop and implement a policy which forbids the reallocation of expenses to another cost center based on the availability of funds pursuant to 2 CFR 230, Attachment A, A. 4. b.

The BFO recommends that PCADV monitor all grant spending throughout the year to avoid overspending.

The BFO recommends that PCADV maintain an accounting system which tracks expenses by cost center.

The BFO recommends that PCADV close the books shortly after the end of each accounting period to prevent the inappropriate posting of adjusting journal entries in prior accounting periods.

The BFO recommends that PCADV develop a travel policy and reimbursement procedures that are in compliance with the CWOPA travel policy as specified in the Grant Agreement.

The BFO recommends that PCADV institute a dual-control system whereby two staff members witness the processing of incoming mail and the processing/handling of cash receipts, invoices, and other fiscal documents including the responses to RFPs.

The BFO recommends that PCADV consistently follow the policies and procedures in the PCADV Fiscal Policy Manual.

The BFO recommends that the PCADV Board avoid the appearance of favoritism and conflicts of interest in vendor selection by requiring RFPs for all services over a certain dollar threshold instead of the current practice of using word-of-mouth vendor recommendations.

The BFO recommends that the PCADV Board request a periodic contract activity report from the Director of Finance (rather than the Executive Director) and review the spending that is occurring under each contract or grant in advance of the Board meetings.

The BFO recommends that the PCADV Board adhere to PCADV's fiscal policy on limits of authority for signing contracts.

The BFO recommends that the PCADV Board revise the contract approval limit for the Executive Director from \$50,000 to a lower amount.

The BFO recommends that the PCADV Board define a formal process for RFPs to include uniform announcement guidelines, documentation of proposals that are received, selection of an RFP evaluation committee, and vendor selection criteria to ensure fair and proper administration of the RFP process.

**Finding No. 3 – Inaccurate Cash Needs Requests and Expenditure Reports Were Submitted to DHS.**

Monthly Cash Needs Requests (CNRs) were based on budgeted amounts throughout the audit period instead of the actual expenditures that were incurred. The Grant allows submission of CNRs based on budgeted amounts for the first three months of the fiscal period but requires CNRs based on actual expenditures for the remainder of the fiscal year<sup>9</sup>. The monthly expenditure reports that were submitted to DHS did not use actual expenditures for those reporting periods. The general ledger was not up to date at the time the reports were due. The Grant Agreement requires that CNRs and monthly expenditure reports be based on actual expenditures as described above.

**Recommendations**

The BFO recommends that OSP require PCADV to submit CNRs and expenditure reports as outlined in the Grant agreement.

The BFO recommends that OSP require supporting documentation for expenditure reports that are submitted to DHS.

The BFO recommends that PCADV prepare CNRs and expenditure reports as outlined in the Grant agreement.

The BFO recommends that PCADV record expenses in the general ledger in a timely manner to ensure that the accounting records are complete and up to date.

The BFO recommends that PCADV ensure that costs reported on the expenditure reports match the expenses that are recorded in the general ledger.

**Observation – PCADV Work Environment**

The BFO's audit objectives did not include an assessment of the work environment. Accordingly, we did not focus our efforts in this area and did not attempt to substantiate the claims described below.

During the course of the audit, the BFO interviewed current and former PCADV staff to gain an understanding of various business processes. The BFO became aware of a significant level of frustration among those interviewed regarding the work environment. Staff reported management yelling at them, slamming doors, throwing objects, lunging at one individual, and other actions they thought were designed to minimize complaints or pressure staff into actions they felt were questionable. Several former staff stated that they resigned due to the work environment and actions that went unaddressed and therefore unresolved.

Many of the claims that the BFO heard were consistent and concerning. If true, a work environment of this nature may contribute to increased employee turnover, lower morale, and decreased productivity. It can also increase costs due to additional recruiting, interviewing, hiring, and training of new employees, as well as the need for temporary staff.

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<sup>9</sup> Grant Agreement, Rider 1, Paragraph 2

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**Recommendations**

The BFO recommends that PCADV request assistance from the PA Department of Labor and Industry, Bureau of Workers Compensation, Health and Safety Division to provide workplace training to the PCADV staff and Board.

The BFO recommends that PCADV develop and enforce a zero-tolerance policy against bullying.

The BFO recommends that PCADV assign sole responsibility to investigate employee complaints to the Director of Human Resources, who should report any findings directly to the PCADV Board.

The BFO recommends that PCADV revise the grievance guidelines outlined in the PCADV Employee Manual to mandate the Board review all employee grievances and the resolution of each grievance.

The BFO recommends that the PCADV Board take steps to ensure that all PCADV staff is treated with respect and that the work environment is appropriate.

The BFO recommends that the PCADV Board effectively address all employee complaints and grievances.

The BFO recommends that the PCADV Board assist the Director of Human Resources in developing an effective action plan to address employee complaints, raise employee morale, and improve employee relations.

In accordance with our established procedures, an audit response matrix will be provided to OSP. Once it is received, OSP should complete the matrix within 60 days and email the Excel file to the DHS Audit Resolution Section at:

[REDACTED]

The response to each recommendation should indicate OSP's concurrence or non-concurrence, the corrective action to be taken, the staff responsible for the corrective action, the expected date that the corrective action will be completed and any related comments.

Sincerely,

Tina L. Long, CPA  
Director

**PENNSYLVANIA COALITION AGAINST DOMESTIC VIOLENCE**

**APPENDIX A**

## **Appendix A**

### **Background**

PCADV is responsible for the provision of services to domestic violence (DV) victims in Pennsylvania's 67 counties. PCADV's responsibilities include the allocation of subgrants to local domestic violence programs; administration and management of the subgrants; gathering and compiling data from the local DV programs and submitting it to DHS in the form of reports and invoices; statewide training and technical assistance to the local DV programs; statewide advocacy and awareness activities; and information technology support as needed to operate a statewide crime victim hotline and database.

The funding sources for the DHS Grant include Pennsylvania General Assembly Act 1988 – 44 & Act 1990 – 222, Federal Department of Health and Human Services, Administration for Children and Families (ACF), Title XX Social Services Block Grant, and the ACF Family Violence Prevention and Services Grant.

PCADV reports its expenditures to DHS by submitting monthly invoices and reports its monitoring activity to DHS on a quarterly basis.

### **Objective, Scope and Methodology**

Our audit objectives were:

- To determine if PCADV's expenditures are in accordance with the grant agreement and applicable regulations
- To determine if PCADV is in compliance with the grant agreement and applicable laws and regulations
- To determine if PCADV performs adequate monitoring of its subgrantees

In pursuing our objectives, the BFO interviewed PCADV fiscal staff and other key administrative staff. We also reviewed fiscal data for the audit period including credit card statements, bank statements, payroll records, travel expense reports, contracts, and other pertinent documentation necessary to pursue the audit objectives.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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.

Government auditing standards require that we obtain an understanding of management controls that are relevant to the audit objective described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of their effectiveness.

Based on our understanding of the controls, there were various internal control deficiencies which are described in Finding No. 2. Areas where the BFO noted an opportunity for improvement in management controls are addressed in the findings and recommendations of this report.

The BFO's fieldwork was conducted from July 7, 2015 to August 17, 2015 and was performed in accordance with GAGAS. An audit closing conference with PCADV management was held on October 9, 2015. The report, when presented in its final form, will be available for public inspection.

### **Conclusion on the Objectives**

- PCADV charged expenditures to the DHS grant that were not in accordance with the grant agreement and applicable regulations. This resulted in questioned costs of \$680,564.
- PCADV was not fully in compliance with the grant agreement and applicable laws and regulations.
- PCADV performs adequate monitoring of its subgrantees.

PCADV Questioned Charges to DHS Grant

Description/General Ledger Account	Allocation	FY13-14			Total Expenses	Charge
		Total Expenses	Charged to DHS	Allowed		
<b>Indirect Costs</b>	62% of total cost allocation spreadsheet Sources: FY14 July 000 Cost Allocation; FY14 Benl Allocation - effective 3.1.14	\$ 169,508.77	\$ 158,859.82	\$ 105,095.44	\$ 53,764.38	\$ 183,835.49
<b>TOTAL QUESTIONED Indirect Costs</b>		\$ 169,508.77	\$ 158,859.82	\$ 105,095.44	\$ 53,764.38	\$ 183,835.49
<b>Payroll Reclassifications</b>						
	E-Learning Specialist (D. Correlia) reclassified from [REDACTED] VF adjust to debit DHS [REDACTED] (FY13-14) and [REDACTED] (FY14-15), timecards do not support adjustment.	\$	\$ 81,736.62	\$	\$ 81,736.62	\$
	Adjustment not supported by time records - Various payroll credits to 330.2% Admin and debited to DHS;		\$ 95,680.26	\$	\$ 95,680.26	\$
	Reclassified Payroll allocations from [REDACTED] (PO-45) & [REDACTED] (DOJ) to 542 DHS Act 44	\$	\$ 34,645.60	\$	\$ 34,645.60	\$
<b>TOTAL QUESTIONED Payroll Reclassifications</b>		\$ -	\$ 225,637.14	\$ -	\$ 225,637.14	\$ -
<b>Miscellaneous</b>						
<b>Miscellaneous Entries</b>	1. Advertising Expenses totaling \$27,478.07 in FY13-14 that were charged to 350 Statewide Public Awareness-PVT-Various Donations 2. PCADV transferred \$90,211.39 in expenses (more than actual expenses incurred) from 350 Statewide Public Awareness-PVT-Various Donations to DHS Grant [REDACTED] Act 44 [REDACTED] FY13-14 3. Donations credited to 350 account totaling \$60,006.77; additional credit of \$90,211.39 moved to 350 left net credit balance of \$90,058.16 in 350 cost center for FY13-14		\$30,651.39	\$	\$ 30,651.39	\$
<b>Miscellaneous Entries</b>	QUESTIONED Advertising Father's Day Advertising (Newspapers)	\$ -	\$ 30,651.39	\$ -	\$ 30,651.39	\$ -
<b>Miscellaneous Entries</b>	QUESTIONED Gifts Men Can Stop Rape gift cards for participants Pittsburgh Pirates Game Tickets (gifts are not allowed by the grant)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FEDV</b>	QUESTIONED NNEDV Membership Dues Membership dues for NNEDV are administrative costs that benefit subrecipients and should be charged to 330.2% admin (funded by subrecipients admin fees). In FY13-14, PCADV charged NNEDV dues to 330.2% admin, then reclassified the dues to 542 Act 44-DFW on 11/21/15. 4/7/2016: The BFO obtained from PCADV the membership dues forms that were submitted with payments to NNEDV. BFO calculated DHS portion of NNEDV dues based on PCADV's final report to DHS for June 2014 and June 2015.	\$ 18,761.00	\$ 18,761.00	\$ 16,595.00	\$ 2,166.00	\$ 28,247.00
<b>Miscellaneous Entries</b>	QUESTIONED NNEDV Membership Dues Overcharge of per diem on travel FY14-15	\$ 2,166.50	\$ 2,123.75	\$ 1,464.75	\$ 659.00	\$ 2,506.00
<b>Miscellaneous Entries</b>	QUESTIONED Travel Consultants	\$ 2,123.50	\$ 2,123.75	\$ 1,464.75	\$ 659.00	\$ 2,506.00
<b>TOTAL QUESTIONED Miscellaneous</b>		\$ 21,123.50	\$ 50,936.14	\$ 18,059.75	\$ 37,876.39	\$ 30,753.00
<b>Software</b>						
<b>Software</b>	62% of total software expense Includes Wajji software charge of \$24,458 that was also included in FY14-15 in error 62% of total accounting software expense 4/7/2016: FY14-15 included \$24,458 in FY13-14 software costs in error; corrected total from \$91,860.69 to \$67,402.68 and amount charged to DHS from \$91,437.48 to \$66,572.49	\$44,572.44	\$ 37,182.53	\$ 27,634.91	\$ 9,547.62	\$ 67,402.68
<b>TOTAL QUESTIONED Software</b>		\$ 44,572.44	\$ 37,182.53	\$ 27,634.91	\$ 9,547.62	\$ 67,402.68
<b>Year End Adjustments</b>						
<b>Year End Adjustments</b>	Adjustments to move cost overages from 829 FCLD to DHS Grants [REDACTED]	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL QUESTIONED Year End Adjustments</b>		\$ -	\$ -	\$ -	\$ -	\$ -

