



**AUDIT OF THE OFFICE ON VIOLENCE AGAINST
WOMEN AWARD TO AYUDA INCORPORATED
WASHINGTON, D.C.**

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

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September 2014

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EXECUTIVE SUMMARY

The Department of Justice (DOJ) Office of the Inspector General (OIG), completed an audit of Office on Violence Against Women (OVW) grant number 2010-WL-AX-0001 totaling \$988,000 awarded to the Ayuda, Incorporated (Ayuda) based in Washington, D.C. The OVW awarded the grant under its Legal Assistance for Victims program established to help fund legal representation and advocacy for family, immigration, and housing matters, as well as for protection orders stemming from domestic abuse or violence.

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, federal financial reports, budget management and control, drawdowns, expenditures, and program performance.

As of December 31, 2013, Ayuda reported it applied grant funds to provide immediate legal advice to 407 survivors of domestic violence, sexual assault, and stalking, and therefore met their objective of providing immediate legal advice to 400 immigrant survivors. Ayuda had also provided direct legal representation to 813 survivors of domestic violence, sexual assault, and stalking, which surpassed their objective of providing legal representation to 350 immigrant survivors.

In addition, except as noted below, Ayuda properly authorized and supported many transactions charged to the grant. However, Ayuda inaccurately allocated some costs to the grant that resulted in a total of \$5,982 in unsupported health and dental insurance costs and \$6,721 in general offices supplies, contractual expenses, and other costs. Additionally, we found that Ayuda lacked policies and procedures for monitoring its contractors and consultants.

We discussed the results of our audit with Ayuda officials and have included their comments in the report.

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INTRODUCTION

The Department of Justice Office of the Inspector General (OIG) completed an audit of Office on Violence Against Women (OVW) grant number 2010-WL-AX-0001 totaling \$988,000 awarded to Ayuda, Inc. (Ayuda), which is based in Washington, D.C. The OVW awarded the grant under its Legal Assistance for Victims (LAV) program established to help fund legal representation and advocacy for family, immigration, and housing matters, as well as for protection orders stemming from domestic abuse or violence.

Established in 1973, Ayuda offers legal counsel and social services to immigrants and victims of domestic violence, sexual assault, and stalking on a “walk-in” basis. For clients living in Washington, D.C., Ayuda also offers full representation for civil protection orders, divorces, and child custody and support cases. As shown in Exhibit 1, Ayuda received a total of \$988,000 to support the grant’s initiatives.

Exhibit 1: Summary of Audited Awards

Award Number	Type of Award	Award Period	Award Amount
2010-WL-AX-0001	Grant	10/01/2010 to 09/30/2012	\$488,000
2010-WL-AX-0001	Supplement	09/05/2012 to 09/30/2015	500,000
TOTAL			\$988,000

Source: OJP Grants Management System (GMS) award documentation

The award had two specific goals: (1) provide immediate legal advice, comprehensively assess the needs and ensure the safety of 400 immigrant survivors of domestic violence, sexual assault, and stalking; and (2) legally represent 350 immigrant survivors of domestic violence, sexual assault, and stalking in protection order, family law, and immigration matters.

Audit Approach

The objective of this audit was to determine whether costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. We tested compliance with what we considered to be the most important conditions of the grant. Unless otherwise stated in the report, we used the OVW Financial Grants Management Guide as our primary criterion to assess Ayuda’s performance and compliance with grant requirements.¹

¹ The OVW Financial Grants Management Guide assists recipients of OVW funding in managing and administering their awards. The OVW requires that award recipients abide by requirements established by OMB circulars and other applicable program guidelines, special conditions, and regulations and statutes.

To accomplish the audit objective, we assessed performance in several areas of grant management. Specifically, we tested Ayuda's:

- **Internal Control Environment** to determine whether the internal controls in place for the processing and payment of funds adequately safeguarded award funds and ensured compliance with tested award terms and conditions;
- **Reporting** to determine if Ayuda submitted accurate federal financial reports and progress reports on time;
- **Program Performance and Accomplishments** to determine whether Ayuda made a reasonable effort to accomplish award objectives;
- **Drawdowns** to determine whether Ayuda adequately supported drawdowns in accordance with federal requirements;
- **Budget Management and Control** to determine whether Ayuda appropriately accounted for funds received and expended and made expenditures that aligned with approved budget categories;
- **Grant Expenditures** to determine whether costs charged to the grant, including payroll and fringe benefits were accurate, adequately supported, and allowable, reasonable, and allocable; and
- **Monitoring of Contractors and Consultants** to determine if Ayuda adequately oversaw and monitored its contractors and other sub-recipients of audited grant funds.

The audited award did not include accountable property, program income, matching funds, or indirect costs. The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix I contains additional information on our objectives, scope, and methodology.

FINDINGS AND RECOMMENDATIONS

COMPLIANCE WITH ESSENTIAL AWARD REQUIREMENTS

We found that Ayuda complied with essential grant conditions in the areas of reporting, drawdowns, and budget management and control. However, Ayuda inaccurately allocated some costs to the grant that resulted in \$5,982 of unsupported health and dental costs and \$6,721 in unsupported supplies and contractual expenses. Additionally, we found that Ayuda lacked policies and procedures to monitor its contractors and consultants. Based on our audit results, we make two recommendations to address the dollar-related findings and two recommendations to strengthen Ayuda's oversight of its LAV Program's grant funds.

