



**AUDIT OF OFFICE ON VIOLENCE AGAINST WOMEN
RURAL DOMESTIC VIOLENCE, DATING VIOLENCE,
SEXUAL ASSAULT, AND STALKING ASSISTANCE
PROGRAM GRANT
AWARDED TO THE ARIZONA ASSOCIATION OF
COMMUNITY HEALTH CENTERS
PHOENIX, ARIZONA**

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

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October 2010

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EXECUTIVE SUMMARY

The Office of the Inspector General, Audit Division, has completed an audit of the Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program (Rural Program) Grant No. 2007-WR-AX-0001 in the amount of \$1,472,700 (including one supplement) awarded by the Office on Violence Against Women (OVW) to the Arizona Association of Community Health Centers (AACHC).

The primary purpose of the Rural Program is to enhance the safety of child, youth, and adult victims of domestic violence, dating violence; sexual assault; and stalking by supporting projects uniquely designed to address and prevent these crimes in rural jurisdictions. Rural Program grant funds are used to support programs that: (1) identify, assess, and appropriately respond to child, youth, and adult victims of domestic violence, dating violence, sexual assault, and stalking in rural communities by encouraging collaboration among domestic violence, dating violence, sexual assault, and stalking victim service providers; law enforcement agencies; prosecutors; courts; other criminal justice service providers; human and community service providers; educational institutions; and health care providers; (2) establish and expand nonprofit, nongovernmental, state, tribal, territorial, and local government victim services in rural communities to child, youth, and adult victims; and (3) increase the safety and well-being of women and children in rural communities by dealing directly and immediately with domestic violence, dating violence, sexual assault, and stalking occurring in rural communities; and creating and implementing strategies to increase awareness and prevent domestic violence, dating violence, sexual assault, and stalking.

The OVW, a component of the U.S. Department of Justice, provides national leadership in developing the nation's capacity to reduce violence against women through the implementation of the Violence Against Women Act (VAWA). Created in 1995, the OVW administers financial and technical assistance to communities across the country that are developing programs, policies, and practices aimed at ending domestic violence, dating violence,

sexual assault, and stalking. Currently, the OVW administers two formula grant programs and 17 discretionary grant programs, which were established under the VAWA and subsequent legislation. Since its inception, the OVW has awarded nearly \$4 billion in grants and cooperative agreements, and has launched a multifaceted approach to implementing the VAWA. By forging state, local, and tribal partnerships among police, prosecutors, victim advocates, health care providers, faith leaders, and others, the OVW grant programs help provide victims with the protection and services they need to pursue safe and healthy lives, while simultaneously enabling communities to hold offenders accountable for their violence.

In addition to overseeing 19 federal grant programs, the OVW often undertakes a number of special initiatives in response to areas of special need, dedicating resources to develop enhancements in areas requiring particular attention or in communities facing particularly acute challenges. The OVW special initiatives include, but are not limited to, the Judicial Oversight Demonstration Initiative, the President's Family Justice Center Initiative, the Safety for Indian Women from Sexual Assault Offenders Demonstration Initiative, and the National Protocol for Sexual Assault Forensic Exams. These special initiatives allow the OVW to explore different innovations in the violence against women field and share knowledge that can be replicated nationwide.

The AACHC is the Primary Care Association (PCA) for the State of Arizona. All states have one designated PCA in order to advance both the expansion of Federally Qualified Health Centers (FQHC) and advocate for the health care interests of the medically underserved and uninsured. As a result, the AACHC has many programs to assist member community health centers and the disadvantaged populations they serve. According to the AACHC, the AACHC assists health centers in accelerating eligibility determination by providing training and technical assistance regarding the Health-e Arizona web-based eligibility portal. Also, the community development program assists rural communities and the AACHC's existing membership in creating or expanding medical services to underserved areas in order to create more access to health care.

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel and indirect costs; (4) budget

management and control; (5) matching; (6) property management; (7) program income; (8) financial and progress reports; (9) grant requirements; (10) program performance and accomplishments; and (11) monitoring of subrecipients and contractors. We determined that matching costs, indirect costs, program income, and monitoring of contractors were not applicable to this grant.

As shown in the exhibit below, the AACHC was awarded a total of \$1,472,700 to implement the grant program.

EXHIBIT 1. RURAL PROGRAM GRANT TO THE ARIZONA ASSOCIATION OF COMMUNITY HEALTH CENTERS

GRANT AWARD	AWARD DATE	AWARD END DATE	AWARD AMOUNT
2007-WR-AX-0001	09/13/2007	09/30/2009	\$ 897,700
Supplement 1	09/25/2009	09/30/2011	575,000
Total:			\$ 1,472,700

Source: OJP Grants Management System (GMS)

We examined the AACHC’s accounting records, financial and progress reports, and operating policies and procedures, and found:

- Individual instances where drawdowns exceeded grant expenditures for that drawdown period. However, cumulatively, grant expenditures exceeded drawdowns.
- During transaction testing, with the exception of one transaction totaling \$24,336, we found that the transactions reviewed were generally properly authorized, classified, supported, and charged to the grant.
- Payroll and fringe costs that were not supported by time recorded on timesheets, resulting in unsupported costs of \$1,221.
- Financial Status Reports and Federal Financial Reports were not accurate when compared to accounting records. Also, AACHC has implemented a policy stating that all invoices must be received no later than the 15th of the following month. However, this policy was implemented in March 2010.
- The AACHC needs to improve procedures used to verify the information compiled from subrecipients for Progress Reports in order to ensure accurate Progress Reports.

- The AACHC needs to improve monitoring of subrecipients in order to ensure that subrecipient audit reports are received and communicated with the AACHC and that subrecipients' financial operations, records, systems, and procedures are properly monitored.

These items are discussed in detail in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology are discussed in Appendix I.

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The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns;

(3) grant expenditures, including personnel and indirect costs; (4) budget management and control; (5) matching; (6) property management; (7) program income; (8) financial and progress reports; (9) grant requirements; (10) program performance and accomplishments; and (11) monitoring of subrecipients and contractors. We determined that matching costs, indirect costs, program income, and monitoring of contractors were not applicable to this grant. As shown in Exhibit 1, the AACHC was awarded a total of \$1,472,700 to implement the grant program.

EXHIBIT 1. RURAL PROGRAM GRANT TO THE ARIZONA ASSOCIATION OF COMMUNITY HEALTH CENTERS

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Background

The OVW, a component of the U.S. Department of Justice, provides national leadership in developing the nation's capacity to reduce violence against women through the implementation of the Violence Against Women Act (VAWA). Created in 1995, the OVW administers financial and technical assistance to communities across the country that are developing programs, policies, and practices aimed at ending domestic violence, dating violence, sexual assault, and stalking. Currently, the OVW administers two formula grant programs and 17 discretionary grant programs, which were established under the VAWA and subsequent legislation. Since its inception, the OVW has awarded nearly \$4 billion in grants and cooperative agreements, and has launched a multifaceted approach to implementing the VAWA. By forging state, local, and tribal partnerships among police, prosecutors, victim advocates, health care providers, faith leaders, and others, the OVW grant programs help provide victims with the protection and services they need to pursue safe and healthy lives, while simultaneously enabling communities to hold offenders accountable for their violence.

