



**AUDIT OF THE OFFICE ON VIOLENCE AGAINST
WOMEN TECHNICAL ASSISTANCE COOPERATIVE
AGREEMENTS ADMINISTERED BY THE
PENNSYLVANIA COALITION AGAINST RAPE
ENOLA, PENNSYLVANIA**

U.S. Department of Justice
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Audit Division

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EXECUTIVE SUMMARY

The U.S. Department of Justice Office of the Inspector General (OIG), Audit Division, has completed an audit of four Office on Violence Against Women (OVW) Technical Assistance cooperative agreements, numbers 2009-TA-AX-K024, 2008-TA-AX-K021, 2009-TA-AX-K042, and 2009-TA-AX-K005, awarded to the Pennsylvania Coalition Against Rape (PCAR). The total award for the four cooperative agreements was \$4,725,000.

The objectives for these awards included: (1) creating the AEquitas: The Prosecutor's Resource on Violence Against Women in Washington, D.C.¹, (2) increasing the capacity of victim service professionals in the U.S. territories to respond effectively and comprehensively to sexual assault survivors, (3) developing an increased understanding of sexual assault within the OVW Rural Grantee Program, and (4) developing an increased understanding of the priority needs for strengthening sexual assault advocacy in the U.S. by conducting focus groups and technical assistance information exchange events, and identifying priority recommendations and action steps related to sexual assault advocacy.

The objective of our audit was to determine whether reimbursements claimed for costs under the cooperative agreements were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the cooperative agreements. We also evaluated PCAR's program performance in meeting cooperative agreement goals and objectives and overall accomplishments.

We determined that PCAR did not fully comply with some of the cooperative agreement requirements we tested. We reviewed PCAR's compliance with nine essential cooperative agreement conditions and found material weaknesses in three areas. These material weaknesses resulted in \$336,311 in questioned costs. Specifically, we found PCAR:

¹ The original program title in the grant award documents was the AEquitas Center for the Prosecution of Violence Against Women. PCAR stated in its response to the draft report that the title of the project has been changed to "AEquitas: The Prosecutor's Resource on Violence Against Women." We have updated the report to reflect the revised title.

- did not have an adequate level of separation of duties in place for the procurement of equipment and supplies,
- could not adequately support its payments totaling \$298,980 to consultants, and provided the maximum consultant rate to all consultants without any determination of reasonableness as required by Office of Management and Budget (OMB) cost principles,
- charged unreasonable fees for an administrative assistant's salary totaling \$5,246,
- charged unallowable lodging expenses which totaled \$12,218,
- charged unallowable meal and beverage expenses to the cooperative agreements which totaled \$19,867, and
- received income of \$64,970 as a result of activities conducted which resulted from cooperative agreement funded and developed programs.

In addition, the approved budgets for these cooperative agreements included indirect costs, such as rent, telephones, insurance, and other charges within direct cost categories. A total of \$29,888 was charged to the awards that should have been properly categorized and approved by OVW as indirect costs, along with the required submission and approval of an indirect cost rate.

These items are discussed in further detail in the Findings and Recommendations section of this report. The objectives, scope, and methodology for this audit appear in Appendix I.

We discussed the results of our audit with officials at PCAR and have included their comments in the report, as applicable. Additionally, we requested a response to our draft report from PCAR and OVW, and their responses are appended to this report as Appendix III and IV, respectively. Our analysis of both responses, as well as a summary of actions necessary to close the recommendations can be found in Appendix V of this report.

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INTRODUCTION

The U.S. Department of Justice Office of the Inspector General (OIG), Audit Division, has completed an audit of four Office on Violence Against Women (OVW) Technical Assistance cooperative agreements awarded to the Pennsylvania Coalition Against Rape (PCAR). The total award for the four cooperative agreements was \$4,725,000. The objective of the 2009-TA-AX-K024 cooperative agreement was to create the AEquitas: The Prosecutor’s Resource on Violence Against Women. The objective of the 2008-TA-AX-K021 cooperative agreement was to increase the capacity of victim service professionals in the U.S. Territories to respond effectively and comprehensively to sexual assault survivors. The objective of the 2009-TA-AX-K042 cooperative agreement was to develop an increased understanding of sexual assault within the OVW Rural Grantee Program. The objective of the 2009-TA-AX-K005 cooperative agreement was to develop an increased understanding of the priority needs in the areas of services, training, capacity building, and research to strengthen sexual assault advocacy in the U.S.

The purpose of our audit was to determine whether reimbursements claimed for costs under the cooperative agreements were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the cooperative agreements. We also evaluated PCAR’s overall program performance and accomplishments in meeting cooperative agreement objectives for the funded programs. Our audit covered the period between the start of the initial cooperative agreement award in April 2008 to the end of fieldwork in May 2011. As shown in the table below, PCAR was awarded a total of \$4,725,000 to provide technical assistance on the core competencies needed to effectively respond to sexual assault.

Office on Violence Against Women Cooperative Agreements to Pennsylvania Coalition Against Rape

Award Number	Award Start Date	Award End Date	Award Amount
2009-TA-AX-K024	4/1/2009	3/31/2011	\$3,700,000
2008-TA-AX-K021	4/1/2008	9/30/2010	400,000
2009-TA-AX-K042	7/1/2009	6/30/2011	375,000
2009-TA-AX-K005	5/1/2009	4/30/2011	250,000
Total			\$4,725,000

Source: OVW

Office on Violence Against Women

The mission of the Office on Violence Against Women (OVW), a component of the U.S. Department of Justice, is to provide 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, 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, OVW administers 3 formula grant programs and 18 discretionary grant programs. Since its inception, OVW has awarded nearly \$4 billion in grants and cooperative agreements, and has launched a multifaceted approach to implementing VAWA. Through efforts to forge state, local, and tribal partnerships among police, prosecutors, victim advocates, health care providers, faith leaders, and others, OVW award programs are intended to 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.

Pennsylvania Coalition Against Rape

According to its website, the mission of PCAR is to work to eliminate all forms of sexual violence and to advocate for the rights and needs of victims of sexual assault, working at the state and national levels to prevent sexual violence. To provide quality services to victims/survivors of sexual violence and their significant others, PCAR works in concert with its statewide network of 51 rape crisis centers serving all 67 counties in the Commonwealth of Pennsylvania. The centers also work to create public awareness and prevention education within their communities. In addition to providing technical assistance in a variety of areas, the role of PCAR is to oversee the rape crisis centers' contracts, monitor relevant legislation and public policy issues, provide library resources and educational trainings, and create public awareness campaigns. Funding for PCAR primarily comes from grants and other government funds, and in fiscal year 2009, PCAR expended a total of \$6,222,579 in federal awards.

In July 2000, PCAR founded the National Sexual Violence Resource Center (NSVRC) as a national information and resource hub relating to all aspects of sexual violence. The NSVRC coordinates a range of special projects including the U.S. Territories (cooperative agreement 2008-TA-AX-K021), Rural Project (cooperative agreement 2009-TA-AX-K042), and Sexual Assault Advocacy Summit Planning (cooperative agreement 2009-TA-AX-K005). These special projects seek to address building collaborative and

culturally specific approaches to preventing and responding to sexual violence.

AEquitas

AEquitas, a PCAR project funded by cooperative agreement 2009-TA-AX-K024, is intended to provide training, technical assistance and other resources to the prosecutorial community with respect to domestic and sexual violence against women from its office in Washington, D.C. AEquitas' mission is to improve the quality of justice in sexual assault, domestic violence, stalking, and dating violence cases by developing, evaluating, and refining prosecution practices that increase victim safety and offender accountability. According to its officials, AEquitas receives almost all of its funding from OVW. AEquitas' staff is comprised of former prosecutors and a forensic nurse examiner with expertise in sexual assault, domestic violence, stalking, and dating violence. AEquitas also has an in-house communication and operations manager with expertise in conference and event planning, program and office administration, marketing, database management, and Continued Legal Education reporting.

During the course of our audit work, we learned that AEquitas previously existed as the American Prosecutor's Research Institute (APRI). This program, dating to 2004 and funded by OVW grant 2004-WT-AX-K047 in the amount of \$3,385,151, was operated by the National District Attorney's Association (NDAA). A prior OIG audit found that NDAA's management of DOJ grants did not meet important DOJ grant reporting, expenditure tracking, and cost allocation requirements.² The audit found that the NDAA submitted financial status reports to OJP and OVW detailing inaccurate expenditure activity, and the NDAA requested excessive grant funds. Further, the NDAA did not follow standard accounting practices and did not maintain adequate internal controls to ensure compliance with grant requirements.

We asked AEquitas officials about APRI and NDAA. We learned that there were current AEquitas employees who worked previously at APRI, and that some training course titles that APRI offered, including the National Institute on the Prosecution of Domestic Violence and the National Institute on the Prosecution of Sexual Violence, have evolved into the training courses AEquitas offers today. AEquitas officials experienced with APRI told us they were aware of the problems at NDAA, and made efforts to alert responsible parties, including OVW. They also told us that it was APRI personnel who

² Audit Report GR-30-10-001, "Department of Justice Awards to the National District Attorney's Association", April 2010.

initiated the idea to re-start the program under PCAR (an NDAA partner in the APRI program) using the new name of AEquitas.³

Cooperative Agreements

Cooperative agreements are awarded to states, units of local government, or private organizations at the discretion of the awarding agency. The distinguishing factor between a grant and a cooperative agreement is the degree of federal participation or involvement during the performance of the work activities. Cooperative agreements are utilized when substantial involvement is anticipated between the awarding agency, in this case OVW, and the recipient during performance of the contemplated activity.

Our Audit Approach

We tested compliance with what we considered to be the most important conditions of the cooperative agreements. While PCAR received other DOJ grant funds during this time period, we concentrated our audit effort on the awards with a national scope. Unless otherwise stated in our report, we applied the OJP Financial Guide as the primary criteria during our audit. The OJP Financial Guide serves as a reference manual assisting award recipients in their fiduciary responsibility to safeguard cooperative agreement funds and ensure that funds are used appropriately and within the terms and conditions of the awards. We tested PCAR's:

- **Internal control environment** to determine whether the financial accounting system and related internal controls were adequate to safeguard cooperative agreement funds and ensure compliance with the terms and conditions of the cooperative agreements.
- **Cooperative agreement expenditures** to determine whether the costs charged to the cooperative agreements were allowable and supported.
- **Accountable property** to determine whether PCAR had procedures for controlling accountable property, and whether the property was included in its inventory and identified as purchased with federal funds.

³ In its response, PCAR stated that AEquitas was not a re-start of the APRI program. However, because AEquitas officials told us during the audit fieldwork that AEquitas was a re-start, and in consideration of the other evidence linking these organizations, we determined it was appropriate to retain this information. See Appendix V for our analysis and discussion of the PCAR response.