CADY Questioned Charges to DHS Grant

Description/General Ledger Account		FY13-14			Total Expenses	Charge
		Total Expenses	Charged to DHS	Allowed		
other's Day Activities FY14-15	Allowable grant costs for 2 brand name were \$40,668.81. This should be shared equitably with HSA Foundation @ 52% of \$20,668.81, DHS share 48% invoices from 2 brand identified charges specifically as Advertising costs and were charged to the grant. Advertising costs are not allowable costs under the terms of the grant.	\$	\$	\$	\$	\$
other's Day Activities FY14-15		\$	\$	\$	\$	\$
other's Day Activities FY14-15	BFO that Lampole was awarded states clearly for marketing. Marketing (Advertising) is not an allowable cost under the terms of the grant.	\$	\$	\$	\$	\$
	62% of total	\$	\$	\$	\$	\$
	62% of total	\$	\$	\$	\$	\$
	Cost center for original contract to provide clearing services to Colorado Coalition Against Domestic Violence (COCADV) is listed as 445 COCADV; reclassified from 445 COCADV to DHS 542 Act 44	\$	\$	\$	\$	\$
	PCADV has 2 contracts with Penn State to provide dashboard services. The first contract clearly states work is for PCCD project. The second contract eludes to funding from PCCD, but wording does not clearly define the funding sources. There is also a lot of movement of funds between cost centers for the PCCD and DHS grants. Costs should be split 50/50 for FY14-15.	\$	\$	\$	\$	\$
	FY14-15: 1. Penn State Invoice #1740-A paid in February and charged to 542 DPW Act 44 for \$10,000.92	\$	\$	\$	\$	\$
	2. Reclassified in June 2015 to 820 PCCD for rebilling purposes for DHS	\$	\$	\$	\$	\$
	3. \$10,525.79 returned to DHS 542 Act 44 for final report FY15 due 9/15/15	\$	\$	\$	\$	\$
	FY13-14 PCCD Contract - DHS should not be charged	\$	\$	\$	\$	\$
	FY14-15 Contract unclear - Split contract 50/50 between DHS and PCCD	\$	\$	\$	\$	\$
<b>TOTAL QUESTIONED Consultants</b>		\$	\$	\$	\$	\$
meetings		\$	\$	\$	\$	\$
membership meetings and travel	PCADV charges the subgrant a 2% admin fee. Membership expenses should be charged against the admin income. Income for 13/14 is \$356,187 and for 14/15; \$377,623. GL 5403 Membership Meetings/Travel and GL 5410 Board Expense (FY13-14) should be charged to cost center 330 2% admin meetings were not primarily for training.	\$	\$	\$	\$	\$
	4/7/2016: BFO considered and accepted PCADV explanation of membership meeting training content.	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$
	Rec'd to Annual VAWA meeting expense from 305 to 542/543/545; meeting expense not allowed in DHS grant; VAWA had other funding sources.	\$	\$	\$	\$	\$
	4/7/2015: BFO considered additional documentation that PCADV provided BFO and accepted PCADV's explanation of training that was conducted during the annual event.	\$	\$	\$	\$	\$
<b>TOTAL QUESTIONED Meetings</b>		\$	\$	\$	\$	\$
<b>TOTAL QUESTIONED COSTS</b>		\$	\$	\$	\$	\$

NNEDV Dues Calculation FY2014		Provided by PCADV 4/5/16	BFO Information	Description
2014 Total Agency Budget		24,927,136	24,879,648	PCADV budget referenced in PCADV response to draft
2014 DV Budget		23,567,870		
Subtract any Pass-through funds		21,066,461	21,102,674	Subrecipient passthrough per June 2014 final report s
Membership DV Budget		2,501,409	2,212,732	Admin payments from DHS per June 2014 final report
Membership Dues Owed (.0075 x DV Budget)		18,761		
Additional Optional Contribution - thank you!!!		-		
Total 2014 Amount Due before optional discount	\$	18,761	\$ 18,761	Charged to █████ 2% admin in March 2014, then reclass
BFO calculation for adjustment on audit			0.75%	Description
PCADV DV Budget		2,501,409	18,761	Dues calculation on PCADV DV Budget
Admin payments from DHS		(2,212,732)	(16,595)	Dues calculation on DHS admin payments to PCADV
Remaining Budget - Non-DHS		288,677	\$ 2,165	Non-DHS
PCADV charges to DHS		18,761		
BFO calculation of charges to DHS		(16,595)		
<b>Overcharged to DHS FY 2014</b>	<b>\$</b>	<b>2,166</b>		
NNEDV Dues Calculation FY2015		Provided by PCADV 4/5/16	BFO Information	Description
2015 Total Agency Budget		25,664,486	25,769,172	PCADV budget referenced in PCADV response to draft
2015 DV Budget		24,889,670		
Subtract any Pass-through funds		21,106,674	22,456,444	Subrecipient passthrough per June 2015 final report s
Membership DV Budget		3,782,996	2,451,962	Admin payments from DHS per June 2015 final report :
Membership Dues Owed (.0075 x DV Budget)		28,372		
Additional Optional Contribution - thank you!!!		-		
Total 2015 Amount Due before optional discount	\$	28,372		
Discount for 12/31/14 payment-Approximately half paid by Credit Card (\$14,061)		(125)		
PCADV CC payment █████		(5,000)		Charged to █████ 2% admin - NNEDV receipt states this v
	\$	23,247		Charged to █████ Act 44 DHS
BFO calculation for adjustment on audit			0.75%	Description
PCADV DV Budget		3,782,996	28,372	Dues calculation on PCADV DV Budget
Admin payments from DHS		(2,451,962)	(18,390)	Dues calculation on DHS admin payments to PCADV
Remaining Budget - Non-DHS		1,331,034	9,983	Non-DHS
PCADV charges to DHS		23,247		
BFO calculation of charges to DHS		(18,390)		
<b>Overcharged to DHS FY 2015</b>	<b>\$</b>	<b>4,857</b>		
<b>Total overcharged to DHS</b>	<b>\$</b>	<b>7,023</b>		

IFO Recalculation-NNEDV Dues.xlsx

**EXHIBIT 17**

PCADV's methodology of allocating grant related expenses were the same for fiscal year 2013-2014 (FY 2014) and fiscal year 2014 - 2015 (FY 2015.) The general approach is as follows:

All allowable direct costs that benefit one funding source are charged directly to that funding source.

All allowable direct costs that benefit more than one funding source are allocated proportionately.

All allowable indirect costs that benefit all funding sources are allocated proportionately using a base that results in an equitable distribution.

For example, direct salaries and benefits are allocated based on the time spent on each funding source as documented by employees' timecards. Not allowable activities, such as fundraising and lobbying, are posted to cost center 303 and 330 respectively.

Indirect salaries, such as finance, human resources and information technology, are allocated proportionately across all funding sources, including fundraising and lobbying, based on each funding sources' total salaries.

Indirect costs that benefit all funding sources are allocated bases on each funding sources' total expense less salaries and benefits. The only exception to this is rent, which is allocated based on salaries and usable square footage. Rent related to indirect employees is further allocated based on the ratio of the program square footage to total square footage of all programs.

Attached you will find a summary of FY 2014 and FY 2015 DHS questioned costs which shows DHS' disallowed costs and PCADV's disallowed costs. PCADV believes that in FY 2014 there was \$66,810 in disallowed costs. In FY 2015 we believe there was \$79,002 in disallowed costs for a total of \$145,812. Behind each summary sheet is supporting details including the indirect cost allocation rate, the allocation of indirect salaries, the calculation of rent expense and a detailed explanation of each expense listed on the summary page.