In addition to overseeing 19 federal grant programs, the OVW often undertakes a number of special initiatives in response to areas of special need, dedicating resources to develop enhancements in areas requiring particular attention or in communities facing particularly acute challenges. The OVW special initiatives include, but are not limited to, the Judicial

Oversight Demonstration Initiative, the President's Family Justice Center Initiative, the Safety for Indian Women from Sexual Assault Offenders Demonstration Initiative, and the National Protocol for Sexual Assault Forensic Exams. These special initiatives allow the OVW to explore different innovations in the violence against women field and share knowledge that can be replicated nationwide.

The AACHC is the Primary Care Association (PCA) for the State of Arizona. All states have one designated PCA in order to advance both the expansion of Federally Qualified Health Centers (FQHC) and advocate for the health care interests of the medically underserved and uninsured.

As a result, the AACHC has many programs to assist member community health centers and the disadvantaged populations they serve. According to the AACHC, the AACHC assists health centers in accelerating eligibility determination by providing training and technical assistance regarding the Health-e Arizona web-based eligibility portal. Also, the community development program assists rural communities and the AACHC's existing membership in creating or expanding medical services to underserved areas in order to create more access to health care.

Through Grant No. 2007-WR-AX-0001, the AACHC, in partnership with the Arizona Coalition Against Domestic Violence (AZCADV), five of Arizona's FQHC sites now employ full-time domestic violence medical advocates (advocates) responsible for coordinating an institutionalized, culturally and linguistically sensitive, clinic-wide response to domestic violence, including appropriate screening, community education, and provision of advocacy services to meet patient needs, as well as participation in or development of a coordinated community response to domestic violence. Advocates also provide crisis counseling, ongoing counseling, and assistance with specific legal and medical needs. The five FQHC sites that employ an advocate for the Rural Program are:

- Desert Senita Community Health Center,
- North Country HealthCare (Holbrook Site),
- North Country HealthCare (St. Johns Site),
- Mariposa Community Health Center, and
- Chiricahua Community Health Center.

According to the AACHC, the medical advocates work closely with law enforcement to ensure that victims' legal rights are not compromised regardless of economic or immigration status. The Rural Program is working to ensure that the advocates receive training on the VAWA and the protections it provides for battered immigrant women. Each medical

advocate is responsible for implementing a comprehensive, multidisciplinary education program for medical providers, law enforcement, social service providers, and community residents. The medical advocates work closely with local health workers, where available, on community outreach to educate on the dynamics of domestic violence and the resources and protections available for victims.

Our Audit Approach

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the *Office of Justice Programs Financial Guide* and the award documents.

In conducting our audit, we performed sample testing in four areas, which were drawdowns, grant expenditures, and payroll. In addition, we reviewed the timeliness and accuracy of financial reports and progress reports, evaluated performance to grant objectives, evaluated the grantee's monitoring of subrecipients, and reviewed the internal controls of the financial management system.

We examined the AACHC's accounting records, financial and progress reports, and operating policies and procedures, and found:

- Individual instances where drawdowns exceeded grant expenditures for that drawdown period. However, cumulatively, grant expenditures exceeded drawdowns.
- During transaction testing, with the exception of one transaction totaling \$24,336, we found that the transactions reviewed were generally properly authorized, classified, supported, and charged to the grant.
- Payroll and fringe costs that were not supported by time recorded on timesheets, resulting in unsupported costs of \$1,221.
- Financial Status Reports and Federal Financial Reports were not accurate when compared to accounting records. AACHC has implemented a policy stating that all invoices must be received no later than the 15th of the following month. However, this policy was not implemented until March 2010.

- The AACHC needs to improve procedures used to verify the information compiled from subrecipients for Progress Reports in order to ensure accurate Progress Reports.
- The AACHC needs to improve monitoring of subrecipients in order to ensure that subrecipient audit reports are received and communicated with the AACHC and that subrecipients' financial operations, records, systems, and procedures are properly monitored.

These items are discussed in detail in the Findings and Recommendations section of the report. Our audit objectives, scope, and methodology are discussed in Appendix I.

FINDINGS AND RECOMMENDATIONS

We found that the transactions reviewed were generally properly authorized, classified, supported, and charged to the grant. However, we identified individual instances where drawdowns exceeded grant expenditures for that drawdown period. During testing of payroll costs, we identified unsupported costs totaling \$1,221. We determined that Financial Status Reports (FSR), Federal Financial Reports (FFR), and Progress Reports were generally submitted on a timely basis. However, these financial reports were not always accurate and the procedures used to verify the information contained in Progress Reports need to be improved in order to ensure accurate reports. We determined that the AACHC needs to improve monitoring of subrecipients in order to ensure that subrecipient audit reports are received and communicated with the AACHC and that subrecipients' financial operations, records, systems, and procedures are properly monitored. Overall, we did not identify any indications that AACHC is not on track to accomplish the goals and objectives of the grant

Internal Control Environment

We reviewed the AACHC's financial management system, policies and procedures, Single Audit Reports, and Site Visit Reports to assess the AACHC's risk of non-compliance to laws, regulations, guidelines, and terms and conditions of the grant. We also interviewed AACHC officials regarding payroll, purchasing, and accounts payable to further assess risk.

Single Audit

According to OMB Circular A-133, non-federal entities that expend \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in a year in federal awards shall have a single or program-specific audit conducted for that year. As shown in the Schedule of Expenditures in Federal Reports section of each Single Audit Report, the AACHC expended \$1,197,498 in federal funds in Fiscal Year (FY) ending March 31, 2008, (\$185,216 in Rural Program funds) and \$1,477,913 in federal funds (\$392,049 Rural Program funds) in FY ending March 31, 2009. Therefore, we determined that the AACHC was required under OMB Circular A-133 to have a Single Audit performed.

The Single Audit Report for FY ending March 31, 2008, had one finding relating to its financial statements; in particular, several revenue accounts were misclassified and grant receivables were not recorded when earned as required by generally accepted accounting principles. This finding did not relate to grants from the Department of Justice (DOJ). For the Single Audit Report for FY ending March 31, 2009, one finding related to its financial statements: the beginning net assets did not match the prior year's end balance (this was due to a change in accounting software). We found that the AACHC's response to the audit report findings were included in the Single Audit Reports for FY ending March 31, 2008, and March 31, 2009.

We also determined that there were no findings or recommendations that related to DOJ grant funds or crosscutting issues to all federal awards awarded to the AACHC.

Site Visit

We determined that as of the date of our fieldwork, one site visit was conducted by the Office of Justice Programs (OJP), Office of the Chief Financial Officer (OCFO) on February 18, 2010. After reviewing the results from the site visit report, one recommendation was made which concerned Grant No. 2007-WR-AX-0001:

An analysis of the financial activity for the grant reviewed disclosed that the cumulative expenditures reported by the Arizona Association of Community Health Centers (Association) on the most recent Federal Financial Report (FFR) did not reconcile to their accounting system. The Association reported total Federal expenditures of \$754,330 as of December 31, 2009 on the FFR. However, the Association's accounting records indicate expenditures of \$825,795.

The Association should review their accounting records and supporting documentation to determine the actual allowable cumulative expenditures for this grant. Based on the results of this review, the next FFR submitted for this grant should be adjusted to reflect the cumulative costs incurred.

We obtained a copy of AACHC's response regarding the recommendation made in the site visit report and determined that the response adequately addressed the recommendation.

