



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



**Audit of the  
Office on Violence Against Women  
Legal Assistance for Victims Grant  
Awarded to  
House of Ruth Maryland, Inc.  
Baltimore, Maryland**

**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN  
LEGAL ASSISTANCE FOR VICTIMS GRANT  
AWARDED TO  
HOUSE OF RUTH MARYLAND, INC.  
BALTIMORE, MARYLAND**

**EXECUTIVE SUMMARY**

The U.S. Department of Justice (DOJ) Office of the Inspector General (OIG) completed an audit of a grant awarded by the Office on Violence Against Women (OVW) under the Legal Assistance for Victims (LAV) Program to the House of Ruth Maryland, Inc. (House of Ruth) based in Baltimore, Maryland. The OVW awarded the House of Ruth \$925,190 under grant number 2009-WL-AX-0023 to provide comprehensive legal services through direct legal representation to low-income, high-risk victims of domestic violence in divorce and custody cases.

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

As of February 2015, the House of Ruth had drawn down \$786,026 of the total grant funds awarded. We examined the House of Ruth's accounting records, financial and progress reports, and operating policies and procedures and found that while the House of Ruth accomplished the goals for the program, it did not comply with all essential award conditions related to grant administration. While the House of Ruth properly authorized and documented non-payroll related grant expenses, it charged personnel costs to the grant based on budget amounts rather than actual time spent working on the grant. Our audit identified \$76,173 in dollar related findings. Overall, the audit revealed that the House of Ruth accomplished program goals and supported expenses charged to the grant with the exception of salary and associated fringe benefit costs.

Our report contains three recommendations to the OVW. Our audit objective, scope, and methodology are discussed in Appendix 1.

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**AUDIT OF THE OFFICE ON VIOLENCE AGAINST WOMEN  
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HOUSE OF RUTH MARYLAND, INC.**

**INTRODUCTION**

The U.S. Department of Justice (DOJ), Office of the Inspector General (OIG) completed an audit of grant number 2009-WL-AX-0023 awarded by the Office on Violence Against Women (OVW) under the Legal Assistance for Victims (LAV) Program to the House of Ruth Maryland, Inc. (House of Ruth) based in Baltimore, Maryland. Between the initial award and a supplement, the OVW granted the House of Ruth \$925,190, as shown in the table below.

**Table**

**Grant Awarded to the House of Ruth Maryland, Inc.**

<b>AWARD NUMBER</b>	<b>AWARD TYPE</b>	<b>AWARD DATE</b>	<b>PROJECT START DATE</b>	<b>PROJECT END DATE</b>	<b>AWARD AMOUNT (\$)</b>
2009-WL-AX-0023	Initial	9/25/2009	10/01/2009	8/31/2012	425,190
2009-WL-AX-0023	Supplement	8/27/2012	10/01/2009	8/31/2015	500,000
<b>Total</b>					<b>\$925,190</b>

Source: OVW Grants Management System (GMS) award documentation.

Funding through the LAV program is intended to increase the availability of civil and criminal legal assistance for victims of domestic violence, dating violence, sexual assault, or stalking.

**House of Ruth Maryland, Inc.**

Established in 1977, the House of Ruth is a non-profit organization with a stated mission to end violence against women and their children by confronting the attitudes, behaviors, and systems that perpetuate it, and by providing victims with the services necessary to rebuild their lives safely and free from fear. Since 1984, the Legal Clinic of the House of Ruth has provided direct legal representation and advocacy for victims of domestic violence in civil family law cases. Legal Clinic attorneys seek to serve low-income clients who have at least one or more issues that leave them particularly vulnerable to abuse, such as cognitive or mental health disabilities, language barriers, or unusual legal circumstances.

The LAV grant specifically supported the House of Ruth's Legal Clinic's Legal Representation for Victims of Domestic Violence in Divorce and Child Custody Cases project by funding two full-time staff attorneys who provided free legal representation to low-income, high-risk victims of domestic violence in divorce and custody cases. In accordance with the House of Ruth's mission, the ultimate goal of the project was to help victims of domestic violence permanently establish safe and

violence-free lives through the provision of legal representation in custody and divorce cases.

### **OIG Audit Approach**

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

We tested compliance with what we consider to be the most important conditions of the grant. The criteria we audited against are contained in the OVW Financial Guide and the award documents. 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.

## **FINDINGS AND RECOMMENDATIONS**

We found that the House of Ruth generally complied with essential grant management conditions in the areas of reporting and budget management and control. However, we question a total of \$76,173 in costs that the House of Ruth charged to the grant, including unsupported personnel costs totaling \$63,665 and an additional \$12,508 in associated fringe benefit costs. Based on our audit results, we made three recommendations to address these dollar-related findings and improve internal controls.