PCADV  
 DHS Audit  
 Questioned Costs FY 2014

Per BFO schedule of questioned costs supplied to PCADV:

Indirect Costs	DHS Disallowed	PCADV Calculated Disallowed	
Rent	53,764.38	29,099.17	see rent calculation worksheet
<b>Payroll Reclassifications:</b>			
[REDACTED]	81,736.62	0.00	
[REDACTED]	13,574.66	0.00	
[REDACTED]	95,680.26	0.00	
[REDACTED]	34,645.60	0.00	
Indirect Salaries Overcharged		25,391.77	see indirect salaries worksheet
Various Entries-Advertisir	30,051.39	2,581.49	net expense surplus in cost center 350
Men can stop rape gift cards			
Fathers Day advertising			
[REDACTED] game tickets			
NNEDV membership dues			
Travel - Per diem			
IT Consultants	659.00	635.37	63% correct allocation rate
Software	9,547.62	9,101.89	63% correct allocation rate
Year end adjustments			
Consultants			
Fathers Day Activities-share with FISA			
Fathers Day Activities-advertising not allowed			
Fathers Day Activities-[REDACTED]			
[REDACTED]	21,216.96	0.00	the invoice was split with LAP funding based on worked performed
Membership Meetings	37,465.07	0.00	Membership meetings are a specific line item in the DHS budget
[REDACTED] - VAWA meeting			
	<u>378,341.56</u>	<u>66,809.69</u>	

**PCADV**

**Indirect Cost Allocation Rate**

Allocated based on total expenses less salaries and benefits

	<b>FY 2014</b>	
<b>Cost Center</b>	<b>Total Expenses</b>	<b>%</b>
	278,201.11	7.9%
	404,798.00	11.5%
	1,380,516.53	39.2%
	69,146.00	2.0%
	173,233.86	4.9%
	499,835.14	14.2%
	90,000.00	2.6%
	173,804.33	4.9%
	37,481.77	1.1%
	0.00	0.0%
	0.00	0.0%
	65,677.52	1.9%
	16,125.20	0.5%
	107,986.89	3.1%
	125,834.14	3.6%
	102,026.87	2.9%
<b>Total</b>	<b>3,524,667.36</b>	<b>100.0%</b>
<b>DHS Portion</b>		<b>62.8%</b>

PCADV  
DHS audit  
Questioned Costs  
Allocation of indirect salaries

FY 2014

Cost Center	Description	Total Salaries	Less Indirect	Adjusted Salaires	%	Indirect Salary Allocation	Salaries charged	Difference
	Fundraising	113,675.86	9,169.79	104,506.07	8.5%	27,094.62	9,169.79	17,924.83
	Unrestricted revenues	58,162.07	0.00	58,162.07	4.7%	15,079.31	0.00	15,079.31
	Act 44	779,701.00	137,560.37	642,140.63	52.0%	166,483.67	137,560.37	28,923.30
	Act 222	35,166.00	1,536.25	33,629.75	2.7%	8,718.97	1,536.25	7,182.72
	Title XX	93,941.01	76,840.60	17,100.41	1.4%	4,433.51	76,840.60	(72,407.09)
	CLR	342,096.00	69,607.88	272,488.12	22.1%	70,646.24	69,607.88	1,038.36
	OIM	38,073.00	0.00	38,073.00	3.1%	9,870.94	0.00	9,870.94
	HHS	84,886.39	29,195.51	55,690.88	4.5%	14,438.62	29,195.51	(14,756.89)
	DOJ	17,384.88	5,140.84	12,244.04	1.0%	3,174.43	5,140.84	(1,966.41)
		<u>1,563,086.21</u>	<u>329,051.24</u>	<u>1,234,034.97</u>	<u>100.0%</u>	<u>319,940.31</u>	<u>329,051.24</u>	<u>(9,110.93)</u>
DHS Portion		1,288,977.01	285,545.10	1,003,431.91	0.81	260,153.33	285,545.10	(25,391.77)

Indirect Salaries:

GL Code	Salary	Less direct allocation	Indirect salary to allocate		
	82,031.52		82,031.52	25.6%	
	40,943.01	10,972.09	29,970.92	9.4%	
	72,779.07	27,656.08	45,122.99	14.1%	
	48,251.33	16,887.73	31,363.60	9.8%	
	35,197.49	12,319.21	22,878.28	7.2%	
	76,807.34	10,929.51	65,877.83	20.6%	
	50,229.45	7,534.28	42,695.17	13.3%	
		<u>406,239.21</u>	<u>86,298.90</u>	<u>319,940.31</u>	<u>100.0%</u>

**PCADV**

**DHS questioned costs rent expense**

	<b>7/1/2013 - 6/30/2014</b>	
7/1/2013 - 12/31/2013	22,956.84	per month
# months	<u>6</u>	
Subtotal	<u>137,741.04</u>	
1/1/2014 - 6/30/2014	23,530.76	
# months	<u>6</u>	
Subtotal	<u>141,184.56</u>	
Total rent expense paid	278,925.60	
NRCDV share	27.31%	
NRCDV share	<u>76,174.58</u>	
PCADV share	<u>202,751.02</u>	
DHS proportionate share based on PCADV cost allocation plan	<u>64%</u>	
DHS' share rent expense	129,760.65	
Rent expense charged	<u>158,859.82</u>	
Difference	<u><u>(29,099.17)</u></u>	



## PCADV

### Allocation of Questioned Costs

FY 2014

volunteers. The coordination of regional and statewide trainings/meetings involves most of the PCADV staff.

GL code [REDACTED] is the executive coordinator who is responsible for coordinating the materials, facilities and travel arrangements related to statewide and regional trainings/meetings. The total of her salary and benefits were properly reclassified. In FY 2014 the executive coordinator spent her time as follows:

21% of her time was spent on trainings/meetings directly related Title XX  
17% of her time was spent on trainings/meetings directly related to CLR  
4% of her time was spent on trainings/meetings directly related to HHS  
58% of her time was spent on DHS allowable trainings/meetings directly related to support services to victims

GL code [REDACTED] is described as building and supplies coordinator but she too is involved with statewide and regional trainings. The total of her salary and benefits were properly reclassified. She spent her time as follows:

5% of her time on trainings/meetings directly related to CLR  
5% of her time on statewide and regional trainings/meetings for victim advocates (HHS)  
2% of her time on skill -based trainings for program staff and volunteers  
88% of her time was spent on DHS allowable trainings/meetings directly related to support services to victims

The remaining GL codes of [REDACTED] are all indirect positions of HR director, finance director, finance coordinator, IT director and network systems administrator, respectively. Please refer to the allocation of indirect time/employees.

DHS' disallowance should be withdrawn.

### **Amount disallowed \$95,680.26**

As previously described DHS funding includes Act 44/Act 222 (cost center [REDACTED] respectively), which provides support services to victims, Title XX (cost center [REDACTED]), which prevents or remedies neglect, abuse or exploitation of children and adults unable to protect their own interests, and CLR (cost center [REDACTED] which is to develop a network of attorney specialists who are skilled in representing victims of domestic violence in family law and other civil matters. DHS funding also includes funding for OIM, which is to provide training & technical assistance for CAOs and all new income maintenance caseworkers and clerical standard training programs on domestic violence and generational poverty.

**PCADV  
Allocation of Questioned Costs  
FY 2014**

In addition to DHS funding, HHS funding (cost center [REDACTED]) is used to hold statewide and regional trainings for victim advocates. A portion of OVW-DOJ funding (cost center [REDACTED]) is also used to conduct skill-based training for program staff and volunteers. DOJ-LAV funding (cost center [REDACTED]) is to support civil legal representation operated by one program. It also supported pro bono services to domestic violence victims with economic legal issues.

PCADV also received funding from PCCD. LAP funding (cost center [REDACTED]) is to implement the Maryland model of Lethality Assessment Program connecting domestic violence victims with the lifesaving services of a domestic violence program. STOP funding (cost centers [REDACTED]) supports statewide training, technical assistance and resource development for courts, law enforcement, prosecution and victim services to improve counties' coordinated community response to domestic violence, dating violence, stalking and sexual assault.

Fundraising activity, which is unallowable for grant funding, is recorded in cost center [REDACTED]. Lobbying activity, as well as any other activity that is unallowable for grant funding, is recorded in cost center [REDACTED].

GL code [REDACTED] is the executive director who is involved in every area of PCADV and its funding. Her salary and benefits were properly reclassified. In FY 2014 she spent her time as follows:

30% of her time was spent on not allowable activities (cost center 330)  
6% of her time was spent on fundraising (cost center 303)  
4% of her time was spent on skill-based training for program staff and volunteers (HHS)  
3% of her time was spent on trainings/meetings for victim advocates (DOJ)  
10% of her time was spent on activity related to CLR  
3% of her time was spent on activities related to Title XX  
44% of her time was spent on DHS allowable trainings/meetings directly related to support services to victims

The not allowable activities were properly allocated to cost center [REDACTED] so there is no disallowance on DHS funding.

GL code [REDACTED] is explained above.

GL code [REDACTED] is the Training Institute manager. PCADV's Training Institute is used to train all PCADV staff, as well as all program staff and volunteers throughout the Commonwealth, through an electronic learning platform. All of her salary and benefits were properly reclassified. In FY 2014 she spent her time as follows:

3% of her time was spent on skill-based training for program staff and volunteers (HHS)

**PCADV**  
**Allocation of Questioned Costs**  
**FY 2014**

10% of her time was spent on training activity related to CLR  
2% of her time was spent on training activity related to Title XX  
The remaining 44% of time, all related to DHS allowable training, and was properly allocated to Act 44/Act 222

GL code [REDACTED] is the director of prevention for PCADV. All of her time was properly reclassified. A majority of this position was funded by private grants. In FY 2014 she spent her time as follows:

54% of her time was related to prevention programs funded by private grants. Although her time was eligible for DHS funding her time was allocated to private grant funding instead  
1% of her time was spent related to fundraising – talking about the prevention programs PCADV has or is developing  
7% of her time was for prevention programs related to Title XX

The remaining 38% of her time was all DHS allowable prevention and was allocated to Act 44/Act 222.

The fundraising was charged to cost center [REDACTED] so there is no disallowance on DHS funding sources.

GL code [REDACTED] is the training specialist. All of her salary and benefits were properly reclassified. In FY 2014 she spent her time as follows:

6% of her time was training related to PCCD LAP  
32% of her time was related to OIM training

The remaining 62% of her time, which was all related to allowable DHS training, was allocated to Act 44/Act 222

GL Code [REDACTED] is the training/technical assistant specialist. Her time was properly allocated. In FY 2014 she spent her time as follows:

8% of her time was spent on statewide and regional trainings for victim advocates (HHS)  
38% of her time was spent on OIM trainings

The remaining 54% was all related to allowable DHS training and technical assistance and was allocated to Act 44/Act 222.

GL code [REDACTED] is the director of the legal department. Her time was also properly allocated. In FY 2014 she spent her time as follows:

2% of her time was directly related to DOJ-LAV

**PCADV**

**Allocation of Questioned Costs**

**FY 2014**

15% of her time was directly related to PCCD STOP

10% of her time was directly related to PCCD LAP

1% of her time was directly related to OVW-DOJ

65% of her time was directly related to CLR

6% of her time was unallowable activities

The remaining 1% of her time was related to victims' services and was allocated to Act 44/Act 222.

The unallowable activity was properly charged to cost center [REDACTED] so there is no disallowance for DHS funding.

The remaining GL codes of [REDACTED] are all indirect positions of HR director, IT director and network systems administrator, respectively. Please refer to the allocation of indirect time/employees.

DHS' disallowance should be withdrawn.

**JE [REDACTED]**

**Amount disallowed \$34,645.60**

As previously mentioned, DHS funding includes Act 44/Act 222 (cost center [REDACTED] [REDACTED] respectively), which provides support services to victims. In addition to DHS funding, HHS funding (cost center [REDACTED]) is used to hold statewide and regional trainings for victim advocates. A portion of OVW-DOJ funding (cost center [REDACTED]) is also used to conduct skill-based training for program staff and volunteers.

GL code [REDACTED] is explained above.