Financial Management System

In addition to reviewing previous single audits and site visit reports, we also reviewed the AACHC's financial management system to assess risk. AACHC officials included the procedures that provided for segregation of duties, transaction traceability, and system security. Based on our review of the AACHC's policies and procedures and interviews with AACHC personnel, we did not identify any internal control issues that would affect compliance with applicable requirements of the Rural Program.

Drawdowns

AACHC officials stated that drawdowns were based on reimbursements of actual expenditures in the accounting records. An AACHC official explained that grant funds are electronically deposited into the AACHC's main bank account and that no separate account has been made to house funds for the grant. We also obtained the bank statements from months containing the last four drawdowns made for Grant No. 2007-WR-AX-0001 and determined that drawdowns are deposited via electronic funds transfer to the AACHC's main bank account maintained by an AACHC official.

According to the *OJP Financial Guide*, grant recipient organizations should request funds based upon immediate disbursement/reimbursement requirements. Recipients should time their drawdown requests to ensure that Federal cash on hand is the minimum needed for reimbursements to be made immediately or within 10 days. As shown in Exhibit 2, we also reviewed the accounting records and compared expenditures to the actual drawdowns and found five instances where the amount drawn down was significantly larger than the grant expenditures for that period.

EXHIBIT 2. DRAWDOWNS VERSUS ACCOUNTING RECORDS¹

DATE OF DRAWDOWN PER OJP	AMOUNT DRAWN PER OJP	GRANT EXPENDITURES PER ACCOUNTING RECORDS FOR DRAWDOWN PERIOD	DIFFERENCE BETWEEN AMOUNT DRAWN PER OJP AND ACCOUNTING RECORDS	CUMULATIVE DRAWDOWNS PER OJP	CUMULATIVE EXPENDITURES PER ACCOUNTING RECORDS	CUMULATIVE DIFFERENCE BETWEEN AMOUNT DRAWN PER OJP AND ACCOUNTING RECORDS
10/24/2007	\$ 37,404	\$ 3,823	\$ (33,581)	\$ 37,404	\$ 3,823	\$(33,581)
11/01/2007	37,404	3,791	(33,614)	74,808	7,614	(67,195)
12/03/2007	18,702	17,617	(1,085) ²	93,510	25,230	(68,280)
04/01/2008	92,725	160,541	67,815	186,236	185,771	(465)
08/13/2008	76,043	120,810	44,767	262,279	306,581	44,303
12/10/2008	136,848	120,800	(16,048)	399,127	427,382	28,255
04/01/2009	137,547	141,289	3,370	536,673	568,671	31,998
07/17/2009	218,064	90,275	(127,789)	754,737	658,948	(95,791)
02/16/2010	90,883	178,501	88,128	845,621	837,447	(8,174)
03/23/2010	49,091	83,317	34,226	894,712	920,764	26,052
03/24/2010	46,159	-	(46,159)	940,871	920,764	(20,107)

Source: Office of Justice Programs and AACHC

AACHC officials explained that the AACHC has drawn down funds on a reimbursement basis based on the expenses for a certain period. However, the AACHC has had some trouble in the past in obtaining invoices from the FQHC sites in a timely manner and as a result, the AACHC drew down funds for a period and subsequently received invoices that must be recorded in that period. AACHC officials also explained that this practice has caused inconsistencies that have been adjusted on the next drawdown. As part of the AACHC's monitoring visit in February 2010, this issue was noted and the AACHC has implemented a policy stating that all invoices must be received no later than the 15th of the following month. However, this policy was not implemented until March 2010.

¹ Differences in total amounts are due to rounding. The sum of individual numbers prior to rounding may differ from the sum of the individual numbers rounded.

² We do not take exception to the drawdown made on December 3, 2007. We determined that the expenditures made 10 days after the drawdown were larger than the difference noted in exhibit 2.

An AACHC official also stated that the first few drawdowns were done by former employees who were working under the guidelines for grants that did not involve the DOJ. This meant that they were drawing down a portion of the grant based on a time period and not based on actual expenses. This resulted in funding being recorded as deferred income and recognized as the expenses were incurred. An AACHC official also explained that current staff, who have received proper training from the DOJ, have adjusted this practice and all subsequent drawdowns have been on a reimbursement basis.

Based on the results of our comparison of actual drawdowns to accounting records, we determined that AACHC officials exceeded minimum cash on hand as required in the *OJP Financial Guide*. However, AACHC officials also provided additional expenditures from the month following the most recent drawdown which total \$20,415.14. Therefore, cumulative expenditures (including 10 days after the last drawdown) exceed the cumulative drawdowns for Grant No. 2007-WR-AX-0001. Since cumulative expenditures exceed cumulative drawdowns and AACHC officials have implemented a policy to ensure timely invoices from the FQHC sites, we do not take exception regarding the AACHC exceeding minimum cash on hand for all drawdown periods.

Budget Management and Control

As noted in Exhibit 1, the AACHC received one award for \$897,700, with a supplemental award of \$575,000. We compared the approved budgets for this award to the actual expenditures as shown in the AACHC's accounting system. We determined that grant expenditures did not exceed the approved grant budget in any budget category.

Grant Expenditures

Direct and Subrecipient Costs

We reviewed the general ledger account designated for grant funds and selected a judgmental sample of 41 transactions, totaling \$261,053. During testing, we examined one transaction which, AACHC officials explained was a reimbursement to the Mariposa Community Health Center totaling \$24,336 for a grant that the AACHC had received from the Arizona Attorney General's Office that did not concern the Rural Program. AACHC officials also explained that this transaction was erroneously included in the accounting records for the Rural Program grant and that they planned on recording a reversing entry to remove the transaction from the Rural Program accounting records and make another entry, placing it in the accounting records for the correct grant. AACHC officials also explained that

they were not aware of this transaction until the sample of transactions was provided by OIG auditors. AACHC personnel also explained that since their annual audit report has not been released, they have been instructed not to make any adjusting entries until the annual report is issued. After issuance of the draft report, AACHC officials provided documentation indicating that a reversing entry was made to remove the transaction from the Rural Program accounting records. Therefore, we no longer take exception to this matter.

After the discrepancy noted above, OIG auditors compared reimbursements made to each subrecipient to the amount to be reimbursed based on the grant budgets and Memorandums of Understanding (MOU) between the AACHC and grant subrecipients and we did not find any material discrepancies between amounts the AACHC reimbursed and the amounts determined in the MOUs. With exception to the transaction noted above, we found that the transactions reviewed were generally properly authorized, classified, supported, and charged to the grant.

Personnel Costs

According to the grant budget, the AACHC was approved \$216,595 in personnel costs and \$43,319 in fringe benefits. We reviewed supporting documentation for two pay periods of personnel and fringe benefit costs charged to the grant. For each employee paid with grant funds, we determined: (1) if the positions appeared reasonable with the stated intent of the program, (2) whether their salaries were within a reasonable range, and (3) if the positions were consistent with grant budgets. In addition, we compared the supporting documentation for payroll and fringe benefits to what was budgeted for both, to determine if the positions were properly paid as budgeted, and supported.