### **Grant Financial Management**

According to the OVW Financial Guide, all grant recipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. We reviewed the House of Ruth's Single Audit Report covering fiscal years 2013 and 2014 and determined that the audit disclosed no control weaknesses or non-compliance issues related to the organization. We also conducted interviews with the House of Ruth personnel responsible for financial aspects of the grant, examined policy and procedures, and inspected grant documents to determine whether the House of Ruth's grant financial management processes adequately safeguard grant funds and ensure compliance with the terms and conditions of the grant.

We found that the House of Ruth had an adequate system in place to record and report on the receipt, obligation, and expenditure of grant funds. Also, our assessment found that the House of Ruth has maintained adequate controls, including segregation of duties, over the financial management system used to administer grant funds. However, we identified specific internal control weaknesses related to the House of Ruth's payroll practices, which we detail later in the "Grant Expenditures" section of this report.

### **Program Performance and Accomplishments**

The purpose of the award was to fund two full-time attorneys to provide legal representation and other related services to victims of domestic violence in divorce and custody cases in the four most-populous counties in Maryland. Overall, the House of Ruth outlined three objectives for its proposed project: (1) to provide legal representation for 500 high-risk, high-priority, low-income victims of domestic violence in divorce and custody cases; (2) to conduct an individualized assessment of collateral legal needs for 300 victims of domestic violence and provide referrals for other legal services including *pro bono* legal services where needed; and (3) to provide litigation supervision, case oversight, and litigation and domestic violence training to LAV-funded attorneys to ensure high quality, sensitive legal representation for victims of domestic violence.

To assess the House of Ruth's progress toward meeting the grant's goals and objectives, we reviewed the OVW award documents, interviewed grantee officials,

and reviewed documents that track the status of each goal and objective. We found that as of December 31, 2014, the LAV project provided representation in divorce and custody cases to 746 victims, which exceeds the House of Ruth goal of reaching 500 victims by the grant's performance period end date of August 31, 2015. Further, we found that LAV attorneys and ancillary staff provided 430 referrals for other legal services since the supplemental award began on August 27, 2012, which exceeds the overall goal of 300 referrals. Finally, based on documentation provided, the LAV Legal Clinic Director has provided case oversight, quality assistance, and performance feedback to managing attorneys throughout the life of the grant. Therefore, we conclude that the House of Ruth has met the established goals and objectives of the award.

### *Progress Reports*

According to the OVW Financial Guide, progress reports are prepared twice a year and are used to describe performance of activities or the accomplishment of objectives as set forth in the award application. Progress reports must be submitted semi-annually by January 30 and July 30 for the life of the award. To determine whether the progress reports submitted by the House of Ruth accurately reflected the activity of the grant, we performed testing of the accomplishments described in the last two progress reports, covering the period January through December 2014. We compared selected reported achievements to source data and interviewed the House of Ruth officials regarding their planned and actual activities supported with grant funds. We did not identify discrepancies with accomplishments described in the progress reports.

### **Grant Expenditures**

The House of Ruth received budget approval for costs related to salaries, fringe benefits, travel, supplies, and other expenses. The House of Ruth's accounting records for the LAV grant showed \$786,026 in expenses from the inception of the grant in October 2009 through December 2014. As detailed in the following sections, we judgmentally selected a sample of payroll costs, associated fringe benefit expenses, and non-payroll charges, including travel, supplies, and other expenses for testing. In addition to this testing, to determine whether costs charged to the awards were allowable, supported, and properly allocated in compliance with award requirements, we reviewed available documentation and accounting records.

### *Salaries and Fringe Benefits*

Salaries and fringe benefits charged to a federal award must be based on payroll records approved by responsible officials. In particular, when grant recipients work on multiple grant programs or activities, a reasonable allocation of costs to each activity must be made based on time and effort reports, such as timesheets. Further, according to the OVW Financial Guide, grant employees working solely on a single Federal award must support their salaries by completing periodic certifications. The certification must be prepared at least semi-annually

and be signed by the employee and a supervisory official having firsthand knowledge of the employee's work assignments.

We reviewed the House of Ruth's policies for timekeeping and charging salary and benefit costs to the grant. As stated previously, one of the objectives of the audited award was to support the work of two full-time attorneys. While these and other employees who worked part-time on grant projects prepared timesheets indicating the total amount of time worked and supervisors certified the timesheets, employees or supervisors did not track or certify the amount of time spent specifically working on grant projects. Similarly, employees who were dedicated to the grant full-time did not complete periodic certifications as required by the OVW Financial Guide. Instead, the House of Ruth officials stated that salaries were charged to the grant based on the award budget rather than actual time spent working on grant-related projects.