- **Drawdowns (requests for cooperative agreement funds)** to determine whether PCAR's requests for reimbursement or advances were adequately supported, and if PCAR managed cooperative agreement receipts in accordance with federal requirements.
- **Reporting** to determine whether the required Federal Financial Reports and progress reports were filed timely and accurately reflected award activity.
- **Budget management and control** to determine whether PCAR adhered to the OVW-approved budget for expenditures of cooperative agreement funds.
- **Program Income** to determine if program income was properly accounted for and applied to the award.
- **Program performance and accomplishments** to determine whether PCAR achieved cooperative agreement objectives and to assess performance and cooperative agreement accomplishments.
- **Compliance with other requirements** to determine whether PCAR complied with the terms and conditions specified in the individual cooperative agreement award documents.

When applicable, we also test for compliance in the areas of matching funds, and monitoring subrecipients and contractors. For these cooperative agreements, we determined that PCAR had no matching funds required, and had no subrecipients or contractors.

FINDINGS AND RECOMMENDATIONS

COMPLIANCE WITH ESSENTIAL COOPERATIVE AGREEMENT REQUIREMENTS

From our audit, we determined PCAR did not fully comply with all of the cooperative agreement requirements in the areas we tested. We found that PCAR could not adequately support consultant payments or justify the rates that consultants were paid. PCAR also charged unallowable lodging expenses and meal and beverage costs to the awards. Program income was also generated as a direct result of an award and was not properly recognized. As a result of these deficiencies, we questioned a total of \$336,311 as of October 2010. These conditions, including the underlying causes and potential effects on the OVW program, are further discussed in the body of this report.

Internal Control Environment

We developed an understanding of the financial and accounting systems and related internal controls PCAR used to ensure it complied with the terms and conditions of the cooperative agreements. We interviewed PCAR officials and requested financial reporting and accounting system data to determine if controls were adequate to separately account for and maintain cooperative agreement funds. In reviewing PCAR's internal controls specific to the cooperative agreements, we also assessed whether policies and procedures were in place to guide PCAR in safeguarding cooperative agreement funds and administering the cooperative agreement awards.

We found that PCAR had written policies and procedures to assist in the financial and accounting administration of the cooperative agreements. However, we found that PCAR allowed individuals within the organization to order, receive, and authorize for payment their own equipment and supplies, which constitutes an internal control weakness. As a result of this weakness, we tested 100-percent of the equipment purchased with cooperative agreement funds. In our testing, we were able to verify all equipment examined. While we did not identify any misuse of funds, to minimize future risk to grant funds we believe PCAR should strengthen its internal controls in this area to ensure appropriate separation of duties.

In addition to this internal control weakness, we identified instances where PCAR was not in strict compliance with cooperative agreement terms and conditions and we discuss these exceptions in greater detail in the body of this report.

We also reviewed PCAR's most recent Single Audit Report, dated June 30, 2009. No deficiencies, material weaknesses, or instances of noncompliance were identified in the report.

Cooperative Agreement Expenditures

PCAR's cooperative agreement expenditures consisted of payments for: personnel; fringe benefits; consultants; expenses for training and conferences, including travel, lodging, and food, rent; telephone bills; equipment; and supplies. We tested PCAR's expenditures to determine if they were allowable, reasonable, allocable, necessary to the project, and in compliance with the funding requirements within the OJP Financial Guide. We identified a total of \$336,311 in expenditures that we consider questioned costs, including \$32,085 (lodging and food and beverages) we consider unallowable, \$298,980 (consultants) we consider unsupported, and \$5,246 (administrative assistant) we consider unreasonable.

Personnel and Fringe Benefits

According to its accounting records, PCAR spent \$1,225,299 on employee salaries and \$151,598 on fringe benefits. We selected two nonconsecutive pay periods for detailed testing to determine if salaries and fringe benefit charges were supported and allowable. For the sampled pay periods, we found that the approved employee timesheets supported the charges made to the cooperative agreements.

We reviewed the OVW-approved fringe benefit cost pool elements to determine whether the elements were reasonable and in accordance with the approved cooperative agreement budgets. We reviewed the fringe benefits charged to the cooperative agreements for the same two nonconsecutive pay periods as the personnel costs and determined that the fringe benefit expenditures associated with the personnel costs were reasonable and properly charged to the cooperative agreements.

Direct Costs

PCAR spent a total of \$1,013,332 in direct costs, excluding personnel and benefits. We tested \$624,215 (or 62 percent) of these expenditures reported in PCAR's accounting system for allowability and supportability. To

determine if the expenditures were allowable, we compared the expenditures to the cooperative agreement budgets and permissible uses of funds outlined in the OJP Financial Guide. To determine if the expenditures were supported, we reviewed accounting system data and supporting documents such as invoices, receipts, and contracts.

Consultants and Partner Organizations

The four cooperative agreements charged a total of \$298,980 in consultant costs to the cooperative agreements as shown below.

Consultant Costs Paid by the PCAR Cooperative Agreements as of October 2010

Award Number	Consultant Costs
2009-TA-AX-K024	\$ 26,550
2008-TA-AX-K021	228,530
2009-TA-AX-K042	11,900
2009-TA-AX-K005	32,000
Total	\$298,980

Source: PCAR

In reviewing the supporting documentation provided by PCAR and through interviews with PCAR officials, we found PCAR did not require adequate documentation from consultants, did not adequately monitor consultants, allowed consultants to bill based on a budgeted amount, and allowed the consultants to charge the maximum amount of \$450 per day without proper support.

According to the OJP Financial Guide, "time and effort reports are required for consultants." According to PCAR personnel, PCAR did not require time and effort reports for consultants. Additionally, a PCAR official stated PCAR monitored consultants by attending summits and conferences organized or led by the consultants and observing what the consultants had produced or determining that the consultants were in fact in attendance. However, we found no documentation of the observations or records of consultants' time spent on award-related activities. This lack of monitoring places federal grant award funds at risk and undermines the ability of PCAR to adequately administer and manage the award, as well as ensure that federal funds are being adequately safeguarded and spent accurately and properly in accordance with the grant objectives.

According to a PCAR official, PCAR began requiring time and effort reports for all consultant activity in response to our finding.

The 2008-TA-AX-K021 cooperative agreement charged professional fees/consultants totaling \$228,530 incurred by a PCAR partner organization in the cooperative agreement. This organization, Sisters of Color Ending Sexual Assault (SCESA), submitted quarterly invoices to PCAR listing charges for a series of items without supporting documentation. A PCAR official told us that she spoke with a person at the OJP Comptroller's Office, who advised PCAR that SCESA's quarterly reports were sufficient documentation for their expenditures. PCAR could not provide us with SCESA time sheets to support salary/fringe benefit charges, original receipts/invoices for supplies or travel, or invoices or time/effort reporting for consultant charges.

We also found that SCESA did not invoice PCAR for expenses as they were incurred. Instead, they took their total budget of \$228,530, divided by eight which represented the eight quarters of the award period, and invoiced the resulting \$28,566 for each of the eight quarters. According to the OJP Financial Guide, recipient organizations should request funds based upon immediate disbursement/reimbursement requirements. Funds will not be paid in a lump sum, but rather disbursed over time as project costs are incurred or anticipated. In addition, the OJP Financial guide requires that Federal Financial Reports (FFRs) are based on actual expenditures, and we found that SCESA invoiced based on a budget amount rather than actual amounts.

When payments are not made based on actual expenditures, it places federal grant award funds at risk and undermines the ability of OVW to adequately administer and manage the award, as well as ensure that federal funds are being adequately safeguarded and spent accurately and properly in accordance with the grant objectives.

In addition to the consultant costs not being supported, we found that PCAR did not follow OJP Financial Guide requirements in the compensation of the consultants it hired with cooperative agreement funds. According to the OJP Financial Guide, compensation for individual consultant services is to be reasonable and consistent with that paid for similar services in the marketplace. Compensation in excess of \$450 per day requires written prior approval. The Financial Guide goes on to state that that this does not mean that the rate can or should be \$450 for all consultants. Rates should be developed and reviewed on a case-by-case basis and must be reasonable and allowable in accordance with OMB cost principles. PCAR officials told us they did not obtain quotes or bids for consultant services. Instead, we found

that PCAR treated the \$450 maximum for consultant services established by the OJP Financial Guide as its standard rate and paid all of its consultants at this rate, and pre-printed its standard consultant contracts with the \$450 rate.

When we asked about consultant compensation, PCAR officials told us that they treated \$450 as a standard consultant rate because the consultants hired are generally professionals for whom \$450 per day constitutes a pay cut. However, we looked at open source salary information for two consultants hired by PCAR – a city government employee and a tribal government employee – we found evidence that these two consultants' regular salaries were less than \$450 per day (or an annualized \$117,000 per year). In addition, the OJP Financial Guide expects that state and local government employees hired as consultants may only be compensated when the unit of government will not provide these services without cost. If a state or local government employee is providing services under a federal grant and is representing its agency without pay from its respective unit of government, the rate of compensation is not to exceed the daily salary rate for the employee paid by the unit of government. When we asked PCAR whether they held discussions with the units of government for these two employees about provision of services without cost, they told us they left it to the consultant to communicate with his or her agency.

As we found that PCAR could not provide documentation supporting the efforts of the consultants it hired, did not require partner agencies to provide documentation covering consultant costs, and also did not appear to take reasonable actions to determine consultant salaries, we question all of the costs associated with consultants for the four awards totaling \$298,980. Additionally, we recommend that OVW require PCAR to implement processes that ensure that consultants are adequately monitored, through the collection of activity reports, and that salaries for consultants are reviewed and approved in line with the OJP Financial Guide.

Administrative Support

Through March 2011, the AEquitas project shared space with the National Council of Juvenile and Family Court Judges (NCJFCJ). PCAR charged the 2009-TA-AX-K024 cooperative agreement \$8,821 for the use of NCJFCJ's administrative assistant to perform various administrative duties from April to July of 2010. We found PCAR charged for 178.75 hours of administrative work at a rate of \$49.35 per hour, or an annualized salary of \$102,648. When we asked PCAR officials about this, they told us that they called around to temporary personnel agencies at the time, and were quoted rates of approximately \$40 per hour. However, they did not provide

documentation of these inquiries. PCAR agreed to utilize the NCJFCJ administrative assistant due to her proximity and a large backlog of work to be done. In our judgment, \$49.35 per hour was not a reasonable rate to pay for administrative services. We learned that subsequently, PCAR obtained similar administrative assistant services at a rate of \$20 per hour. This rate would have amounted to \$3,575 for the 178.75 administrative assistant hours worked from April to July 2010, or \$5,246 less than the \$8,821 actually paid to NCJFCJ. As a result, we question \$5,246 as unreasonable costs.

Meeting Expenses

As part of the four technical agreements we reviewed, PCAR conducted a considerable amount of training and conferences to accomplish the award-funded program objectives. To conduct these events PCAR expended funds for staff and consultants (discussed earlier) and meeting expenses including travel, lodging, and food. To determine the allowable food and beverage rates for each conference, we relied on the guidance outlined in the OJP Financial Guide. We calculated meal rates based on the General Services Administration's (GSA) Travel Regulations covering Meals and Incidental Expense (M&IE) rates in effect at the time and location of each conference.

