



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



**Audit of the Office on Violence Against  
Women Grant and Office for Victims of  
Crime Cooperative Agreement  
Awarded to Gulfcoast Legal Services,  
St. Petersburg, Florida**

Audit Division GR-40-16-003

July 2016

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**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN  
GRANT AND OFFICE FOR VICTIMS OF CRIME COOPERATIVE  
AGREEMENT AWARDED TO GULF COAST LEGAL SERVICES,  
ST. PETERSBURG, FLORIDA**

**EXECUTIVE SUMMARY\***

The U.S. Department of Justice (Department) Office of the Inspector General (OIG) has completed an audit of Office on Violence Against Women (OVW) Grant Number 2012-WL-AX-0035 and Office for Victims of Crime (OVC) Cooperative Agreement Number 2013-VT-BX-K016 awarded to Gulfcoast Legal Services (Gulfcoast). We also reviewed Gulfcoast’s award application materials for OVC Cooperative Agreement Number 2015-VT-BX-K020, which was awarded after we initiated our audit. The awards totaled \$1,417,890, as shown in Table 1. OVW is an office within the Department, while OVC is a component of the Office of Justice Programs (OJP).

**Table 1  
OVW and OVC Awards to Gulfcoast**

<b>Award Number</b>	<b>Awarding Agency</b>	<b>Award Start Date</b>	<b>Award End Date</b>	<b>Award Amount</b>
2012-WL-AX-0035	OVW	10/01/2012	09/30/2015	\$496,162
2013-VT-BX-K016	OVC	10/01/2013	02/28/2016 <sup>a</sup>	\$321,728
2015-VT-BX-K020 <sup>b</sup>	OVC	10/01/2015	09/30/2018	\$600,000
			<b>Total:</b>	<b>\$1,417,890</b>

<sup>a</sup> The original award end date was September 30, 2015. OVC approved an extension to February 28, 2016.

<sup>b</sup> We limited our testing of OVC Cooperative Agreement Number 2015-VT-BX-K020 to a review of Gulfcoast’s grant application materials.

Source: OVW and OVC award documents

We found that Gulfcoast did not have a Single Audit for Fiscal Year (FY) 2014, as required under Office of Management and Budget (OMB) Circular A-133. As a result, in our draft report we questioned \$753,158 as being unallowable because Gulfcoast did not meet this core grant-accountability requirement. These questioned costs represented the entire sum of the 2012 OVW and 2013 OVC awards less the award funds Gulfcoast had not drawn down at the time of our audit. After repeated requests for documentation related to compliance with OMB Circular A-133, Gulfcoast acknowledged that it should have conducted an audit for FY 2014 and, after issuance of our draft report, provided its Single Audit report for FY 2014 on June 9, 2016.

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\* Redactions were made to the full version of this report for privacy reasons. The redactions are contained only in Appendix 3, the grantee’s response, and are of individuals’ names.

We also found that Gulfcoast was reimbursed \$101,507 in award funds for unsupported personnel costs from the 2012 OVW and 2013 OVC awards (\$100,211) and legal services, fees, and travel expenses from the OVC 2013 award (\$1,296). In addition, Gulfcoast submitted inaccurate federal financial reports to OVW and OVC. During our audit, Gulfcoast returned the \$1,296 in unsupported costs by reducing a December 2015 drawdown by the same amount.

The objective of this audit was to determine whether costs claimed under the grant and cooperative agreement 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: (1) grant financial management, (2) grant expenditures, (3) budget management and control, (4) drawdowns, (5) federal financial reports, and (6) program performance and accomplishments.

We make seven recommendations to OVW and OJP to strengthen Gulfcoast's accounting and management of award funds. Our audit objective, scope, and methodology are discussed in Appendix 1. The Schedule of Dollar-Related Findings appears in Appendix 2.

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**INTRODUCTION**

The U.S. Department of Justice (Department) Office of the Inspector General (OIG) has completed an audit of Office on Violence Against Women (OVW) Grant Number 2012-WL-AX-0035 and Office for Victims of Crime (OVC) Cooperative Agreement Number 2013-VT-BX-K016 awarded to Gulfcoast Legal Services (Gulfcoast). We also reviewed Gulfcoast's award application materials for OVC Cooperative Agreement Number 2015-VT-BX-K020, which was awarded after we initiated our audit. The awards totaled \$1,417,890, as shown in Table 2. OVW is an office within the Department, while OVC is a component of the Office of Justice Programs.

**Table 2  
OVW and OVC Awards to Gulfcoast**

<b>Award Number</b>	<b>Awarding Agency</b>	<b>Award Start Date</b>	<b>Award End Date</b>	<b>Award Amount</b>
2012-WL-AX-0035	OVW	10/01/2012	09/30/2015	\$496,162
2013-VT-BX-K016	OVC	10/01/2013	02/28/2016 <sup>a</sup>	\$321,728
2015-VT-BX-K020 <sup>b</sup>	OVC	10/01/2015	09/30/2018	\$600,000
			<b>Total:</b>	<b>\$1,417,890</b>

<sup>a</sup> The original award end date was September 30, 2015. OVC approved an extension to February 28, 2016.

<sup>b</sup> We limited our testing of OVC Cooperative Agreement Number 2015-VT-BX-K020 to a review of Gulfcoast's grant application materials.

Source: OVW and OVC award documents

**Background**

The 2012 OVW award was made under the Legal Assistance for Victims Grant Program. The purpose of the grant program is to strengthen civil and criminal legal assistance programs for adult and youth victims of domestic violence, dating violence, sexual assault, and stalking who are seeking relief in legal matters arising as a consequence of that abuse or violence. Gulfcoast used the award funds to pay salaries and fringe benefits for three attorneys, fund travel for training, purchase equipment and supplies, pay sub-recipients, and purchase legal research programs.

The 2013 OVC award was made under the Services for Victims of Human Trafficking Grant Program. The purpose of the program is to provide legal services for victims of human trafficking. Gulfcoast used the award funds to pay salaries and fringe benefits for certain Gulfcoast staff; pay for travel, supplies, and sub-recipients expenses; and purchase a system for securing client case files. Gulfcoast was also to provide training within the greater Tampa Bay area with the

goal of improving community collaboration and increasing awareness of the needs and rights of victims and survivors.

In September 2015, OVC awarded to Gulfcoast Cooperative Agreement Number 2015-VT-BX-K020 for \$600,000. The purpose of the award is to enhance the quality and quantity of services available to assist victims of human trafficking. As of March 2016, Gulfcoast had not drawn down any award funds. The award project period ends in September 2018.

#### *Gulfcoast Legal Services*

Gulfcoast is a non-profit corporation established in 1978 to provide free legal assistance to income eligible residents of the greater Tampa Bay area. According to Gulfcoast's website, its mission is to serve the legal needs of vulnerable individuals, families, and communities. Gulfcoast has offices in Bradenton, Clearwater, St. Petersburg, and Sarasota, Florida.

#### *Office on Violence Against Women*

The mission of OVW is to provide federal leadership in developing the Nation's capacity to reduce violence against women and administer justice for and strengthen services to victims of domestic violence, dating violence, sexual assault, and stalking. OVW administers 24 grant programs authorized by the Violence Against Women Act and subsequent legislation. The Legal Assistance for Victims Grant Program seeks to strengthen civil and criminal legal assistance programs for adult and youth victims of domestic violence, dating violence, sexual assault, and stalking who seek relief in legal matters relating to or arising from abuse or violence.

#### *Office for Victims of Crime*

The goal of OVC is to improve the Nation's ability to help victims of crime and to be a leader in transforming attitudes, policies, and practices that encourage justice and healing for victims. OVC grants are used to fund national projects, training, and technical assistance for the purpose of enhancing the professional expertise of victim service providers. Through the Services for Victims of Human Trafficking Program, grantees help trafficking victims gain access to legal assistance on immigration matters and other civil legal remedies and provide general legal advocacy on matters that arise as a result of the human trafficking situation.

### **OIG Audit Approach**

The objective of this audit was to determine whether costs claimed under the grant and cooperative agreement 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: (1) grant financial management, (2) grant expenditures, (3) budget

management and control, (4) drawdowns, (5) federal financial reports, and (6) program performance and accomplishments.

We tested compliance with what we consider to be the most important conditions of the grant and cooperative agreement. The criteria we audited against are contained in the OJP Financial Guide, OVW Financial Grants Management Guide, the 2015 DOJ Grants Financial Guide, and the award documents.<sup>1</sup>

The results of our analysis are discussed in detail in the Findings and Recommendations section of the report. Appendix 1 contains additional information on this audit's objective, scope, and methodology. The Schedule of Dollar-Related Findings appears in Appendix 2.

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<sup>1</sup> The 2013 OVW Financial Grants Management Guide applies to OVW Grant Number 2012-WL-AX-0035, the 2014 OVC Financial Guide applies to OVC Cooperative Agreement Number 2013-VT-BX-K016, and the 2015 DOJ Grants Financial Guide applies to both awards. We refer to these guides in the report as, "the Financial Guide."

## FINDINGS AND RECOMMENDATIONS

We found that Gulfcoast did not have a Single Audit for Fiscal Year (FY) 2014 as required under Office of Management and Budget (OMB) Circular A-133. As a result, in our draft report we questioned \$753,158 as being unallowable because Gulfcoast did not meet this core grant-accountability requirement. These questioned costs represent the entire sum of the 2012 OVW and 2013 OVC awards less the award funds Gulfcoast had not drawn down at the time of our audit. Additionally, because it did not maintain time reports documenting staff's award-related activity, Gulfcoast was reimbursed \$100,211 in unsupported personnel costs. Gulfcoast was also reimbursed \$1,296 in legal services, fees, and travel expenses that were unsupported, although it returned these funds during our audit. In addition, Gulfcoast submitted inaccurate federal financial reports to OVW and OVC.