We obtained a list of employees paid using grant funds from AACHC personnel, which included salary and fringe benefit amounts charged to the grant (for the pay periods selected for testing). We compared the list to the approved positions in the grant budgets and noted that there were two people who were specifically mentioned in the budget but were not included in our listing. There were also two people on the list that were not included in the grant budget. AACHC officials explained that for the first pay period that we had selected, they were trying to sort out grant activities. They also explained that the personnel that were included in the list of employees filled in for the duties those not included in the list since they were qualified to fill their duties. We determined that this was reasonable since these AACHC personnel were performing the same duties for the grant. We determined that the positions and salaries appeared reasonable and consistent with grant budgets.

According to the *OJP Financial Guide*, where salaries apply to the execution of two or more grant programs, cost activities, project periods, and/or overlapping periods, proration of costs to each activity must be made based on time and/or effort reports. These reports should: reflect an after-the-fact distribution of the actual activity of each employee; account for the total activity of each employee; be prepared at least monthly; coincide with one or more pay periods; and be signed by the employee. These reports should also be reviewed and approved on a regular basis by a supervisory official having first-hand knowledge of the work performed. The approving official should document the review and approval by signing or initialing each employee's time and/or effort report.

We traced costs to timesheets for the two pay periods selected to verify that labor charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the grant. For the second pay period that we had selected, we did not find any discrepancies during our testing.

However, we found that for the first pay period we had selected, there wasn't space on AACHC employees' timesheets to show time charged to the Rural Program. AACHC officials explained that the time charged to the grant was labeled as 'WHCC' which was for a different grant program named the "Rural Frontier Women's Health Coordinating Center Program." AACHC officials provided documentation showing that the WHCC program had been closed prior to the beginning of the Rural Program. Therefore, we did not take exception regarding this matter.

Also, we found that for the first pay period we had selected, for five of the six employees paid using grant funds, the percentage of time spent on the grant on AACHC timesheets did not support the percentage of salary that AACHC employees were being paid using grant funds. AACHC officials explained that the amounts that were charged to the grant were in compliance to the grant budget. The payroll system is updated immediately anytime a funding source change is made. But, the time sheets are updated less frequently and thus the amount of time spent on the 'WHCC' was reflected on the timesheets. These costs were \$1,091 in unsupported wages and \$130 in unsupported fringe benefits, totaling \$1,221. Details regarding these costs can be found in Appendix III.

Reports

We reviewed the FSRs, FFRs, and Categorical Assistance Progress Reports, and found the FSRs and FFRs were generally submitted in a timely manner, but were inaccurate. The progress reports were submitted in

timely manner, but we noted that there were areas where the AACHC could enhance the procedures for verifying information contained in the Categorical Assistance Progress Reports.

Financial Reports

For financial reporting prior to October 1, 2009, the *OJP Financial Guide* states that FSRs (Form SF-269A) should be submitted online no later than 45 days after the last day of each quarter. The *OJP Financial Guide* also states that effective for the quarter beginning October 1, 2009, instead of using FSRs, grant recipients must report expenditures online using the Federal Financial Report Form (Form FFR-425) no later than 30 days after the end of each calendar quarter. We reviewed a sample of the last four financial reports submitted (as of the date of our fieldwork) and, as shown in Exhibit 3 below, two of the four reports sampled were submitted less than seven days late. We determined that, under the applicable criteria, the FSRs and FFRs, with minor exceptions, were generally submitted in a timely manner.

EXHIBIT 3. FINANCIAL STATUS REPORT AND FEDERAL FINANCIAL REPORT HISTORY

REPORT No.	REPORT PERIOD FROM - TO DATES	DUE DATES	DATE SUBMITTED	DAYS LATE
7	04/01/2009 - 06/30/2009	08/14/2009	08/20/2009	6
8	07/01/2009 - 09/30/2009	11/14/2009	11/12/2009	0
9	10/01/2009 - 12/31/2009	01/30/2010	02/01/2010	2
10	01/01/2010 - 03/31/2010	04/30/2010	04/28/2010	0

Source: OJP Grants Management System (GMS)

We also reviewed the last four financial reports (as of the date of our fieldwork) for accuracy to grant accounting records. As shown in Exhibit 4, for all four financial reports selected for testing, expenditures listed in the AACHC's accounting records were different from what was reported in the financial reports for each individual report as well as cumulative totals included in each report.

EXHIBIT 4. FINANCIAL STATUS REPORT AND FEDERAL FINANCIAL REPORT ACCURACY

REPORT NO.	REPORT PERIOD FROM - TO DATES	GRANT EXPENDITURES PER REPORT	GRANT EXPENDITURES PER ACCOUNTING RECORDS	DIFFERENCE BETWEEN REPORTS & ACCOUNTING RECORDS	CUMULATIVE GRANT EXPENDITURES PER REPORT	CUMULATIVE GRANT EXPENDITURES PER ACCOUNTING RECORDS	CUMULATIVE DIFFERENCE BETWEEN REPORTS & ACCOUNTING RECORDS
7	04/01/2009 - 06/30/2009	\$218,604	\$ 78,205	\$(140,400)	\$677,547	\$649,498	\$(28,049)
8	07/01/2009 - 09/30/2009	0	94,917	94,917	677,547	744,415	66,868
9	10/01/2009 - 12/31/2009	76,783	77,302	518	754,330	821,716	67,386
10	01/01/2010 - 03/31/2010	192,525	119,228	(73,297)	946,855	940,944	(5,911)

Source: OJP Grants Management System (GMS) and AACHC

After speaking with AACHC officials, they stated that they have had some trouble getting invoices in a timely manner from their FQHC sites in the past. As a result, they have submitted FSRs for a period and subsequently received invoices that must be recorded in that period. This has caused inconsistency that had to be adjusted on the next financial report. As part of their monitoring visit in February 2010, this issue was noted and the AACHC has implemented a policy stating that all invoices must be received no later than the 15th of the following month. However, this policy was not implemented until March 2010.

Categorical Assistance Progress Reports

According to the *OJP Financial Guide*, Categorical Assistance Progress Reports are due semiannually on January 30 and July 30 for the life of the grant. We selected the last four Progress Reports that were submitted (as of the date of our fieldwork) and as shown in Exhibit 5 below, the four progress reports that were selected were generally submitted in a timely manner.

**EXHIBIT 5. CATEGORICAL ASSISTANCE PROGRESS
REPORT HISTORY**

REPORT No.	REPORT PERIOD FROM - TO DATES	DUE DATE	DATE SUBMITTED	DAYS LATE
2	01/01/2008 - 06/30/2008	01/30/2009 ³	01/30/2009	0
3	07/01/2008 - 12/31/2008	01/30/2009	01/31/2009	1
4	01/01/2009 - 06/30/2009	07/30/2009	07/30/2009	0
5	07/01/2009 - 12/31/2009	01/30/2009	01/28/2009	0

Source: OJP Grants Management System (GMS)

According to the *OJP Financial Guide*, the funding recipient agrees to collect data appropriate for facilitating reporting requirements established by Public Law 103-62 for the Government Performance and Results Act. The funding recipient will ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation.

We analyzed the accuracy of the Categorical Assistance Progress Reports by analyzing the process used to obtain and verify information from the medical advocates of each FQHC site. AACHC officials explained that each advocate submits quarterly reports on subject matters for progress reports as well as information addressing activities towards accomplishing the goals and objectives of the grant. An AACHC official also explained that the data regarding the activities of each advocate are documented in paper files that are securely locked away and are not entered into a database because these services are separate from the medical information which is usually stored by each community health center.