Because OJP recognizes that the cost of meals consumed during conferences may exceed the normal GSA allowable meal costs, the Financial Guide permits meals consumed during a conference to exceed normal rates by up to 50 percent per meal when all hotel service charges are included. The Financial Guide also provides an allowance for light refreshments of up to 23 percent above the normal GSA daily meal charges. We calculated a value for each conference-provided meal that included the normal meal rate plus an additional 50 percent. We also included an additional 23 percent above the normal daily meal rate for light refreshments. We determined that PCAR charged lodging expenses that exceeded the allowable rate. In addition, PCAR also charged meals and beverage expenses that we considered unallowable, as detailed below.

2009-TA-AX-K024

One of PCAR's primary objectives for the 2009-TA-AX-K024 cooperative agreement was to conduct training for prosecutors in the areas of domestic and sexual violence against women. We reviewed records for the seven training events PCAR had conducted at the time of our audit. Two of the trainings were conducted in the Washington, D.C. area, and the other five were conducted at various locations throughout the country. These five trainings are summarized in the following table.

Remote Training Events

Event	Lodging	Expenses	Total
Miami, FL	\$12,218	\$16,681	\$28,899
Dallas, TX	\$10,580	\$15,602	\$26,182
San Francisco, CA	\$17,353	\$20,043	\$37,396
Chicago, IL	\$13,273	\$15,121	\$28,394
St. Paul, MN	\$15,700	\$0	\$15,700

Source: PCAR

PCAR contracted with a hotel to provide meeting and lodging space for most of the meetings. The hotel provided the meeting space for the event at no charge based on expected hotel room and meal charges associated with the event. For the St. Paul event, a local university provided complimentary meeting space. Our analysis of the expenditures for these training sessions identified the following issues.

1) Lodging

PCAR incurred lodging costs of \$12,218 for its November/December 2009 training event in Miami, Florida, at a rate of \$149 per night, per guest. The applicable federal lodging rate at that time and locale was \$128 per night. According to the OJP Financial Guide, "for events of 30 or more participants that are funded with an OJP award, if lodging costs exceed the Federal per diem rate, none of the lodging costs are allowable. (When Federal grant funds are expended for grant conferences for more than 30 attendees and zero hotel rooms are being billed to Federal grants, the award recipients must still ensure that lodging rates are within Federal per diem rates)". This event involved 66 participants – 52 students, 9 staff, and 5 consultant instructors. The lodging expenses of all 9 staff and 5 instructors, as well as 5 scholarship students (19 total) were billed to the award.⁴ When we asked PCAR officials about this expense, they told us that the lodging rate was negotiated in July 2009 while the Fiscal Year 2009 Miami lodging rate of \$149 was still in effect.⁵ However, because PCAR's negotiated rate exceeded the prevailing federal lodging rate at the time of the event, in accordance with the OJP financial guide we question all the \$12,218 lodging expense as unallowable.

⁴ PCAR awards "scholarships" from cooperative agreement funds that pay travel, room and board expenses to a limited number of students.

⁵ Our review of the GSA per diem rates showed that the actual rate in effect in July 2009 for Miami was \$121 when the contract was being negotiated.

2) Meals

a) Breakfast

Prior to each day of training, PCAR provided attendees and staff with a buffet/continental breakfast meal. According to the OJP Financial Guide, "the cost of any meal provided, plus any hotel service costs, cannot exceed 150 percent of the locality Meals & Incidental Expenses (M&IE) rate per meal per attendee." We calculated the cost charged for breakfast meals at each of the four events and found that in each instance, the amount charged to the award exceeded the maximum allowed. For example, PCAR charged over \$32 per person for breakfast (or 295 percent of the \$11 M&IE for breakfast in Miami).

In addition, we found that staff and consultants frequently claimed the breakfast per diem, also charged to the award, in addition to the breakfast provided to them. According to the OJP Financial Guide, anyone covered by per diem allowances or reimbursements who attends any events at which food and beverages are provided must deduct the allowance for such meals provided from his/her per diem allowance.

b) Lunch

On the second day of each training event, PCAR charged the award for a staff luncheon. Officials explained that this luncheon was necessary in order to gather and discuss the participant attitudes toward the training in a short amount of time. Again, the OJP Financial Guide states that the cost of any meal provided, plus any hotel service costs, cannot exceed 150 percent of the locality M&IE rate per meal per attendee.

We calculated the cost charged for the luncheons at each of the four events and found that in each instance, the amount charged to the award as a percent of M&IE exceeded the maximum allowed. For example, PCAR charged over \$48 per person for a lunch (or 269 percent of the \$18 M&IE for lunch in San Francisco).

c) Refreshments

In the afternoon of each day of training, PCAR provided staff and students with break refreshments. In addition, refreshments such as bagels (Miami) and coffee (Dallas and San Francisco) were provided. The OJP Financial Guide states that the cost of refreshment items, plus any hotel service costs, cannot exceed 23 percent of the locality M&IE rate per attendee per day.

We calculated the cost charged for refreshments at each of the four events and found that in all but one instance, the amount charged to the award as a percent of M&IE exceeded the maximum percent allowed from the OJP Financial Guide, (note that the Miami and San Francisco events offered the choice of two different types of afternoon break each day, the Dallas event offered varying amounts of coffee each day and the San Francisco event provided a higher-cost break for instruction staff on the day prior to training). For example, PCAR charged over \$26 per person for one day of break foods (or 37 percent of the \$71 M&IE for San Francisco).

We calculated the total food and beverage charges for the four training events, including tax and service charges, and the maximum allowable food and beverage charges for daily breakfasts and refreshments, as well as a "day two" staff luncheon, based on OJP Financial Guide food and beverage guidance.

**Total Questioned Food & Beverage
Costs for 2009-TA-AX-K024**

Event	Total Food & Beverage Charges	Maximum Allowable Food & Beverage	Questioned Costs
Miami	\$13,433	\$8,912	\$4,521
Dallas	11,238	9,489	1,749
Chicago	12,518	8,672	3,846
San Francisco	15,804	9,489	6,315
Grand Total:	\$52,993	\$36,562	\$16,431

Source: OIG/PCAR

2009-TA-AX-K042

We determined PCAR provided \$3,436 in unallowable meal and beverage expenses to the 2009-TA-AX-K042 cooperative agreement.

1) Lunch

PCAR charged an unallowable amount for lunch at a conference in Denver. According to the OJP Financial Guide, "the cost of any meal provided, plus any hotel service costs, cannot exceed 150 percent of the locality M&IE rate per meal per attendee." PCAR charged almost \$61 per person (10 people) for lunch (or 361 percent of the \$16 lunch per diem).

Therefore, we are questioning \$367 of a lunch provided that was over the amount allowed.

2) Refreshments

PCAR charged an unallowable amount for refreshments. According to the OJP Financial Guide, "refreshments include light food and drink served during break time, such as coffee, tea, milk, juice, soft drinks, donuts, bagels, fruit, pretzels, cookies, chips, or muffins. The cost of these items, plus any hotel service costs, cannot exceed 23 percent of the locality M&IE rate per attendee per day." In two instances, PCAR charged \$30 and \$35 per person for refreshments, totaling \$3,069 or over the 23 percent of M&IE allowed.

In total, we question \$19,867 as unallowable meal and incidental expenses charged to the cooperative agreements due to excessive charges made for the various meals and snacks discussed above.

Accountable Property

The OJP Financial Guide states that grantees are required to be prudent in the acquisition and management of property acquired with federal funds. The guide also states that grantees must establish an effective system for property management.

As a result of the internal control weakness discussed earlier in the report, we tested 100 percent of the equipment purchased with cooperative agreement funds with the exception of computers in the possession of employees located out of state.⁶ We reviewed the equipment and found that the equipment was properly marked as purchased with federal funds, used as shown in the cooperative agreement, physically present and verifiable, and included on a PCAR inventory list.

Drawdowns

The OJP Financial Guide establishes the methods by which the DOJ makes payments to awardees. The methods and procedures for payment are designed to minimize the time elapsed between the transfer of funds by the government and the disbursement of funds by the awardee. Awardees should request grant funding based on an immediate reimbursement basis. If grant funding is requested as an advance, the grantee must ensure that

⁶ A PCAR official stated purchases over \$500 are considered equipment. PCAR policy states that all fixed assets will be recorded and listed on an inventory-listing sheet.

cash on hand is kept to a minimum and disbursed immediately or within 10 days.

We determined that between April 2008 and October 2010, PCAR requested and received cooperative agreement funding totaling \$2,059,030. The following table shows the amount of funding related to each award.

**Requests for Cooperative Agreement
Funding as of October 2010**

Cooperative Agreement Award	Funding Request Amount	Number of Funding Requests
2009-TA-AX-K024	\$1,601,225	16
2008-TA-AX-K021	286,939	27
2009-TA-AX-K042	134,669	12
2009-TA-AX-K005	37,097	15
Total	\$2,059,030	70

Source: OJP

PCAR drew down funds on a monthly basis based on the actual amounts spent on cooperative agreement-related activities. Based on our analysis, we determined that PCAR adhered to the OJP Financial Guide's minimum cash on hand requirement and properly requested funds on a reimbursement basis.

Reporting

We found that PCAR submitted the required financial reports on time, and these reports were adequately supported by accounting records. In addition, PCAR submitted the required progress reports generally on time and in accordance with OVW requirements.

Federal Financial Reports

The financial aspects of OVW awards are monitored through Federal Financial Reports (FFRs).⁷ According to the OJP Financial Guide, FFRs should be submitted within 30 days of the end of the most recent quarterly reporting period. The final report must be submitted no later than 90 days following the end of the award period. Funds or future awards may be withheld if reports are not submitted or are excessively late.

Between April 2008 and October 2010, PCAR was required to submit a total of 26 FFRs for the four cooperative agreements. We reviewed the submitted reports for accuracy and timeliness and found that all 26 FFRs were submitted on time.

According to the OJP Financial Guide, the FFRs are supposed to contain the actual expenditures for the reporting period and cumulative for the award. We compared the FFRs to the accounting records (PCAR expenses) and we were able to tie the FFR amounts to the accounting records, with the exception of the omission of program income discussed in the Program Income section of this report.

Progress Reports

OVW requires awardees to complete and submit progress reports as a means to monitor the performance of award-funded programs. Progress reports are submitted to describe activities and accomplishments toward the objectives contained in the approved award application. According to the OJP Financial Guide, progress reports are to be submitted within 30 days after the end of the reporting periods, which are June 30 and December 31.

Between April 2008 and May 2011, PCAR submitted the 17 required progress reports for the four cooperative agreements. We selected the December 2010 progress reports from each cooperative agreement in order to compare the data in the reports to support documentation provided by PCAR. We found that PCAR was able to provide adequate documentation to support the events and trainings that were discussed in the progress reports. The documentation was typically in the form of agendas and reports.