Internal Control Environment

The OVW Financial Grants Management Guide calls on grant recipients to establish and maintain an adequate system of internal controls that ensures the optimal use and safeguarding of awarded funds. We interviewed key personnel at Ayuda, including the Executive Director, the Grant Manager, and the Staff Accountant, regarding the recordkeeping practices implemented to ensure adherence to the terms and conditions of the award. We further reviewed written policies and procedures and reviewed Ayuda's most recent Single Audit reports.²

While our audit did not assess Ayuda's overall system of internal controls, we did select and review internal controls specific to how it administered the OVW award. Based on our interviews, and review of Ayuda policies, we confirmed that the Staff Accountant records journal entries, processes transactions relative to the grant (including payroll), pays vendor invoices, requests drawdowns, and generates required financial reports.³ The Staff Accountant reports directly to the Executive Director, who oversees all Ayuda programs and finances. Ayuda established a contract with a firm to serve as its Chief Financial Officer (CFO). The contractor CFO reviews the Staff Accountant's work, prepares budget reports, reviews financial reports, and oversees compliance with its accounting procedures.

We determined that Ayuda adequately segregates duties with respect to processing requested supplies and services through the payment of invoices. However, Ayuda does not properly oversee its accounting practices with regard to how it allocates costs to the OVW award. It moreover lacks a written policy to help guide the monitoring of its contractors and consultants. We discuss these issues

² The Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* requires non-federal entities that expend at least \$500,000 a year in federal awards have a Single Audit conducted to determine whether their financial statements and schedule of expenditures are accurate and conform to generally accepted accounting principles.

³ Ayuda uses the accounting software packages Quickbooks and Paychex to record grant expenditures and to process employee payroll.

later in the "Grant Expenditures" and "Monitoring of Contractors and Consultants" sections of this report.

With regard to Ayuda's Single Audit reports for its Fiscal Years (FY) 2011, 2012, and 2013, we found that the FY 2011 and FY 2012 reports did not disclose any findings related to the grants reviewed. However, Ayuda's FY 2013 Single Audit report disclosed a deficiency related to payroll but did not include questioned costs as a result of this finding. Specifically, the Single Audit report noted employees recorded daily work time that exceeded 8 hours as "donated time." By not correctly accounting for actual time worked, Ayuda could potentially overcharge or undercharge a grant. Ayuda concurred with the finding and its employees now charge time spent on awards based on all hours worked.

Reporting

The OVW requires that LAV program award recipients submit both financial and program progress reports to keep the OVW informed on the status of each award. Federal Financial Reports (FFRs), which should be submitted within 30 days of the end of each quarterly reporting period, should detail the actual expenditures incurred during the period. Progress reports, which should be submitted semiannually, describe the activities and achievements of the project supported by award funds.

Because accurate and timely FFRs and progress reports are necessary to ensure that the OVW can effectively monitor award activities and expenditures, we reviewed Ayuda reports for grant number 2010-WL-AX-0001.

Federal Financial Reports

To verify the timeliness of the FFRs, we tested the last four reports submitted as of January 16, 2014, which included award activity from January 1, 2013 through December 31, 2013. We compared the submission date of each report to the date each report was due and found that the reports were submitted on time.

The OVW Financial Grants Management Guide states that the accounting system the award recipient uses to prepare financial reports must support the figures reported on the FFRs. To verify the accuracy of the FFRs, we discussed with the responsible Ayuda officials how they compile and submit FFRs and compared the amounts reported on the last four FFRs to actual expenditures recorded in Ayuda's accounting records. This testing confirmed the accuracy of the FFRs because the figures reported on the four financial reports matched the expenses in Ayuda's accounting records.

Progress Reports

Award recipients must collect, maintain, and report to the OVW data that measures the effectiveness of their funded program and activities. While FFRs report financial activity, such progress reports should describe the status and accomplishments of programs supported by OVW funds and compare actual accomplishments to anticipated program objectives. Progress reports are due 30 days after the end of each semi-annual reporting period, June 30 and December 31. To assess whether Ayuda submitted progress reports on time, we reviewed four progress reports submitted for 2012 and 2013 and found that they were submitted on time.

Program Performance and Accomplishments

To assess Ayuda's achievements in meeting the anticipated goals and objectives for the grant, we reviewed the grant solicitation the OVW prepared to announce the funding opportunity and other program documents. We also interviewed Ayuda officials regarding their planned and actual activities supported with grant funds. We identified that the specific performance metrics relevant to the OVW's LAV Program were the: (1) number of survivors receiving immediate legal advice, safety planning, and comprehensive assessments; (2) number of victims receiving direct legal representation; and (3) the number of people trained using LAV funds.

We determined that the grantee was able to support the number of survivors receiving immediate legal advice, safety planning, and comprehensive assessments, as well as the number of victims receiving direct legal representation. However, we noted a minor discrepancy with the December 31, 2013 Progress Report documentation used to report support the number of people trained.⁴ Because the difference is minor, we make no recommendation.

As of December 31, 2013, Ayuda reported it applied grant funds to provide immediate legal advice to 407 survivors of domestic violence, sexual assault, and stalking, and therefore met their objective of providing immediate legal advice to 400 immigrant survivors. Ayuda had also provided direct legal representation to 813 survivors of domestic violence, sexual assault, and stalking, which surpassed their objective of providing legal representation to 350 immigrant survivors.