According to AACHC Advocate Policies and Procedures, the Project Director is responsible for overseeing the project, ensuring advocates have access to the resources needed to do their jobs, and ensuring that reporting requirements for the project are consistently met. An AACHC official stated that the following are some of the steps used when reviewing the advocates' quarterly reports (which are compiled into the Categorical Assistance Progress Reports).

³ OVW officials extended the due date of Progress Report number two to January 30, 2009; because the OVW needed to revise the progress report form in order to reflect statutory changes made to the Rural Program by the VAWA Reauthorization in 2005 (2007 grants were the first made under the new changes to the Rural Grant Program.)

1. Do the numbers that are supposed to match, match? For example, do the totals for victims served/partially served and totals for people in demographic categories match?
2. Is the number of reported types of victimizations the same or greater than the number of victims served or partially served?
3. When an advocate marks "other" for a particular item, is it a valid use of that category or should the items identified in "other" be listed in another category?
4. If the advocate marks that someone was served or partially served, what would they identify as the reasons for that (to determine whether the contact with that victim was not categorized properly)?
5. Were training and education activities categorized appropriately?
6. Were policies implemented or substantially revised? Or did the health center already have policies related to the issues addressed?
7. Were activities involving coordinated community response and partnership clearly captured?
8. Did the advocate respond adequately to narrative questions or demonstrate activity toward reaching program goals and objectives?
9. If the advocate is not serving a large number of clients, did the advocate focus on education, training and a coordinate community response to domestic violence?
10. Do the numbers reported for various services make sense?
11. Were calculations performed correctly?

Source: AACHC

An AACHC official commented that this list does not encompass every possible issue they might look at when reviewing the report, but provides an overview of their process. AACHC officials will review the reports section by section, noting discrepancies or areas that require questions and pose those issues to the advocate for response (and usually revision). At quarterly meetings, AACHC and member Community Health Centers have talked about what methods advocates can best use to keep track of their records so that they can ensure they are reporting as accurately as possible.

We noted that there are areas where the AACHC could enhance the procedures for verifying information contained in the Categorical Assistance Progress Reports from advocates' quarterly reports. Specifically, we did not identify procedures in place to verify the accuracy of data that is contained in the quarterly reports by comparing the quarterly reports to supporting documentation maintained by the advocates during the process mentioned above. Based on our evaluation of AACHC officials' processes for verifying the information contained in Progress Reports, we determined that the AACHC needs to improve procedures used to verify the information compiled from subrecipients for Progress Reports in order to ensure accurate Progress Reports. An AACHC official explained that there could be a potential problem in regards to confidentiality and that some FOHC sites keep track of their records electronically through the medical databases and others keep

track manually. However, the AACHC also stated that they should be able to do so as long as the verification does not involve names of patients.

Program Performance and Accomplishments

According to the award documentation, the primary purpose of the Rural Program is to enhance the safety of child, youth, and adult victims of domestic violence, dating violence, sexual assault, and stalking by supporting projects uniquely designed to address and prevent these crimes in rural jurisdictions.

For the original grant, some of the objectives of the Rural Program included:

1. Hire full-time advocates for each Community Health Center
2. Provide health-care provider training and implement 100% of screening for domestic violence
3. Create a Domestic Violence Advocate's Guide
4. Coordinate Law Enforcement Training for Community
5. Develop an Outreach Program regarding the impact of witnessing Victims of Intimate Partner Violence (IPV) on children, overcoming barriers faced by parent victims of IPV, education about IPV and pregnancy, and ensuring child safety including mandatory reporting requirements for child abuse
6. Create an Emergency Assistance Fund
7. Provide VAWA protection training (including funds to provide legal assistance)

Source: AACHC

For the supplement to the grant, AACHC officials had the following goals for the Rural Program:

Goal 1: Strengthen partnerships for safer communities and enhance the communities' response to domestic violence.

Goa1 2: Respond to domestic violence in a comprehensive manner through patient screening, identification, assessment, intervention, documentation, safety planning, and referral.

AACHC officials stated that they believe the goals and objectives for the original grant and the supplement have been achieved or are on track to be achieved. They also explained that the legal services portion of the grant took longer to start since only one organization had the resources to provide these services but they are working on expanding these services. AACHC officials provided numerous articles, emails, and pamphlets from the community exhibiting the work in which the AACHC and member FQHC sites have done regarding the Rural Program. Through the Domestic Violence Medical Advocacy Program:

<ul style="list-style-type: none"> • In the first six months of 2009: <ul style="list-style-type: none"> ○ Over 11,600 individuals were screened during their healthcare visits for domestic violence. ○ 135 men and women were assisted by the program advocates, with 88 interventions involving children. ○ 157 professionals in a variety of fields were trained on sexual assault, domestic violence, dating violence, stalking, and child sexual abuse, which enabled them to improve their response to victims. ○ Over 2,200 community members received education to increase public awareness of sexual assault, domestic violence, dating violence, stalking, and child sexual abuse.
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Source: AACHC

In order to obtain a better comprehension of the services provided through the program and the level of collaboration between the AACHC and the FQHC sites, we selected 5 of the 7 personnel who worked on the grant program outside of the AACHC and interviewed them regarding the collaboration between their FQHC site and the AACHC as well as discuss the services that they provide under the Rural Program.

Based on the responses from the advocates, they provide victims resources and referrals to others within the community based on their immediate and necessary needs. Also, advocates specifically mentioned that the emergency funds that they receive from the AACHC are extremely useful because they can be used immediately to help victims in need instead of waiting for permission from the AACHC (advocates would later submit what was spent using emergency funds to AACHC personnel). Advocates will also collaborate with organizations in the local community, including shelters, police departments, and hospitals. Advocates also commented that AACHC officials have been in constant contact assisting them in meeting grant objectives and that if the AACHC officials cannot provide information regarding a certain situation, they refer to another organization that would be able to provide information regarding that situation. Based on the interviews, we determined that the services provided were consistent with the grant program goals and objectives and effective in meeting the needs of end users.

After reviewing interviews with AACHC officials and Rural Program Advocates as well as reviewing subrecipient site visit reports we noted actions regarding training for advocates, outreach to the community, the use of the emergency assistance fund for advocates, and actions towards addressing immediate necessary needs of victims. We did not identify any indications that AACHC is not on track to accomplish the goals and objectives of the grant.

Monitoring Subrecipients

According to the 2009 *OJP Financial Guide*, direct recipients should be familiar with, and periodically monitor, their subrecipients' financial operations, records, systems, and procedures. Particular attention should be directed to the maintenance of current financial data.

Also, recipients must ensure that subrecipients have met the necessary audit requirements contained in the *OJP Financial Guide*. Recipients are also responsible for ensuring that subrecipient audit reports are received and for resolving any audit findings. Known or suspected violations of any law encountered during audits, including fraud, theft, embezzlement, forgery, or other serious irregularities, must be communicated to the recipient. For subrecipients who are not required to have an audit as stipulated in OMB Circular A-133, the recipient is still responsible for monitoring the subrecipients' activities to provide reasonable assurance that the subrecipient administered Federal awards in compliance with Federal requirements.

