

OFFICE OF AUDITS & ADVISORY SERVICES



AMERICAN RECOVERY AND REINVESTMENT ACT COMPLIANCE AUDIT OF THE VIOLENCE AGAINST WOMEN ACT PROGRAM

FINAL AUDIT REPORT

Chief of Audits: [James L. Pelletier, CIA, CICA](#)
Senior Audit Manager: [Tom Philipp, CIA, CCSA](#)
Senior Auditor: [Laura Flores, CIA, CFE, CGAP](#)
Auditor II: [Kathleen M. Whitehead, CGAP, CICA](#)

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County of San Diego

DONALD F. STEUER
CHIEF FINANCIAL OFFICER
(619) 531-5413
FAX (619) 531-5219

AUDITOR AND CONTROLLER
1600 PACIFIC HIGHWAY STE 166, SAN DIEGO, CALIFORNIA 92101-2478

TRACY M. SANDOVAL
ASST. CHIEF FINANCIAL OFFICER/
AUDITOR & CONTROLLER
(619) 531-5413
FAX (619) 531-5219

May 6, 2011

TO: Bonnie M. Dumanis
District Attorney

FROM: James L. Pelletier
Chief of Audits

**FINAL REPORT: AMERICAN RECOVERY AND REINVESTMENT ACT COMPLIANCE AUDIT
OF THE VIOLENCE AGAINST WOMEN ACT PROGRAM**

Enclosed is our report on the American Recovery and Reinvestment Act Compliance Audit of the Violence Against Women Act Program. We have reviewed your responses to our recommendations and have attached them to the audit report. The actions taken, in general, are responsive to the recommendations in the report.

Thank you for the courteousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

If you have any questions, please contact me at (858) 495-5661.

JAMES L. PELLETIER
Chief of Audits

AUD:LF:aps

Enclosure

c: Raymond A. Fernandez, Deputy Chief Administrative Officer, Public Safety Group
Donald F. Steuer, Chief Financial Officer
Tracy M. Sandoval, Assistant Chief Financial Officer/Auditor and Controller
Dorothy Y. Thrush, Group Finance Director, Public Safety Group

INTRODUCTION

Audit Objective As part of our efforts to provide reasonable assurance that the County of San Diego (the County) is in compliance with the American Recovery and Reinvestment Act of 2009 (ARRA or the Act), the Office of Audits & Advisory Services (OAAS) conducted an audit of the Violence Against Women Act (VAWA) – Victim/Witness Recovery Act Program (the Program) subsidized with ARRA funds.

The objectives of the audit were to establish whether ARRA funds were properly managed and accounted for, determine whether data related to the grant were properly captured and reported as mandated by the Act, and determine whether adequate internal controls for the administration of ARRA funds had been established.

Background The Act was signed into law on February 17, 2009. The purposes of the Act are to preserve and create jobs, promote economic recovery, assist those most affected by the recession, provide investments to increase economic efficiency through technological advances in science and health, and invest in transportation, environmental protection, and other infrastructure.

The Act includes more than \$134 million in Department of Justice (DOJ), Office of Violence Against Women (OVW) grant funding to enhance law enforcement efforts to combat violence against women. The majority of these funds have been awarded to states to develop and strengthen effective law enforcement and court response to violence against women.

The California Emergency Management Agency (Cal EMA) received over \$13 million under VAWA. From this amount, approximately \$800,000 was made available to fund the Program. The purpose of this Program is to support the provision of services to victims of VAWA related crime throughout the nation.

In December 2009, Cal EMA approved the San Diego County District Attorney's (the Department) application for funding to subsidize the Program. The approved grant agreement included \$30,576 of ARRA dollars and \$10,192 of required local match (or 25% of the grant total of \$40,768). The objectives of the grant are to provide specific services to victims of VAWA related crime. These services are defined as: responding to the emotional and physical needs of crime victims, assisting primary and secondary victims of crime to stabilize their lives after victimization, assisting victims to understand and participate in the criminal justice system, and providing victims of crime with a measure of safety and security.