### Grant Financial Management

The Financial Guide requires grant recipients to establish and maintain adequate accounting systems and financial records and to account accurately for funds awarded to them. Prior to 2015, OMB Circular A-133 required non-federal entities that expended \$500,000 or more in a year in federal awards to have a single or program-specific audit conducted for that year.<sup>2</sup> The Financial Guide also requires a Single Audit from all grant recipients that meet the threshold of federal award expenditures. Both OMB Circular A-133 and the Financial Guide allow for the suspension or withholding of federal awards if a required Single Audit is not completed. Additionally, failure to perform the audit will result in the awarding agency taking remedial action as allowed under law.

We noted that each Gulfcoast award, shown in Table 2, contained as a special condition, a Single Audit requirement.<sup>3</sup> Also, in each of Gulfcoast's award applications, it certified and gave assurances to OVW and OVC that it would complete a Single Audit if it met the required federal award expenditure threshold.

We interviewed Gulfcoast staff and reviewed Gulfcoast's policies and procedures to determine whether the entity adequately safeguarded grant funds. Gulfcoast's fiscal year runs from January 1 to December 31. We reviewed Gulfcoast's financial reports for FY 2013 and FY 2014 to determine if the entity met the threshold of federal award expenditures. We were unable to determine from

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<sup>2</sup> For a grant recipient's fiscal years beginning on or after December 26, 2014, a Single Audit is required for recipients annually that expend \$750,000 or more in federal funds.

<sup>3</sup> Special conditions are terms and conditions included in a grant recipient's award, such as requirements covering programmatic and financial reporting, prohibited uses of funds, consultant rates, changes in key personnel, and program income.

these reports the amount of federal expenditures. After our repeated requests for the information, Gulfcoast's Director of Grants and Communication acknowledged to us by e-mail that, based on her review of records, Gulfcoast should have conducted a Single Audit for FY 2014. The same Gulfcoast official provided us a written statement that the entity's federal expenditures for FY 2014 were \$628,583, as itemized in Table 3, which would have required it to undergo a Single Audit.<sup>4</sup> The Gulfcoast official also represented that her organization had confirmed the funding sources to be sure all federal expenditures were included. During our exit conference, Gulfcoast's Executive Director told us his organization relied on an auditor that determined a Single Audit was not necessary.

**Table 3**  
**Gulfcoast's Federal Expenditures for FY 2014**

Federal Project	CFDA	Amount
OWW Grant Number 2012-WL-AX-0035	16.524	\$155,519
OVC Cooperative Agreement Number 2013-VT-BX-K016	16.320	\$86,248
Community Development Block Grant-Clearwater	14.218	\$15,850
Community Development Block Grant-Largo	14.218	\$12,064
Health and Human Services Citizenship-United Methodist Cooperative	97.010	\$68,610
National Foreclosure Modification Counseling Florida Housing Finance Corporation	21.000	\$14,250
Department of Justice Violence against Women Act-Florida Coalition Against Domestic Violence	16.556	\$17,278
Internal Revenue Service Low Income Taxpayer Clinic	21.008	\$93,550
Title IIB-Pinellas-Area Agency on Aging of Pasco	93.044	\$63,822
Title IIB-Manatee-Senior Connection Center	93.044	\$76,024
Title IIE-Manatee-Senior Connection Center	93.052	\$25,368
<b>Total</b>		<b>\$628,583</b>

Source: Gulfcoast

The completion of a Single Audit when required under federal regulations is critical to the financial management and administration of award funds. The failure to perform a Single Audit prevented a review and evaluation of Gulfcoast's financial statements for federal programs in accordance with generally accepted government auditing standards and an understanding of the entity's internal controls. A Single Audit would have also allowed for a determination of whether Gulfcoast complied with laws, regulations, and grant award provisions that could have a direct and material effect on the federal program and would have followed up on Gulfcoast's prior audit findings.

Moreover, the failure to perform a Single Audit may result in a grant recipient's designation as high risk. Under the Financial Guide, nonconformance with an award term and condition is grounds for a high-risk designation.<sup>5</sup>

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<sup>4</sup> Gulfcoast's federal expenditures for FY 2013 were \$493,149.

<sup>5</sup> A high-risk designation may have affected Gulfcoast's ability to obtain its OVC grant because we noted that an applicant's high-risk designation was a consideration in OVC's funding recommendation process.

Gulfcoast notified OJP's Office of the Chief Financial Officer (OCFO) of its noncompliance with the Single Audit requirement in the same e-mail notification sent to us. An OCFO official informed us that as of April 6, 2016, the OCFO had taken no action against Gulfcoast regarding the notification because of our ongoing audit. According to the same official, if not for our audit, OCFO would have advised Gulfcoast that a special condition would be placed on any new awards, prohibiting the entity from obligating, expending, or drawing down funds, until their Single Audit report is submitted. We agree that these are reasonable actions to take in this circumstance but, in our judgment, Gulfcoast's noncompliance with the Single Audit requirement should also have implications for the 2012 OVW and 2013 OVC awards the entity has already obtained and mostly expended. For these awards, Gulfcoast was subject to the same Single Audit requirement contained within the awards' terms and conditions for which the entity gave assurances to OVW and OVC that it would comply. Because Gulfcoast did not comply, in our draft report we questioned \$753,158 as unallowable, which represents the entire award amounts less the award funds Gulfcoast had not drawn down at the time of our audit. Therefore, we question \$476,470 for OVW Grant Number 2012-WL-AX-0035 and \$276,688 for OVC Cooperative Agreement Number 2013-VT-BX-K016.<sup>6</sup> On June 9, 2016, Gulfcoast provided us its Single Audit for FY 2014, and considers this report sufficient to remedy the question costs from the awards.

## **Grant Expenditures**

Federal grant funds are governed by the cost principles of the OMB. Allowable costs are those costs identified in the relevant OMB Circulars and in the grant program's authorizing legislation. To be allowable under federal awards, costs must be reasonable, allocable, and necessary to the project, and must also comply with funding statute requirements. To determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we tested a sample of \$139,808 in expenditures, which represented personnel costs, fringe benefits, and other direct costs such as travel, supplies, and other expenses. We also reviewed Gulfcoast's procedure for calculating matching costs.

### *Personnel Costs*

For OVW Grant Number 2012-WL-AX-0035, we judgmentally selected three employees paid from grant funds for the quarters ended June 30, 2014, and June 30, 2015. For OVC Cooperative Agreement Number 2013-VT-BX-K016, we judgmentally selected three employees paid from award funds for the months ended June 30, 2014, and May 31, 2015. To verify that labor charges were computed correctly, properly authorized, accurately recorded, and properly allocated to the award, we sought to trace these employees' personnel costs to time sheets.

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<sup>6</sup> As of January 13, 2016, Gulfcoast had a balance of \$19,692 for OVW Grant Number 2012-WL-AX-0035, which was de-obligated by OVW on January 29, 2016. As of March 15, 2016, Gulfcoast had a balance of \$45,040 for OVC Cooperative Agreement Number 2013-VT-BX-K016.

For both awards, we could not trace personnel costs to timesheets because Gulfcoast did not require its staff to track their time. When grant recipients work on multiple grant programs or cost activities, the Financial Guide requires a reasonable allocation of costs to each activity based on time sheets or similar records. Additionally, these reports must:

- reflect an after-the-fact distribution of the actual activity of each employee;
- account for the total activity for which each employee is compensated;
- be prepared monthly and coincide with one or more pay periods; and
- be signed by the employee and approved by a supervisory official having firsthand knowledge of the work performed.

Gulfcoast staff told us that exempt, salaried staff were not required to submit time sheets but were required to submit requests for paid time off in writing for approval and were not required to report their regular hours. A Gulfcoast official told us they recognized the need to track time and are in the process of implementing a new time-keeping system that will track time and attendance of exempt and non-exempt staff to include time dedicated to various projects.

Without timesheets or similar records, we cannot determine the extent to which Gulfcoast attorneys or other staff worked on grant-related activities or if the distribution of grant activity and non-grant activity as reported by Gulfcoast is accurate. While we found no evidence of fraudulent reporting involving grant funds, in our judgment, Gulfcoast's records provide no assurance that grant funds are being paid only for approved grant-related activities.

After we presented our audit results to Gulfcoast, the entity's Director of Grants and Communications sent us a typed document that summarized the grant-related tasks worked on by Gulfcoast staff for the 2012 OVW award. The same official stated that the source of the information was the entity's case management system. We are unable to accept these documents as adequate support. This is because, the Financial Guide requires personnel costs paid from award funds to have time records signed by the employee and approved by a supervisory official having firsthand knowledge of the work performed. From our review of these records, we determined that Gulfcoast did not comply with this requirement. Consequently, we question \$69,096 from OVW Grant Number 2012-WL-AX-0035 and \$31,115 from OVC Cooperative Agreement Number 2013-VT-BX-K016 as unsupported. We recommend OVW and OJP remedy \$100,211 in unsupported costs. We also recommend that OVW and OJP ensure that Gulfcoast maintains time sheets or other records that provide assurance that personnel charges paid from award funds are only for grant-related activities.

### *Other Direct Costs*

For OVC Cooperative Agreement Number 2013-VT-BX-K016, Gulfcoast charged \$1,296 in duplicate costs, which we consider unsupported. Gulfcoast officials told us the duplication was the result of a clerical error made while inputting the costs, and that they would deduct \$1,296 from a future drawdown. Although the accounting system error appeared to be isolated, frequent errors could impair Gulfcoast's ability to properly account for and manage its award funds. A Gulfcoast official told us that the entity recently acquired a new accounting system that should prevent this type of error in the future.<sup>7</sup> Gulfcoast returned the unsupported charges by reducing its drawdown for December 2015 expenses by \$1,296, which we verified by reviewing Gulfcoast's records. Therefore, we make no recommendation to remedy the costs. However, we recommend OJP ensures that Gulfcoast reviews its accounting records for other duplicate entries.