To validate how the House of Ruth charged personnel costs to the grant, we judgmentally selected costs associated with three non-consecutive months of pay to test: April 2011, March 2012, and November 2014. We examined timesheets and payroll distribution records, and found that the payroll costs charged to the grant were not supported by timesheets that track the amount of time actually spent working on the LAV grant. Instead, our testing confirmed that the House of Ruth charged personnel costs to the grant based on budgeted rather than actual amounts. A House of Ruth official stated that the organization did this because its payroll tracking software could not track time against specific grants.

In its approved grant budgets, the House of Ruth detailed the percentage of time it anticipated each employee would spend on grant-related tasks. Specifically, the budgets identified two positions for which incumbent employees were to spend 100 percent of their time working on grant-related activities. The House of Ruth, however, did not require these employees to sign periodic certifications during the grant and therefore could not provide contemporaneous certifications as required by the OVW Financial Guide. However, during the audit, the supervising attorney of the employees who worked full-time on grant projects provided certifications attesting that 100 percent of their official time involved only grant-related activities.<sup>1</sup> The House of Ruth also provided evidence showing that these positions were created solely as a result of the grant funding and internal controls were in place to ensure that all casework assigned to these employees was grant-related. Finally, as discussed in the performance section of this report, we were able to verify that the House of Ruth has already met the grant goals and objectives. As a result of these factors, while the House of Ruth could not provide the required contemporaneous certifications for employees who worked full-time on the grant, we do not consider their salary and fringe benefit costs to be unsupported.

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<sup>1</sup> We note that several different individuals filled the two full-time grant positions during the period of grant performance. Four of the employees who had been assigned to work on the grant full-time were no longer employed at the time of our audit and therefore were unable to sign certification statements for themselves.



In addition to two attorney positions working full-time on the grant, three other House of Ruth employees— an accountant, a database manager, and a supervising attorney – worked on the grant for a portion of their time and also performed other non-grant related responsibilities. These positions were approved as part of the grant budget, which detailed the percentage of time the House of Ruth anticipated that each of these employees would spend on grant-related activities. While the House of Ruth required these employees to complete timesheets that documented the total amount of time worked, the timesheets did not track the actual hours they specifically spent on grant-related activity. As such, the House of Ruth charged the award \$63,665 in salary costs based on budgeted rather than actual time and could not provide evidence that grant funds paid to these employees supported grant-related activity. Therefore, we question the \$63,665 in salaries associated with these three positions as unsupported costs and recommend that the OVW remedy these costs. We also recommend that the OVW ensures that the House of Ruth implements procedures so that all future personnel costs charged to grants, regardless of whether the costs are associated with full or part-time employees, are supported through actual time and effort reports and not budgeted figures.

The House of Ruth incurs costs associated with providing employees who work on the grant certain benefits such as payroll taxes (Social Security and Medicare), health and dental insurance, retirement contributions, workers' compensation insurance, unemployment insurance, and life insurance expenses. The House of Ruth requested and obtained approval to pay fringe benefit expenses with grant funds.<sup>2</sup> We were able to recalculate fringe benefits applied to the grant for the months of April 2011, March 2012, and November 2014 by multiplying the salary charges in the grant's general ledger by the approved rate and we found that the House of Ruth reasonably applied fringe benefits to the OVW award.<sup>3</sup> However, because the calculation of fringe benefit expenses is directly based on salary expenditures, we question \$12,508 in fringe benefit charges associated with unsupported salary costs. Therefore, we recommend that the OVW remedy \$12,508 in unsupported fringe benefit costs.

## **Budget Management and Control**

According to the OVW Financial Guide, the grant recipient is responsible for establishing and maintaining an adequate system of accounting and internal controls, which includes presenting and classifying the cost of the grant as required for budgetary and evaluation purposes, and providing financial data for planning, control, measurement, and evaluation of direct and indirect costs. Grantees are required to submit a Grant Adjustment Notice (GAN) if: a proposed cumulative

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<sup>2</sup> For the initial award period the House of Ruth requested reimbursement for fringe benefits expenses based on 21.85 percent of personnel costs. For the supplemental award period the House of Ruth requested reimbursement at a lower rate of 16.46 percent.

<sup>3</sup> The House of Ruth charged fringe benefits at 14.73 percent during the supplemental award period, which was less than the 16.46 percent approved rate.

change to the approved budget is greater than 10 percent of the total award amount, if there is any dollar increase or decrease to the indirect cost category of an approved budget, if there were expenses incurred in a cost category not included in the original budget, or if there is a change in the project scope.