GL code [REDACTED] is the director of communications. His time was properly reclassified. In FY 2014 he spent his time as follows:

13% of his time was spent directly related to skill-based training for program staff and volunteers (HHS)

5% of his time was spent on skill-based training for program staff and volunteers (OVW-DOJ)

77% of his time was spent directly related to CLR

The remaining 5% was related to DHS allowable training and victims' services so it was allocated to Act 44/Act 222.

GL code [REDACTED] is PCADV's policy specialist. Her time was properly reclassified. In FY 2014 she spent her time as follows:

21% of her time was spent on unallowable activities (such as lobbying)

**PCADV**

**Allocation of Questioned Costs**

**FY 2014**

4% of her time was spent directly related to skill-based training for program staff and volunteers (HHS)

44% of her time was spent directly on CLR

The remaining 31% of her time was related to DHS allowable training and victims' services so it was allocated to Act 44/Act 222.

The unallowable activity was properly charged to cost center [REDACTED] so there is no disallowance for DHS funding.

GL code [REDACTED] is the media relations and publications manager/communications specialist. Her time was properly reclassified. In FY 2014 she spent 44% of her time directly related to skill-based training for program staff and volunteers (HHS). The remaining 56% of her time was related to victims' services and allocated to Act 44/Act 222.

GL code [REDACTED] is explained above.

GL code [REDACTED] is the technical assistance specialist. Her time was properly reclassified. In FY 2014 she spent her time as follows:

12% of her time was spent on activity that was allowable by DHS and private grants. Her time was allocated to the private grants.

12% of her time was spent on skill-based training for program staff and volunteers (HHS)

6% of her time was spent on skill-based training for program staff and volunteers (OVW-DOJ)

7% of her time was spent on PCCD-LAP

The remaining 63% was related to DHS allowable training and technical assistance for victims and allocated to Act 44/Act 222.

GL code [REDACTED] is the legal department technical assistance coordinator. She spent her time as follows:

53% of her time was directly related to CLR

42% of her time was directly related to PCCD STOP

The remaining 5% was related to DHS allowable training and victims' services so it was allocated to Act 44/Act 222.

The remaining GL codes of [REDACTED] are all indirect positions of HR director, finance director, finance administrator, finance coordinator and network systems administrator, respectively. Please refer to the allocation of indirect time/employees.

**PCADV  
Allocation of Questioned Costs  
FY 2014**

DHS' disallowance should be withdrawn.

**Allocation of indirect time/employees**

Please refer to the file [REDACTED] for the calculation and allocation of indirect salaries. The results are as follows:

	Salaries Charged	Updated Allocation	Difference for Disallowance
FY 2014	\$285,545.10	\$260,153.33	\$25,391.77

**Various entries - Advertising**

**Amount disallowed \$30,051.39**

The advertising is an allowable expense because it was part of the requirements of the grant. When the reclassification was made there was an error in the amount, which resulted in a net surplus balance in expenses in cost center [REDACTED]. Therefore, the correct disallowed amount is the net surplus of \$2,581.49.

**IT Consultants**

**Disallowed costs \$659.00**

**Software**

**Disallowed costs \$9,547.62**

To allocate indirect costs, please see the worksheet "Indirect Cost Allocation Rate". The indirect cost rate was calculated as direct costs / total direct costs. In FY 2014 the indirect cost rate is 63% for DHS grants.

**[REDACTED] Dashboard**

**Amount disallowed \$21,216.96**

The [REDACTED] dashboard costs are allowable by DHS funding as well as PCCD funding. The invoices were correctly allocated to the funding source based on the details of the work performed by [REDACTED]. The victim services dashboard and the technical assistance (TA) database were charged to DHS and the LAP dashboard was charged to PCCD.

DHS' disallowance should be withdrawn.

**Membership meetings**

**Amount disallowed \$37,465.07**

As explained in PCADV's response to the draft audit report, the membership meetings are an allowable expense due to the dissemination of technical information during the meetings. Membership meetings are a specific line item in the budget approved by DHS so it is allocated to DHS funding.

DHS' disallowance should be withdrawn.

PCADV  
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Questioned Costs FY 2015

Per BFO schedule of quest

Indirect Costs	DHS Disallowed	PCADV Calculated Disallowed	
Rent	62,928.58	45,981.97	see rent calculation worksheet
<b>Payroll Reclassifications:</b>			
[REDACTED]	50,740.91	0.00	
[REDACTED]	13,302.66	0.00	
Indirect Salaries Overchar		22,667.63	see indirect salaries worksheet
Various Entries-Advertisir	148.35	50.44	
Men can stop rape gift car	930.60	0.00	not gifts - compensation for participation in focus groups
Fathers Day advertising	55,577.49	0.00	advertising was required by the grant and therefore allowable
[REDACTED] game ti	2,800.00	0.00	not paid with DHS grant money
NNEDV membership dues	23,247.00	7,903.98	66% correct allocation rate
Travel - Per diem	2,889.56	2,889.56	PCADV does not dispute the calculation
IT Consultants	(391.02)	(491.26)	66% correct allocation rate
Software	34,483.86	0.00	this was specified in the re-budget request approved by DHS
Year end adjustments	7,385.62	0.00	
<b>Consultants</b>			
Fathers Day Activities [REDACTED]	15,947.78	0.00	Costs were properly allocated with FISA
Fathers Day Activities [REDACTED]	25,902.50	0.00	advertising costs are outreach as required by the grant
Fathers Day Activities [REDACTED]	23,505.67	0.00	advertising costs are outreach as required by the grant
[REDACTED]	1,538.17	0.00	this was specified in the re-budget request approved by DHS
[REDACTED]	10,048.51	0.00	this was specified in the re-budget request approved by DHS
[REDACTED]	30,185.00	0.00	
[REDACTED]	5,130.23	0.00	the invoice was split with LAP funding based on worked performed
Membership Meetings	48,672.64	0.00	Membership meetings are a specific line item in the DHS budget
JE [REDACTED] - VAWA meeting	32,519.32	0.00	Membership meetings are a specific line item in the DHS budget
	<u>447,493.43</u>	<u>79,002.32</u>	

PCADV      PCADV  
 Indirect Cost Indirect Cost Allocation Rate  
 Allocated ba: Allocated based on total expenses less salaries and benefits

FY 2015		
Cost Center	Total Expenses	%
	247,211.76	7.0%
	390,755.58	11.1%
	1,520,023.03	43.1%
	67,026.71	1.9%
	174,560.52	5.0%
	494,465.43	14.0%
	78,563.46	2.2%
	288,551.21	8.2%
	100,128.43	2.8%
	108,143.00	3.1%
	74,023.65	2.1%
	44,398.78	1.3%
	28,390.87	0.8%
	0.00	0.0%
	106,986.75	3.0%
	105,927.30	3.0%
Total	<u>3,829,156.48</u>	108.6%
DHS Portion		66.2%

PCADV  
DHS audit  
Questioned Costs  
Allocation of indirect salaries

FY 2015

Cost Center	Description	Salaries	Less Indirect	Adjusted Salaires	%	Indirect Salary Allocation	Salaries charged	Difference
	Fundraising	129,240.96	0.00	129,240.96	9.9%	35,881.19	0.00	35,881.19
	Unrestricted revenues	133,049.25	16,175.10	116,874.15	9.0%	32,447.79	16,175.10	16,272.69
	Act 44	730,264.91	222,176.52	508,088.39	39.1%	141,060.67	222,176.52	(81,115.85)
	Act 222	19,776.95	11,300.13	8,476.82	0.7%	2,353.42	11,300.13	(8,946.71)
	Title XX	97,685.96	38,582.29	59,103.67	4.5%	16,408.96	38,582.29	(22,173.33)
	CLR	297,337.16	0.00	297,337.16	22.9%	82,549.77	0.00	82,549.77
	OIM	25,280.00	0.00	25,280.00	1.9%	7,018.49	0.00	7,018.49
	HHS	174,034.94	56,837.72	117,197.22	9.0%	32,537.49	56,837.72	(24,300.23)
	DOJ	58,261.95	19,964.68	38,297.27	2.9%	10,632.48	19,964.68	(9,332.20)
		<u>1,664,932.08</u>	<u>365,036.44</u>	<u>1,299,895.64</u>	<u>100.0%</u>	<u>360,890.26</u>	<u>365,036.44</u>	<u>(4,146.18)</u>
DHS Portion		1,170,344.98	272,058.94	898,286.04	0.69	249,391.31	272,058.94	(22,667.63)

Indirect Salaries:

GL Code	Salary	Less direct allocation	Indirect salary to allocate	
	43,045.56		43,045.56	11.9%
	43,045.56	8,517.17	34,528.39	9.6%
	71,686.33	3,235.44	68,450.89	19.0%
	52,156.15	450.74	51,705.41	14.3%
	43,227.82	1,997.83	41,229.99	11.4%
	80,634.90	3,213.14	77,421.76	21.5%
	47,858.38	3,350.12	44,508.26	12.3%
		<u>20,764.44</u>	<u>360,890.26</u>	<u>100.0%</u>

**PCADV**  
**DHS questioned costs rent expense**

	<b>7/1/2014 - 6/30/2015</b>	
7/1/2014 - 12/31/2015		
	23,530.76	per month
# months	<u>6</u>	
Subtotal	<u>141,184.56</u>	
1/1/2015 - 6/30/2015		
	24,119.03	
# months	<u>6</u>	
Subtotal	<u>144,714.18</u>	
	285,898.74	
NRCDV share	27.31%	
NRCDV share	<u>78,078.95</u>	
PCADV share	207,819.79	
DHS proportionate share based on PCADV cost allocation plan	<u>63%</u>	
DHS' share rent expense	130,926.47	
Rent expense charged	<u>176,908.44</u>	
Difference	<u><u>(45,981.97)</u></u>	

**PCADV**

**Explanation of allocation**

**FY 2015**

**Per schedule provided by BFO "PCADV Questioned Costs"**

**Indirect Costs**

**Rent**

**Amount disallowed \$62,928.58**

Please see the "DHS questioned costs rent expense" schedule to see the calculation of PCADV's proposed disallowance in the amount of \$45,981.97.

**Payroll Reclassifications**

The percentages stated below were obtained upon review of employees' timecards.

**(E-Learning Specialist )**

**Amount disallowed \$50,740.91**

DHS funding includes Act 44/Act 222 (cost center ) respectively), which provides support services to victims, Title XX (cost center ), which prevents or remedies neglect, abuse or exploitation of children and adults unable to protect their own interests.

In addition to DHS funding, HHS funding (cost center ) is used to hold statewide and regional trainings for victim advocates. PCADV also received funding from PCCD. LAP funding (cost center ) is to implement the Maryland model of Lethality Assessment Program connecting domestic violence victims with the lifesaving services of a domestic violence program.