### *Matching Costs*

Matching costs are the non-federal recipient's share of total project costs. OVW Grant Number 2012-WL-AX-0035 did not require matching costs. OVC Cooperative Agreement Number 2013-VT-BX-K016 required a 25 percent match from the \$429,047 in project costs for the award, which was \$107,262. We evaluated Gulfcoast's process for applying required matching costs. Gulfcoast's Chief Financial Officer told us the Director of Finance reviews and calculates the match on a quarterly basis. Gulfcoast provided us a ledger of matching costs as of September 30, 2015, that totaled \$67,669, which we reviewed. The remaining matching costs had yet to be calculated at the time of our testing.<sup>8</sup> However, we found that Gulfcoast's process for applying the required match to the cooperative agreement was adequate for meeting the match requirement.

Based on our transaction testing, we recommend that OVW and OJP remedy \$100,211 in unsupported personnel costs from both awards. OJP should also ensure that Gulfcoast reviews its accounting records for other possible duplicate entries. If other duplicate entries exist, OJP should ensure that Gulfcoast reduces future drawdowns by those amounts.

### **Budget Management and Control**

According to the Financial Guide, grant recipients are responsible for establishing and maintaining an adequate accounting system, which includes the ability to compare actual expenditures or outlays with budgeted amounts for each award. Additionally, grant recipients must receive prior approval from the awarding

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<sup>7</sup> Gulfcoast staff also told us that the entity began using a cloud-based accounting platform designed for nonprofit accounting on September 28, 2015. Gulfcoast migrated financial data for January 1, 2015, to September 30, 2015, from the previous accounting system to the cloud-based accounting platform.

<sup>8</sup> OVC approved an extension of the cooperative agreement until February 28, 2016.

agency to reallocate funds among approved budget categories if the proposed cumulative change is greater than 10 percent of the total award amount.

For OVW Grant Number 2012-WL-AX-0035, we compared grant expenditures to the approved budget to determine whether Gulfcoast transferred funds among budget categories in excess of 10 percent. We determined that the cumulative difference between expenditures and the budget was not greater than 10 percent.

For OVC Cooperative Agreement Number 2013-VT-BX-K016, we compared expenditures as of December 8, 2015, to the approved budget and found that Gulfcoast had not reallocated funds among budget categories exceeding 10 percent of the total award amount. We found that the budgets for both awards were properly managed.

### **Drawdowns**

According to the Financial Guide, an adequate accounting system should be established to maintain documentation to support all receipts of federal funds. If, at the end of the grant award, recipients have drawn down funds in excess of federal expenditures, unused funds must be returned to the awarding agency. Grant recipients are allowed to expend grant funds that have been properly obligated. Grant funds not liquidated at the end of the 90-day period will revert to the awarding agency. A Gulfcoast official told us drawdown amounts are determined from expense records and journals.

For OVW Grant Number 2012-WL-AX-0035, Gulfcoast had drawn down \$476,470 of the \$496,162 award as of December 31, 2015. For Cooperative Agreement 2013-VT-BX-K016, Gulfcoast had drawn down \$209,370 of the \$321,728 award as of December 10, 2015. To assess whether Gulfcoast managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records. We found that the total amount reimbursed matched the total expenditures in the accounting records.

### **Federal Financial Reports**

The Financial Guide requires grant recipients to submit federal financial reports that show, among other things, actual expenditures and unliquidated obligations for each quarter of the project. Federal financial reports must be submitted online no later than 30 days after the last day of each quarter. The final federal financial report is due within 90 days after the end date of the award period, but may be submitted as soon as all outstanding expenditures have been captured. We tested Gulfcoast's federal financial reports for timeliness and accuracy.

To determine whether Gulfcoast submitted timely reports, we tested four reports from each award, which were the most recently submitted reports at the time of our testing. We determined that the reports were submitted timely.

To determine whether Gulfcoast submitted accurate reports, we compared the same four reports from each award to Gulfcoast’s accounting records. We found that some of the reports did not match. As shown in Table 4, Gulfcoast understated the federal share of outlays on the reports for the quarters ended March 31, 2015, and June 30, 2015.

**Table 4**  
**Comparison of Federal Share of Outlays Reported**  
**on Federal Financial Reports to Accounting Records**

<b>Award Number</b>	<b>Quarter Ended</b>	<b>Amount Reported on Federal Financial Report</b>	<b>Amount Reported on Accounting Records</b>	<b>Difference</b>
2012-WL-AX-0035	03/31/2015	\$31,862	\$32,848	\$(986)
2012-WL-AX-0035	06/30/2015	\$36,855	\$58,641	\$(21,786)
2013-VT-BX-K016	03/31/2015	\$25,469	\$30,371	\$(4,902)
2013-VT-BX-K016	06/30/2015	\$25,469	\$38,891	\$(13,422)

Source: OJP’s Grants Management System and Gulfcoast

Inaccurate reporting prevents OVW and OVC from adequately monitoring award activity. A Gulfcoast official told us the differences resulted from human error. The official also told us the final federal financial report for OVW Grant Number 2012-WL-AX-0035 for the quarter ended December 31, 2015, would be adjusted to reflect the actual amounts. We verified that the cumulative federal share of expenditures on the final report for the quarter ended December 31, 2015, matched the accounting records and total drawdowns.

A Gulfcoast official told us the cumulative federal share of expenditures on the report for the quarter ended December 31, 2015, for OVC Cooperative Agreement Number 2013-VT-BX-K016 would be adjusted for the errors. We obtained the report for the quarter ended December 31, 2015, and verified that the report was corrected. The same Gulfcoast official told us that the entity is working with consultants to tighten controls and add new processes and systems for stricter internal controls and increased accountability among Gulfcoast staff.<sup>9</sup> We recommend that OVW and OJP ensure that Gulfcoast submits accurate federal financial reports.

### **Program Performance and Accomplishments**

According to the Financial Guide, the funding recipient should ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation. Progress Reports provide information relevant to the performance and activities of a plan, program, or project. We reviewed Gulfcoast’s progress reports to determine if the

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<sup>9</sup> In addition, Gulfcoast began using new cloud-based accounting software on September 28, 2015. The reports identified program income for the two awards. However, Gulfcoast told us that program income was not generated and was reported in error.

reports were accurate. We also reviewed grant documentation and communicated with Gulfcoast staff to determine whether the program goals and objectives were implemented.

### *Categorical Assistance Progress Reports*

To test Gulfcoast's progress reports, we selected a sample of six performance measures from OVW Grant Number 2012-WL-AX-0035 and all four performance measures from OVC Cooperative Agreement Number 2013-VT-BX-K016, for a total sample size of ten. We traced the performance measures to supporting documentation. We found that all the performance measures we tested were supported.

### *Program Goals and Objectives*

For OVW Grant Number 2012-WL-AX-0035, Gulfcoast identified 14 goals and objectives in its application and reported on the development of the goals in its progress reports. We judgmentally selected 6 of the 14 goals to determine if Gulfcoast met the goals, which are shown below.

1. Two family law attorneys who represented victims in civil and family law matters would be converted to full-time status.
2. By November 15, 2012, Gulfcoast would provide civil and legal assistance to clients who were victims of sexual and domestic violence in the areas of housing, public benefits, immigration, and tax relief.
3. By December 30, 2012, the Project Director would meet with University of South Florida faculty regarding expanding outreach and services to university students.
4. Gulfcoast would implement and expand referral, screening, intake, and safety planning processes when providing civil legal assistance to victims of sexual assault, to ensure victims that their safety, privacy, and individual needs are met.
5. Gulfcoast would provide holistic and comprehensive civil legal services for sexual assault victims by concentrating 90 percent of project services provisions for victims of sexual assault in a broad range of civil legal services.
6. Gulfcoast would expand outreach, recognition, and prevention presentations and materials about sexual assault, stalking, and domestic and dating violence for students at the University of South Florida in St. Petersburg.

We requested supporting documentation from Gulfcoast staff to confirm these goals were met. We determined that the goals were adequately supported.

For OVC Cooperative Agreement Number 2013-VT-BX-K016, Gulfcoast identified four goals and objectives in its application and periodically reported on these goals in its Progress Reports. The goals and objectives were to:

1. identify 20 victims of sex and labor trafficking over a 2-year period within the service area and provide these identified victims with specialized legal services delivered in conjunction with coordinated supportive services;
2. promote and support collaborative processes among law enforcement, victim service providers, and nonprofit and faith-based organizations through on-going collective meetings coordinated with the Clearwater-Tampa Bay Area Human Trafficking Task Force;
3. conduct training, public awareness, and outreach activities throughout the region; and
4. conduct a program evaluation to ensure the project meets intended goals and objectives related to service provision and impact on victims of human trafficking.

We requested supporting documentation from Gulfcoast staff to confirm the goals and objectives were met. We determined that the goals and objectives were adequately supported.

## **Conclusion**

The objective of this audit was to determine whether costs claimed under the grant and cooperative agreement were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. We examined Gulfcoast's financial management procedures, expenditures, budget documents, drawdowns, reporting, and accomplishment of program performance measures. We found that Gulfcoast did not have a required Single Audit for FY 2014. As a result, in our draft report we questioned \$753,158 in unallowable costs, which represents the entire sum of the 2012 OVW and 2013 OVC awards less the award funds Gulfcoast had not drawn down at the time of our audit. However, Gulfcoast later made arrangements for an audit and provided a Single Audit report to us in June 2016. Gulfcoast was also reimbursed \$101,507 for unsupported personnel costs (\$100,211) and legal services, fees, and other travel expenses (\$1,296), and submitted inaccurate federal financial reports to OVW and OVC. During our audit, Gulfcoast returned the \$1,296 in unsupported costs by reducing a December 2015 drawdown by the same amount.