Audit Scope & Limitations Audit work focused on grant activities conducted during the grant period (July 1, 2009 to September 30, 2010).¹

This audit was conducted in accordance with auditing standards prescribed by the Institute of Internal Auditors, Inc., as required by California Government Code, Section 1236.

Methodology OAAS performed the audit using the following methods:

- Reviewed Office of Management and Budget (OMB) ARRA guidance, Office of the Inspector General (OIG) ARRA directives, Department of Justice (DOJ), and State of California ARRA related regulations to identify and understand specific ARRA requirements and expectations;
- Examined Government Accountability Office (GAO) reports that discussed significant risks related to ARRA;
- Interviewed Department staff responsible for grant fiscal administration and project management;
- Examined County policies and procedures governing the administration of grants;
- Reviewed the Department's processes for grant administration, monitoring, and reporting of grant activities; and
- Conducted specific audit procedures such as inspection of documents, reconciliation of records, verification of key transactions, and inquiries regarding fraud prevention controls.

AUDIT RESULTS

Summary OAAS' audit work determined that, within the scope of the audit, the Department did not fully comply with ARRA grant requirements. OAAS identified certain internal control weaknesses with the administration and oversight of the Program that resulted in specific compliance issues as noted below.

Finding I: **Incorrect Quarterly Expenses Reported to Cal EMA**
OAAS found that the quarterly expense reports submitted to Cal EMA did not accurately represent the actual labor expense incurred during each quarter. In particular, the labor expense reported for the first three quarters of FY 2009-10 was overstated by 20%, and the labor expense reported for the next two quarters of the grant period was understated by approximately 73% and 54%, as summarized in Table 1.

¹ The Program grant initial performance period was from July 1, 2009 to June 30, 2010. Cal EMA authorized an extension of the period to include from July 1, 2010 to September 30, 2010.

Table 1. Quarterly Expenses Reported to Cal EMA

Period	Expenses Incurred		%Variance over/(under)
	Reported to Cal EMA	Actual (Timesheets)	
7/1/09 - 9/24/09 (Q1)	\$11,302	\$9,419	20%
9/25/09 - 12/31/09 (Q2)	\$12,388	\$10,323	20%
1/1/10 - 3/25/10 (Q3)	\$10,464	\$8,720	20%
3/26/10 - 6/30/10 (Q4)	\$2,149	\$7,841	(73%)
7/1/10 - 9/30/10 (Q1)	\$4,465	\$9,622	(54%)
Totals	\$40,768	\$45,925	

During our interviews with administrative staff, they stated that for the first three quarters, they did not understand the reporting requirements for the 25% labor matching. As a result, total expenses reported were overstated in order to achieve a reimbursement equal to the actual labor expense. Upon identifying the overstatement during the first three quarters, the Department understated their total expenses for the next two quarters, offsetting the discrepancy. The Department indicated that they contacted Cal EMA and received verbal guidance in expense reporting; however, they could not provide documentation to support the guidance received.

At the end of the grant period, the total amount reimbursed by Cal EMA did not exceed the amount awarded. However, for each quarterly claim submitted, both reviewing officers attested to the accuracy of the information (total expenses incurred) which was inaccurate as it did not reconcile to the supporting documentation.

The Act has established an unprecedented level of accountability and transparency of ARRA funds granted. As such, grant recipients are responsible to report complete and accurate data. The errors found on each of the quarterly reports submitted to Cal EMA and the inability to reconcile these reports to the corresponding timesheets resulted in non-compliance with ARRA requirements.

Recommendation: OAAS recommends that the Department establish adequate internal controls for the administration of ARRA grants. This should include, but is not limited to:

1. Strengthening internal procedures to assure data reported is reconciled to supporting documents and reviewed for accuracy and compliance with grant requirements before final submission; and
2. Ensuring that adequate documentation is maintained to substantiate decisions, events, authorizations, and transactions.