All of time was properly allocated in FY 2015 based on the time he spent developing the following training courses:

- Goal Planning and Decision Making
- Understanding the Child Welfare System
- Understanding and Responding to Crisis
- Domestic Violence in Later Life
- When Crisis Strikes Tool Kit
- Unauthorized Practice of Law

spent 9% of his time working on the understanding and responding to crisis, which is used by victim's advocates and allocated to HHS funding. He spent 23 percent of his time on the domestic violence in later life module, which is related to the LAP funding and was allocated to it. The other modules listed provide support services to victims and was allocated to the DHS cost centers accordingly.

**Disallowed costs \$13,302.66**

DHS funding includes CLR (cost center ), which is to develop a network of attorney specialists who are skilled in representing victims of domestic violence in family law and other civil matters. PCCD STOP funding (cost center ) supports statewide training, technical assistance and resource development for courts, law enforcement,

**PCADV**

**Explanation of allocation**

**FY 2015**

prosecution and victim services to improve counties' coordinated community response to domestic violence, dating violence, stalking and sexual assault. PCCD LAP funding (cost center [REDACTED]) is to implement the [REDACTED] of Lethality Assessment Program connecting domestic violence victims with the lifesaving services of a domestic violence program. A portion of OVW-DOJ funding (cost center [REDACTED]) is also used to conduct skill-based training for program staff and volunteers. DOJ-LAV funding (cost center [REDACTED]) is to support civil legal representation operated by one program. It also supported pro bono services to domestic violence victims with economic legal issues.

Lobbying activity, as well as any other activity that is unallowable for grant funding, is recorded in cost center [REDACTED]

GL code [REDACTED] is the director of the legal department. Her time was properly allocated. In FY 2015 she spent her time as follows:

3% of her time was directly related to DOJ-LAV  
18% of her time was directly related to PCCD STOP  
26% of her time was directly related to PCCD LAP  
50% of her time was directly related to CLR  
3% of her time was unallowable activities

Since the unallowable activities were properly recorded in cost center [REDACTED] there is no DHS disallowance.

GL code [REDACTED] is the senior attorney. Her time was properly allocated in FY 2015. She spent her time as follows:

44% of her time was directly related to PCCD STOP  
4% of her time was directly related to PCCD LAP  
52% of her time was directly related to CLR

GL code [REDACTED] is a training specialist whose time was also properly allocated in FY 2015. She spent her time as follows:

21% of her time was directly related to PCCD STOP  
73% of her time was directly related to PCCD LAP  
6% of her time was directly related to CLR

GL code [REDACTED] is the legal department technical assistance coordinator. She spent her time as follows:

50% of her time was directly related to CLR  
38% of her time was directly related to PCCD STOP  
6% of her time was spent on trainings/meetings directly related to HHS  
2% of her time was related to victim services Act 44/Act 222

**PCADV**

**Explanation of allocation**

**FY 2015**

4% of her time was spent on unallowable activities

The unallowable activity was properly charged to cost center [REDACTED] so there is no disallowance for DHS funding.

GL code [REDACTED] is the protection from abuse database technical support technician. His time was properly allocated in FY 2015. He spent 7% of his time directly related to CLR and 93% of his time was directly related to PCCD STOP.

The remaining GL code of [REDACTED] is an indirect position. Please refer to the allocation of indirect time/employees for the correct calculation of her salary.

**Allocation of indirect time/employees**

Please refer to the file [REDACTED] for the calculation and allocation of indirect salaries. The results are as follows:

	Salaries Charged	Updated Allocation	Difference for Disallowance
FY 2015	\$272,058.94	\$249,391.31	\$22,667.63

**Various Entries - Advertising**

**Disallowed costs \$148.35**

To allocate indirect costs, please see the worksheet "Indirect Cost Allocation Rate". The indirect cost rate was calculated as direct costs / total direct costs. In FY 2015 the correct indirect cost rate is 66% for DHS grants.

**Men can stop rape gift cards**

**Questioned costs \$930.60**

These were not gifts but rather payment for participation in a focus group and are therefore allowable under the grant.

DHS' disallowance should be withdrawn.

**Fathers Day advertising**

**Questioned costs \$55,577.49**

As explained in PCADV's response to the draft audit the advertising was required by the grant and therefore allowable.

DHS' disallowance should be withdrawn.

**[REDACTED] game tickets**

**Questioned costs \$2,800.00**

As explained in PCADV's response to the draft audit the game tickets were not purchased with DHS funds but were paid with private contributions. Because it was not DHS funds there should be no reimbursement of these costs.

**PCADV**

**Explanation of allocation**

**FY 2015**

DHS' disallowance should be withdrawn.

**NNEDV membership**

**Questioned costs \$23,247.00**

To allocate indirect costs, please see the worksheet "Indirect Cost Allocation Rate". The indirect cost rate was calculated as direct costs / total direct costs. In FY 2015 the correct indirect cost rate is 66% for DHS grants.

**Software Costs including Abila and Wipfli**

**Disallowed costs \$34,483.86**

These items were specifically requested and approved in the re-budget approved by DHS and as such 100% allowable.

DHS' disallowance should be withdrawn

**Year-end adjustments**

**Disallowed costs \$7,385.62**

Included in this disallowance is \$5,140.00 for rent, which was previously discussed and adjusted. The remaining balance of \$2,245.62 is the reclassification of numerous small adjustments to printing, postage, subscriptions, telephone, supplies and meeting expenses, which properly allocated the expenses between PCCD STOP and CLR.

Since the disallowance for rent has already been adjusted DHS' disallowance should be withdrawn.

**Fathers Day Activities**

**Disallowed costs \$15,947.78**

The [redacted] invoices were allocated to FISA as indicated in the attached schedule. (FISA is cost center [redacted]) The amount allocated was properly allocated based on the nature of the work performed by Z-Brand.

DHS' disallowance should be withdrawn.

**Fathers Day Activities**

**Disallowed costs \$25,902.50**

**Disallowed costs \$23,505.67**

As explained in PCADV's response to the draft, advertising is an allowable expense based on the grant agreement and should not be disallowed.

DHS' disallowance should be withdrawn.

**Consultants**

[redacted]  
**Disallowed costs \$1,538.17**  
[redacted]

**PCADV**

**Explanation of allocation**

**FY 2015**

**Disallowed costs \$10,048.51**

These expenses were specifically requested and approved in the DHS re-budget so they are 100% allowable.

DHS' disallowance should be withdrawn.

**Disallowed costs \$30,185.00**

As explained in PCADV's response to the draft audit remote learner is the e-Learning platform used to provide training in domestic violence to program staff and volunteers across the Commonwealth. As such it is an allowable expense and was properly allocated in FY 2015.

DHS' disallowance should be withdrawn.

**Amount disallowed \$5,130.23**

The dashboard costs are allowable by DHS funding as well as PCCD funding. The invoices were correctly allocated to the funding source based on the details of the work performed by PSU.

DHS' disallowance should be withdrawn.

**Membership meetings**

**Amount disallowed \$48,672.64**

As explained in PCADV's response to the draft audit report, the membership meetings are an allowable expense due to the dissemination of technical information during the meetings. Since membership meetings are a specific line item in the budget approved by DHS it is allocated to DHS funding.

The allocating the cost of the VAWA conference to PCCD is not appropriate. There was no PCCD revenue related to the VAWA conference. When developing the VAWA conference the membership requested that PCADV ask PCCD to approve our online courses, classroom training, and conference workshops for our advocates to use for not only PCADV training requirements but also to meet PCCD's continuing education requirements. The advocates can use the training attendance to meet multiple requirements - PCADV, PCCD, and PCAR. Doing so saves time and resources. PCADV did this as a courtesy for the members and advocates.

PCADV is solely responsible for the bi-annual conference. We decide if and when to hold the conference based on the feedback and needs of our membership. PCCD is in no way involved in the planning, development or implementation of the online courses or our bi-annual conferences such as the VAWA conference. PCCD does not influence the content or the delivery methods. PCCD is not involved in the selection of the speakers, the conference location, signing of the contract with the venue, or any other part of the conference.

DHS' disallowance should be withdrawn.

**PCADV**

**Explanation of allocation**

**FY 2015**

**Per schedule provided by BFO "PCADV Questioned Costs"**

**Indirect Costs**

**Rent**

**Amount disallowed \$62,928.58**

Please see the "DHS questioned costs rent expense" schedule to see the calculation of PCADV's proposed disallowance in the amount of \$45,981.97.

**Payroll Reclassifications**

The percentages stated below were obtained upon review of employees' timecards.

**Amount disallowed \$50,740.91**

DHS funding includes Act 44/Act 222 (cost center [REDACTED] respectively), which provides support services to victims, Title XX (cost center [REDACTED]), which prevents or remedies neglect, abuse or exploitation of children and adults unable to protect their own interests.

In addition to DHS funding, HHS funding (cost center [REDACTED] is used to hold statewide and regional trainings for victim advocates. PCADV also received funding from PCCD. LAP funding (cost center [REDACTED] is to implement the Maryland model of Lethality Assessment Program connecting domestic violence victims with the lifesaving services of a domestic violence program.

All of [REDACTED] time was properly allocated in FY 2015 based on the time he spent developing the following training courses:

- Goal Planning and Decision Making
- Understanding the Child Welfare System
- Understanding and Responding to Crisis
- Domestic Violence in Later Life
- When Crisis Strikes Tool Kit
- Unauthorized Practice of Law

[REDACTED] spent 9% of his time working on the understanding and responding to crisis, which is used by victim's advocates and allocated to HHS funding. He spent 23 percent of his time on the domestic violence in later life module, which is related to the LAP funding and was allocated to it. The other modules listed provide support services to victims and was allocated to the DHS cost centers accordingly.

**Disallowed costs \$13,302.66**

DHS funding includes CLR (cost center [REDACTED], which is to develop a network of attorney specialists who are skilled in representing victims of domestic violence in family law and other civil matters. PCCD STOP funding (cost center [REDACTED]) supports statewide training, technical assistance and resource development for courts, law enforcement,

## PCADV

### Explanation of allocation

#### FY 2015

prosecution and victim services to improve counties' coordinated community response to domestic violence, dating violence, stalking and sexual assault. PCCD LAP funding (cost center [REDACTED]) is to implement the Maryland model of Lethality Assessment Program connecting domestic violence victims with the lifesaving services of a domestic violence program. A portion of OVW-DOJ funding (cost center [REDACTED]) is also used to conduct skill-based training for program staff and volunteers. DOJ-LAV funding (cost center [REDACTED]) is to support civil legal representation operated by one program. It also supported pro bono services to domestic violence victims with economic legal issues.