Drawdowns

The OVW provides recipients access to an electronic financial management system by which they must request awarded funds via drawdowns. Recipients should only request federal award funds when they incur or anticipate project costs. Therefore, recipients should time their requests for award funds to ensure they will

⁴ Ayuda provided several class rosters to support their attendance; however, the number of attendees per the rosters (19) did not reconcile to the number of people listed in the December 31, 2013 report (17).

have only the minimum federal cash on hand required to pay actual or anticipated costs within 10 days.

The Staff Accountant told us that Ayuda draws down award funds on a reimbursement basis. To ensure that Ayuda requested funds properly and kept minimum cash on hand, we compared Ayuda’s drawdowns to the overall amount of grant expenditures listed on the accounting records through April 4, 2014. Overall, we found that the amounts drawn down did not exceed the expenditures in the accounting records.

Budget Management and Control

Recipients should expend funds according to the budget approved by the awarding agency and included in the final award. Approved award budgets document how much the recipient is authorized to spend in high-level budget categories, such as personnel, supplies, and contractors. The OVW Financial Grants Management Guide also states that award recipients may request a modification to approved award budgets to reallocate amounts between various budget categories within the same award. No prior approval is required if the reallocations between budget categories do not exceed 10 percent of the total award amount. For the audited award, we compared the actual amounts spent in each budget category as of March 31, 2014 to the approved budgeted amounts in those same categories. Based on this comparison, we found that Ayuda’s grant expenditures align with the approved award budget.

Grant Expenditures

To be allowable, an expense charged to the award must be reasonable, consistently applied, adequately documented, and comply with applicable policies and procedures.⁵ As of March 31, 2014, Ayuda accounting records show that it spent \$724,929 of grant funds. As shown in Exhibit 2, the charges included costs across various categories. We tested personnel, fringe benefits, supplies, travel, contracts, and other costs charged to the grant.

Exhibit 2: SUMMARY OF COSTS

Type of Cost	Total General Ledger Costs (\$)	Questioned Costs (\$)
Personnel	497,711	0
Fringe Benefits	79,301	5,982
Supplies	21,691	4,322
Travel	10,327	0
Contractual	47,377	1,249
Other	68,522	1,150
TOTAL	\$724,929	\$12,703

Source: Ayuda and OIG analysis.

⁵ 2 C.F.R. § 230 (2014)

Personnel Costs

According to the Staff Accountant, Paychex, a web-based time and labor service provider, processes Ayuda's payroll twice each month. Employees must complete timesheets to record all time worked and leave taken. A supervisor must also review and approve completed timesheets and once approved, the Staff Accountant enters the data into Paychex and prepares payroll entries in the accounting system, which the Staff Accountant then consolidates into a payroll report for each pay cycle. The Executive Director approves each payroll report before the accounting system processes the payroll.

Salaries

We judgmentally selected and tested five non-consecutive pay periods reflecting payroll costs of \$28,105.⁶ We examined a total of 44 timesheets and found them generally to have been reviewed and approved by a supervisor.⁷ Additionally, from our selection, we validated each employee's semi-monthly salary allocation to payroll documentation and the percentage of their time worked on the award based on timesheets. Overall, we were able to verify the salary amounts charged to the LAV award.

Fringe Benefits

Fringe benefits such as employer contributions for social security, life and health insurance, and pension benefits may be allowable, provided that the grantee (1) establishes such benefits under written policies and (2) allocates the fringe benefits to the award in a consistent and reasonable manner. The fringe benefits approved by the OVW in the award's budget included payroll taxes (such as Social Security, Medicare, and state unemployment insurance), workman's compensation, and health and dental insurance benefits.

Payroll Taxes

Ayuda officials told us they allocate grant funds to pay for payroll taxes based on the percentage of time employees reported working on grant-funded activities to the total time employees worked. To determine if Ayuda computed payroll tax expenses correctly, we recomputed the payroll tax allocation for the five tested pay periods. However, instead of basing our calculation strictly on the ratio of the total number of hours worked on grant projects to number of total hours worked, we multiplied the salary cost incurred by employees who worked on grant projects to the pay period by the effective rates for the different types of payroll

⁶ We tested timesheets approval and salary expenses for all employees who recorded time to audited grant for the following pay period end dates: (1) December 15, 2010; (2) April 29, 2011; (3) June 15, 2012; (4) January 31, 2013; and (5) February 14, 2014.

⁷ We note three instances where the timesheet for the Executive Director was not approved by another individual with a direct awareness of the work performed. Because Ayuda took corrective action to ensure that future Executive Director time sheets would be reviewed by the Staff Accountant, we do not make a recommendation on this issue.

taxes.⁸ We then compared our calculated amounts to the payroll tax allocation recorded in the general ledger and noted the amount in the general ledger was less than the amount we calculated. As a result, we determined that the methodology Ayuda used under-allocated payroll taxes to the award.

We discussed with Ayuda officials the differences between the methodology we used to the methodology Ayuda used to calculate allocable payroll taxes. Because payroll tax rates are applied to total salaries (and not hours worked), salary costs should be used to determine the total amount of payroll tax amount allocated to the grant and not the ratio of hours worked. However, because the process used by Ayuda to allocate payroll costs allocated less than what it could have charged, we report no exception pertaining to the amount of costs Ayuda allocated to the award for payroll taxes.