Finding II: The Number of Labor Hours Claimed Exceed Budgeted Hours

The grant agreement budget allocated VAWA funding for 26% of one staff, while the balance (74%) was to be funded by Cal EMA Victims of

Crime Act grant (VOCA).² However, the labor hours claimed by the Department under the agreement were between 43-50% of the total staff's time dedicated to the Program.

The grant proposal submitted by the Department stated that the VAWA grant was to fund a portion of one full time equivalent (FTE) totaling \$40,768. The same proposal specified that the labor hours funded by the grant were 26% of the one FTE. Cal EMA subsequently accepted this proposal which made it part of the grant agreement. However, the percentage of labor hours specified in the proposal was not achievable given that the dollar amount of the grant represented nearly 50% of the total FTE's salary.

The Department's fiscal and program staff stated that they were unaware of the time allocation and funding requirements of the grant. Additionally, the Department indicated that the number of hours included in the grant budget was intended to be a projection to determine total costs during the grant period and not a limitation of the number of hours claimed.

The grant agreement states that this grant is subject to the Cal EMA Grant Recipient Handbook (Handbook). A provision within the Handbook requires prior approval of any budget modifications, including the percentage of time worked on the program.³

While the timesheets available support the percentage of time spent on program activities, exceeding budgeted hours resulted in non-compliance with grant terms and conditions.

Recommendation: OAAS recommends that the Department strengthen its grant application procedures to assure that information included in grant proposals is accurate, reasonable, and achievable.

Since this grant has been closed, no further action is required in regard to possible corrections to the variance noted.

Office of Audits & Advisory Services

C ompliance

R eliability

E ffectiveness

A ccountability

T ransparency

E fficiency

VALUE

² Grant agreement, Budget Narrative, pp. 2.

³ Cal EMA, "2009 Recipient Handbook, pp. 86-87."

DEPARTMENT'S RESPONSE

JESUS RODRIGUEZ
ASSISTANT DISTRICT ATTORNEY



San Diego
330 West Broadway
San Diego, CA 92101
(619) 531-4040
<http://www.sandiegoda.com>

April 26, 2011

TO: James L. Pelletier
Chief of Audits

FROM: Bonnie M. Dumanis
District Attorney

RECEIVED
APR 26 2011
OFFICE OF AUDITS &
ADVISORY SERVICES

DEPARTMENT RESPONSE TO THE FINAL DRAFT REPORT FOR THE AMERICAN RECOVERY AND REINVESTMENT ACT COMPLIANCE AUDIT OF THE VIOLENCE AGAINST WOMEN ACT PROGRAM

Our office has received the Final Draft Report of April 11, 2011 for the audit of the American and Reinvestment Act Violence Against Women Act Program for the fiscal period July 1, 2009 through September 30, 2010.

Finding I: Incorrect Quarterly Expenses Reported to Cal EMA

Action Plan: The finding is correct; quarterly expenses were incorrectly reported to Cal EMA. Verbal guidance was provided by Cal EMA, and the expenses were reported in accordance with this guidance. In the future, we will request the grantor provide written guidance which will be documented and retained by our office.

Planned Completion Date: Completed

Contact Information for Implementation: Arlene Smith, Assistant Chief, Administrative Services 619-531-3082.

Finding II: The Number of Labor Hours Claimed Exceed Budgeted Hours

The finding is correct; there was a mathematical error in the percentage of labor hours projected in the original grant budget proposal. The total grant amount claimed did not exceed the total grant budget approved by Cal EMA. The grant amount claimed was supported by the timesheets for all program activities. The Office of the District Attorney will continue to strengthen our grant application review process by having final review procedures in place that ensure the accuracy of the mathematical calculations in the grant proposals.

Planned Completion Date: Completed

Contact Information for Implementation: Arlene Smith, Assistant Chief, Administrative Services 619-531-3082.

If you have any additional questions, please contact Arlene Smith at 619-531-3082.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bonnie M. Dumanis".

for Bonnie M. Dumanis
District Attorney