## **Recommendations**

For Grant Number 2012-WL-AX-0035, we recommend that OVW:

1. Remedy \$476,470 in unallowable costs as a result of Gulfcoast not having a Single Audit for FY 2014, and

2. Remedy \$69,096 in unsupported personnel costs.

For Cooperative Agreement Number 2013-VT-BX-K016, we recommend that OJP:

3. Remedy \$276,688 in unallowable costs as a result of Gulfcoast not having a Single Audit for FY 2014;
4. Remedy \$31,115 in unsupported personnel costs; and
5. Ensure Gulfcoast reviews its accounting records for other duplicate entries.

For both awards, we recommend that OVW and OJP:

6. Ensure that Gulfcoast maintains time sheets or other records that provide assurance that personnel charges paid from award funds are only for grant-related activities; and
7. Ensure Gulfcoast submits accurate federal financial reports.

### OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether costs claimed under the grant and cooperative agreement 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: (1) grant financial management, (2) grant expenditures, (3) budget management and control, (4) drawdowns, (5) federal financial reports, (6) and program performance and accomplishments.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We audited Office on Violence Against Women (OVW) Grant Number 2012-WL-AX-0035 and OVC Cooperative Agreement Number 2013-VT-BX-K016 awarded to the Gulfcoast Legal Services (Gulfcoast). OVW awarded Gulfcoast \$496,162 under Grant Number 2012-WL-AX-0035, and OVC awarded Gulfcoast \$321,728 under Cooperative Agreement Number 2013-VT-BX-K016. As of January 13, 2016, Gulfcoast had drawn down \$476,470 from OVW Grant Number 2012-WL-AX-0035 leaving a balance of \$19,692 of the total grant funds awarded. For OVC Cooperative Agreement Number 2013-VT-BX-K016, as of March 15, 2016, Gulfcoast had drawn down \$276,688 leaving a balance of \$45,040 of the total award funds. We also reviewed Gulfcoast's award application materials for OVC Cooperative Agreement Number 2015-VT-BX-K020, which was awarded after we initiated our audit.

Our audit concentrated on, but was not limited to August 27, 2012, the award date for OVW Grant Number 2012-WL-AX-0035, through November 6, 2015, the last day of our fieldwork. OVW Grant Number 2012-WL-AX-0035 ended September 30, 2015, and the 90-day liquidation period ended December 31, 2015. OVC granted an extension to February 28, 2016, for Cooperative Agreement Number 2013-VT-BX-K016.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of Gulfcoast's activities related to the awards. We performed sample-based audit testing for award expenditures including payroll and fringe benefit charges; financial reports; and progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the awards reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. The criteria we audited against are contained in the OJP Financial Guide, OVW Financial Grants Management Guide, the award documents, and the 2015

Department of Justice (Department) Grants Financial Guide. In addition, we evaluated Gulfcoast's (1) financial management, including grant-related procedures in place for procurement, sub-recipient monitoring, financial reports, and progress reports; (2) budget management and controls; (3) drawdowns; and (4) program performance and accomplishments. During our audit, we obtained information from OJP's Grant Management System as well as Gulfcoast's accounting system specific to the management of Department funds during the audit period. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems was verified with documentation from other sources.

**APPENDIX 2**

**SCHEDULE OF DOLLAR-RELATED FINDINGS**

<b><u>QUESTIONED COSTS</u></b> <sup>10</sup>	<b>AMOUNT</b>	<b>PAGE</b>
<b><u>Unallowable Costs</u></b>		
Unallowable costs for OVW Grant Number 2012-WL-AX-0035	\$476,470	6
Unallowable costs for OVC Cooperative Agreement Number 2013-VT-BX-K016	\$276,688	6
<b>Total Unallowable Costs</b>	<b>\$753,158</b>	
<b><u>Unsupported Costs</u></b>		
Unsupported personnel costs for OVW Grant Number 2012-WL-AX-0035	\$69,096	7
Unsupported personnel costs for OVC Cooperative Agreement Number 2013-VT-BX-K016	\$31,115	7
<b>Total Unsupported Costs</b>	<b>\$100,211</b>	
Total Questioned Costs	\$853,369	
Less Duplicate Questioned Costs	\$(100,211)	
<b><u>NET QUESTIONED COSTS</u></b>	<b>\$753,158</b>	

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<sup>10</sup> Questioned costs are expenditures that do not comply with legal, regulatory, or contractual requirements; are not supported by adequate documentation at the time of the audit; or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

## GULFCOAST LEGAL SERVICES RESPONSE TO THE DRAFT REPORT



May 24, 2016

Ferris B. Polk  
Regional Audit Manager  
Atlanta Regional Audit Office  
Office of the Inspector General  
U.S. Department of Justice  
75 Ted Turner Drive Southwest, Suite 1130  
Atlanta, Georgia 30303

**RE: Response to Draft Report of Audit OVW Grant #2012-WL-AX-0035 and  
OVC Cooperative Agreement # 2013-VT-BX-K016**

Dear Mr. Polk:

Thank you for the opportunity to respond to the draft audit report issued on May 4, 2016. As stated in the accompanying management letter, Gulfoast Legal Services (GLS) management understands the objective of the Department of Justice (DOJ) Office of the Inspector General's (OIG) audit and is committed to correcting any and all issues identified during the course of, or in follow up to, the audit process.

From 2013 through early 2016, GLS experienced significant turnover among its administrative staff, including executive management, grants management, and its human resources and finance positions. In addition, for a short time, bookkeeping and financial reporting was outsourced to an out-of-state firm. Furthermore, the agency's Quickbooks accounting software was not as robust as the organization needed for efficient grant reporting. Each of these factors is believed to have contributed to the findings in the audit report.

While the current administration certainly accepts full responsibility for the organization's operations, it is worth noting that the entire management team is new and different from those individuals who were in place during the project periods being audited. Prior to the audit, GLS had already begun to correct identified issues, including obtaining funding to upgrade accounting software and strengthen fiscal operations. More recently, GLS has also restructured its accounting and grants compliance functions so that a team of two individuals, both with grants management experience, have overall responsibility for ensuring compliance for all contracts and grants.

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Again, current leadership accepts responsibility for the organization's operations but assures the OIG, OVW, and OVC that there is a new, highly qualified team in place and that said team is dedicated to ensuring future compliance with applicable laws, regulations, guidelines, and terms and conditions of all grant and contract agreements moving forward. While we cannot undo past transgressions, we have put protocols in place to prevent future issues.

The draft audit report identifies three findings and seven recommendations to OVW and OVC. Please accept this response as explanation and/or clarification related to the findings along with corresponding corrective action plans, to which GLS welcomes your input and feedback.

Thank you again for the opportunity to respond and to work with the OIG and the DOJ to ensure we have strong systems and internal controls in place to ensure that our expenditures are allowable, supported, and in accordance with local, state, and federal requirements. If you need any additional information or have any questions, please contact John Dubrulle, Executive Director, at 727-821-0726 or via email at [johnd@gulfcoastlegal.org](mailto:johnd@gulfcoastlegal.org). Thank you.

Sincerely,



John E. Dubrulle, Esq.  
Executive Director



William H. Weller, Esq.  
Chairman, GLS Board of Directors

JED/tdg

CC: Members, GLS Board of Directors  
Pam Williams, Nonprofit Finance Pros  
[REDACTED], OIG  
[REDACTED], OVC  
Rodney Samuels, OVW  
Linda Taylor, OJP

**Finding #1:** *Gulfcoast did not have a Single Audit for Fiscal Year (FY) 2014, as required under Office of Management and Budget Circular A-133.*

**Response #1:** The draft report states “Gulfcoast’s Director of Grants and Communication acknowledged to [OIG] by e-mail that, based on her review of records, Gulfcoast should have conducted a Single Audit for FY 2014. The same Gulfcoast official provided us a written statement that the entity’s federal expenditures for FY 2014 were \$628,583.” The report also states that the GLS executive director indicated that GLS “relied on an auditor that determined a Single Audit was not necessary.” To clarify, the initial 2014 audit was performed by a qualified accounting firm, and the auditor did test and confirm the expenditures. However, the firm relied on the information it received from the funders – some of which was inaccurate. However, GLS fully understands that the responsibility for determining federal expenditures subject to a single audit lies with the organization and not the audit firm.

When the OIG auditors requested a listing of GLS’s federal expenditures for 2013 and 2014, GLS’s director of grants and communications, a nonprofit finance consultant, the executive director, and the GLS board treasurer (an experienced certified public accountant) went through each individual contract or agreement for every funding source to verify whether the funding relationship was that of a direct grantee, sub-recipient, or contractor/vendor based on the substance of the relationship relative to each possible federal funding source. The team confirmed each expenditure for fiscal years 2013 and 2014, and found that the federal expenditures for 2014 did exceed the applicable threshold.

Immediately upon that determination, GLS submitted a detailed Excel spreadsheet showing the amounts for each year to the OIG and engaged its audit firm to begin the single audit process. The draft single audit report was provided to GLS on May 23, 2016. The final 2014 Single Audit Report will be submitted under separate cover to OIG and all GLS federal funders, pursuant to OMB Circular A-133, and publicly released once the GLS Board has had the opportunity to review and approve it. The findings of the 2014 Single Audit are consistent with those noted by the OIG, and the same corrective actions apply.

**Corrective Actions for Finding #1:** The agency understands the importance of establishing and maintaining adequate accounting systems and financial records and of accounting accurately for funds awarded to it. GLS has implemented a policy and procedure to perform an annual analysis of all funding that could be subject to Single Audit requirements to determine if a Single Audit is required.

In accordance with its new policy, GLS has closely scrutinized federal expenditures for 2015 – again based on the nature of the relationship. It has been determined that GLS did not exceed the threshold for 2015, and, as such, is not subject to a Single Audit for 2015. However, should GLS become aware of any information during the course of the annual audit (scheduled for the week of May 30<sup>th</sup>) that indicates a Single Audit is required, GLS will comply.