Health and Dental Insurance

Similar to how it calculates allocable payroll taxes to the grant, Ayuda bases the amount it allocates to the grant for health and dental insurance costs on the ratio of the total number of hours worked specifically on the grant to the total hours worked on all projects in that month. From the start of the grant in October 2010 to March 2014, Ayuda charged \$36,387 in health and dental insurance costs to the award. We tested \$4,274 of these costs incurred in the months of December 2010, April 2011, June 2012, January 2013, and February 2014 to ascertain the accuracy of the allocation method.

Based on our testing, we believe Ayuda's method for allocating health and dental costs to the award is inaccurate for two reasons. First, not every employee who worked on the grant elected to receive health and dental insurance; which resulted in Ayuda over allocating more health and dental costs to projects in which some employees did not receive health or dental insurance. Second, the actual employer health and dental insurance contribution was not the same for all employees, whereas Ayuda's allocation method allocated costs as if the contribution amount was the same for all employees.

We discussed with Ayuda officials our concerns regarding the method used to allocate health and dental costs to the award. Ayuda agreed its health and dental insurance allocation methodology was not equitably charging health and dental costs to specific projects and proposed a revised methodology for the allocation, which it reports it has begun using. Ayuda also provided to us a revised calculation of health and dental costs for the period of October 2010 through May 2014 which we reviewed. Based on Ayuda's revised allocation method we question \$5,982 of unsupported health and dental costs, which is the difference between the amount of health and dental costs originally charged to the award (\$37,213) and the grantee's revised allocation (\$31,232).

⁸ Using the same five non-consecutive pay periods noted in footnote 5, we tested \$2,467 in payroll tax expenses.

Supplies, Travel, Contractual, and Other Costs

We judgmentally tested 73 transactions with a total value of \$23,143 pertaining to supplies, travel, contractors, and other costs Ayuda charged to the grant. The purpose of the testing was to determine if Ayuda charged only allowable costs and allocated them properly to the award. Grantees may only charge those direct costs to an award that can be identified specifically with the particular project supported by an award. Similarly, grantees must have a reasonable method to allocate to an award the proper portion of a cost incurred to support both award and non-award activities.⁹

Further, we reviewed documents supporting the amounts Ayuda allocated to the grant from 2011 through 2014 to determine if costs were fair and reasonably allocated to the grant and its supplement. In general, we determined that Ayuda accurately classified and recorded transactions in the general ledger.¹⁰ However, we noted the following issues with regard to how Ayuda allocated certain expenses to the audited grant.

- *Calculation errors.* We found that the spreadsheets Ayuda relied upon to calculate allocable costs contained hidden rows and formula errors, resulting in over and undercharging costs to the award and netting a misallocation of \$2,329 to the grant.¹¹
- *Overcharged direct costs.* Ayuda charged \$6,015 in costs incurred to support not only the audited award but other organizational projects and grants, such as expenses associated with contractor fees, office supplies, copying and printing, and technology support. Based on the allocation methodology approved in the award budget, Ayuda should have charged \$1,623 to the grant, which is a difference of \$4,392.

As a result, we recommend that the OVW: (1) ensures that Ayuda properly allocates direct costs, such as supplies, travel, contractual, and other costs, to the LAV award and (2) remedy a total of \$6,721 in unsupported costs.

⁹ See 2 C.F.R. § 230, Appendix A. According to the approved grant budget, Ayuda may directly charge to the grant costs related to contractual services (such accounting, auditing, technical support, and equipment lease) and telephone and fax that solely support awarded activities. Meanwhile, Ayuda should allocate to the grant the percentage of costs associated with general office supplies, printing and copying, and postage equal to the percentage of hours employees worked on award projects versus total time spent on all projects.

¹⁰ Our testing identified charged 6 items with a value of over \$2,000 that Ayuda charged to that grant even though the items did not appear on the approved budget. The items included a projector, a personal computer and laptop, a fax machine, document requests, and a keypad lock. We brought these items to Ayuda's attention and in June 2014, Ayuda submitted a grant adjustment request to the OVW to amend the approved budget to support the purchase of these items. The OVW subsequently approved this request. We therefore do not question these items.

¹¹ Appendix III details the specific allocations the OIG analyzed as a part of this audit.

Monitoring of Contractors and Consultants

As of March 31, 2014, Ayuda had expended \$47,377 on consultants and contractors.¹² To assess the grantee efforts in monitoring these sub-recipients of award funds, we interviewed Ayuda personnel and reviewed relevant documents, including accounting and information technology service contracts. We determined that the grantee has a written policy that defines the work to be performed and terms and conditions of the contracts and other agreements but this policy does not specify how Ayuda will monitor its consultants and contractors. An Ayuda official stated that assignments were negotiated via e-mail before the contract is executed and that the Executive Director communicates with the contractors and consultants on a regular basis.

Because of the lack of a formal monitoring process, we conducted an additional review of a judgmental sample of six language interpreter's agreements to assess whether the deliverables stated in the contract met the specified provisions. We determined that the compensation rate was adequate and supported by the terms of the agreement; however, we found that none of the interpreters provided an evaluation form that was specified in the agreement. Also, two of the six tested contracts expired before the grant performance period and Ayuda could not locate one contract we selected for testing. After we notified Ayuda about the expired contracts, Ayuda secured new agreements with the three language interpreters in April 2014. Because there was nearly a 5-year gap between the agreements, from April 2009 to April 2014, these three language interpreters performed services for the grantee without a valid or up-to-date contract in place.