An AACHC official stated that each of the advocates are managed by the FQHC site that they work at, not by the AACHC, and that each FQHC is federally required to have an audit performed annually. An AACHC official also stated that the AACHC evaluates the subrecipient's processes and procedures for administering the MOU and adhering to the terms and conditions of the grant as part of the site visits that are performed at each FQHC site once per year. According to AACHC Advocate Policies and Procedures, the purpose of the site visits is primarily to provide technical assistance to advocates in the form of guidance, training materials, educational materials, and other resources. At the site visits, an AACHC official and the subrecipient's personnel discuss matters concerning the grant program. These matters include screening patients for domestic violence, language barriers with patients, or upcoming outreach events like Domestic Violence Awareness Month. An AACHC official explained that during site visits, AACHC officials do not review the subrecipient's key internal controls and that an employee, separate from the advocates, from each FQHC site submits the invoices to the AACHC for reimbursement. An AACHC official also explained that, in addition to the annual site visits, there were quarterly meetings and calls from AACHC officials to the advocates regarding their progress in grant-related activities.

From notes and documentation from site visits, we noted that there was no documentation showing that timesheets are reviewed by AACHC personnel to ensure that timesheets are accurate and the appropriate time is being charged to the grant. We also noted that even though each FQHC is

federally required to have an audit performed annually, AACHC officials do not receive or review the report; so AACHC officials would not become aware of an audit finding unless the FQHC came to the AACHC for assistance. Also, after examining the MOUs between the AACHC and each FQHC, we noted that there was no mention of the Single Audit Requirements of OMB Circular A-133 or any responsibilities on the part of the subrecipient to provide information regarding Single Audits.

We believe that, without proper financial monitoring of subrecipients, instances where an unverified timesheet for subrecipients may go unnoticed, an erroneous invoice may be reimbursed without being checked, or an audit finding of material concern would not be brought to the AACHC. AACHC officials concurred with the issues addressed by OIG auditors. We recommend that the AACHC implement policies to ensure that subrecipients' timesheets are reviewed and that subrecipients are required to present their annual audit report to AACHC officials.

Recommendations

We recommend that the OVW:

1. Remedy the \$24,336 in unallowable subrecipient costs.
2. Remedy the \$1,221 in unsupported payroll and fringe costs.
3. Ensure that AACHC officials implement policies regarding submitting accurate FFRs.
4. Ensure that AACHC officials implement policies to ensure that the information contained quarterly reports used for the semiannual progress reports is supported.
5. Ensure that AACHC officials implement policies to ensure that subrecipients' timesheets are reviewed and that subrecipients are required to present their annual audit report to AACHC officials.

OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of this audit was to determine whether reimbursements claimed for costs under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment; (2) drawdowns; (3) grant expenditures, including personnel and indirect costs; (4) budget management and control; (5) matching; (6) property management; (7) program income; (8) financial and progress reports; (9) grant requirements; (10) program performance and accomplishments; and (11) monitoring of subrecipients and contractors. We determined that matching costs, indirect costs, program income, and monitoring of contractors were not applicable to this grant.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our audit concentrated on, but was not limited to, the award of the grant on September 19, 2007, through March 31, 2010. This was an audit of Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program Grant No. 2007-WR-AX-0001. The AACHC has drawn down a total of \$940,871 in drawdowns through March 31, 2010.

We tested compliance with what we consider to be the most important conditions of the grant. Unless otherwise stated in our report, the criteria we audit against are contained in the Office of Justice Programs Financial Guide and the award documents.

In conducting our audit, we performed sample testing in six areas, which were drawdowns, grant expenditures, personnel expenditures, FSRs and FFRs, Progress Reports, and grant employees working outside of the AACHC. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the grants reviewed, such as dollar amounts or expenditure category. We identified samples of 12 of 12 drawdowns (which included all drawdowns made as of the date of our fieldwork), 41 of 862 grant expenditures, 4 of 5 progress reports, 4 of 10 FSRs and FFRs, and 5 of 7 grant-funded personnel who work outside of the

AACHC. It should also be noted that we had originally selected a judgmental sample of 40 transactions for transaction testing, totaling \$253,175. During transaction testing, we were informed that five of the transactions we had selected had been reversed out previously and that one transaction was pending to be reversed. Therefore, we selected six new transactions and our sample changed to 41 transactions totaling \$261,053. This non-statistical sample design does not allow projection of the test results to the universes from which the samples were selected.

In addition, we evaluated performance to grant objectives, and evaluated the grantee's monitoring of subrecipients. However, we did not test the reliability of the financial management system as a whole and reliance on computer based data was not significant to our objective.

SCHEDULE OF DOLLAR-RELATED FINDINGS⁴

QUESTIONED COSTS:	<u>AMOUNT</u>	<u>PAGE</u>
	24,336	10
Unsupported Payroll Costs	1,091	12
Unsupported Fringe Costs	130	12-13
Total Questioned Costs:	\$25,557	
TOTAL DOLLAR-RELATED FINDINGS	\$25,557	

⁴ Questioned Costs are monies spent that, at the time of the audit, do not comply with legal requirements, or are unsupported, unbudgeted, or are unnecessary or unreasonable. They can be recoverable or nonrecoverable.

DETAILED QUESTIONED COSTS**DETAILED UNALLOWABLE SUBRECIPIENT COSTS**

Transaction	DATE	AMOUNT
Mariposa Community Health Center	11/12/2009	\$24,336
TOTAL UNALLOWABLE SUBRECIPIENT COSTS:		\$24,336

DETAILED UNSUPPORTED PAYROLL COSTS

POSITION	DATE	AMOUNT
Chief Executive Officer	08/14/2008	\$ 61
Financial Services Director	08/14/2008	233
Controller	08/14/2008	130
Director of Clinical Programs	08/14/2008	543
Executive Assistant to the Chief Executive Officer	08/14/2008	125
TOTAL UNSUPPORTED PAYROLL:		\$1,091

DETAILED UNSUPPORTED FRINGE COSTS

POSITION	DATE	AMOUNT
Chief Executive Officer	08/14/2008	\$ 5
Financial Services Director	08/14/2008	43
Controller	08/14/2008	15
Director of Clinical Programs	08/14/2008	50
Executive Assistant to the Chief Executive Officer	08/14/2008	16
TOTAL UNSUPPORTED FRINGE COSTS:		\$130

**ARIZONA ASSOCIATION OF COMMUNITY HEALTH CENTERS
RESPONSE TO THE DRAFT REPORT**

Official Response to Draft Audit Report
Office on Violence Against Women
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program
Grant # 2007-WR-AX-0001
Domestic Violence Medical Advocacy Program for Rural Communities

Arizona Association of Community Health Centers
September 14, 2010

Overview

This document details the Arizona Association of Community Health Centers' (AACHC) official response to the draft audit report in two sections. The first section (titled Changes Requested) identifies inaccurate information presented in the draft audit report which the AACHC respectfully requests be edited to accurately reflect the organization and its activities, programs, and partners. The second section (titled Response to Recommendations) details actions taken to address the recommendations provided to the Office on Violence Against Women by the Office of the Inspector General through this draft audit report.