<i>Related Recommendations:</i>	<i>Concurrence with Recommendations:</i>
<p>1. For Grant Number 2012-WL-AX-0035, <i>OIG recommends that OVW remedy \$476,470 in unallowable costs as a result of Gulfcoast not having a Single Audit for FY 2014.</i></p>	<p>GLS does not concur with this recommendation. As soon as GLS realized it was out of compliance, a CPA firm was engaged to conduct the Single Audit. The draft Single Audit was provided to GLS on May 23, 2016, and is currently under review by the management team and board of directors. As soon as that review is complete, the audit will be released. Therefore, while GLS did not complete this requirement within the necessary time frame, the Single Audit requirement for 2014 will be met.</p>
<p>3. For Cooperative Agreement Number 2013-VT-BX-K016, <i>OIG recommends that OVC remedy \$276,688 in unallowable costs as a result of Gulfcoast not having a Single Audit for FY 2014.</i></p>	<p>GLS does not concur with this recommendation. As soon as GLS realized it was out of compliance, a CPA firm was engaged to conduct the Single Audit. The draft Single Audit was provided to GLS on May 23, 2016, and is currently under review by the management team and board of directors. As soon as that review is complete, the audit will be released. Therefore, while GLS did not complete this requirement within the necessary time frame, the Single Audit requirement for 2014 will be met.</p>
<p><b><u>Finding #2:</u></b> <i>Gulfcoast was reimbursed \$101,507 in award funds for unsupported personnel costs from the 2012 OVW and 2013 OVC awards (\$100,211) and legal services, fees, and travel expenses from the OVC 2013 award (\$1,296).</i></p>	
<p><b><u>Response #2:</u></b> Related to personnel costs, GLS continued to forward additional supporting documentation for the payrolls tested for both grants to the OIG until the last date possible preceding the issue of the draft audit report. The source of the supporting documents is Legal Server – GLS’s case management system; the data provided was exported into an Excel spreadsheet but is the actual source documentation from the electronic, cloud database. (All supporting documentation is available upon request.) While Legal Server was not being used as a timesheet per se during the time period tested, it was used by attorneys to keep records of their time worked, by both activity type and grant/funding code, on direct casework.</p> <p>Legal Server is also the official source document for all grant billing that is done for fee-for-service and unit cost agreements, requiring the attorneys to keep detailed records of their time. Attorneys also tracked their leave and break time in the system. As such, GLS believes it is reasonable to rely upon these records as documentation of time worked on the two grants being tested, with exceptions noted as follows for each grant (please see responses regarding concurrence with recommendations).</p>	

While these time records are not signed and denoted as certified, they were entered by the individuals recording the case notes, after the fact. Legal Server is password-protected and requires login credentials for access – which is akin to a digital signature of sorts. Furthermore, the entries are locked once the time is recorded and cannot be changed or altered retroactively.

GLS's current administration and board recognize that this does not put the organization in compliance for the time tested. However, it does allow for a level of assurance to the DOJ that the organization is committed to ensuring all expenditures billed to grants were reasonably documented, are allowable and allocable costs, and that the costs were reasonable in relation to the project. Furthermore, GLS has implemented new timekeeping and recordkeeping systems, as well as related trainings for all staff, to guarantee to the extent possible that staff time will be properly recorded in the future – not only for DOJ and other federal grants but also for all other funding sources. GLS is genuinely committed to being a responsible steward of all funds with which it is entrusted.

***Corrective Actions for Finding #2:*** GLS began examining its timekeeping protocols in November 2015. After much discussion and examination of alternatives as well as with input from a consultant provided by the US Department of Housing and Urban Development (another of GLS's funders), as of February 1, 2016, a new policy was implemented, which requires all staff to record their time, after the fact, in Legal Server. Documentation in Legal Server of employees' hours worked will serve both as timesheets (certified and approved by supervisors) and as source documentation for the percentage of staff time billed to individual grants/projects.

GLS is in the process of completely updating and revising its accounting manual (e.g., billing process, accounts payable, payroll processing, etc.) as well as its procurement policy, including definitions of which vendors are subject to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System. The agency has begun developing new forms to assist with more efficient data collection and recordkeeping as well. The revised policies will be reviewed by the finance committee and leadership team and are expected to be distributed to staff by July 15, 2016.

GLS is also developing a written policy and procedure to fully document its allocation methodology. The allocation plan and the accompanying budget allocation spreadsheet will be available no later than July 31, 2016. GLS will explore applying for a negotiated indirect cost rate within the next year to help the agency more efficiently allocate shared costs.

<i>Related Recommendations:</i>	<i>Concurrence with Recommendations:</i>
<p><b>2. For Grant Number 2012-WL-AX-0035, OIG recommends that OVW remedy \$69,096 in unsupported personnel costs</b></p>	<p>GLS does not concur with this recommendation. While the timekeeping method used by the organization during the period tested did not meet the requirements, the organization believes it has provided sufficient documentation to demonstrate that staff time for which GLS was reimbursed was in fact spent on allowable, allocable grant-related activities.</p> <p>During the periods tested, exempt staff, paid on a bi-weekly salary basis, were not required to submit timesheets for purposes of payroll processing unless they took leave during the pay period. For ease of review, GLS presented the supporting documentation data in summary for the time periods tested rather than by individual pay period but can certainly provide the data by pay period upon request.</p> <p>In addition, because staff were not consistent in the way that they recorded and allocated their leave and break times (now corrected with the new timekeeping policy), GLS excluded these from the totals when calculating percentages worked. GLS noted from the backup documentation that the LAV Project Director worked 43.76% during the quarter ended 6/30/15, but was billed to the grant at 50%. The LAV Project Director reviewed her entry into Legal Server for this time as well as her own time records, calendar, emails, and other documentation and identified the following tasks that were not included under the DOJ project code but which would have been allowable costs under the project:</p> <ul style="list-style-type: none"> <li>• Supervision of interns, intern project assignments and teaching of interns for DOJ client work</li> <li>• Meeting with the Executive Director regarding employment/benefit issues for a DOJ funded staff member (time was mistakenly entered under a more general funding source)</li> <li>• Recruiting and meeting with potential Pro bono attorneys for the LAV project (she counted time that she supervised them, but not time spent recruiting)</li> <li>• Review and supervision of cases referred from Bay Area Legal Services for work specifically funded under the LAV project; time was coded under a more general funding source in error</li> <li>• Outreach for the LAV project</li> </ul>