We recommend that Ayuda implement a process to guide the oversight of contractors and other sub-recipients of award funds. Such a policy should also help Ayuda identify interpreter contracts that are about to expire and ensure that necessary evaluation forms are completed.

¹² Ayuda contracts with (1) a Certified Public Accountant to supervise its staff accountant, prepare budget and financial reports, and oversee compliance with its accounting process; (2) an independent auditor to conduct its Single Audits; (3) IT support consultants to service its computer network; and (4) language interpreters, as needed, to assist in communication with clients.

Recommendations

We recommend that the OVW:

1. Ensures that Ayuda properly allocates direct costs, such as supplies, travel, contractual, and other costs, to the LAV award.
2. Remedy \$5,982 in unsupported health and dental insurance costs.
3. Remedy \$6,721 in unsupported costs allocated to the grant.
4. Ensures that Ayuda implements a written contractor and consultant monitoring policy.

APPENDIX I

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, federal financial reports, budget management and control, drawdowns, expenditures, and program performance.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our audit concentrated on grant number 2010-WL-AX-0001 (\$488,000) and supplement award (\$500,000) to Ayuda awarded by the Office on Violence Against Women. Ayuda uses these funds to provide immediate legal advice and counsel, safety planning, and comprehensive assessments to immigrant survivors of domestic violence, sexual assault, and stalking. Ayuda also provides direct legal representation to immigrant survivors of domestic violence, sexual assault, and stalking in protection order, family law, and/or immigration matters. We reviewed grant activities and transactions beginning with inception of the award on October 1, 2010, through the end of March 31, 2014.

In conducting our audit, we performed judgmentally selected, non-statistical sample testing in those areas we deemed critical to the award requirements. Judgmental sampling design was applied to obtain broad exposure to numerous facets of the reimbursements reviewed. This non-statistical sample design does not allow projection of the test results to all payroll expenditures. Our sample testing was conducted in the following areas:

- **Drawdowns.** We analyzed Ayuda overall drawdowns of \$715,884 for the DOJ award from the date of award obligation, September 17, 2010, through April 4, 2014. The overall drawdowns did not exceed the total expenditures per the grant's general ledger.
- **Payroll.** We interviewed Ayuda award management personnel regarding the charging of personnel and fringe benefits costs to the grant. To determine whether the grant's labor and fringe benefits costs were supported and allowed, we judgmentally selected employees to test from five non-consecutive pay periods of labor and fringe benefits charged to the award. We tested personnel including fringe costs totaling \$34,847 out of \$577,012 charged to the grant. We recalculated salary figures based on the Ayuda's

timesheets and payroll records, and found that salaries were properly recorded. We recalculated fringe benefits and found Ayuda's method of allocating health and dental insurance costs were not accurately applied to the LAV grant. This resulted in unsupported costs charged to the LAV grant totaling, \$5,982.

- **Transactions.** To test the grant's transactions for authorizations, approvals, and sufficient supporting documentation, we judgmentally selected 73 non-payroll transactions totaling \$23,143 out of \$147,917 charged to the grant. We analyzed the transactions to determine if the costs were properly authorized, classified, and supported. We found that errors in the allocation of costs and an inconsistent allocation methodology. As a result, we identified \$2,329 in unsupported costs allocated to the LAV grant, and \$4,392 in unsupported supplies, contractual expenses, and other costs being charged to the LAV grant.
- **Contract Management.** We reviewed Ayuda's consultant agreements, outsource IT service contracts, accounting service contract, and interviewed Ayuda's management personnel. We found that Ayuda lacked a policy to monitor its contractors and consultants.

In addition, we interviewed Ayuda officials regarding program income and determined the grantee did not incur any program income. Furthermore, we reviewed the timeliness and accuracy of financial status and progress reports and reviewed the internal controls for grant number 2010-WL-AX-0001. However, we did not test the reliability of the internal control procedures or the financial management system as a whole.

APPENDIX II

SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS: ¹³	AMOUNT (\$)	PAGE
<u>Unsupported Costs</u>		
Health and Dental Insurance Costs	5,982	8
Allocated to the LAV Grant	2,329	9
Supplies, Contractual, and Other Costs	4,392	9
TOTAL OF QUESTIONED COSTS:	\$12,703	
TOTAL DOLLAR-RELATED FINDING	\$12,703	

¹³ **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.