Lobbying activity, as well as any other activity that is unallowable for grant funding, is recorded in cost center [REDACTED]

GL code [REDACTED] is the director of the legal department. Her time was properly allocated. In FY 2015 she spent her time as follows:

3% of her time was directly related to DOJ-LAV  
18% of her time was directly related to PCCD STOP  
26% of her time was directly related to PCCD LAP  
50% of her time was directly related to CLR  
3% of her time was unallowable activities

Since the unallowable activities were properly recorded in cost center [REDACTED] there is no DHS disallowance.

GL code [REDACTED] is the senior attorney. Her time was properly allocated in FY 2015. She spent her time as follows:

44% of her time was directly related to PCCD STOP  
4% of her time was directly related to PCCD LAP  
52% of her time was directly related to CLR

GL code [REDACTED] is a training specialist whose time was also properly allocated in FY 2015. She spent her time as follows:

21% of her time was directly related to PCCD STOP  
73% of her time was directly related to PCCD LAP  
6% of her time was directly related to CLR

GL code [REDACTED] is the legal department technical assistance coordinator. She spent her time as follows:

50% of her time was directly related to CLR  
38% of her time was directly related to PCCD STOP  
6% of her time was spent on trainings/meetings directly related to HHS  
2% of her time was related to victim services Act 44/Act 222

**PCADV**

**Explanation of allocation**

**FY 2015**

4% of her time was spent on unallowable activities

The unallowable activity was properly charged to cost center [REDACTED] so there is no disallowance for DHS funding.

GL code [REDACTED] is the protection from abuse database technical support technician. His time was properly allocated in FY 2015. He spent 7% of his time directly related to CLR and 93% of his time was directly related to PCCD STOP.

The remaining GL code of [REDACTED] is an indirect position. Please refer to the allocation of indirect time/employees for the correct calculation of her salary.

**Allocation of indirect time/employees**

Please refer to the file [REDACTED] for the calculation and allocation of indirect salaries. The results are as follows:

	Salaries Charged	Updated Allocation	Difference for Disallowance
FY 2015	\$272,058.94	\$249,391.31	\$22,667.63

**Various Entries - Advertising**

**Disallowed costs \$148.35**

To allocate indirect costs, please see the worksheet "Indirect Cost Allocation Rate". The indirect cost rate was calculated as direct costs / total direct costs. In FY 2015 the correct indirect cost rate is 66% for DHS grants.

**Men can stop rape gift cards**

**Questioned costs \$930.60**

These were not gifts but rather payment for participation in a focus group and are therefore allowable under the grant.

DHS' disallowance should be withdrawn.

**Fathers Day advertising**

**Questioned costs \$55,577.49**

As explained in PCADV's response to the draft audit the advertising was required by the grant and therefore allowable.

DHS' disallowance should be withdrawn.

**[REDACTED] game tickets**

**Questioned costs \$2,800.00**

As explained in PCADV's response to the draft audit the game tickets were not purchased with DHS funds but were paid with private contributions. Because it was not DHS funds there should be no reimbursement of these costs.

**PCADV**

**Explanation of allocation**

**FY 2015**

DHS' disallowance should be withdrawn.

**NNEDV membership**

**Questioned costs \$23,247.00**

To allocate indirect costs, please see the worksheet "Indirect Cost Allocation Rate". The indirect cost rate was calculated as direct costs / total direct costs. In FY 2015 the correct indirect cost rate is 66% for DHS grants.

**Software Costs including [REDACTED]**

**Disallowed costs \$34,483.86**

These items were specifically requested and approved in the re-budget approved by DHS and as such 100% allowable.

DHS' disallowance should be withdrawn

**Year-end adjustments**

**Disallowed costs \$7,385.62**

Included in this disallowance is \$5,140.00 for rent, which was previously discussed and adjusted. The remaining balance of \$2,245.62 is the reclassification of numerous small adjustments to printing, postage, subscriptions, telephone, supplies and meeting expenses, which properly allocated the expenses between PCCD STOP and CLR.

Since the disallowance for rent has already been adjusted DHS' disallowance should be withdrawn.

**Fathers Day Activities**

**Disallowed costs \$15,947.78**

The [REDACTED] invoices were allocated to FISA as indicated in the attached schedule. (FISA is cost center [REDACTED]) The amount allocated was properly allocated based on the nature of the work performed by Z-Brand.

DHS' disallowance should be withdrawn.

**Fathers Day Activities**

**Disallowed costs \$25,902.50**

**Disallowed costs \$23,505.67**

As explained in PCADV's response to the draft, advertising is an allowable expense based on the grant agreement and should not be disallowed.

DHS' disallowance should be withdrawn.

**Consultants**

[REDACTED]

**Disallowed costs \$1,538.17**

[REDACTED]

**PCADV**

**Explanation of allocation**

**FY 2015**

**Disallowed costs \$10,048.51**

These expenses were specifically requested and approved in the DHS re-budget so they are 100% allowable.

DHS' disallowance should be withdrawn.

**Disallowed costs \$30,185.00**

As explained in PCADV's response to the draft audit remote learner is the e-Learning platform used to provide training in domestic violence to program staff and volunteers across the Commonwealth. As such it is an allowable expense and was properly allocated in FY 2015.

DHS' disallowance should be withdrawn.

**Amount disallowed \$5,130.23**

The [redacted] costs are allowable by DHS funding as well as PCCD funding. The invoices were correctly allocated to the funding source based on the details of the work performed by PSU.

DHS' disallowance should be withdrawn.

**Membership meetings**

**Amount disallowed \$48,672.64**

As explained in PCADV's response to the draft audit report, the membership meetings are an allowable expense due to the dissemination of technical information during the meetings. Since membership meetings are a specific line item in the budget approved by DHS it is allocated to DHS funding.

The allocating the cost of the VAWA conference to PCCD is not appropriate. There was no PCCD revenue related to the VAWA conference. When developing the VAWA conference the membership requested that PCADV ask PCCD to approve our online courses, classroom training, and conference workshops for our advocates to use for not only PCADV training requirements but also to meet PCCD's continuing education requirements. The advocates can use the training attendance to meet multiple requirements - PCADV, PCCD, and PCAR. Doing so saves time and resources. PCADV did this as a courtesy for the members and advocates.

PCADV is solely responsible for the bi-annual conference. We decide if and when to hold the conference based on the feedback and needs of our membership. PCCD is in no way involved in the planning, development or implementation of the online courses or our bi-annual conferences such as the VAWA conference. PCCD does not influence the content or the delivery methods. PCCD is not involved in the selection of the speakers, the conference location, signing of the contract with the venue, or any other part of the conference.

DHS' disallowance should be withdrawn.

**PCADV  
Allocation of Questioned Costs  
FY 2014  
Per schedule provided by BFO "PCADV Questioned Costs"**

**Indirect Costs**

**Rent**

**Amount disallowed \$53,764.38**

Please see the "DHS questioned costs rent expense" schedule to see the calculation of PCADV's proposed disallowance in the amount of \$29,099.17.

**Payroll Reclassifications**

The percentages stated below were obtained upon review of employees' timecards.

██████████ (E-Learning Specialist ██████████)

**Amount disallowed \$81,763.62**

DHS CLR funding is to develop a network of attorney specialists who are skilled in representing victims of domestic violence in family law and other civil matters. As such ██████████ time spent on the following modules is a direct cost to CLR funding:

- Understanding the Civil Justice System
- Understanding the Criminal Justice System
- Introduction to LGBTQ Domestic Violence

██████████ spent approximately 51% of his time developing these training courses, which is \$37,479.86 and allocated to CLR.

██████████ spent approximately 49% of his time developing training courses on safety planning, principles of advocacy and modules 1 through 6 of the Trauma-Informed, Survivor-Centered Advocacy training. These courses resulted in salary and benefits in the amount of \$36,299.39 and are specific to victim advocates. Act 44 and Act 222 funds serve the same purpose, which is to provide support services to victims and assist in prevention through community education. ██████████ training time supports victims' services as well as prevention so the salary and benefits were allocated to Act 44/Act 222.

██████████  
**Amount disallowed \$13,574.66**

DHS funding includes Act 44/Act 222 (cost center ██████████ respectively), which provides support services to victims, Title XX (cost center ██████████), which prevents or remedies neglect, abuse or exploitation of children and adults unable to protect their own interests, and CLR (cost center ██████████) which is to develop a network of attorney specialists who are skilled in representing victims of domestic violence in family law and other civil matters.

In addition to DHS funding, HHS funding (cost center ██████████) is used to hold statewide and regional trainings for victim advocates. A portion of OVW-DOJ funding (cost center ██████████) is also used to conduct skill-based training for program staff and

**PCADV  
Allocation of Questioned Costs  
FY 2014**

volunteers. The coordination of regional and statewide trainings/meetings involves most of the PCADV staff.

GL code [REDACTED] is the executive coordinator who is responsible for coordinating the materials, facilities and travel arrangements related to statewide and regional trainings/meetings. The total of her salary and benefits were properly reclassified. In FY 2014 the executive coordinator spent her time as follows:

21% of her time was spent on trainings/meetings directly related Title XX  
17% of her time was spent on trainings/meetings directly related to CLR  
4% of her time was spent on trainings/meetings directly related to HHS  
58% of her time was spent on DHS allowable trainings/meetings directly related to support services to victims

GL code [REDACTED] is described as building and supplies coordinator but she too is involved with statewide and regional trainings. The total of her salary and benefits were properly reclassified. She spent her time as follows:

5% of her time on trainings/meetings directly related to CLR  
5% of her time on statewide and regional trainings/meetings for victim advocates (HHS)  
2% of her time on skill –based trainings for program staff and volunteers  
88% of her time was spent on DHS allowable trainings/meetings directly related to support services to victims

The remaining GL codes of [REDACTED] are all indirect positions of HR director, finance director, finance coordinator, IT director and network systems administrator, respectively. Please refer to the allocation of indirect time/employees.

DHS' disallowance should be withdrawn.

**JE [REDACTED]  
Amount disallowed \$95,680.26**

As previously described DHS funding includes Act 44/Act 222 (cost center [REDACTED] [REDACTED] respectively), which provides support services to victims, Title XX (cost center [REDACTED], which prevents or remedies neglect, abuse or exploitation of children and adults unable to protect their own interests, and CLR (cost center [REDACTED]) which is to develop a network of attorney specialists who are skilled in representing victims of domestic violence in family law and other civil matters. DHS funding also includes funding for OIM, which is to provide training & technical assistance for CAOs and all new income maintenance caseworkers and clerical standard training programs on domestic violence and generational poverty.