⁷ Effective for the quarter beginning October 1, 2009, grant recipients must report expenditures online using the Federal Financial Report (FFR-425). Prior to October 1, 2009, the financial reports were called Financial Status Reports (FSRs) and had to be submitted within 45 days of the end of the most recent quarterly reporting period. For this report we will be referring to both the FSRs and FFRs as FFRs.

Between April 2008 and May 2011, PCAR submitted 17 progress reports. We found that the 17 progress reports were generally submitted on time. One report was 7 days late, one was 14 days late, and another was 30 days late. While these reports did not meet the timeliness requirements, we did not consider the amount of time to be significant.

Budget Management and Control

OVW approved a detailed budget for each of the four cooperative agreements. The OJP Financial Guide requires that recipients spend award funding according to defined budget categories, or request approval prior to reprogramming funds if actual spending exceeds certain limits.⁸ The following table presents the approved budget for the cooperative agreements.

OVW Approved Cooperative Agreement Budgets to PCAR

OVW Budget Category	2009-TA-AX-K024	2008-TA-AX-K021	2009-TA-AX-K042	2009-TA-AX-K005
Personnel	\$ 1,866,294	\$ 55,439	\$ 118,217	\$ 19,983
Fringe Benefits	485,234	14,574	30,795	5,425
Travel	247,726	25,510	30,489	6,395
Equipment	40,399	0	3,250	0
Supplies	48,665	3,720	5,839	960
Contractual	469,762	266,829	127,335	205,921
Other	541,920	33,928	59,075	11,316
Total	\$3,700,000	\$400,000	\$375,000	\$250,000

Source: OVW

We compared budgeted amounts from the approved financial clearance memorandums to actual expenditures from the cooperative agreement transactions. At the time of our audit, one cooperative agreement was complete and three were ongoing. We determined that PCAR spent cooperative agreement funds according to the defined budget categories.

⁸ Movement of budget dollars between approved budget categories without an OVW approved Grant Adjustment Notice is allowable up to 10 percent of the total award amount (10 percent rule), provided there is no change in project scope.

Program Income

According to the OJP Financial Guide, all income generated as a direct result of an agency-funded project shall be deemed program income. This income may be used to further the program objectives or refunded to the Federal Government. Additionally, program income may only be used for allowable program costs and must be expended prior to additional OJP drawdowns, program income must be used for the purposes of and under the conditions applicable to the award, and unless specified by the awarding agency, program income must be used as earned and expended as soon as possible.

PCAR did not contemplate the generation of program income in its award application, nor did it report any program income on its quarterly FFRs (see Reporting section above). PCAR officials intended to fund the 2009-TA-AX-K024 cooperative agreement project entirely with OVW award funds. However, the PCAR general ledger for the 2009-TA-AX-K024 cooperative agreement we reviewed as part of our fieldwork showed a credit balance of \$62,512 as of October 31, 2010. We identified transactions in the general ledger that appeared to represent program income earned as a result of award-funded activities, specifically fees earned for providing training or expert witness services.

The total amount of these entries was \$64,970. We discussed these transactions with PCAR officials, who told us that their OVW award was explicitly to provide services to OVW grantees only. However, the organizations associated with the actions noted in the entries were interested in PCAR's expertise, but did not fall into this category. We found that PCAR provided the organizations with services but did not charge any salary, travel, or other expense directly incurred by these trainings to award funds. The budgeted amount for salaries of employees involved in these trainings was reduced through Grant Adjustment Notices from 100 percent to between 95 and 98 percent. PCAR officials also told us that they were working toward changing the 2009-TA-AX-K024 cooperative agreement AEquitas project into a standalone 501(c)(3) entity, and toward that end it was necessary for AEquitas to establish funding sources beyond OVW grant awards.

We asked PCAR officials to list their revenue-generating activities. PCAR provided the following:

- Military Institute on the Prosecution of Sexual Violence (MIPSV), February 23-26, 2010 – Training event in Alexandria, VA. The attendees consisted of military prosecutors from the U.S. Army. This

event was requested and funded by the U.S. Army Trial Counsel Assistance program.

- MIPSV, August 24-27, 2010 - Training event at Andrews Air Force Base, MD. The attendees consisted of military prosecutors from the U.S. Army and Air Force. This event was requested by the U.S. Army Trial Counsel Assistance program and it was funded through a contract agreement with the U.S. Air Force.
- Prosecuting Alcohol Facilitated Sexual Assault (PAFSA), August 30 – September 3, 2010 –Training event in Newport, RI. The attendees consisted of military prosecutors from the U.S. Navy. This event was requested and funded by the U.S. Navy.
- Medical Consequences of Sexual Assault, October 18-21, 2011 – Training event in Monrovia, Liberia. The attendees consisted of prosecutors, judges, magistrates and public defenders from across the country. This event was requested and funded by the Norwegian Refugee Council.
- Victims' Rights and the Collection of Evidence, January 19-20, 2011 – Training even in Dubai, United Arab Emirates. The attendees consisted of prosecutors from U.A.E. Ministry of Justice. The request was made by U.A.E. Ministry of Justice to the American Bar Association Rule of Law who in turn requested PCAR's presence and paid for AEquitas participation.
- MIPSV, February 28 – March 4, 2011 - Training event in Alexandria, VA. The attendees consisted of military prosecutors from the U.S. Army and Air Force. This event was requested by the U.S. Army Trial Counsel Assistance program and it was funded through a contract agreement with the U.S. Army.
- International Institute on the Prosecution of Human Trafficking (IIPHT), March 14-18, 2011 –Training event in Yaoundé, Cameroon. The attendees consisted of prosecutors, judges, law enforcement officers, commissioners, and social workers representing the ten (10) regions in Cameroon. The event was funded by a U.S. Department of State grant award.

We noted that some of these events do not appear to be among those we found in the general ledger, and as a result we believe there is most likely additional revenue earned beyond the \$64,970 we identified.

In our judgment, while the immediate expenses such as travel and staff time incurred providing these revenue-generating trainings may be funded independent of award funds, the project staff used OVW-funded computers to provide the training, which is also supported by OVW-funded office space, services, and supplies. In addition, in some instances the curricula provided in these trainings were developed with the support of OVW funds. As a result, we concluded that the revenues earned constituted program income. According to the OJP Financial Guide, program income earned must be reported on the quarterly FFR. We found that PCAR did not report any program income in its financial reporting. The OJP Guide also requires that program income is to be spent as soon as possible, prior to additional draw downs, for approved program-related purposes. PCAR officials told us that the revenue received from these trainings was used to pay for staff time, travel, and other items associated with these non-award related trainings. However, we found that while the revenue balances earned from these trainings remained in the general ledger for accounting purposes, the associated expenses were commingled in the general accounts receivable ledger. As a result, we were unable to verify that the funds earned were expended in accordance with OJP guidelines.

Based on our review of the income generated through the OVW award-funded program, we believe the \$64,970 we identified may be enhanced revenue. However, it is unclear how much should be considered as such since PCAR did not track how much should be attributed to the OVW program. As a result, we recommend that PCAR establish a mechanism by which to track program income generated as a result of grant funds, and ensure that program income is applied in accordance with grant rules.

Program Performance and Accomplishments

Overall, the goals of the PCAR cooperative agreements were to provide technical assistance on the core competencies needed to effectively respond to sexual assault. The goal of the 2009-TA-AX-K024 cooperative agreement was to provide accessible, up-to-date technical assistance, substantive legal information, trial strategies, as well as support and training for violence against women prosecutors. The goal of the 2008-TA-AX-K021 cooperative agreement was to increase the capacity of victim service professionals in the U.S. Territories to respond effectively and comprehensively to sexual assault survivors. The goal of the 2009-TA-AX-K042 cooperative agreement was to prioritize technical assistance on the core competencies needed to effectively respond to sexual assault in rural communities. With support from OVW, the project aimed to develop an increased understanding of sexual assault within the OVW Rural Grantee Program. The goal of the 2009-TA-AX-K005

cooperative agreement was to prioritize technical assistance on the core competencies needed to effectively respond to sexual assault.

The objectives for the AEquitas 2009-TA-AX-K024 cooperative agreement was to provide accessible, up-to-date technical assistance, substantive legal information, trial strategies, as well as support and training for violence against women prosecutors. Specifically, the project was expected to:

- Provide training and technical assistance to OVW grantees.
- Provide four to six basic trainings through the National Institute on the Prosecution of Domestic Violence and the National Institute on the Prosecution of Sexual Violence.
- Provide two to four advanced trainings through the National Institute on the Prosecution of Domestic Violence and the National Institute on the Prosecution of Sexual Violence.
- Develop web-based seminars on emerging issues for violence against women prosecutors.
- Host a Public Law 280 National Training for OVW grantees.
- Host a Domestic Violence Homicide Training for prosecutors.
- Create a newsletter and publish 12-14 articles and 2-4 monographs for dissemination to OVW grantees.
- Create an accessible comprehensive website for violence against women prosecutors incorporating interactive methods for web-based learning and communication (such as podcasts, wiki, and webcasts).
- Create an archive of relevant sample motions, briefs, and testimony that can be accessed easily.
- Develop resources and strategies to allow prosecutors to implement and apply concepts in handling violence against women cases.
- Utilize video-conferencing and emerging web technology to make information more accessible for prosecutors.

The objectives for the U.S. Territories 2008-TA-AX-K021 cooperative agreement:

- Enhance the capacity of OVW grantees to assess effectiveness of services to victims of sexual violence through onsite consultation and collaborative assessment tool development.
- Increase OVW grantees knowledge regarding sexual assault and comprehensive coordinated response through customized information and resource dissemination.
- Enhance strategic planning efforts of grantees to build comprehensive, multidisciplinary response to sexual assault through technical assistance and information sharing.

The objectives for the Rural 2009-TA-AX-K042 cooperative agreement:

- Provide customized technical assistance over the telephone and email specific to sexual assault to OVW Rural Grantees.
- Conduct up to six on-site technical assistance visits to OVW Rural Grantees by the end of this 24 month grant period to build capacity to address sexual assault.
- Conduct one National Training Institute for OVW Rural Grantees specific to sexual assault by December, 2009.
- Conduct two webinars for rural grantees associated with emerging technical assistance topics by the end of the project.
- Develop a series of Public Service Announcements for use and adaptation by Rural Communities by the end of project.
- Develop a collection of audio pod casts highlighting innovative works of rural grantees.

The objectives for the Summit 2009-TA-AX-K005 cooperative agreement:

- Identify up to 100 diverse key informants within the first 6 months of the project.
- Conduct 10 focus groups in different locations around the U.S. within the first 15 months of the project.

- Provide 10 technical assistance information exchange events in different locations around the U.S. within the first 15 months of the project.
- Identify priority recommendations and action steps related to sexual assault advocacy by the end of 24 months to inform community-based, state, national, and federal partners in strategic planning.

To assess PCAR's achievements in meeting the goals and objectives for the cooperative agreements, we interviewed officials and requested any data that they compiled, maintained, and used in order to measure and evaluate performance and accomplishments related to each objective.