APPENDIX III

LISTING OF UNSUPPORTED QUESTIONED COSTS CHARGED TO THE SUPPLY, CONTRACTUAL, AND OTHER COSTS CATEGORY

Category/ Date	General Ledger Charges			Questioned Cost (\$)		
Supply						
<i>* Postage/Delivery</i>	Direct	Allocations	Total	Direct	Allocations Supported	Total
12/17/2010	190	0	190	190	38.61	151.39
10/31/2010	0	93.74	93.74	0	75.28	18.46
11/30/2010	0	207.73	207.73	0	179.46	28.27
12/31/2010	0	34.74	34.74	0	27.29	7.45
01/31/2011	0	91.02	91.02	0	77.89	13.13
02/28/2011	0	91.38	91.38	0	104.03	-12.65
03/31/2011	0	139.69	139.69	0	149.83	-10.14
04/30/2011	0	89.17	89.17	0	95.25	-6.08
05/31/2011	0	113.61	113.67	0	119.3	-5.69
08/31/2011	0	21.69	21.69	0	20.16	1.53
09/30/2011	0	29.58	29.58	0	28.57	1.01
<i>* Copying/Printing</i>	Direct	Allocations	Total	Direct	Allocations Supported	Total
12/10/2010	142	0	142	142	28.85	113.15
12/10/2010	142	0	142	142	28.85	113.15
09/30/2011	0	370.92	370.92	0	184.95	185.97
11/09/2011	115	0	115	115	19.48	95.52
11/09/2011	115	0	115	115	19.48	95.52
12/13/2011	125	0	125	125	31.33	93.68
12/13/2011	125	0	125	125	31.33	93.68
02/21/2012	65	0	65	65	15.42	49.58
04/30/2012	115	0	115	115	22.55	92.45
05/01/2012	128.27	0	128.27	128.27	28.32	99.95
03/25/2013	54.63	0	54.63	54.63	5.95	48.68
<i>* General Office Supplies</i>	Direct	Allocations	Total	Direct	Allocations Supported	Total
10/31/2010	0	74.79	74.79	0	60.06	14.73
11/30/2010	0	62.31	62.31	0	53.83	8.48
12/31/2010	0	57.84	57.84	0	45.44	12.4
01/31/2011	0	69.55	69.55	0	59.52	10.03
02/28/2011	0	85.97	85.97	0	97.87	-11.9
03/02/2011	0	70.66	70.66	0	31.67	38.99
03/31/2011	0	25.1	25.1	0	26.92	-1.82
03/31/2011	129.85	0	129.85	129.85	19.4	110.45
04/30/2011	0	93.3	93.3	0	99.67	-6.37
05/31/2011	0	54.55	54.55	0	57.28	-2.73
07/18/2011	0	66.82	66.82	0	52.33	14.49
08/31/2011	0	126.47	126.47	0	117.56	8.91
09/30/2011	0	151.95	151.95	0	146.74	5.21
02/02/2012	476.99	0	476.99	476.99	113.19	363.8

03/14/2012	89.9	0	89.9	89.9	21.07	68.83
03/28/2012	135.45	0	135.45	135.45	31.75	103.7
04/30/2012	0	75	75	0	29.42	45.59
07/20/2012	434.94	0	434.94	434.94	81.59	353.35
07/20/2012	0	148.78	148.78	0	48.55	100.23
07/23/2012	0	1103	1103	0	458.87	644.13
07/24/2012	50.24	0	50.24	50.24	9.43	40.81
09/28/2012	734.98	0	734.98	734.98	133.25	601.73
09/28/2012	499.99	0	499.99	499.99	90.65	409.34
08/23/2013	135.24	0	135.24	135.24	13.52	121.72
TOTAL SUPPLY QUESTIONED COSTS						\$4,322

Contractual

<i>* Accounting</i>	Direct	Allocations	Total	Direct	Allocations Supported	Total
10/31/2010	0	402.17	402.17	0	322.96	79.21
11/30/2010	0	681.1	681.1	0	588.42	92.68
12/31/2010	0	497.1	497.1	0	390.55	106.55
01/31/2011	0	1141.78	1141.78	0	977.1	164.68
02/28/2011	0	443.75	443.75	0	505.18	-61.43
03/31/2011	0	1131.77	1131.77	0	1213.92	-82.15
04/30/2011	0	230.69	230.69	0	246.43	-15.74
05/31/2011	0	327.16	327.16	0	343.54	-16.38
08/31/2011	0	232.06	232.06	0	215.71	16.35
09/30/2011	0	322.38	322.38	0	311.33	11.05
<i>* Auditing</i>	Direct	Allocations	Total	Direct	Allocations Supported	Total
01/31/2011	0	4135.33	4135.33	0	3538.89	596.44
03/31/2011	0	442.75	442.75	0	474.89	-32.14
04/30/2011	0	546.83	546.83	0	584.14	-37.31
09/30/2011	0	213.46	213.46	0	206.14	7.32
<i>* Tech Support</i>	Direct	Allocations	Total	Direct	Allocations Supported	Total
10/31/2010	0	88.26	88.26	0	70.88	17.38
11/30/2010	0	154.95	154.95	0	133.87	21.08
12/31/2010	0	91.42	91.42	0	71.82	19.6
01/31/2011	0	847.9	847.9	0	725.61	122.29
02/28/2011	0	66.56	66.56	0	75.77	-9.21
03/31/2011	0	67.23	67.23	0	72.11	-4.88
04/30/2011	0	316.88	316.88	0	338.5	-21.62
05/31/2011	0	61.36	61.36	0	64.43	-3.07
08/31/2011	0	438.36	438.36	0	407.48	30.88
09/30/2011	0	45.27	45.27	0	43.72	1.55
07/27/2012	175	0	175	175	32.83	142.17
<i>* Equipment Lease/Rental</i>	Direct	Allocations	Total	Direct	Allocations Supported	Total
10/31/2010	0	63.86	63.86	0	51.28	12.58
11/30/2010	0	289.96	289.96	0	250.5	39.46
12/31/2010	0	256.72	256.72	0	201.69	55.03
01/31/2011	0	278.03	278.03	0	237.93	40.1
02/28/2011	0	223.06	223.06	0	253.94	-30.88
03/31/2011	0	132.39	132.39	0	142	-9.61
04/30/2011	0	114.04	114.04	0	121.82	-7.78
05/31/2011	0	113.27	113.27	0	118.94	-5.67
08/31/2011	0	101.54	101.54	0	94.39	7.15
09/30/2011	0	97.25	97.25	0	93.92	3.33