**PCADV  
Allocation of Questioned Costs  
FY 2014**

In addition to DHS funding, HHS funding (cost center [REDACTED]) is used to hold statewide and regional trainings for victim advocates. A portion of OVW-DOJ funding (cost center [REDACTED]) is also used to conduct skill-based training for program staff and volunteers. DOJ-LAV funding (cost center [REDACTED]) is to support civil legal representation operated by one program. It also supported pro bono services to domestic violence victims with economic legal issues.

PCADV also received funding from PCCD. LAP funding (cost center [REDACTED]) is to implement the Maryland model of Lethality Assessment Program connecting domestic violence victims with the lifesaving services of a domestic violence program. STOP funding (cost centers [REDACTED]) supports statewide training, technical assistance and resource development for courts, law enforcement, prosecution and victim services to improve counties' coordinated community response to domestic violence, dating violence, stalking and sexual assault.

Fundraising activity, which is unallowable for grant funding, is recorded in cost center [REDACTED]. Lobbying activity, as well as any other activity that is unallowable for grant funding, is recorded in cost center 330 (unrestricted revenue).

GL code [REDACTED] is the executive director who is involved in every area of PCADV and its funding. Her salary and benefits were properly reclassified. In FY 2014 she spent her time as follows:

30% of her time was spent on not allowable activities (cost center [REDACTED])  
6% of her time was spent on fundraising (cost center [REDACTED])  
4% of her time was spent on skill-based training for program staff and volunteers (HHS)  
3% of her time was spent on trainings/meetings for victim advocates (DOJ)  
10% of her time was spent on activity related to CLR  
3% of her time was spent on activities related to Title XX  
44% of her time was spent on DHS allowable trainings/meetings directly related to support services to victims

The not allowable activities were properly allocated to cost center [REDACTED] so there is no disallowance on DHS funding.

GL code [REDACTED] is explained above.

GL code [REDACTED] is the Training Institute manager. PCADV's Training Institute is used to train all PCADV staff, as well as all program staff and volunteers throughout the Commonwealth, through an electronic learning platform. All of her salary and benefits were properly reclassified. In FY 2014 she spent her time as follows:

3% of her time was spent on skill-based training for program staff and volunteers (HHS)

## **PCADV**

### **Allocation of Questioned Costs**

#### **FY 2014**

10% of her time was spent on training activity related to CLR

2% of her time was spent on training activity related to Title XX

The remaining 44% of time, all related to DHS allowable training, and was properly allocated to Act 44/Act 222

GL code [REDACTED] is the director of prevention for PCADV. All of her time was properly reclassified. A majority of this position was funded by private grants. In FY 2014 she spent her time as follows:

54% of her time was related to prevention programs funded by private grants. Although her time was eligible for DHS funding her time was allocated to private grant funding instead

1% of her time was spent related to fundraising – talking about the prevention programs PCADV has or is developing

7% of her time was for prevention programs related to Title XX

The remaining 38% of her time was all DHS allowable prevention and was allocated to Act 44/Act 222.

The fundraising was charged to cost center [REDACTED] so there is no disallowance on DHS funding sources.

GL code [REDACTED] is the training specialist. All of her salary and benefits were properly reclassified. In FY 2014 she spent her time as follows:

6% of her time was training related to PCCD LAP

32% of her time was related to OIM training

The remaining 62% of her time, which was all related to allowable DHS training, was allocated to Act 44/Act 222

GL Code [REDACTED] is the training/technical assistant specialist. Her time was properly allocated. In FY 2014 she spent her time as follows:

8% of her time was spent on statewide and regional trainings for victim advocates (HHS)

38% of her time was spent on OIM trainings

The remaining 54% was all related to allowable DHS training and technical assistance and was allocated to Act 44/Act 222.

GL code [REDACTED] is the director of the legal department. Her time was also properly allocated. In FY 2014 she spent her time as follows:

2% of her time was directly related to DOJ-LAV

**PCADV**

**Allocation of Questioned Costs**

**FY 2014**

15% of her time was directly related to PCCD STOP

10% of her time was directly related to PCCD LAP

1% of her time was directly related to OVW-DOJ

65% of her time was directly related to CLR

6% of her time was unallowable activities

The remaining 1% of her time was related to victims' services and was allocated to Act 44/Act 222.

The unallowable activity was properly charged to cost center [REDACTED] so there is no disallowance for DHS funding.

The remaining GL codes of [REDACTED] are all indirect positions of HR director, IT director and network systems administrator, respectively. Please refer to the allocation of indirect time/employees.

DHS' disallowance should be withdrawn.

[REDACTED]  
**Amount disallowed \$34,645.60**

As previously mentioned, DHS funding includes Act 44/Act 222 (cost center [REDACTED] [REDACTED] respectively), which provides support services to victims. In addition to DHS funding, HHS funding (cost center [REDACTED]) is used to hold statewide and regional trainings for victim advocates. A portion of OVW-DOJ funding (cost center [REDACTED]) is also used to conduct skill-based training for program staff and volunteers.

GL code [REDACTED] is explained above.

GL code [REDACTED] is the director of communications. His time was properly reclassified. In FY 2014 he spent his time as follows:

13% of his time was spent directly related to skill-based training for program staff and volunteers (HHS)

5% of his time was spent on skill-based training for program staff and volunteers (OVW-DOJ)

77% of his time was spent directly related to CLR

The remaining 5% was related to DHS allowable training and victims' services so it was allocated to Act 44/Act 222.

GL code [REDACTED] is PCADV's policy specialist. Her time was properly reclassified. In FY 2014 she spent her time as follows:

21% of her time was spent on unallowable activities (such as lobbying)

## PCADV

### Allocation of Questioned Costs

#### FY 2014

4% of her time was spent directly related to skill-based training for program staff and volunteers (HHS)

44% of her time was spent directly on CLR

The remaining 31% of her time was related to DHS allowable training and victims' services so it was allocated to Act 44/Act 222.

The unallowable activity was properly charged to cost center [REDACTED] so there is no disallowance for DHS funding.

GL code [REDACTED] is the media relations and publications manager/communications specialist. Her time was properly reclassified. In FY 2014 she spent 44% of her time directly related to skill-based training for program staff and volunteers (HHS). The remaining 56% of her time was related to victims' services and allocated to Act 44/Act 222.

GL code [REDACTED] is explained above.

GL code [REDACTED] is the technical assistance specialist. Her time was properly reclassified. In FY 2014 she spent her time as follows:

12% of her time was spent on activity that was allowable by DHS and private grants. Her time was allocated to the private grants.

12% of her time was spent on skill-based training for program staff and volunteers (HHS)

6% of her time was spent on skill-based training for program staff and volunteers (OVW-DOJ)

7% of her time was spent on PCCD-LAP

The remaining 63% was related to DHS allowable training and technical assistance for victims and allocated to Act 44/Act 222.

GL code [REDACTED] is the legal department technical assistance coordinator. She spent her time as follows:

53% of her time was directly related to CLR

42% of her time was directly related to PCCD STOP

The remaining 5% was related to DHS allowable training and victims' services so it was allocated to Act 44/Act 222.

The remaining GL codes of [REDACTED] are all indirect positions of HR director, finance director, finance administrator, finance coordinator and network systems administrator, respectively. Please refer to the allocation of indirect time/employees.

**PCADV  
Allocation of Questioned Costs  
FY 2014**

DHS' disallowance should be withdrawn.

**Allocation of indirect time/employees**

Please refer to the file "indirect salaries allocation" for the calculation and allocation of indirect salaries. The results are as follows:

	Salaries Charged	Updated Allocation	Difference for Disallowance
FY 2014	\$285,545.10	\$260,153.33	\$25,391.77

**Various entries – Advertising  
Amount disallowed \$30,051.39**

The advertising is an allowable expense because it was part of the requirements of the grant. When the reclassification was made there was an error in the amount, which resulted in a net surplus balance in expenses in cost center [REDACTED]. Therefore, the **correct** disallowed amount is the net surplus of \$2,581.49.

**IT Consultants  
Disallowed costs \$659.00**

**Software  
Disallowed costs \$9,547.62**

To allocate indirect costs, please see the worksheet "Indirect Cost Allocation Rate". The indirect cost rate was calculated as direct costs / total direct costs. In FY 2014 the indirect cost rate is 63% for DHS grants.

**[REDACTED] Dashboard  
Amount disallowed \$21,216.96**

The [REDACTED] dashboard costs are allowable by DHS funding as well as PCCD funding. The invoices were correctly allocated to the funding source based on the details of the work performed by PSU. The victim services dashboard and the technical assistance (TA) database were charged to DHS and the LAP dashboard was charged to PCCD.

DHS' disallowance should be withdrawn.

**Membership meetings  
Amount disallowed \$37,465.07**

As explained in PCADV's response to the draft audit report, the membership meetings are an allowable expense due to the dissemination of technical information during the meetings. Membership meetings are a specific line item in the budget approved by DHS so it is allocated to DHS funding.

DHS' disallowance should be withdrawn.

PCADV's methodology of allocating grant related expenses were the same for fiscal year 2013-2014 (FY 2014) and fiscal year 2014 - 2015 (FY 2015.) The general approach is as follows:

All allowable direct costs that benefit one funding source are charged directly to that funding source.

All allowable direct costs that benefit more than one funding source are allocated proportionately.

All allowable indirect costs that benefit all funding sources are allocated proportionately using a base that results in an equitable distribution.

For example, direct salaries and benefits are allocated based on the time spent on each funding source as documented by employees' timecards. Not allowable activities, such as fundraising and lobbying, are posted to cost center [REDACTED] respectively.

Indirect salaries, such as finance, human resources and information technology, are allocated proportionately across all funding sources, including fundraising and lobbying, based on each funding sources' total salaries.

Indirect costs that benefit all funding sources are allocated bases on each funding sources' total expense less salaries and benefits. The only exception to this is rent, which is allocated based on salaries and usable square footage. Rent related to indirect employees is further allocated based on the ratio of the program square footage to total square footage of all programs.

Attached you will find a summary of FY 2014 and FY 2015 DHS questioned costs which shows DHS' disallowed costs and PCADV's disallowed costs. PCADV believes that in FY 2014 there was \$66,810 in disallowed costs. In FY 2015 we believe there was \$79,002 in disallowed costs for a total of \$145,812. Behind each summary sheet is supporting details including the indirect cost allocation rate, the allocation of indirect salaries, the calculation of rent expense and a detailed explanation of each expense listed on the summary page.