Based on the information we reviewed, it appears that PCAR has achieved or is on track to achieve the goals and objectives of the cooperative agreements. We reviewed auditee records, agendas, reports, and other documentation. We found PCAR provided, or plans to provide, the trainings, technical assistance, associated support, and reports that will fulfill the award objectives. However, we observed that the award objectives established by OVW were all quantitative in nature. The objectives required the provision of a certain number of trainings, newsletters, and other items with no qualitative measurement of accomplishments. We believe there would be benefit in establishing qualitative measures for the grantee rather than basing grant performance on the number of trainings provided. For example, a more effective measure of program performance would be to identify what skills and knowledge are to be developed in a training class and whether or not this objective was met.

Compliance with Other Cooperative Agreement Requirements

In addition to the general cooperative agreement requirements, we tested for compliance with terms and conditions specified in the cooperative agreement award documents. The four awards contained 71 special conditions. We found that PCAR complied with most of the special conditions we tested, except for the findings previously reported and those discussed below.

Specifically, we found that one of the special conditions associated with the 2008-TA-AX-K021 cooperative agreement required PCAR to "synthesize evaluation data and present (a) final report to OVW". However, we found that OVW did not receive the 2008-TA-AX-K021 final report until May 2011, 6 months after the end of the award period.

In addition, another special condition associated with 2009-TA-AX-K024 cooperative agreement required PCAR to submit an activity report within 45 days after the end of any conference, meeting, retreat, seminar, symposium, training activity, or similar event funded under the award when the total cost of the event exceeds \$20,000 in award funds. We found that PCAR submitted these reports as required, but generally failed to adhere to the 45 day deadline, however, the lateness of the reports was not significant.

Other Reportable Matters

PCAR charged \$29,888 in other costs to the cooperative agreements. These costs were categorized as direct costs in their accounting records and shown in the budget requests as other costs. These expenses included supplies, including computer supplies, maintenance of equipment, equipment leases, software, rent, custodial services, building maintenance, printing, telephone and internet fees, shipping, membership dues, and insurance. These costs were allocated to these awards based on a percentage basis by PCAR, as would normally be done for indirect costs. According to the OJP Financial Guide, "if a recipient does not have an approved Federal indirect cost rate, funds budgeted for indirect costs will not be recoverable until a rate is approved." We found no evidence that PCAR had an approved rate, nor have we found any evidence that they requested approval of an indirect cost rate.

OVW approved some of these costs in the cooperative agreements budgets. For example, in the 2008-TA-AX-K021 cooperative agreement approved budget, OVW approved telephone, rent, and maintenance costs to be charged to the cooperative agreement. The budget narrative did not state that these costs were to be allocated, or in fact treated as indirect costs. A PCAR official stated they charged these costs because OVW approved these types of costs in the cooperative agreement budgets under the other cost category.

While we do not question these costs as they have been approved by OVW in the awards, we consider these costs to be indirect costs charged to the awards. As a result, we believe OVW should not approve these costs as direct or other costs, but ensure that the costs are treated as indirect costs, and require PCAR to obtain the necessary approvals to charge such indirect costs to the awards.

Conclusions

PCAR did not fully comply with all of the cooperative agreement requirements we tested. We found weaknesses in PCAR's internal controls, monitoring of consultants, charging for food and beverages, and in its reporting of program income. Specifically, we found unsupported costs in the amount of \$298,980 charged to the cooperative agreements for consultant expenses. We also found PCAR charged a flat rate of \$450 per day for consultants without taking steps to ensure that these rates were reasonable. In addition, PCAR charged \$12,218 in unallowable lodging expenses and \$25,113 in unreasonable expenses to the cooperative agreements. PCAR also received \$64,970 in program income which resulted from award-funded activities. Lastly, PCAR charged indirect costs of \$29,888 to the cooperative agreements as other direct costs with the approval of OVW.

Recommendations

We recommend that OVW:

1. Ensure PCAR strengthens internal controls when ordering, receiving and paying for equipment and supplies.
2. Remedy \$298,980 in unsupported consultant costs.
3. Ensure PCAR adequately monitors its consultants.
4. Ensure consultants bill based on actual cooperative agreement expenditures.
5. Ensure PCAR develops and reviews consultant rates on a case-by-case basis and ensures the rates are reasonable and allowable in accordance with OMB cost principles.
6. Remedy \$32,085 in unallowable expenses.
7. Remedy \$5,246 in unreasonable expenses.
8. Ensure that PCAR properly accounts for, reports, and applies program income generated from cooperative agreement funded activities including the \$64,970 identified in this report.
9. Ensure PCAR does not charge any indirect costs as direct costs and, if necessary, obtain an indirect cost rate to cover the indirect costs.

OBJECTIVES, SCOPE, AND METHODOLOGY

The purpose of our audit was to determine whether reimbursements claimed for costs under the cooperative agreements were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the cooperative agreements. We also assessed grantee program performance in meeting the cooperative agreements' objectives and overall accomplishments. The objective of our audit was to review activities in the following areas: (1) internal control environment, (2) cooperative agreement expenditures, (3) accountable property, (4) drawdowns, (5) federal financial and progress reports, (6) budget management and control, (7) program income, (8) program performance and accomplishments, and (9) compliance with other cooperative agreement requirements. We determined that monitoring of contractors and subrecipients and matching costs were not applicable to these cooperative agreements.

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 provided a reasonable basis for our findings and conclusions based on our audit objectives.

In conducting our audit, we used sample testing while testing cooperative agreement expenditures. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the cooperative agreements reviewed, such as high dollar amounts or expenditure category based on the approved cooperative agreement budgets. This non-statistical sample design does not allow for the projection of the test results to the universes from which the samples were selected.

We audited the OJP cooperative agreement numbers 2009-TA-AX-K024, 2008-TA-AX-K021, 2009-TA-AX-K042, and 2009-TA-AX-K005. These agreements were selected since they represented funding that PCAR received for national programs. Our audit concentrated on, but was not limited to, the award of the 2008 cooperative agreement in April 2008, through the end of field work in May 2011.

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

In addition, we reviewed the timeliness and accuracy of Federal Financial Reports and progress reports, evaluated actual program performance and accomplishments to cooperative agreement goals and objectives, and considered internal control issues. However, we did not test the reliability of the financial management system as a whole.

SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS:	AMOUNT	PAGE
Unsupported Expenditures	\$ 298,980	10
Unallowable Expenditures	32,085	12,14
Unreasonable Expenditures	5,246	11
TOTAL OF QUESTIONED COSTS:	\$ 336,311	
Enhanced Income	64,970	21
TOTAL DOLLAR-RELATED FINDINGS:	\$ 401,281	

Questioned Costs are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

**PENNSYLVANIA COALITION AGAINST RAPE
RESPONSE TO THE DRAFT AUDIT REPORT**



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April 13, 2012

Mr. Tomas O. Puerzer
U.S. Department of Justice
Office of the Inspector General
Philadelphia Regional Audit Office
701 Market St., Suite 201
Philadelphia, PA 19106

Re: Response to Draft Audit Report dated March 9, 2012.

Dear Mr. Puerzer:

The Office of the Inspector General of the U.S. Department of Justice (DOJ) recently conducted an audit of four projects funded by the DOJ's Office on Violence Against Women (OVW) and administered by the Pennsylvania Coalition Against Rape under technical assistance cooperative agreement numbers 2008-TA-AX-K021, 2009-TA-AX-K042, 2009-TA-AX-K005, and 2009-TA-AX-K024.

PCAR received the draft audit report on March 9, 2012. In some instances we agree with the auditor's findings and recommendations; however, there are a number of instances where we do not agree with the findings. We believe there were a number of inaccuracies in the audit report that we would like to clarify and have corrected, based on additional information or facts that we have included in this response.

As a preliminary matter, we would like to have the reference to the name of the AEquitas project in the description of the objectives for the awards on page i of the draft report corrected from "AEquitas Center for the Prosecution of Violence Against Women" to "AEquitas: The Prosecutors' Resource on Violence Against Women". Additionally, pages 3 and 4 of the draft report states that 1) "AEquitas previously existed as the American Prosecutor's Research Institute (APRI)", 2) "some training course titles that APRI offered, including the National Institute on the Prosecution of Domestic Violence and the National Institute on the Prosecution of Sexual Violence, have evolved into the training courses AEquitas offers today" and 3) AEquitas officials "also told [OIG] that it was APRI personnel who initiated the idea to re-start

the program under PCAR (an NDAA partner in the APRI program) using the new name of AEquitas". Each of these statements is factually incorrect and it is unclear why APRI is referenced in, or relevant to, the draft report. While it is true that some of the staff members PCAR hired for our newly created AEquitas project were former employees of APRI, AEquitas is wholly independent of, and is in no way a continuation or a "re-start" of, APRI, which still exists today. The OIG audit findings of a completely independent agency that was in no way managed by PCAR should not be referenced in PCAR's report. Accordingly, we believe that the reference to APRI in the draft report is misleading and should be removed.

PCAR's responses to the 9 recommendations included in the draft report follow below.

Recommendation No. 1: Ensure PCAR strengthens internal controls when ordering, receiving, and paying for equipment and supplies.

We partially concur with this recommendation. The PCAR offices located in Enola, PA have proper internal controls in place for equipment and supplies purchases.

Staff members are required to complete a Supply Requisition form and have it approved by their supervisor before it is given to the Office Manager to order supplies. When supplies are received the Office Manager reviews the packing lists to insure that all equipment that was ordered was received and billed at the correct price. If there are no errors the invoice is given to the finance department for processing. A Disbursement Voucher (also known as a Check Request Form) is completed and attached to all invoices. Every Disbursement Voucher must be approved by the Vice President of Finance and the CEO, the Vice President of Resources or the Vice President of Services before a check is cut.

Equipment purchase requests at the Enola, PA location are submitted to the IT Department. When a request is received a Purchase Order Form is completed by the Information Technology Specialist and must be signed by the Director of IT indicating approval before the equipment is ordered. When the equipment is received the Information Technology Specialist reviews the packing list to insure that all equipment that was ordered was received and billed at the correct price. If there are no errors the invoice is given to the finance department for processing. A Disbursement Voucher is completed and attached to all invoices. Every Disbursement Voucher must be approved by the Vice President of Finance and the CEO, the Vice President of Resources or the Vice President of Services before a check is cut.

We concur that we do not have proper segregation of duties at our Washington, DC office location. This applies only to Grant Award Number 2009-TA-AX-K024. This is due to the fact that there are only four staff members working at this location. Due to the limited number of personnel working at the Washington, DC location, it is not possible to have different staff

members responsible for authorizing, ordering, and receiving supplies and equipment purchases. However, the Project Director at the Washington, DC office approves all Disbursement Vouchers before they are forwarded to the Enola office for processing. All check requests for all expenses incurred under Grant Award Number 2009-TA-AX-K024 are processed through the Enola, PA office. Every Disbursement Voucher must be approved by the Vice President of Finance and the CEO, the Vice President of Resources or the Vice President of Services before a check is cut.

Recommendation No. 2: Remedy \$298,980 in unsupported consultant costs.