TOTAL CONTRACTUAL QUESTIONED COSTS						\$1,249
Other						
<i>* Rent</i>	Direct	Allocations	Total	Direct	Allocations Supported	Total
10/31/2010	0	1681.52	1681.52	0	1350.33	331.19
11/30/2010	0	2144.14	2144.14	0	1852.38	291.76
12/31/2010	0	2302.48	2302.48	0	1808.95	493.53
01/31/2011	0	1941.27	1941.27	0	1661.28	279.99
02/28/2011	0	1976.33	1976.33	0	2249.93	-273.6
03/31/2011	0	1693.24	1693.24	0	1816.15	-122.91
04/30/2011	0	1191.77	1191.77	0	1273.09	-81.32
05/31/2011	0	1448.67	1448.67	0	1521.18	-72.51
08/31/2011	0	572.72	572.72	0	532.37	40.35
09/30/2011	0	1328.37	1328.37	0	1282.82	45.55
<i>* Telephone/Fax</i>	Direct	Allocations	Total	Direct	Allocations Supported	Total
10/31/2010	0	163.87	163.87	0	131.59	32.28
11/30/2010	0	249.05	249.05	0	215.16	33.89
12/31/2010	0	261.79	261.79	0	205.68	56.11
01/31/2011	0	328.03	328.03	0	280.72	47.31
02/28/2011	0	195.76	195.76	0	222.86	-27.1
03/31/2011	0	188.07	188.07	0	201.72	-13.65
04/30/2011	0	132.84	132.84	0	141.9	-9.06
05/31/2011	0	165.03	165.03	0	173.29	-8.26
08/31/2011	0	204.5	204.5	0	190.09	14.41
09/30/2011	0	195.78	195.78	0	189.07	6.71
<i>* Insurance (incl. Worker's Compensation, General Liability, etc.)</i>	Direct	Allocations	Total	Direct	Allocations Supported	Total
10/31/2010	0	105.83	105.83	0	84.99	20.84
11/30/2010	0	220.18	220.18	0	190.22	29.96
12/31/2010	0	171.44	171.44	0	134.69	36.75
01/31/2011	0	194.21	194.21	0	166.2	28.01
02/28/2011	0	134.13	134.13	0	152.7	-18.57
03/31/2011	0	126.07	126.07	0	135.22	-9.15
04/30/2011	0	88.73	88.73	0	94.78	-6.05
05/31/2011	0	107.86	107.86	0	113.26	-5.4
08/31/2011	0	95.65	95.65	0	88.91	6.74
09/30/2011	0	64.41	64.41	0	62.2	2.21
TOTAL OTHER QUESTIONED COSTS						\$1,150

Source: Ayuda's accounting records as of March 31, 2014 and OIG analysis of total questioned costs

APPENDIX IV

AUDITEE RESPONSE TO THE DRAFT AUDIT REPORT



September 16, 2014

Ayuda's
Board of Directors

*Michael Tubman,
Chair
Center for Climate
and Energy
Solutions*

*Lucian Martinez,
Vice-Chair
Gilbert LLP*

*Hannah Kim,
Secretary
Inter-American
Development Bank*

*Michelle Langdon,
Treasurer
Community Member*

*Stacy Brustin
Catholic University,
Columbus School of
Law*

*John Chromy
Community Member*

*Gwen Davidow
World Environment
Center*

*Jennie Guilfoyle
Community Member*

*Diego Marquez
Alston & Bird*

*Colleen McGraw
Community Member.*

*Sophia Peters
Deloitte Consulting,
LLP*

Troy M. Meyer
Regional Audit Manager
Washington Regional Audit Office
Office of the Inspector General
U.S. Department of Justice
1300 North 17th Street, Suite 3400
Arlington, VA 22209

CC: John Manning; Teka Benisrael

Re: Response from Ayuda, Incorporated to the Draft OIG Report of the Office on Violence Against Women Grant #2010-WL-AX-0001.

Dear Mr. Meyer:

Ayuda has reviewed the draft of the above referenced report from your office dated September 3, 2014 along with your correspondence. We have worked closely with your auditors to resolve the issues raised within the audit and would like to respond to each recommendation made to OVW below:

Recommendation #1:

Ensure that Ayuda properly allocates direct costs, such as supplies, travel, contractual, and other costs, to the LAV award.

Response:

All calculation errors in Ayuda's spreadsheets have been eliminated. Direct costs will be closely monitored so that they are consistently treated, follow Ayuda's current policies, and are within the approved budget guidelines for the LAV grant.

Recommendation #2:

Remedy \$5,982 in unsupported health and dental insurance costs.

Response:

Ayuda agrees to reimburse OVW for all questioned costs. The previous method of allocation has been replaced with one that only allocates health and dental insurance costs based on employees working directly

on the LAV grant. This revised allocated methodology has been reviewed by the DOJ's auditors and deemed appropriate.

Recommendation #3:

Remedy \$6,721 in unsupported costs allocated to the grant.