<p><i>2. For Grant Number 2012-WL-AX-0035, OIG recommends that OYW remedy \$69,096 in unsupported personnel costs (continued)</i></p>	<ul style="list-style-type: none"> <li>• Meetings with the Finance Director to discuss grant-related issues and LAV partners</li> <li>• Gathering materials, new case law and publications for training of interns and staff on family law.</li> </ul> <p>In addition, during the time period tested, the LAV Project Director's time on the grant during this specific period was lower than normal because 1) she was serving as the acting Executive Director while the Executive Director was on an extended vacation and covering any issues that arose during his absence and 2) she was attending a conference funded by another grant.</p> <p>GLS decided to look further at the LAV Project Director's time worked and pulled Legal Server records for the entire time period covered by the grant. The review showed that over the course of the grant, she worked 50.41% of her time on this project. Her time was charged at 50%.</p> <p>GLS also noted that the LAV Project Attorney worked 91.54% of her time on the project for the quarter ending 6/30/14 and 94.42% of her time on the project for the quarter ending 6/30/15. For both time periods, she was charged to the grant at 100%.</p> <p>However, based on a discussion with the LAV Project Director, case assignments fluctuated between two project attorneys (for the time period tested) and herself, depending on a number of factors. This is borne out by the details from Legal Server. For the period ending 6/30/14, one attorney spent 70.86% of her time on the project and for the period ending 6/30/15, the percentage was 54.75%. For both periods she was charged to the grant at only 50%.</p> <p>Overall, when the salaries are recalculated for the time periods tested:</p> <ul style="list-style-type: none"> <li>• Total salaries allocable to the project for the quarter ending 6/30/14 were \$38,572, which is \$2,952.99 greater than the amount actually charged to the grant (\$35,619.01).</li> <li>• Total salaries allocable to the project for the quarter ending 6/30/15 were \$32,199.84, which is \$1,277.11 less than the amount actually charged to the grant (\$33,476.95).</li> <li>• <b>Net impact:</b> Total salaries allocable to the project for both periods are \$1,675.88 greater than the amount charged to the grant for the same periods.</li> </ul>
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<p><b>4. For Cooperative Agreement Number 2013-VT-BX-K016, OIG recommends that OVC remedy \$31,115 in unsupported personnel costs.</b></p>	<p>GLS does not concur with this recommendation. While the timekeeping method used by the organization during the period tested did not meet the requirements, the organization believes it has provided sufficient documentation to prove that time was actually spent on allowable, allocable grant-related activities.</p> <p>GLS does concur that documentation is lacking for \$5,875.99 in personnel expenses and will reduce the final draw for this award by this amount.</p> <p>As noted, exempt staff, paid on a bi-weekly salary basis, did not submit timesheets during the periods tested for purposes of payroll processing unless they took leave during the pay period. The HT Legal Assistant was the single non- exempt staff paid under this grant; GLS provided a download of his electronic timesheets for the time period in 2014, in which the electronic timekeeping software was utilized. This timesheet shows only time worked; leave time was tracked separately.</p> <p>GLS provided the information in summary, for ease of review, for the time periods tested rather than by individual pay period, except for the HT Legal Assistant, who is a non-exempt employee. As previously stated, GLS is happy to provide it by pay period upon request. In addition, because staff were not consistent in the way that they recorded and allocated their leave and break times (an administrative issue that has now been corrected with the new timekeeping policy), GLS excluded these from the totals when calculating percentages worked.</p> <p>As shown in the backup documentation, the HT Legal Assistant has supporting documentation for less than that amount charged to the grant for the period ending 6/27/14. However, upon further exploration, GLS learned that the HT Legal Assistant did not enter all of his time into Legal Server for the 2014 time period in question. The HT Legal Assistant started working on the grant in the pay period ending 5/16/16. While he was paid for 80 hours for each of these four pay periods (320 hours), he entered only 123 hours into Legal Server – 100% of which were for work on this grant. An exported copy of the HT Legal Assistant’s electronic timesheet, which is the only timesheet record to which GLS currently has access, shows the status as “approved.”</p> <p>Because time entries cannot be recreated, GLS calculated the time allowable to the grant as the hours recorded in Legal Server attributable to this grant divided by the total hours worked during the period as recorded on his electronic timesheet. GLS will deduct \$2,978 from the final drawdown for this award, which will be done no later than May 28, 2016.</p>
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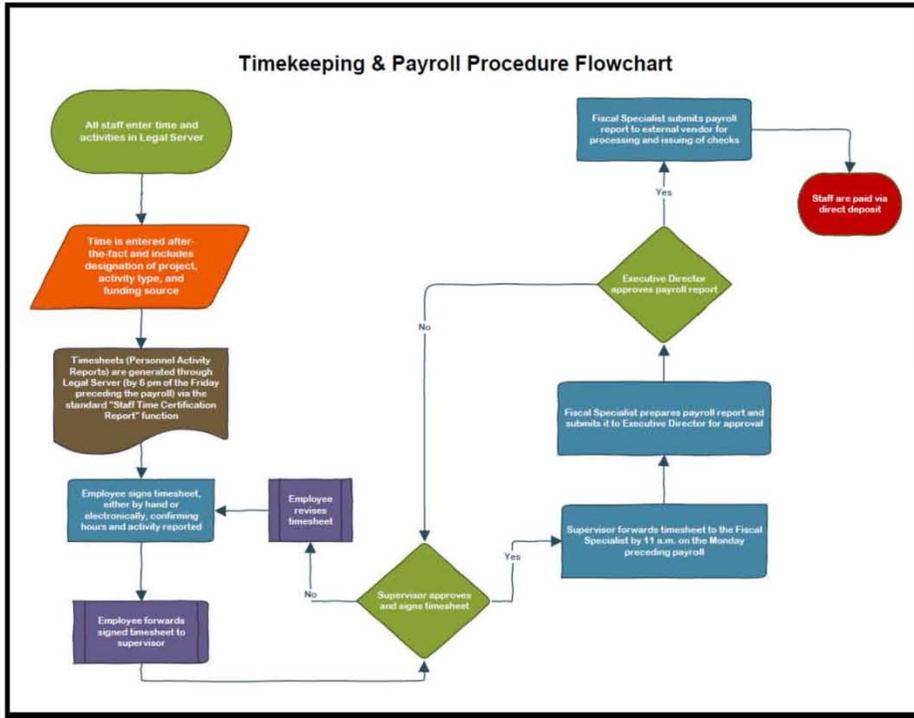
<p><b>4. For Cooperative Agreement Number 2013-VT-BX-K016, OIG recommends that OVC remedy \$31,115 in unsupported personnel costs. (Continued)</b></p>	<p>GLS also noted from the backup documentation that the HT Project Director recorded only 12.93% of her time for the periods billed to the grant for the 2014 testing period, but was billed to the grant at 19.4%. The HT Project Director indicated that in the beginning of the grant she was very conservative in recording any time to the grant that was not direct case-related, even though her role on the project included supervision of project staff.</p> <p>Additionally, the HT Project Director reviewed her entries into Legal Server for this time as well as her own time records, calendar, emails and other documentation and identified the following tasks that were not included under the DOJ project code:</p> <ul style="list-style-type: none"> <li>• At least 45 emails related to the HT project that were not documented under the project from 4/1/14 – 4/30/14</li> <li>• At least 32 emails related to the HT project that were not documented under the project from 5/1/14 – 5/31/14</li> <li>• A meeting with the HT program evaluator and related follow up tasks</li> <li>• Supervision and staffing meetings that included HT cases but were charged to a more general funding code rather than being allocated to the specific cases being reviewed and discussed.</li> </ul> <p>While it is not feasible to recreate her time entries, the HT Project Director has calculated the time allowable to the grant as the hours recorded in Legal Server attributable to this grant divided by the total hours worked, as recorded in Legal Server. It is possible that there is additional time attributable to this grant. If it is determined that undocumented time charged to the grant during this time period is not allowable, GLS will deduct \$1,094.66 from the final drawdown, to be completed by May 28, 2016.</p> <p>With regard to other project staff time, the first project attorney recorded 99.15% of her time on the grant for the period ending 6/27/14, when 100% was charged to the grant. The difference is \$99.49. The second project attorney recorded 92.77% of her time on the grant when 100% of her time was charged to the grant. It is possible that additional time was allocable to the grant and coded incorrectly; because the project attorney from the period tested is no longer employed with GLS, she is not available to review her records at this time. The difference is \$441.84.</p>
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<p><i>4. For Cooperative Agreement Number 2013-VT-BX-K016, OIG recommends that OVC reneedy \$31,115 in unsupported personnel costs. (Continued)</i></p>	<p>Overall, when the salaries for the time periods tested are recalculated:</p> <ul style="list-style-type: none"> <li>• Total salaries allocable to the project for the quarter ending 6/30/14 were \$14,562.12, which is \$4,399.49 less than the amount actually charged to the grant (\$18,901.61).</li> <li>• Total salaries allocable to the project for the month ending 5/31/15 were \$10,677.10, which is \$1,536.50 less than the amount actually charged to the grant (\$12,213.60).</li> <li>• <b>Net impact:</b> Total salaries allocable to the project for both periods are \$5,875.99 less than the amount charged to the grant for the same periods. Although GLS believes that there is likely additional time that could be attributed to the project, the organization will deduct this full amount from the final draw for this award, to be completed no later than 5/28/16.</li> </ul>
<p><i>5. For Cooperative Agreement Number 2013-VT-BX-K016, OIG recommends that OVC ensure Gulfcoast reviews its accounting records for other duplicate entries.</i></p>	<p>GLS concurs with this recommendation. During its own internal review of award expenditures immediately prior to the commencement of the OIG audit, GLS realized that it had duplicated requests for legal services, fees and travel expenses from OVC (\$1,296). As noted in the audit report, these funds were returned and corrected on the FFR dated 12/31/2015. GLS has reviewed its accounting records for other duplicate entries and has provided documentation to OIG that any and all funds received for duplicate entries, identified by GLS, were returned.</p>
<p><i>6. For both awards, OIG recommends that OVW and OVC ensure that Gulfcoast maintains time sheets or other records that provide assurance that personnel charges paid from award funds are only for grant-related activities.</i></p>	<p>GLS concurs with this finding and has implemented a new timekeeping policy. Legal Server now has codes for each funder as well as general allocations for those activities not easily attributed to any particular program or project. Each employee is required to enter his/her time, indicating whether it is client or non-client time, including breaks and time off, at least weekly but preferably daily, or as activities are completed for client time. At the end of each pay period, a printout (either electronic or hard copy) is signed by both the employee and his/her supervisor. Supervisors monitor not only the number of hours but also the individual activities recorded to ensure they are reasonable, allowable, and allocable to the project. Supervisor signatures certify that the time meets all the necessary criteria for allocation to a specified grant or funding source. The Legal Server system has a mechanism for employees to certify their time as well, which is done concurrent with the printout. Once time has been certified, it cannot be altered in the system. The fiscal specialist maintains paper and electronic copies of all Legal Server timesheets, after they are signed and certified, and uses them to generate payroll, which is approved by the executive director before it is processed.</p>

<p><b>6. For both awards, OIG recommends that OVW and OVC ensure that Gulfcoast maintains time sheets or other records that provide assurance that personnel charges paid from award funds are only for grant-related activities. (Cont.)</b></p>	<p>The activity detail within Legal Server provides enough information to document its relation to the project without being cumbersome. Legal Server allows for reports to be generated while protecting privileged or sensitive client information. It also allows for reports to be exported to Excel so the source information can be sorted or delineated as needed for reporting purposes. The Legal Server system and its standard reports were developed primarily to assist legal aid providers to maintain compliance with the federal grants provided by the Legal Services Corporation. Thus, GLS elected to customize the fields in Legal Server rather than to develop duplicative paper timesheets or to continue with the costly Prime Pay time reporting system the organization used briefly in 2015 (which would also require modifications to capture adequate activity detail). A copy of GLS's full timekeeping policy and procedure is available upon request; an overview of the new process is outlined in Exhibit 1 – GLS Timekeeping and Payroll Procedure Flowchart on page 13 of this document.</p>
<p><b><u>Finding #3:</u></b> <i>Gulfcoast submitted inaccurate federal financial reports to OVW and OVC.</i></p>	
<p><b><u>Response #3:</u></b> While GLS did submit inaccurate federal financial reports to OVW and OVC, all errors were corrected on subsequent reports and any errant draws were reconciled on the following drawdown. The mistakes were due to human error, which is attributable to a number of factors. During the time frame when the inaccurate reports were submitted, the CFO was dealing with an accounting system conversion that took significantly longer than anticipated; the annual audit; turnover of accounting staff and related training of new, inexperienced staff; and her own surgery and subsequent recovery. In addition, responsibility for reporting was not delegated to a single individual.</p>	
<p><b><u>Corrective Actions for Finding #3:</u></b> As noted previously, GLS recognized that the Quickbooks accounting software did not allow for efficient financial reporting and sought funding to upgrade the accounting system. Financial Edge is a significantly more sophisticated system allowing tracking of multiple projects, budgets and fiscal years. From November 2015 to present, a team of GLS staff and external consultants with expertise in grants accounting and the Blackbaud Financial Edge system has worked to get all data into Financial Edge both accurately and in a format that is easy to understand. Financial Edge is currently the only system in use by GLS, but work is still underway to ensure all grant budgets are entered, all coding is consistent, and adequate controls are in place.</p> <p>GLS expects to have Financial Edge fully operational by July 1, 2016. The goal for Financial Edge is to have reliable financial data that can be accessed on demand as well as the capability to produce accurate, timely reports for grant managers' reference and use. Once all grant budgets are entered, managers will be able to track expenditures against budgets in 'real time' for more efficient grant management</p>	