Section I: Changes Requested

The AACHC respectfully seeks the following changes, listed by page number, to the draft audit report to clarify details provided regarding the AACHC and its activities, programs, and partners:

- 1) Page ii: The provider network for the uninsured detailed in the last paragraph (HealthCare Connect) was created in 2003, and while initially funded by HRSA, the HRSA funding went away for this program (as well as Community Access Programs across the country) in 2007.
- 2) Page ii: AACHC assists health centers in accelerating eligibility determination by providing training and technical assistance regarding the Health-e Arizona web-based eligibility portal.
- 3) Page 3- Please see number one above.
- 4) Page 3- In the third paragraph, it should be noted that AACHC, in partnership with AzCADV, works with five of Arizona's FQHC sites; the project includes 4 FQHCs at 5 sites.
- 5) Page 3- North Country Community Health Center should read North Country HealthCare
- 6) Page 6- In the first paragraph, might you be able to clarify? As it reads now, progress reports were noted as inaccurate, but was there any data that was gathered that supports that statement or is it assumed to be so because of perceived deficiencies in data monitoring? Or is this paragraph referring to inaccurate Financial Reports?
- 7) Page 18- The last two bullet points in the chart appeared in a newsletter published by the Arizona Coalition Against Domestic Violence (which included an article on our program) and are unrelated to our Rural Grant Program. They appear later in the newsletter as information on services that AzCADV has provided for the state of Arizona and are not provided by nor paid for out of our grant funds. We do not have a hotline.
- 8) Page 20- In the second paragraph, in-person quarterly meetings took place in person during the first two years of the project. Since supplemental funding was received on October 1, 2009, quarterly meetings have taken place on the following dates: December 14, 2009 (in-person), March 25, 2010 (in-person), June 17, 2010 (via Webex). The next meeting is scheduled for September 16, 2010 (in-person). It is noted in the project scope of work that some quarterly meetings will be conducted via Webex due to the cost of bringing all the advocates to a central location (Phoenix).

- 9) Page 20- The financial trends analysis was part of a particular project unrelated to the Rural Program Grant in which AACHC received HRSA planning grant funds and was able to pay an outside company to conduct a financial trends analysis for interested health centers as part of that grant project. Ultimately, a number of health centers chose not to participate, as they felt their audit information was proprietary and were concerned about it being shared with AACHC or other health centers, despite assurances that each health center would only receive its own report and an aggregate (which AACHC would receive as well), with no individual health center information being shared with another health center or AACHC.

AACHC is able to provide additional information on any of the above requests if needed.

Section II: Response to Recommendations

1. *Remedy the \$24,336 in unallowable sub-recipient costs.*

As noted in the draft audit report, this charge was erroneously billed to the Rural Program Grant when it should have been billed to a grant that the AACHC received from the Arizona Attorney General's Office. AACHC was unable to reverse the transaction until the annual Single Audit, which was conducted at the same time as the Rural Program Audit, was completed. The annual Single Audit has been completed, and supporting documentation demonstrating reversal of this expenditure is attached (Attachments A & B).

2. *Remedy the \$1,221 in unsupported payroll and fringe costs.*

As the draft audit report documents, AACHC did not revise timesheets in a timely fashion in the past. As a result, the timesheets for the pay period documented did not accurately reflect time spent on the grant project. However, as the report also notes, the time for which personnel was paid was for grant-related activities and was in compliance with the approved grant budget. In reviewing subsequent payroll files, the draft audit report notes that timesheets were accurate, demonstrating that this issue, once identified, was resolved.

3. *Ensure that AACHC officials implement policies regarding submitting accurate FFRs.*

As noted in response to recommendations made at the Financial Monitoring Site Visit which took place February 18, 2010, procedures have been implemented to ensure that all expenditures are reported in a timely manner in the future. As a result, there should be no further adjustments in subsequent Federal Financial Reports (FFRs). The discrepancy in amount reported versus amount spent is likely a result of sub-recipients submitting invoices for monthly reimbursement on varying schedules. This resulted in funds not having been expended at the time the reporting took place but later being booked to the appropriate months within the accounting system as the invoices were received (per Generally Accepted Accounting Principles). In order to rectify this discrepancy, the Association has implemented a policy that sub-recipients must submit invoices no later than 15 days following the end of the month. Health Centers have been notified of this policy via written communication, and this information has been

added to the program policy and procedure guide that each participating health center CEO, advocate, and advocate supervisor has received. Additionally, the Project Director requested each health center to identify a financial contact to whom she can send a reminder regarding the invoices. On the fifth of each month, the Project Director now sends a reminder email regarding the invoices to ensure timely submittal.

4. *Ensure that AACHC officials implement policies to ensure that the information contained in quarterly reports used for the semi-annual progress reports are supported with adequate supporting documentation.*

The AACHC is committed to complying with grant requirements and respectfully asks for further clarification and recommendations regarding this issue. Additional methods of gathering information to assess accuracy of reporting have included:

- 1) Monthly Conference Calls and Quarterly Meetings where challenging cases are discussed as a group (without identifying information)
- 2) Site visits- where cases may be discussed with the Project Director and AzCADV Director of Domestic Violence Services (without identifying information)
- 3) Phone calls to the Project Director on an ongoing basis regarding needs of clients, resources available, use of emergency safety funds and other challenges.

Comparing these discussions to information provided in the advocate quarterly reports is another method of assessing completeness and accuracy.

The Project Director and advocates have received training on maintaining confidentiality, and of particular concern in these small, rural communities is that redacting a name may not be enough to eliminate identifying information if anyone else sees the documentation the advocate is providing to the Project Director. Specific guidance as to how this recommendation could be actualized without compromising client confidentiality in any way would be helpful.

5. *Ensure that AACHC officials implement policies to ensure that subrecipients' timesheets are reviewed and that subrecipients are required to present their annual audit report to AACHC officials.*

As the AACHC, each FQHC is required (according to OMB Circular A-133) to undergo a Single Audit annually. As noted in the draft audit report, the AACHC has previously requested audit reports from member health centers. Health Centers have been hesitant to submit what they see as proprietary information. However, their annual audit reports are reviewed by their individual boards of directors as well as by the federal government. As any other organization undergoing an audit, health centers are required to respond to recommendations or take corrective action on issues found as a result of their audit. Failure to do so can result in elimination of federal funding from the Health Resources and Services Administration (HRSA), which establishes their existence as an FQHC, and dissolution of their organization.

As the domestic violence advocates are employees of the health centers and are held accountable to individual health center policies, not only is it incumbent upon their

supervisors to review their time sheets for accuracy, but timesheet/payroll review should be occurring during their annual audit as well. All advocates work solely on this project and do not spend additional time on other projects. Currently, health centers submit invoices to AACHC to cover a portion of advocate salary, fringe benefits, and overhead. Additionally, per program policies, the only other invoices which health centers might submit to the Project Director would be for travel expenses outlined as part of the project sub-recipient agreements or reimbursement for emergency safety assistance to clients. Again, these additional expenses must be reviewed and approved by the Project Director, as detailed in the Program Policy and Procedure Manual.

The AACHC reserves the right to question any invoices received and has done so with health centers in the past if invoices received seemed unreasonable or inappropriate. Because the Project Director maintains daily contact with the advocates, she is able to assess whether trip expenses are reasonable and allowable because she is aware of details of each advocate's travel and has been involved in the planning of that travel.

Again, the AACHC is committed to complying with grant requirements and respectfully asks for further clarification and specific recommendations regarding this issue.