PCAR partially concurs with this recommendation. PCAR was not aware of the requirement that time and effort reports were required for consultants. This requirement is not clear in the OJP Financial Guide. In Chapter 12, Retention and Access Requirement for Records, in the 2009 OJP Financial Guide, paragraph two is as follows:

1. **Coverage.** The retention requirement extends to books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, cancelled checks, and related documents and records. Source documents include copies of all awards, applications, and required recipient financial and narrative reports. Personnel and payroll records shall include the time and attendance reports for all individuals reimbursed under the award, whether they are employed full time or part time. **Time and effort reports are also required for consultants.**

PCAR staff interpreted this statement to mean that if individuals were hired through a temporary staffing agency to perform any of the job duties of vacant positions listed in the approved Personnel section of the budget, then time sheets would need to be completed by those temporary employees.

As stated on page 9 of the OIG draft report, PCAR began requiring time and effort reports for all consultant activity in response to OIG's finding. This change occurred immediately when the OIG auditors were still conducting their fieldwork and communicated this requirement to PCAR staff. The effective date of this change was December 22, 2010. All consultants are required to submit a time and activity log with all invoices to support the hours being billed.

Although PCAR did not require time and effort logs for independent contractors, PCAR did monitor all consultant work. All independent contractors were required to sign a contract outlining their scope of work. PCAR staff insured that the activities outlined in each consultant contract were completed. We do have documentation to support that consultants participated in and completed the tasks as outlined in our work plans and budgets approved by OVW.

Award Number 2009-TA-AX-K024

Page 8 of the draft report classifies \$26,550 in consultant costs allocable to this award as unsupported consultant costs since the OIG "found no documentation of the observations or records of consultants' time spent on award-related activities". We indicated that we could account for the consultant time as a result of the fact that we were in attendance at the training events with them, but we did not previously provide documentation as it was not requested by the OIG in the course of their audit; such documentation is enclosed as Attachments A1 through A9.

Award Number 2008-TA-AX-K021

The total amount questioned under this award, \$228,530, is the amount PCAR paid to the National Organization of Sisters of Color Ending Sexual Assault (SCESA) for subcontracted services.

When PCAR entered into this contract with SCESA we wanted to insure that we were collecting sufficient documentation to satisfy OJP financial requirements. PCAR staff contacted the OJP Comptroller's office to discuss what documentation should be collected from SCESA to support the expenditures for which they would be requesting reimbursement. PCAR staff specifically asked OJP staff if we would be required to collect timesheet/payroll data for SCESA staff members charged to the grant. OJP staff told PCAR staff this was not necessary. PCAR staff asked OJP staff if a quarterly report including expenditures totals by budget category was sufficient documentation and OJP comptroller staff confirmed that this was sufficient documentation. Attachment B1 is an email exchange dated 1/22/08 between PCAR's Vice President of Finance and SCESA's Executive Director documenting these questions/concerns as well as documentation of the telephone conversation with the OJP Comptroller's Office staff member on 1/23/08 (Attachment B2). As a result of our conversation with OJP staff, PCAR required SCESA to submit quarterly reports. All quarterly reports were submitted by SCESA (Attachment B3). Due to the fact that PCAR collected the documentation required per direct conversations with OJP staff, these consultant costs should not be considered unallowable.

Award Number 2009-TA-AX-K042

We have provided a list of the questioned consultant payments totaling \$11,900 under this award as Attachment C1. The detail to support these consultant payments are as follows:

Participation in Experts discussion held on December 15, 2009 - \$400

We have attached the meeting notes for the Experts Discussion teleconference that was held on December 15, 2009. The attendees are documented in these notes (Attachment C2). Each of the participants was paid \$100 for their participation.

Participation in Experts discussion held on February 11, 2010 - \$500

We have attached the meeting notes for the Experts Discussion teleconference that was held on February 11, 2010. The attendees are documented in these notes (Attachment C3). Each of the participants were paid \$100 for their participation.

Participation in Focus Group held on June 11, 2010 - \$700

We have attached the meeting notes for the focus group that was held on June 11, 2010. The attendees are documented in these notes (Attachment C4). Each of the focus group participants was paid \$100 for their participation. We have also attached signed invoices and consent forms to document their attendance (Attachments C5 through C11).

Participation in Just Rural Conference held June 8-10, 2010 - \$10,300

We have attached the conference Agenda listing workshop topics, presenters and descriptions (Attachment C12) along with a summary of activities performed by each consultant paid for participating in the Just Rural Conference (Attachment C13).

Award Number 2009-TA-AX-K005

We have provided a list of the questioned consultant payments totaling \$32,000 under this award as Attachment D1. The detail to support these consultant payments are as follows:

Project Consultation to include Plan Development, Attend Meetings and Conduct Focus Groups - \$31,600

We have attached a copy of the budget approved by OVW that, under the Consultant section, includes a line item for \$54,900 for these consultation services (Attachment D2). We have attached a copy of the signed contract that outlines the services to be provided by the consultant (Attachment D3). The consultant provided the following services: assisted in protocol development for focus groups, assisted with the development of online assessment, assisted in synthesizing online assessment results, facilitated summits, assisted in training other facilitators, assisted with follow up to summits via conference calls with participants, drafted monthly updates for progress report to funder, assisted in synthesizing summit notes to final report. We have attached the following documents prepared by the consultant to support the completion of major deliverables: Focus Group Goals and Questions (Attachment D4), Suggested Strategy for Focus Group Data Collection (Attachment D5), Pre-Summit Questionnaire (Attachment D6), Detailed Focus Group Facilitator's Agenda (Attachment D7), Advocacy Symposium Project draft report synthesizing summit notes (Attachment D8).

Participation in SA Advocacy Summit held on October 18, 2010 - \$400

We have attached a copy of the budget approved by OVW that, under the Consultant section, includes a line item for \$100 stipends for Focus Group Participants (Attachment D2). Each of the participants were paid \$100 for their participation. We have attached signed consent forms to document their attendance (Attachment D9).

Recommendation No. 3: Ensure PCAR adequately monitors consultants.

PCAR concurs with this recommendation. As stated on page 9 of the OIG draft report, PCAR began requiring time and effort reports for all consultant activity in response to OIG's finding. This change occurred immediately upon communication to PCAR staff when the OIG auditors were still conducting their fieldwork. The effective date of this change was December 22, 2010. All consultants are required to submit a time and activity log with all invoices to support the hours being billed. PCAR staff responsible for overseeing each project review this log to determine if the charges are legitimate before they forward it to the finance department for payment. Consultants are reimbursed based on the actual amount of hours worked as outlined in their time and activity logs.

Recommendation No. 4: Ensure consultants bill based on actual cooperative agreement expenditures.

As we indicated under Recommendation No. 3 above, in order to insure that consultant's bill based on actual award-related activities as outlined in the cooperative agreement, all consultants are required to submit a time and activity log with all invoices to support the hours being billed. PCAR staff responsible for overseeing each project review this log to determine if the charges are legitimate before they forward it to the finance department for payment. Consultants are reimbursed based on the actual amount of hours worked as outlined in their time and activity logs.

Recommendation No. 5: Ensure PCAR develops and reviews consultant rates on a case-by-case basis and ensures rates are reasonable and allowable in accordance with OMB cost principles.

PCAR partially concurs with this recommendation. Page 10 of the draft report notes that PCAR "did not obtain quotes or bids for consultant services. Instead, we found that PCAR treated the \$450 maximum for consultant services established by the OJP Financial Guide as its standard rate and paid all of its consultants at this rate, and pre-printed its standard consultant contracts with the \$450 rate." PCAR agrees that we did not obtain quotes in all cases for all consultants paid under the audited contracts. However, PCAR will obtain quotes and will also obtain bids

for consulting services when such services are reasonably available from multiple providers, as contemplated by the OJP Financial Guide. However, many of the paid consultants utilized by PCAR have very specialized and unique areas of expertise that, in almost all cases, commands greater than a \$450 rate, so that the \$450 rate represents a discount. Additionally, PCAR does not use standard consulting contracts preprinted with a \$450 rate. The contract reviewed by the OIG auditors was a sample contract with the \$450 rate used as an example.

Recommendation No. 6: Remedy \$32,085 in unallowable expenses.

Award Number 2009-TA-AX-K024

Lodging - \$12,218

PCAR does not concur with this recommendation. Page 13 of the draft report identifies \$12,218 in lodging costs in connection with a 2009 training event in Miami, Florida as unallowable expenses since the rate per night, per guest was \$149 was in excess of "the prevailing federal lodging rate at the time of the event, in accordance with the OJP financial guide" of \$128 per night, per guest. We note that the 2009 OJP financial guide, which is applicable to these costs, did not use the term "prevailing government rate," instead page 73 of the guide specifies that "all OJP-funded contracts for events that include 30 or more participants (both Federal and non-Federal) lodging costs for any number of attendees requiring lodging must not exceed the Federal per diem rate for lodging", page 125 of the guide states that "lodging costs in excess of Federal per diem rate" are unallowable costs and the definition of "Reasonable" in the guide notes that the "exception to this definition is lodging costs for events of 30 or more participants, when the event is funded with an OJP award. For these events, reasonable is defined as the Federal per diem rate for lodging." The GSA published rate for the time the event took place (November/December 2009) was \$149, accordingly we would request that these lodging costs be deemed allowable expenses.

Meals - \$16,431

PCAR does not concur with this recommendation. Page 15 of the draft report identifies \$16,431 in food and beverage charges as unallowable expenses since they did not comply with requirements of the OJP Financial Guide as they exceeded "150 percent of the locality M&IE rate per meal per attendee". The 2008 OJP Financial Guide did not include the 150 percent limitation, which were implemented in the 2009 OJP Financial Guide published in October of 2009. Additionally, OVW granted an exemption to compliance with the 150 percent limitation in the 2009 OJP Financial Guide in the email (Attachment E1). According we would request that these food and beverage charges be deemed allowable expenses.

Award Number 2009-TA-AX-K042

Lunch - \$367

We do concur with the calculation of the \$367 overage. However, on page 15, under section 1) Lunch, it states that PCAR charged 469 percent of the \$13 lunch per diem. This is incorrect. The total per diem in Denver Colorado in June 2010 was \$66 (Attachment F1). The lunch portion of the \$66 per diem is \$16, not \$13. Please change the language in the paragraph to 381% of the \$16 lunch per diem.

Refreshments - \$3,069

We do not concur with the calculation of the \$3,069 overage. We calculate the overage amount to be \$2,825.61 (Attachment F2). Also included on Attachment F2 is a calculation of the savings generated in the amount of \$3,201 from concessions negotiated by PCAR staff for a free continental breakfast on June 9th and June 10th. The cost of the breakfast was not charged against this grant as a result of staff negotiations with the hotel. In addition to the savings from hotel concessions, our invoice from the Westin Tabor Center reflects a credit in the amount of \$1,715.96. PCAR applied this credit against lodging expense in our accounting system (Attachment F3). We could instead apply this credit against the cost of refreshments to reduce the amount of the overage charged to the grant.

Recommendation No. 7: Remedy \$5,246 in unreasonable expenses.