<p>and informed decision-making. Similarly, interim grant reports will be more consistently accurate and easier to generate in a timely manner to meet submission deadlines.</p> <p>In addition, a new process has been implemented where a team of individuals, including the project manager, reviews all financial reporting to ensure accuracy and completeness and alignment with program goals and timelines, before submission. Also, in the newly restructured accounting and grants function, a single individual will be responsible for submission of all financial reports, thereby improving accountability.</p>	
<i>Related Recommendations:</i>	<i>Concurrence with Recommendations:</i>
<p><b><i>7. OIG recommends that federal agencies ensure Gulfcoast submits accurate federal financial reports.</i></b></p>	<p>GLS concurs with this finding and will follow the new procedures it has implemented to ensure accurate and timely federal financial reporting in the future.</p>

Exhibit 1 – GLS Timekeeping and Payroll Procedure Flowchart



OFFICE ON VIOLENCE AGAINST WOMEN  
RESPONSE TO THE DRAFT REPORT



U.S. Department of Justice

Office on Violence Against Women

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Washington, DC 20530

June 8, 2016

MEMORANDUM

TO: Ferris B. Polk  
Regional Audit Manager  
Atlanta Regional Audit Office

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

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

SUBJECT: Draft Audit Report - Audit of the Office on Violence Against Women Grant and Office for Victims of Crime Cooperative Agreement Awarded to Gulfcoast Legal Services, Saint Petersburg, Florida

This memorandum is in response to your correspondence dated May 4, 2016 transmitting the above draft audit report for Gulf Coast Legal Services (GLS). We consider the subject report resolved and request written acceptance of this action from your office.

The report contains six recommendations and \$753,158 in net questioned costs in which two recommendations and \$476,470 in unallowable costs and \$69,096 in unsupported costs are directed to OVW. Additionally, there are 2 recommendations directed to OVW and OJP jointly. OVW is committed to working with the OJP and Gulfcoast Legal Services to address and bring these recommendations to a close as quickly as possible. The following is our analysis of the audit recommendations.

**OIG recommends that OVW:**

1. Remedy \$476,470 in unallowable as a result of Gulfcoast not having a Single Audit for FY 2014.

OVW agrees in part with this recommendation. We agree that Gulfcoast is non-compliant with Office of Management and Budget's Circular A-133 and the Single Audit Act, and should have had a single audit conducted for fiscal year (FY) 2014. However, we disagree that the \$476,470 in funds questioned are unallowable as a result of this issue. At the time Grant Number 2012-WL-AX-0035 was awarded, Gulfcoast was in compliance with the Single Audit Act, because it had not reached the threshold for expenditures at which a single audit is required. Post-award, it is not OVW's practice to modify award conditions because a grantee did not comply with the single audit requirement. This grant ended 9/30/15 and was officially closed February 10, 2016. The grantee expended \$476,469.69 and the remaining balance of \$19,692.31 was deobligated (see attachment). In order to address the recommendation, we will coordinate with Gulfcoast to ensure they comply with the single audit reporting requirement for FY 2014. OVW requests closure of the \$476,470 in questioned costs associated with this recommendation.

**2. Remedy \$69,096 in unsupported personnel costs.**

Although GLS does not concur with your finding, OVW will work with the grantee to remedy the \$69,096 in unsupported personnel costs.

**OIG recommends that OJP and OVW:**

**6. Ensure that Gulfcoast maintains time sheets or other records that provide assurance that personnel charges paid from award funds are only for grant-related activities.**

OVW does agree with the recommendation. We will coordinate with GLS to ensure that they maintain time sheets or other records that provide assurance that personnel charges paid from award funds are only for grant-related activities.

**7. Ensure Gulfcoast submits accurate federal financial reports.**

OVW does agree with the recommendation. We will coordinate with GLS to ensure that they submit accurate federal financial reports.

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

OFFICE OF JUSTICE PROGRAMS  
RESPONSE TO THE DRAFT REPORT



U.S. Department of Justice

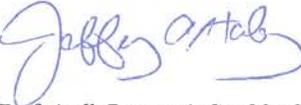
Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

JUN - 3 2016

MEMORANDUM TO: Ferris B. Polk  
Regional Audit Manager  
Atlanta Regional Audit Office  
Office of the Inspector General

FROM:  Ralph E. Martin   
Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office on Violence Against Women Grant and Office for Victims of Crime Cooperative Agreement Awarded to Gulfcoast Legal Services, Saint Petersburg, Florida*

This memorandum is in reference to your correspondence, dated May 4, 2016, transmitting the above-referenced draft audit report for Gulfcoast Legal Services, Incorporated (Gulfcoast). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains seven recommendations and \$753,158 in net questioned costs, of which three recommendations and \$276,688 in net questioned costs are directed to the Office of Justice Programs (OJP); two recommendations and \$476,470 in net questioned costs are directed to the Office on Violence Against Women (OVW); and two recommendations are directed to both OJP and OVW. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations directed to OJP are restated in bold and are followed by our response.

3. **We recommend that OJP remedy \$276,688 in unallowable costs as a result of Gulfcoast not having a Single Audit for FY 2014 for Cooperative Agreement Number 2013-VT-BX-K016.**

OJP agrees in part with this recommendation. We agree that Gulfcoast is non-compliant with Office of Management and Budget's Circular A-133 and the Single Audit Act, and should have had a single audit conducted for fiscal year (FY) 2014. However, we disagree that the \$276,688 in funds questioned, and drawn down by Gulfcoast, are unallowable as a result of this issue. At the time Cooperative Agreement Number 2013-VT-BX-K016 was awarded, Gulfcoast was in compliance with the Single Audit Act, because it had not reached the threshold for expenditures at which a single audit is

required. Post-award, it is not OJP's practice to modify award conditions because a grantee did not comply with the single audit requirement. In order to address the recommendation, OJP has placed an immediate freeze on the remaining funds for Cooperative Agreement Number 2013-VT-BX-K016, which will remain in place until Gulfcoast submits its FY 2014 single audit report to the Federal Audit Clearinghouse (see Attachment). OJP requests closure of the \$276,688 in questioned costs associated with this recommendation. However, we will coordinate with Gulfcoast to ensure they comply with the single audit reporting requirement for FY 2014.

**4. We recommend that OJP remedy \$31,115 in unsupported personnel costs charged to Cooperative Agreement Number 2013-VT-BX-K016.**

OJP agrees with this recommendation. We will coordinate with Gulfcoast to remedy the \$31,115 in questioned costs, related to unsupported personnel costs allocated to Cooperative Agreement Number 2013-VT-BX-K016.

**5. We recommend that OJP ensures that Gulfcoast reviews its accounting records for Cooperative Agreement Number 2013-VT-BX-K016 for other duplicate entries.**

OJP agrees with this recommendation. We will coordinate with Gulfcoast to obtain a copy of its written policies and procedures, developed and implemented, to ensure that accounting records are reviewed for duplicate entries.

**6. We recommend that OJP and OVW ensure that Gulfcoast maintains time sheets or other records for Cooperative Agreement Number 2013-VT-BX-K016 and Grant Number 2012-WL-AX-0035 that provide assurance that personnel charges paid from award funds are only for grant-related activities.**

OJP agrees with this recommendation. We will coordinate with Gulfcoast to obtain a copy of its written policies and procedures, developed and implemented, to ensure that time sheets or other records are maintained to provide assurance that personnel charges paid from award funds are only for grant-related activities.

**7. We recommend that OJP and OVW ensure that Gulfcoast submits accurate Federal Financial Reports for Cooperative Agreement Number 2013-VT-BX-K016 and Grant Number 2012-WL-AX-0035.**

OJP agrees with this recommendation. We will coordinate with Gulfcoast to obtain a copy of its written policies and procedures, developed and implemented, to ensure that financial information is accurately reported in future Federal Financial Reports.

We appreciate the opportunity to review and comment on the draft audit report. If you have any questions or require additional information, please contact Jeffery A. Haley, Deputy Director, Audit and Review Division, on (202) 616-2936.

Attachment

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

The Department of Justice (DOJ) Office of the Inspector General (OIG) provided a draft of this audit report to Gulfcoast Legal Services (Gulfcoast), the Office on Violence Against Women (OVW), and the Office of Justice Programs (OJP) for review and official comment. The responses from Gulfcoast, OVW, and OJP are incorporated in Appendices 3, 4, and 5, respectively, of this final report. OVW and OJP concurred with, or proposed actions that would advance the resolution of, five recommendations, and Gulfcoast provided sufficient information to close the remaining two recommendations. As a result, the status of the report is resolved. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

**Recommendation:**

- 1. For Grant Number 2012-WL-AX-0035, we recommend that OVW remedy \$476,470 in unallowable costs as a result of Gulfcoast not having a Single Audit for FY 2014.**

Closed. In our draft report we questioned \$476,470 from Grant Number 2012-WL-AX-0035, which represented the entire award amount less award funds Gulfcoast had not drawn down at the time of our audit, because Gulfcoast did not have a Single Audit for FY 2014 as required under Office of Management and Budget (OMB) Circular A-133 and the Financial Guide.<sup>11</sup> During our audit, we informed Gulfcoast of its noncompliance, and the entity made arrangements for a Single Audit. On June 9, 2016, after we issued our draft report, Gulfcoast provided its Single Audit report for FY 2014. According to the report, Gulfcoast had inadequate procedures in place to track federal expenditures and did not obtain or retain support for the allocation and classification of payroll costs to various grants and contracts.<sup>12</sup> OVW agreed that Gulfcoast was non-compliant with the Single Audit requirement of OMB Circular A-133 for FY 2014. However, OVW did not agree with our recommendation to remedy \$476,470 in award costs. OVW's

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<sup>11</sup> The 2013 OVW Financial Grants Management Guide applies to OVW Grant Number 2012-WL-AX-0035, the 2014 OVC Financial Guide applies to OVC Cooperative Agreement Number 2013-VT-BX-K016, and the 2015 DOJ Grants Financial Guide applies to both awards. We refer to these guides in the report as, "the Financial Guide."