Response:

Ayuda agrees to reimburse OVW for all questioned costs. As stated above in the response for recommendation #1: All calculation errors in Ayuda's spreadsheets have been eliminated. Direct costs will be closely monitored so that they are consistently treated, follow Ayuda's current policies, and are within the approved budget guidelines for the LAV grant. Ayuda has submitted and received approval to revise our LAV agreement so that going forward, we can be reimbursed for additional direct expenses that were unsupported by the language in our agreement in the past.

Recommendation #4:

Ensures that Ayuda implements a written contractor and consultant monitoring policy.

Response:

Ayuda is in the process of developing a policy to formally monitor the contractors and consultants that it works with. We will complete and implement this policy by 12/31/2014. The policy will be designed to not only provide oversight, but also ensure that all contracts are current and necessary forms completed.

We appreciate your attention to this matter and the hard work of the auditors in your department. Please do not hesitate to contact me with any further questions.

Sincerely,



Barbara Laur

Interim Executive Director

APPENDIX V

THE 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

September 18, 2014

MEMORANDUM

TO: Troy M. Meyer
Regional Audit Manager
Washington Regional Audit Office

FROM: Bea Hanson 
Principal Deputy Director
Office on Violence Against Women

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

SUBJECT: Draft Audit Report - Audit of the Office on Violence Against
Women Award to Ayuda Incorporated, Washington, D.C. Grant
Number 2010-WL-AX-0001

This memorandum is in response to your correspondence dated September 3, 2014 transmitting the above draft audit report for Ayuda Incorporated. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains four recommendations that include \$12,703 in unsupported costs. The Office on Violence Against Women (OVW) is committed to working with the grantee to address each recommendation and bring them to a close as quickly as possible. The following is our analysis of the audit recommendations.

1. Ensure that Ayuda properly allocates direct costs, such as supplies, travel, contractual, and other costs, to the LAV award.

OVW does agree with the recommendation. We will coordinate with Ayuda to ensure that Ayuda properly allocates direct costs, such as supplies, travel, contractual, and other costs, to the LAV award.

2. Remedy the \$5,982 in unsupported health and dental insurance costs.

OVW does agree with the recommendation. We will coordinate with Ayuda to remedy the \$5,982 in unsupported health and dental insurance costs.

3. Remedy the \$6,721 in unsupported costs allocated to the grant.

OVW does agree with the recommendation. We will coordinate with Ayuda to remedy the \$6,721 in unsupported costs allocated to the grant.

4. Ensure that Ayuda implements a written contractor and consultant monitoring policy.

OVW does agree with the recommendation. We will coordinate with Ayuda to ensure that Ayuda implements a written contractor and consultant monitoring policy.

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

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

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

Lorraine Edmo
Program Specialist
Office on Violence Against Women (OVW)

APPENDIX VI

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 Ayuda, Inc. (Ayuda) and the Office on Violence Against Women (OVW) for review and official comment. Ayuda's response is included as Appendix IV and the OVW response is included as Appendix V of this final report. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation:

1. Ensures that Ayuda properly allocates direct costs, such as supplies, travel, contractual, and other costs, to the LAV award.

Resolved. The OVW concurred with our recommendation. The OVW stated it will coordinate with Ayuda to ensure that it properly allocates direct costs, such as supplies, travel, contractual, and other costs, to the LAV award.

Ayuda officials stated that all calculation errors in its spreadsheets have been eliminated and that direct costs will be closely monitored so that they are within the approved budget guidelines for the LAV award.

This recommendation can be closed once we receive and review evidence that the OVW has coordinated with Ayuda to ensure that it properly allocates direct costs to the LAV award.

2. Remedy \$5,982 in unsupported health and dental insurance costs.

Resolved. The OVW concurred with our recommendation. The OVW stated it will coordinate with Ayuda to remedy the \$5,982 in unsupported health and dental insurance costs.

Ayuda officials agree to reimburse the OVW the questioned costs of \$5,982 in unsupported health and dental insurance costs. Ayuda officials said its previous method of allocation has been replaced with one that only allocates health and dental insurance costs based on employees working directly on the LAV grant.

This recommendation can be closed once we receive and review documentation demonstrating that the OVW has remedied \$5,982 in unsupported health and dental costs.

3. Remedy \$6,721 in unsupported costs allocated to the grant.

Resolved. The OVW concurred with our recommendation. The OVW stated it will coordinate with Ayuda to remedy the \$6,721 in unsupported costs allocated to the grant.

Ayuda officials agree to reimburse OVW the questioned costs of \$6,721 in unsupported costs allocated to the grant. Ayuda officials stated they have submitted and received approval to revise the LAV budget agreement with OVW.

This recommendation can be closed once we receive and review documentation demonstrating that the OVW has remedied \$6,721 in unsupported costs allocated to the grant.

4. Ensures that Ayuda implements a written contractor and consultant monitoring policy.

Resolved. The OVW concurred with our recommendation. The OVW stated it will coordinate with Ayuda to ensure that it implements a written contractor and consultant monitoring policy.

Ayuda officials acknowledged the need for monitoring its contracts, and are in the process of developing a policy to formally monitor its contractors and consultants.

This recommendation can be closed once we receive and review evidence that the OVW has coordinated with Ayuda to ensure that they have implemented a written contractor and consultant monitoring policy.