PCAR does not concur with this recommendation. PCAR believes that the existing knowledge of the NCJFCJ administrative assistant and the ability to utilize her services on an hourly as-needed basis justified the premium over the rates of alternative providers, who would likely have taken more time to accomplish the same task and been engaged for the entire work day during the period regardless of whether fully utilized or not, thereby eliminating any theoretical cost savings. Additionally, the administrative assistant was employed by another OVW grantee, the NCFCJ, and the \$49.35 rate was intended to compensate NCFCJ for the cost of any time utilized and based on not just the actual salary (as the draft report contemplates), but also the actual occupancy, operating and benefits expenses allocable to the administrative assistant, all of which were included in the NCFCJ's grant.

Recommendation No. 8: Ensure that PCAR properly accounts for, reports, and applies program income generated from cooperative agreement funded activities including the \$64,970 identified in this report.

PCAR does not concur with this recommendation. Page 20 of the draft report notes that the OIG identified transactions in the general ledger that appeared to represent program income earned as a result of award-funded activities, specifically fees earned for providing training or expert witness services totaling \$64,970. The OJP Financial Guide provides that all income generated

as a direct result of an agency-funded project shall be deemed program income. The income in question was not generated as a direct result of the agency-funded project for several reasons:

1) 2009-TA-AX-K024 contemplated the provision of services to grantees which includes state and local governmental and non-government agencies, but did not encompass other federal agencies, international governmental and non-governmental agencies or for profit entities. Each of the identified programs was conducted in connection with entities that fell into the latter category and were accordingly outside of the scope of the agency-funded project.

2) No OVW funds were expended in connection with the generation of such income. Although members of the AEquitas staff were involved in the projects, their time was compensated by these client and associated costs were also covered by the clients.

For example, Page 21 of the draft report noted that with respect to the Victims' Rights and the Collection of Evidence, January 19-20, 2011 – Training event in Dubai, United Arab Emirates that "The request was made by U.A.E. Ministry of Justice to the American Bar Association Rule of Law who in turn requested PCAR's presence and paid for AEquitas participation." PCAR did not receive any compensation in respect of this event and Jennifer Long attended during her personal time and she was only reimbursed for her travel-related expenses.

Additionally, the OVW was not only aware of, but encouraged PCAR to conduct and generate non-program income through, these types of training programs.

Recommendation No. 9: Ensure PCAR does not charge any indirect costs as direct costs and, if necessary, PCAR obtain an indirect cost rate to cover the indirect costs.

PCAR does not concur with this recommendation. PCAR cannot apply for a federally approved indirect cost rate due to the fact that several of our state funders do not allow indirect costs to be charged to their grant awards via an indirect cost rate and the majority of our funding comes from state agencies. The following is an explanation of PCAR's process for allocating indirect costs.

Building rent and custodial services are allocated through a two-step process based on square footage and the percentage of staff hours worked in each grant. Costs are allocated first based on the square footage percentage per employee times the total rent expense. Secondly, that expense is then allocated based on the percentage of time the employee spends working in each grant. This allocation is done on a monthly basis. Detailed timesheet records are used to calculate the percentage of time the employee spends working in each grant every month.

Other indirect costs such as office supplies, rental/maintenance of equipment, equipment lease, telephone, internet, printing of letterhead and envelopes, postage, insurance, etc. are allocated based on the percentage of time employees spend working in a grant. This allocation is done on a monthly basis using detailed timesheet records to calculate the percentage of time the employee spends working in each grant during the month.

We believe using salaries as the distribution base for our allocation is acceptable per our interpretation of OMB Circular A-122, Attachment A, Section D.4. Direct Allocation Method, which states direct allocation methodology is acceptable, provided each indirect cost is prorated using a distribution base that is established in accordance with reasonable and consistently applied criteria, adequately supported by current data of the organization.

PCAR's cost allocation method has been reviewed and approved by our independent auditors. This is also an approved method of allocating shared cost per the Office on Violence Against Women, Grants Financial Management Division (GFMD). PCAR staff participated in a Financial Management Training held by the Resource Sharing Project in November 2011. At this training GFMD staff confirmed that shared costs could be allocated based on the method outlined above as long as the method for allocating costs is consistent, verifiable, and the supporting documentation is maintained for future auditing purposes. PCAR's cost allocation method meets all of these criteria.

We appreciate the opportunity to review and comment on the draft audit report. Feel free to contact me directly if you require additional information or have any questions related to our response.

Sincerely,

A handwritten signature in cursive script, appearing to read "Delilah Rumburg", with a horizontal line extending from the end of the signature.

Delilah Rumburg
Chief Executive Officer

OFFICE ON VIOLENCE AGAINST WOMEN
RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

Office on Violence Against Women

Washington, D.C. 20530

March 28, 2012

MEMORANDUM

TO: Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office

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

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

SUBJECT: Office on Violence Against Women Technical Assistance Program
Cooperative Agreements Administered by Pennsylvania Coalition
Against Rape (PCAR), Enola, Pennsylvania

This memorandum is in response to your correspondence dated March 09, 2012 transmitting the above draft audit report for the Pennsylvania Coalition Against Rape (PCAR). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains **nine** recommendations and **\$298,980** in unsupported costs, **\$32,085** in unallowable costs, and **\$5,246** in unreasonable costs charge to the grant. 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. **ensure that PCAR strengthens its internal controls when ordering, receiving and paying for equipment and supplies.**

OVW does agree with this recommendation. We will coordinate with PCAR to ensure that they strengthen its internal controls when ordering, receiving and paying for equipment and supplies.

2. Remedy \$298,980 in unsupported consultant costs.

OVW does agree with this recommendation. We will coordinate with PCAR to remedy the \$298,980 in unsupported consultant costs.

3. Ensure PCAR adequately monitors its consultants.

OVW does agree with this recommendation. We will coordinate with PCAR to ensure that they monitor its consultants.

4. Ensure consultants bill based on actual cooperative agreement expenditures.

OVW does agree with this recommendation. We will coordinate with PCAR to ensure consultants bill based on actual cooperative agreement expenditures

5. Ensure PCAR develops and reviews consultant rates on a case-by-case basis and ensures that rates are reasonable and allowable in accordance with OMB cost principles.

OVW does agree with this recommendation. We will coordinate with PCAR to ensure that they develop and review consultant rates on a case-by-case basis and ensure that rates are reasonable and allowable in accordance with OMB cost principles.

6. Remedy \$32,085 in unallowable expenses.

OVW does agree with this recommendation. We will coordinate with PCAR to remedy the \$32,085 in unallowable expenses.

7. Remedy \$5,246 in unreasonable expenses.

OVW does agree with this recommendation. We will coordinate with PCAR to remedy the \$5,246 in unreasonable expenses.

8. Ensure that PCAR properly accounts for reports and applies program income generated from cooperative agreement funded activities including the \$64,970 identified in this report.

OVW does agree with this recommendation. We will coordinate with PCAR to ensure that they properly account for reports and applies program income generated from cooperative agreement funded activities including the \$64,970 identified in this report.

9. **Ensure that PCAR does not charge any indirect costs as direct costs and, if necessary, they obtain an indirect cost rate to cover the indirect costs.**

OVW does agree with this recommendation. We will coordinate with PCAR to ensure that they do not charge any indirect costs as direct costs and, if necessary, they obtain an indirect cost rate to cover the indirect costs.

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

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

Angela Wood
Budget Officer
Office on Violence Against Women

Kimberly Galvan
Program Specialist
Office on Violence Against Women

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

The OIG provided a draft of this audit report to the Pennsylvania Coalition Against Rape (PCAR) and the Office on Violence Against Women (OVW) for review and comment. PCAR's response is included as Appendix III of this final report, and OVW's response is included as Appendix IV. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Analysis of PCAR's Response

In response to our audit report, OVW concurred with all of our recommendations and requested resolution of each recommendation stating that it would work with PCAR to address the recommendations. While PCAR's response stated that it agreed or partially agreed with the auditor's findings and recommendations in some instances, PCAR also stated that there were instances where it did not agree with the findings. In addition, PCAR stated that it believed there were a number of inaccuracies in the audit report and provided clarification requesting corrective action based on additional information or facts that were included within the response. Specifically, PCAR requested two changes to the report regarding a project supported through the grant and the discussion of another agency associated with PCAR. We address these requested changes before providing an analysis of responses to each recommendation.

Regarding the first requested change, PCAR requested that we correct the name "AEquitas Center for the Prosecution of Violence Against Women" to "AEquitas: The Prosecutor's Resource on Violence Against Women." Although the name used throughout PCAR's grant documentation was the AEquitas Center for the Prosecution of Violence Against Women, we have revised this final audit report to reflect the changed name.

For the second matter, PCAR's response said that statements within our report regarding the American Prosecutor's Research Institute (APRI) were factually incorrect and that it was unclear why APRI was referenced in or relevant to the report. As discussed in our report, APRI was a collaborative effort between the National District Attorneys Association (NDAA) and PCAR to create the National Institutes on the Prosecution of Domestic and Sexual Violence. In its application to establish AEquitas, PCAR stated that its proposal was designed to create a single entity to assist prosecutors to effectively prosecute these complex crimes against women. This was also the goal for APRI. Also in its application, PCAR stated that

AEquitas will refine and offer classes for both the National Institute on the Prosecution of Domestic Violence (NIPDV) and the National Institute on the Prosecution of Sexual Violence (NIPSV). These are the same titles of courses previously offered by APRI. In addition, PCAR stated in its response that AEquitas is in no way a continuation or restart of APRI. However, PCAR's response contradicts statements of AEquitas officials, including the Director who told us that AEquitas was a continuation of the work previously done at APRI. Further, over half of the AEquitas staff were formerly employees of APRI or NDAA. In addition, we were unable to confirm PCAR's statement that APRI continues to exist because PCAR did not provide any documentation to prove this contention. As a result, we reviewed the information in our report and determined it is factually correct based on our audit results.

Summary of Actions Necessary to Close Report

1. **Resolved.** OVW agreed with our recommendation that PCAR strengthen its internal controls when ordering, receiving, and paying for equipment and supplies. OVW stated that it will coordinate with PCAR to ensure that it will strengthen its internal controls.

In its response, PCAR partially concurred with our recommendation stating that the offices in Enola, PA, have proper internal controls, while concurring that its Washington, DC, location lacked adequate separation of duties due to the fact that there are only four staff members at that location. PCAR also provided a discussion of the internal controls in place at its Enola, PA, location, stating that the Office Manager is responsible for ordering and receipt of supplies and the Information Technology Specialist is responsible for ordering and receiving equipment. However, during our fieldwork, we were told by PCAR officials that typically, the individual responsible for a purchase both performs the procurement and directly receives the items without a separation of duties. As a result, it appears that the procedures specified by PCAR in its response may not always be followed consistently, or this represents policy enacted since our audit or not provided during our audit. Further, we were not provided formal PCAR policies requiring the process PCAR described in its response. As a result, we determined that the internal controls should be strengthened and that formal policies should be implemented for all of PCAR's locations.