PCADV

DHS Audit

Questioned Costs FY 2014

Per BFO schedule of questioned costs supplied to PCADV:

Indirect Costs	DHS Disallowed	PCADV Calculated Disallowed	
Rent	53,764.38	29,099.17	see rent calculation worksheet
<b>Payroll Reclassifications:</b>			
[REDACTED]	81,736.62	0.00	
[REDACTED]	13,574.66	0.00	
[REDACTED]	95,680.26	0.00	
[REDACTED]	34,645.60	0.00	
Indirect Salaries Overcharged		25,391.77	see indirect salaries worksheet
Various Entries-Advertising	30,051.39	2,581.49	net expense surplus in cost center [REDACTED]
Men can stop rape gift cards			
Fathers Day advertising			
[REDACTED] game tickets			
NNEDV membership dues			
Travel - Per diem			
IT Consultants	659.00	635.37	63% correct allocation rate
Software	9,547.62	9,101.89	63% correct allocation rate
Year end adjustments			
Consultants			
Fathers Day Activities-share with FISA			
Fathers Day Activities-advertising not allowed			
Fathers Day Activities-[REDACTED]			
[REDACTED]	21,216.96	0.00	the invoice was split with LAP funding based on worked performed
Membership Meetings	37,465.07	0.00	Membership meetings are a specific line item in the DHS budget
JE [REDACTED] - [REDACTED] meeting			

PCADV  
DHS Audit  
Questioned Costs

FY 2014	
<u>378,341.56</u>	<u>66,809.69</u>

PCADV  
DHS Audit  
Questioned Costs FY 2015

Per BFO schedule of quest

Indirect Costs	DHS Disallowed	PCADV Calculated Disallowed	
Rent	62,928.58	45,981.97	see rent calculation worksheet
<b>Payroll Reclassifications:</b>			
[REDACTED]	50,740.91	0.00	
[REDACTED]	13,302.66	0.00	
Indirect Salaries Overcharge		22,667.63	see indirect salaries worksheet
Various Entries-Advertising	148.35	50.44	
Men can stop rape gift card	930.60	0.00	not gifts - compensation for participation in focus groups
Fathers Day advertising	55,577.49	0.00	advertising was required by the grant and therefore allowable
[REDACTED] game tickets	2,800.00	0.00	not paid with DHS grant money
NNEDV membership dues	23,247.00	7,903.98	66% correct allocation rate
Travel - Per diem	2,889.56	2,889.56	PCADV does not dispute the calculation
IT Consultants	(391.02)	(491.26)	66% correct allocation rate
Software	34,483.86	0.00	this was specified in the re-budget request approved by DHS
Year end adjustments	7,385.62	0.00	
<b>Consultants</b>			
Fathers Day Activities [REDACTED]	15,947.78	0.00	Costs were properly allocated with FISA
Fathers Day Activities [REDACTED]	25,902.50	0.00	advertising costs are outreach as required by the grant
Fathers Day Activities [REDACTED]	23,505.67	0.00	advertising costs are outreach as required by the grant
[REDACTED]	1,538.17	0.00	this was specified in the re-budget request approved by DHS
[REDACTED]	10,048.51	0.00	this was specified in the re-budget request approved by DHS
[REDACTED]	30,185.00	0.00	
[REDACTED]	5,130.23	0.00	the invoice was split with LAP funding based on work performed
Membership Meetings	48,672.64	0.00	Membership meetings are a specific line item in the DHS budget
JE [REDACTED] - VAWA meeting	32,519.32	0.00	Membership meetings are a specific line item in the DHS budget

PCADV  
DHS Audit  
Questioned Costs

FY 2015	
447,493.43	79,002.32

**PCADV**

**Indirect Cost Allocation Rate**

**Allocated based on total expenses less salaries and benefits**

	<b>FY 2014</b>	
<b>Cost Center</b>	<b>Total Expenses</b>	<b>%</b>
	278,201.11	7.9%
	404,798.00	11.5%
	1,380,516.53	39.2%
	69,146.00	2.0%
	173,233.86	4.9%
	499,835.14	14.2%
	90,000.00	2.6%
	173,804.33	4.9%
	37,481.77	1.1%
	0.00	0.0%
	0.00	0.0%
	65,677.52	1.9%
	16,125.20	0.5%
	107,986.89	3.1%
	125,834.14	3.6%
	102,026.87	2.9%
<b>Total</b>	<b>3,524,667.36</b>	<b>100.0%</b>
<b>DHS Portion</b>		<b>62.8%</b>

PCADV      PCADV  
 Indirect Cost Indirect Cost Allocation Rate  
 Allocated based on total expenses less salaries and benefits

FY 2015		
Cost Center	Total Expenses	%
	247,211.76	7.0%
	390,755.58	11.1%
	1,520,023.03	43.1%
	67,026.71	1.9%
	174,560.52	5.0%
	494,465.43	14.0%
	78,563.46	2.2%
	288,551.21	8.2%
	100,128.43	2.8%
	108,143.00	3.1%
	74,023.65	2.1%
	44,398.78	1.3%
	28,390.87	0.8%
	0.00	0.0%
	106,986.75	3.0%
	105,927.30	3.0%
Total	<u>3,829,156.48</u>	108.6%
DHS Portion		66.2%

PCADV  
DHS audit  
Questioned Costs  
Allocation of indirect salaries

FY 2014

Cost Center	Description	Total Salaries	Less Indirect	Adjusted Salaires	%	Indirect Salary Allocation	Salaries charged	Difference
	Fundraising	113,675.86	9,169.79	104,506.07	8.5%	27,094.62	9,169.79	17,924.83
	Unrestricted revenues	58,162.07	0.00	58,162.07	4.7%	15,079.31	0.00	15,079.31
	Act 44	779,701.00	137,560.37	642,140.63	52.0%	166,483.67	137,560.37	28,923.30
	Act 222	35,166.00	1,536.25	33,629.75	2.7%	8,718.97	1,536.25	7,182.72
	Title XX	93,941.01	76,840.60	17,100.41	1.4%	4,433.51	76,840.60	(72,407.09)
	CLR	342,096.00	69,607.88	272,488.12	22.1%	70,646.24	69,607.88	1,038.36
	OIM	38,073.00	0.00	38,073.00	3.1%	9,870.94	0.00	9,870.94
	HHS	84,886.39	29,195.51	55,690.88	4.5%	14,438.62	29,195.51	(14,756.89)
	DOJ	17,384.88	5,140.84	12,244.04	1.0%	3,174.43	5,140.84	(1,966.41)
		<u>1,563,086.21</u>	<u>329,051.24</u>	<u>1,234,034.97</u>	<u>100.0%</u>	<u>319,940.31</u>	<u>329,051.24</u>	<u>(9,110.93)</u>
DHS Portion		1,288,977.01	285,545.10	1,003,431.91	0.81	260,153.33	285,545.10	(25,391.77)

Indirect Salaries:

GL Code	Salary	Less direct allocation	Indirect salary to allocate	%
	82,031.52		82,031.52	25.6%
	40,943.01	10,972.09	29,970.92	9.4%
	72,779.07	27,656.08	45,122.99	14.1%
	48,251.33	16,887.73	31,363.60	9.8%
	35,197.49	12,319.21	22,878.28	7.2%
	76,807.34	10,929.51	65,877.83	20.6%
	50,229.45	7,534.28	42,695.17	13.3%
		<u>86,298.90</u>	<u>319,940.31</u>	<u>100.0%</u>

PCADV  
DHS audit  
Questioned Costs  
Allocation of indirect salaries

FY 2015

Cost Center	Description	Salaries	Less Indirect	Adjusted Salaires	%	Indirect Salary Allocation	Salaries charged	Difference
	Fundraising	129,240.96	0.00	129,240.96	9.9%	35,881.19	0.00	35,881.19
	Unrestricted revenues	133,049.25	16,175.10	116,874.15	9.0%	32,447.79	16,175.10	16,272.69
	Act 44	730,264.91	222,176.52	508,088.39	39.1%	141,060.67	222,176.52	(81,115.85)
	Act 222	19,776.95	11,300.13	8,476.82	0.7%	2,353.42	11,300.13	(8,946.71)
	Title XX	97,685.96	38,582.29	59,103.67	4.5%	16,408.96	38,582.29	(22,173.33)
	CLR	297,337.16	0.00	297,337.16	22.9%	82,549.77	0.00	82,549.77
	OIM	25,280.00	0.00	25,280.00	1.9%	7,018.49	0.00	7,018.49
	HHS	174,034.94	56,837.72	117,197.22	9.0%	32,537.49	56,837.72	(24,300.23)
	DOJ	58,261.95	19,964.68	38,297.27	2.9%	10,632.48	19,964.68	(9,332.20)
		<u>1,664,932.08</u>	<u>365,036.44</u>	<u>1,299,895.64</u>	<u>100.0%</u>	<u>360,890.26</u>	<u>365,036.44</u>	<u>(4,146.18)</u>
DHS Portion		1,170,344.98	272,058.94	898,286.04	0.69	249,391.31	272,058.94	(22,667.63)

Indirect Salaries:

GL Code	Salary	Less direct allocation	Indirect salary to allocate	%
	43,045.56		43,045.56	11.9%
	43,045.56	8,517.17	34,528.39	9.6%
	71,686.33	3,235.44	68,450.89	19.0%
	52,156.15	450.74	51,705.41	14.3%
	43,227.82	1,997.83	41,229.99	11.4%
	80,634.90	3,213.14	77,421.76	21.5%
	47,858.38	3,350.12	44,508.26	12.3%
		<u>20,764.44</u>	<u>360,890.26</u>	<u>100.0%</u>

**DHS questioned costs rent expense**

	<b>7/1/2013 - 6/30/2014</b>	
7/1/2013 - 12/31/2013	22,956.84	per month
# months	<u>6</u>	
Subtotal	<u>137,741.04</u>	
1/1/2014 - 6/30/2014	23,530.76	
# months	<u>6</u>	
Subtotal	<u>141,184.56</u>	
Total rent expense paid	278,925.60	
NRCDV share	27.31%	
NRCDV share	<u>76,174.58</u>	
PCADV share	202,751.02	
DHS proportionate share based on PCADV cost allocation plan	<u>64%</u>	
DHS' share rent expense	129,760.65	
Rent expense charged	<u>158,859.82</u>	
Difference	<u><u>(29,099.17)</u></u>	

**PCADV**

**DHS questioned costs rent expense**

	<b>7/1/2014 - 6/30/2015</b>	
7/1/2014 - 12/31/2015	23,530.76	per month
# months	<u>6</u>	
Subtotal	<u>141,184.56</u>	
1/1/2015 - 6/30/2015	24,119.03	
# months	<u>6</u>	
Subtotal	<u>144,714.18</u>	
	285,898.74	
NRCDV share	27.31%	
NRCDV share	<u>78,078.95</u>	
PCADV share	<u>207,819.79</u>	
DHS proportionate share based on PCADV cost allocation plan	<u>63%</u>	
DHS' share rent expense	130,926.47	
Rent expense charged	<u>176,908.44</u>	
Difference	<u><u>(45,981.97)</u></u>	