OFFICE OF THE INSPECTOR GENERAL, AUDIT DIVISION, COMMENTS ON ARIZONA ASSOCIATION OF COMMUNITY HEALTH CENTERS RESPONSE TO THE DRAFT REPORT

The Office of the Inspector General (OIG), Audit Division, provided a draft of this audit report to the Office on Violence against Women (OVW) and to the Arizona Association of Community Health Centers (AACHC). AACHC included comments on the report regarding details of the AACHC and its activities, programs, and partners. We have addressed these comments and have made necessary changes to the final report to address these comments. In addition, the OIG, Audit Division, has identified issues in AACHC's response to our draft report (see Appendix IV) that we believe should be addressed. As a result, we are providing the following comments on AACHC's response to the draft report.

AACHC's response to recommendation 2 on page 27 of this report states:

As the draft audit report documents, AACHC did not revise timesheets in a timely fashion in the past. As a result, the timesheets for the pay period documented did not accurately reflect time spent on the grant project. However, as the report also notes, the time for which personnel was paid was for grant-related activities and was in compliance with the approved grant budget. In reviewing subsequent payroll files, the draft audit report notes that timesheets were accurate, demonstrating that this issue, once identified, was resolved.

According to the *OJP Financial Guide*, where salaries apply to the execution of two or more grant programs, cost activities, project periods, and/or overlapping periods, proration of costs to each activity must be made based on time and/or effort reports. These reports should: reflect an after-the-fact distribution of the actual activity of each employee; account for the total activity of each employee; be prepared at least monthly; coincide with one or more pay periods; and be signed by the employee. These reports should also be reviewed and approved on a regular basis by a supervisory official having first-hand knowledge of the work performed. The approving official should document the review and approval by signing or initialing each employee's time and/or effort report.

During our analysis, we found that the percentage of time spent on the grant on AACHC timesheets did not support the percentage of salary that AACHC employees were being paid using grant funds. Therefore, even

though the rates used in timesheets was later remedied, the percentage of time spent on the grant on AACHC timesheets still does not support the percentage of salary that AACHC employees were being paid using grant funds. As a result, we still consider the \$1,091 in wages and \$130 in fringe benefits unsupported.

AACHC's response to recommendation 4 on page 28 of this report states:

The AACHC is committed to complying with grant requirements and respectfully asks for further clarification and recommendations regarding this issue. Additional methods of gathering information to assess accuracy of reporting have included:

- 4) Monthly Conference Calls and Quarterly Meetings where challenging cases are discussed as a group (without identifying information)*
- 5) Site visits- where cases may be discussed with the Project Director and AzCADV Director of Domestic Violence Services (without identifying information)*
- 6) Phone calls to the Project Director on an ongoing basis regarding needs of clients, resources available, use of emergency safety funds and other challenges.*

Comparing these discussions to information provided in the advocate quarterly reports is another method of assessing completeness and accuracy.

The Project Director and advocates have received training on maintaining confidentiality, and of particular concern in these small, rural communities is that redacting a name may not be enough to eliminate identifying information if anyone else sees the documentation the advocate is providing to the Project Director. Specific guidance as to how this recommendation could be actualized without compromising client confidentiality in any way would be helpful.

According to the *OJP Financial Guide*, the funding recipient agrees to collect data appropriate for facilitating reporting requirements established by Public Law 103-62 for the Government Performance and Results Act. The funding recipient will ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation.

As stated by the AACHC, there are already activities used to monitor the progress of subrecipients. However, we noted that there are no steps taken to verify the data used in Progress Reports. We acknowledge that maintaining confidentiality should be a high concern. However, we believe that the verification of data would not require documentation of the data itself or for the patient information to leave where it is securely stored, and the only documentation that would be necessary would be notations that the verification occurred.

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

September 28, 2010

MEMORANDUM

TO: David Sheeren
Regional Audit Manager
Denver Regional Audit Office

FROM: Susan B. Carbon
Director
Office on Violence Against Women

Rodney Samuels
Audit Liaison
Office on Violence Against Women

SUBJECT: Response to the Draft Audit Report – Rural Domestic Violence, Sexual Assault, and Stalking Assistance Program Grant Awarded to Arizona Association of Community Health Centers, Phoenix, Arizona (AACHC)

This memorandum is in response to your correspondence dated August 26, 2010 transmitting the above draft audit report for Arizona Association of Community Health Centers (AACHC). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains **five** recommendations and **\$25,557** in unallowable and unsupported costs. The Office on Violence Against Women (OVW) agrees with the recommendations and is committed to working with the grantee to address each item and bring them to a close as quickly as possible. The following is an analysis of the audit recommendations:

1) Remedy the \$24,336 in unallowable subrecipient costs.

OVW agrees with this recommendation. We will coordinate with AACHC to obtain the necessary support to remedy the \$24,336 in unallowable subrecipient costs.

2) Remedy the \$1,221 in unsupported payroll and fringe costs.

OVW agrees with this recommendation. We will coordinate with AACHC to obtain the necessary support to remedy the \$1,221 in unsupported payroll and fringe costs.

3) Ensure that AACHC Officials implement policies regarding submitting accurate FFRs.

OVW agrees with this recommendation. We will coordinate with AACHC to obtain a copy of the newly implemented policies written to ensure that accurate FFRs are submitted.

4) Ensure that AACHC Officials implement policies to ensure that the information contained quarterly reports used for the semi-annual progress reports are supported with adequate supporting documentation.

OVW agrees with this recommendation. We will coordinate with AACHC to obtain a copy of the newly implemented policies written to ensure that the information contained quarterly reports used for the semi-annual progress reports are supported with adequate documentation.

5) Ensure that AACHC Officials implement policies to ensure that subrecipients' timesheets are reviewed and that subrecipients are required to present their annual audit report to AACHC Officials.

OVW agrees with this recommendation. We will coordinate with AACHC to obtain a copy of the newly implemented policies written to ensure that subrecipients' timesheets are reviewed and that subrecipients are required to present their annual audit report to AACHC Officials.

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

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

Pursuant to OMB Circular A-50 Revised, *Audit Follow-up*, responses to audit reports are defined as “written comments by agency officials indicating agreement or disagreement on reported findings and recommendations. Comments indicating agreement on final reports shall include planned corrective actions and, where appropriate, dates for achieving actions. Comments indicating disagreement shall explain fully the reasons for disagreement. Where disagreement is based on interpretation of law, regulation, or the authority of officials to take or not to take action, the response must include the legal basis.”

1. **Closed.** After reviewing documentation submitted by AACHC officials after transmittal of the draft report, we determined that the \$24,336 in unallowable subrecipient costs has been remedied.
2. **Resolved.** This recommendation can be closed when we receive documentation that OVW has remedied the \$1,221 in unsupported payroll and fringe costs.
3. **Resolved.** This recommendation can be closed when we receive documentation from OVW showing that the AACHC has implemented the policies regarding the timely submittal of subrecipient invoices mentioned in Appendix IV of this report.
4. **Resolved.** This recommendation can be closed when we receive documentation from OVW showing that the AACHC has implemented policies to ensure that the information contained in the quarterly reports used for the semiannual progress reports is supported with adequate supporting documentation.
5. **Resolved.** This recommendation can be closed when we receive documentation from OVW showing that the AACHC has implemented policies requiring subrecipients to present their annual audit reports to the AACHC.