This recommendation can be closed when we receive documentation demonstrating that PCAR strengthened their internal controls over the ordering, receiving, and paying for equipment and supplies at both locations.

2. **Resolved.** OVW agreed with our recommendation to remedy the \$298,980 in unsupported consultant costs. OVW stated that it will coordinate with PCAR to remedy these unsupported costs.

In its response, PCAR partially concurred with our recommendation and stated that it was not aware of the OJP Financial Guide requirement that time and effort reports were required for consultants. Furthermore, PCAR stated it believed this requirement is not clear in the OJP Financial Guide. PCAR noted that although they did not require time and effort reports, they did monitor all consultant work. The OJP Financial Guide does not indicate that monitoring is an acceptable method of assuring the proper expenditure of funds for consultants. As we noted in our report, PCAR began requiring time and effort reports from its consultants in December 2010.

Additionally, PCAR's response included explanations of consultant activities for each of the grants in question and attached documentation to its response. It also stated that we did not request such documentation that would help account for consultant time during our audit. However, this documentation, which we requested and reviewed during our audit, did not sufficiently support the questioned costs. The documentation PCAR attached to its response and provided during our audit included meeting notes, attendance sheets, and copies of the deliverables the consultants provided. This documentation does not satisfy the time and effort report requirement or account for all of the consultant time costs charged to the grant as required by OJP.

Further, PCAR stated that it required quarterly reports from SCESA to support \$228,530 based on telephone conversations with OJP. However, PCAR provided neither written authorization from OJP or OVW that authorized the waiver of the documentation requirement for these charges, nor authorization from OJP or OVW for the method PCAR used to account for the funds. We reviewed the PCAR Vice President for Finance's hand-written notes regarding a discussion with OJP, but determined this was not sufficient documentation of DOJ's waiver of the requirement. As a result, we consider these costs unsupported because we could not identify the support for the SCESA invoices, which appear to have been based on budgeted amounts rather than actual expenses incurred.

This recommendation can be closed when we receive documentation that OVW remedied the \$298,980 in unsupported costs.

3. **Resolved.** OVW agreed with our recommendation and will coordinate with PCAR to ensure that it will monitor its consultants.

PCAR concurred with this recommendation in its response and stated that in response to the OIG bringing this issue to their attention during our fieldwork began requiring time and effort reports from its consultants in December 2010.

This recommendation can be closed when we receive documentation of the completed activity logs and the certification by PCAR program staff before the payment by the PCAR finance staff.

4. **Resolved.** OVW agreed with our recommendation to ensure that consultants bill based on actual cooperative agreement expenditures. OVW stated that it will coordinate with PCAR to ensure that the bills represent actual expenditures.

In its response, PCAR stated that the requirement for consultants to submit time and effort reporting will address this recommendation. It further stated that this change requires that the staff responsible for overseeing each project determine that the charges are legitimate before forwarding to finance for payment.

This recommendation can be closed when we receive documentation that the controls are in place to ensure that consultants bill based on the actual cooperative agreement expenditures.

5. **Resolved.** OVW agreed with our recommendation to ensure that PCAR develops and reviews consultant rates on a case-by-case basis and ensure that the rates are reasonable and allowable in accordance with OMB cost principles.

PCAR partially concurred with this recommendation. PCAR agreed that it did not obtain quotes in all cases paid under the audited contracts. However, PCAR also stated that it will obtain quotes and bids when the services are available from multiple providers. In addition, PCAR stated that for many of their consultants, \$450 per day represents a discount from the rate they would ordinarily command. However, as noted in the report, PCAR did not have documentation to support this fact and the \$450 per day rate paid to a number of the consultants represented a significant increase from their standard salary.

In addition, PCAR stated that it does not use standard consulting contracts preprinted with a \$450 rate, and that the contract we reviewed was a sample contract with the \$450 rate used as an example. However, during our audit we requested a contract template from PCAR and the document we received in response to this request included this language: "Pay NAME \$450 per day for X(X) days in attendance at the training plus X(X) travel or prep day for a maximum of X(X) days. The total payment of this contract is not to exceed X(X)."

This recommendation can be closed when OVW ensured that PCAR develops and reviews consultant rates on a case by case basis.

6. **Resolved.** OVW agreed with the recommendation to remedy \$32,085 in unallowable expenses and stated that it will coordinate with PCAR to resolve the unallowable expenses.

PCAR responded to the recommendation according the following areas:

Lodging - \$12,218

PCAR did not concur with this recommendation. PCAR's response stated that the GSA published lodging rate for the time the event took place (November/December 2009) was \$149. However, PCAR did not provide any documentation to prove its contention. As a result, we verified that according to the GSA website, the lodging rate in Miami, Florida in effect for November and December 2009 was \$128 per night.⁹

Meals - \$16,431

PCAR did not concur with this recommendation. In its response, PCAR stated that the 2008 OJP Financial Guide did not include the 2009 OJP Financial Guide reasonability criteria we used in our determination. In addition, PCAR stated that OVW granted an exemption to the criteria contained in the 2009 Guide. This exemption was provided via email on January 21, 2010 and applied to any contracts issued before December 31, 2009. We note however that the email indicated that PCAR was not exempted from the 2008 OJP Financial Guide requirement that food and beverage charges must be reasonable (although the 2008 Guide provided no criteria by which to measure reasonableness). The exemption OVW granted to PCAR from adherence to the 2009 Guide food and beverage

⁹ General Services Administration Fiscal Year 2010 Per Diem File, http://www.gsa.gov/graphics/ogp/FY10_Per_Diem_File.xls

requirements was granted after all four of the subject event contracts had already been negotiated. In addition, the exemption was granted in anticipation of OVW issuing its own food and beverage guidance. The email also stated that PCAR should contact OVW if any contracts entered into between December 31, 2009 and the issuance of the OVW guidance exceeded the OJP guidance, and we were not provided any documentation of such notification or approval from OVW. The referenced OVW Financial Guide was not issued until 2012 and the food and beverage section was taken verbatim from the 2009 OJP Guide. As a result, in the absence of any other criteria by which to measure reasonability as required by the 2008 Guide, we used the 2009 Guidance as our criteria and continue to consider the \$16,431 as questioned costs, which included charges of over \$48 per person for lunch and \$26 per person for break foods.

Lunch - \$367

PCAR did not concur with our calculation. Upon review, we found that the appropriate number for our calculations was in fact \$16, not \$13. We have edited the report to reflect this change. While the actual overcharge remains the same, the amount represents 381 percent of the allowable \$16 lunch per diem. The report has been corrected to reflect the proper percent.

Refreshments - \$3,069

PCAR did not concur with this calculation. PCAR's response stated that the overage amount should have been \$2,825.61 not the \$3,069 that we calculated. The difference in amounts results from a discrepancy in the number of attendees at the conference. During our fieldwork, we were unable to verify that 97 individuals participated in the 2 subject breaks at the conference. PCAR made an error in its original documentation and the actual participants were 89 and our computation of the overage is correct at \$3,069.

Additionally, PCAR discussed in its response concessions negotiated by the PCAR staff. These concessions included a \$1,716.96 credit from the hotel including a \$1,254.68 credit for lodging expenses to offset the rooms provided free of charge. The remaining \$461.28 is a promotional credit applied to the entire \$18,092.18 invoice. However, we did not apply those concessions to offset the overage paid for the refreshments at the breaks because they do not specifically relate to the excess refreshment charges.

This recommendation can be closed when we receive documentation that OVW remedied the \$32,085 in unallowable expenses.

7. **Resolved.** OVW agreed with the recommendation and stated it will coordinate with PCAR to remedy the \$5,246 in unreasonable expenses.

PCAR did not concur with this recommendation. PCAR stated that the existing knowledge of the NCJFCJ administrative assistant and the ability to use her services on an hourly basis justified the premium rates. In addition, PCAR stated that the \$49.35 rate was designed to compensate another OVW grantee (NCJFCJ) for the cost of any time utilized and based not on not just the actual salary, but also the administrative assistant's allocable occupancy, operating and benefits expenses. However, PCAR did not provide documentation for this computation in its response or during the audit. Further, PCAR later obtained similar administrative assistant services at a rate of \$20 per hour. As a result, we do not have adequate support for the basis for the reasonability of the hourly wage that was paid.

This recommendation can be closed when we receive documentation that OVW remedied the \$5,246 in unreasonable expenditures.

8. **Resolved.** OVW agreed with the recommendation that PCAR properly accounts for, reports, and applies program income generated from cooperative agreement funded activities, including the \$64,970 identified in this report.

PCAR did not concur with this recommendation. In its response, PCAR stated that the grant anticipated providing services to grantees including state and local and non-governmental agencies. The response further stated that it was not expected to encompass other federal agencies, international governmental and non-governmental agencies or for profit entities, and as a result, these groups were outside of the scope of the agency-funded project. However, while these events may have been outside the scope of the project, we were not provided documentation that the costs for these events, including the use of OVW funded space and equipment were excluded as indicated in PCAR's response.

In addition, PCAR's response stated that it received no compensation for the Dubai training event and the presenter attended on her own time and received only reimbursement for her travel-related expenses. However, when we requested a list of revenue-generating activities from PCAR during our audit, PCAR included this Dubai training on the list it provided. This implication, however, conflicted with results of our analysis of the

accounting records, which did not identify revenue generated from the Dubai event. Because PCAR provided conflicting information regarding this event, it is not clear whether it generated any revenue.

Revenue generated from these events were not reported as program income as required by FFRs. According to grant documentation we obtained during our audit, it appears that OVW-funded resources, including space and equipment, were used in these events, although PCAR claimed in its response that these were outside the scope of the project. As a result, our position with respect to the program income remains that the income should be reported on the FFRs because it derives primarily from Department-funded activities.

This recommendation can be closed when we receive documentation that OVW remedied the \$64,970 in program income and ensured that proper controls are in place to ensure that future income is reported and properly applied.

9. **Resolved.** OVW agreed with the recommendation to ensure that PCAR does not charge any indirect costs as direct costs and, if necessary, obtain an indirect cost rate.

PCAR did not concur with this recommendation and stated that they could not apply for a federally approved indirect cost rate due to the fact that several of their state funders do not allow indirect costs to be charged to their grant awards via an indirect cost rate. Our recommendation does not suggest that an indirect cost rate be used by PCAR in charging its other funders, but addresses indirect costs being charged to the Department's grant as direct costs, which is not allowable.

In addition, PCAR's response included a discussion of their allocation of indirect costs and cites the OMB Circular A-122, Attachment A, Section D.4 as support. We agree that the methodology is in fact valid; however the approval of this rate by a cognizant federal agency is missing. Our concern is that the PCAR's current process is not in accordance with these regulations and proper procedure must be followed for indirect cost allocation and rates. As a result, indirect costs cannot be charged as direct costs.

This recommendation can be closed when we receive documentation that OVW remedied the charging of indirect costs in the direct cost category and, if necessary, PCAR obtains an approved indirect cost rate to allow the charging of indirect costs.