<sup>12</sup> The Gulfcoast Single Audit for 2014 reported material weaknesses related to inadequate procedures in place requiring the tracking of total federal expenditures, failure to retain the support for the allocation and classification of payroll costs to various grants and contracts, and failure to obtain a single audit as required under OMB Circular A-133. The audit also identified "likely questioned costs" of approximately \$126,000 related to allocation and classification of payroll costs.

position is that the costs are allowable, stating that at the time of the grant award, Gulfcoast was in compliance with the Single Audit Act because it had not reached the threshold for expenditures required for a Single Audit.

Gulfcoast did not agree with our recommendation, although it acknowledged that it was out of compliance with the Single Audit requirement for FY 2014. Gulfcoast added that it had arranged for an audit and would provide a report, which it did on June 9, 2016.

OMB Circular A-133 imposed an annual requirement upon Gulfcoast to make an assessment of its federal expenditures and to perform an audit for those years when expenditures exceeded the applicable threshold. Contrary to OVW's response, compliance with this requirement was not limited to the year of the grant award. Therefore, Gulfcoast was obligated throughout the 3-year award project period, for which it gave assurances to OVW, to have a Single Audit when necessary.<sup>13</sup> As we detailed in our audit report, Gulfcoast did not comply.

We are concerned that OVW's view (and that of OJP as discussed for recommendation 3) regarding Single Audit compliance does not appropriately consider the proper application of the Single Audit requirement. According to the OMB, each year the federal government provides over \$400 billion in grants to state, local, tribal, non-profit, and other non-federal entities.<sup>14</sup> Single Audits are a core grant accountability requirement that provides assurance regarding the proper use of federal funds. Further, Single Audit findings assist federal agencies in the early identification of potential deficiencies, such as those identified in Gulfcoast's 2014 report once it was belatedly completed. We believe this underscores federal agencies' need for a vigorous response to violations so that noncompliance is deterred, and grant recipients are encouraged to more closely adhere to Single Audit requirements. Because Gulfcoast did not abide by this important internal control, it violated a key condition of the grant agreement, therefore resulting in the questioned costs we identified. However, Gulfcoast provided adequate documentation for remedying those costs by submitting its Single Audit for FY 2014. As a result, this recommendation is closed based on our review of the Single Audit report.

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<sup>13</sup> The project period for Grant Number 2012-WL-AX-0035 was October 1, 2012, to September 30, 2015. The project period for Cooperative Agreement Number 2013-VT-BX-K016 was October 1, 2013, to February 28, 2016. OVC approved an extension for Cooperative Agreement Number 2013-VT-BX-K016.

<sup>14</sup> OMB website: [https://www.whitehouse.gov/omb/financial\\_fin\\_single\\_audit/](https://www.whitehouse.gov/omb/financial_fin_single_audit/)

**2. For Grant Number 2012-WL-AX-0035, we recommend that OVW remedy \$69,096 in unsupported personnel costs.**

Resolved. OVW did not specifically state in its response whether it agreed with the recommendation. However, OVW stated that it would work with Gulfcoast to remedy the \$69,096 in unsupported personnel costs. We determined that OVW's proposed action will advance the resolution of the recommendation. As a result, this recommendation is resolved.

Gulfcoast did not concur with our recommendation. Gulfcoast acknowledged that its timekeeping method did not meet requirements. However, despite its acknowledgement, Gulfcoast asserts that the \$69,096 in personnel costs should be allowable because it has provided sufficient documentation to demonstrate that staff time, for which it was reimbursed, was spent on allowable and allocable grant-related activities.

As we discussed in our audit report, our basis for questioning the \$69,096 costs as unsupported stems from the Financial Guide. The Financial Guide requires personnel costs to be supported by time sheets signed by the appropriate employee and approved by a supervisory official having firsthand knowledge of the work performed. As Gulfcoast acknowledged, it did not provide records evidencing compliance with these Financial Guide requirements.

This recommendation can be closed when we receive Gulfcoast's written procedures requiring employee certification and supervisory approval, and we receive documentation that \$69,096 in unsupported questioned costs has been remedied.

**3. For Cooperative Agreement Number 2013-VT-BX-K016, we recommend that OJP remedy \$276,688 in unallowable costs as a result of Gulfcoast not having a Single Audit for FY 2014.**

Closed. In our draft report we questioned \$276,688 from Cooperative Agreement Number 2013-VT-BX-K016, which represented the entire award amount less the award funds Gulfcoast had not drawn down at the time of our audit, because Gulfcoast did not conduct a Single Audit for FY 2014 as required under OMB Circular A-133 and the Financial Guide.<sup>15</sup> During our audit, we informed Gulfcoast of its noncompliance, and the entity made arrangements for a Single Audit. On June 9, 2016, after we issued our draft report, Gulfcoast provided its Single Audit report for FY 2014. According to the report, Gulfcoast had inadequate procedures in place to track federal

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<sup>15</sup> The 2013 OVW Financial Grants Management Guide applies to OVW Grant Number 2012-WL-AX-0035, the 2014 OVC Financial Guide applies to OVC Cooperative Agreement Number 2013-VT-BX-K016, and the 2015 DOJ Grants Financial Guide applies to both awards. We refer to these guides in the report as, "the Financial Guide."

expenditures and did not obtain or retain support for the allocation and classification of payroll costs to various grants and contracts.

OJP agreed that Gulfcoast was non-compliant with the Single Audit requirement of OMB Circular A-133 for FY 2014. However, OJP did not agree with our recommendation to remedy \$276,688 in award costs. OJP's position is that the costs are allowable, stating that at the time of the grant award, Gulfcoast was in compliance with the Single Audit Act because it had not reached the threshold for expenditures required for a Single Audit. However, OMB Circular A-133 was effective for all years of the grants we reviewed, not just the year they were awarded.

Gulfcoast did not agree with our recommendation, although it acknowledged that it was out of compliance with the Single Audit requirement for FY 2014.

We are concerned about the OJP and Gulfcoast response for the same reasons we provided under recommendation 1, and our reasoning and analysis of this issue is equally applicable for this recommendation. Because Gulfcoast submitted its Single Audit for FY 2014, this recommendation is closed based on our review of the report.

**4. For Cooperative Agreement Number 2013-VT-BX-K016, we recommend that OJP remedy \$31,115 in unsupported personnel costs.**

Resolved. OJP concurred with our recommendation, and stated that it would coordinate with Gulfcoast to remedy the \$31,115 in questioned costs related to unsupported personnel costs allocated to Cooperative Agreement Number 2013-VT-BX-K016.

Gulfcoast did not concur with our recommendation. Gulfcoast acknowledged that its timekeeping method did not meet requirements. However, despite its acknowledgement, Gulfcoast argues that the \$31,115 in personnel costs should be allowable because it has provided sufficient documentation to demonstrate that staff time, for which it was reimbursed, was spent on allowable and allocable grant-related activities.<sup>16</sup>

As we discussed in our audit report, our basis for questioning the \$31,115 costs as unsupported stems from the Financial Guide. The Financial Guide requires personnel costs to be supported by time sheets signed by the appropriate employee and approved by a supervisory official having firsthand knowledge of the work performed. As Gulfcoast acknowledged, it did not provide records evidencing compliance with these Financial Guide requirements.

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<sup>16</sup> Also, Gulfcoast stated in its response that total salaries allocable to the project for both periods was \$5,875.99 less than the amount charged to the grant for the same periods.

This recommendation can be closed when we receive Gulfcoast's written procedures requiring employee certification and supervisory approval, and we receive documentation that \$31,115 in unsupported questioned costs has been adequately remedied.

**5. For Cooperative Agreement Number 2013-VT-BX-K016, we recommend that OJP ensure Gulfcoast reviews its accounting records for other duplicate entries.**

Resolved. OJP concurred with our recommendation, and stated that it will coordinate with Gulfcoast to obtain a copy of its written policies and procedures, developed and implemented, to ensure that accounting records are reviewed for duplicate entries.

Gulfcoast concurred with our recommendation, and stated that it reviewed its accounting records for other duplicate entries and has provided documentation to support that all funds received as a result of the duplicate entries were returned.

This recommendation can be closed when we receive Gulfcoast's written procedures that ensure accounting records are reviewed for duplicate entries.

**6. For both awards, we recommend that OVW and OJP ensure that Gulfcoast maintains time sheets or other records that provide assurance that personnel charges paid from grant funds are only for grant-related activities.**

Resolved. OVW concurred with the recommendation, and stated that it would coordinate with Gulfcoast to ensure that it maintains time sheets or other records that provide assurance that personnel charges paid from award funds are only for grant-related activities. OJP also concurred, and stated that it would coordinate with Gulfcoast to obtain a copy of its written policies and procedures to ensure that appropriate time sheets or other records are maintained.

Gulfcoast concurred with our recommendation, and stated that it implemented a new timekeeping policy.

This recommendation can be closed when we receive Gulfcoast's written timekeeping policy to ensure personnel charges paid from award funds are only for grant-related activities.

**7. For both awards, we recommend that OVW and OJP ensure Gulfcoast submits accurate Federal Financial Reports.**

Resolved. OVW concurred with the recommendation, and stated that it would coordinate with Gulfcoast to ensure that it submits accurate Federal

Financial Reports. OJP also concurred, and stated that it would coordinate with Gulfcoast to obtain a copy of its written policies and procedures, developed and implemented, to ensure that financial information is accurately reported in future Federal Financial Reports.

Gulfcoast concurred with our recommendation and stated in its response that it will follow new procedures it has implemented to ensure accurate and timely Federal Financial Reports.

This recommendation can be closed when we receive Gulfcoast's written procedures to ensure it submits accurate Federal Financial Reports.

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