To ensure the House of Ruth complied with the OVW Financial Guide requirements for budgeting, we compared the actual amount the House of Ruth spent in each budget category to the approved budgeted amounts in the same categories. We determined that the House of Ruth complied with the budgeting requirements in the OVW Financial Guide.

### **Drawdowns**

According to the OVW Financial Guide, grant recipients should request funds based upon immediate disbursement or reimbursement needs. Drawdown requests should be timed to ensure that federal cash on hand is the minimum needed for disbursements or reimbursements to be made immediately or within 10 days. The House of Ruth officials stated that grant funds are drawn down on a reimbursement basis. As of February 2015, the House of Ruth drew down \$786,026 of the total grant funds awarded. To verify that the House of Ruth properly requested funds and kept a minimum of federal cash on hand, we analyzed the drawdowns through February 2015 and compared the overall amount to the grantee's general ledger. We determined that the House of Ruth properly requested and received funding on a reimbursement basis and we did not identify any deficiencies related to the recipient's drawdowns.

### **Federal Financial Reports**

According to the OVW Financial Guide, recipients shall report the actual expenditures and unliquidated obligations incurred for the reporting period on each financial report. Recipients must report expenditures online using the Federal Financial Report (FFR) no later than 30 days after the end of each calendar quarter. To determine whether the FFRs submitted by the House of Ruth accurately reflected the grant expenditures, we performed testing of the last four FFRs submitted. We assessed how House of Ruth officials prepare and submit FFRs, and compared the amounts reported in the FFRs to the expenditures in the accounting records. We did not identify any discrepancies. Additionally, we found that cumulative expenditures in the last FFR matched the House of Ruth's accounting records. Finally, the FFRs did not identify any program income for the grant.

## **Conclusion**

The objective of this audit was to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. We examined the House of Ruth's accounting records, budget documents, financial and progress reports, and financial management procedures. We found that the House of Ruth has met its established goals and objectives. However, we found that not all salary and associated fringe benefit expenses were supported. We made three recommendations to improve the House of Ruth's management of awards.

## **Recommendations**

We recommend that the OVW:

1. Remedy \$63,665 in unsupported salary costs.
2. Ensures that the House of Ruth implements procedures so that all future personnel costs charged to grants are supported through actual time and effort reports.
3. Remedy \$12,508 in unsupported fringe benefit expenses.

## APPENDIX 1

### OBJECTIVE, SCOPE, AND METHODOLOGY

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

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

This was an audit of the Office on Violence Against Women (OVW) grant awarded to the House of Ruth Maryland, Inc. (House of Ruth) under the Legal Assistance for Victims (LAV) program grant number 2009-WL-AX-0023. Our audit concentrated on, but was not limited to September 2009, the award date, through May 2015, the last month of our fieldwork. However, due to the timing of our fieldwork, our testing on financial and progress reports as well as program performance and accomplishments was completed on data through December 2014.

To accomplish our objective, we tested compliance with what we consider to be the most important conditions of the House of Ruth's activities related to the audited grant. The criteria we audit against are contained in the OVW Financial Guide and the award documents. In conducting our audit, we tested the following:

- **Grant Financial Management.** To determine whether the House of Ruth's financial management procedures adequately safeguard grant funds and ensure compliance with grant conditions, we interviewed personnel responsible for overseeing program performance and for compiling and approving financial and progress reports. We examined the House of Ruth grant records, timesheets, and other documents supporting activity funded by the grant. We also considered the internal controls the House of Ruth had established and used to guide the requesting, approving, and recording of grant-related expenses during the scope of our review. We reviewed the Single Audit Report covering fiscal years 2013 and 2014 to identify any control weaknesses and significant non-compliance issues related to the House of Ruth.

Our review of the House of Ruth's financial management system was specific to the management of DOJ funds during the audit period. We did not test

the reliability of the financial management system as a whole. We reviewed grant-related procedures in place for drawdowns, budget management and control, federal financial reports, and progress reports. The internal control deficiencies that are significant within the context of our objectives are addressed in our report and recommendations.

- **Program Performance and Accomplishments.** To determine if the House of Ruth met or can meet the grant's objectives and whether the grantee collected the data and developed the performance measures necessary to assess the accomplishment of its objectives for grant number 2009-WL-AX 0023, we compared the progress reports objectives and statements of work completed to the goals listed in the project narrative submitted with the award application. We also performed limited testing of the last two progress reports to ensure the reports accurately reflected award activity, by selecting a sample of stated accomplishments and reviewing supporting documentation.
- **Grant Expenditures.** To determine the accuracy, support, and allowability of expenditures that the House of Ruth allocated or charged to the grant with respect to the applicable laws, regulations, guidelines, and terms and conditions of the grant, we reviewed source documentation for a judgmentally selected sample of 25 transactions listed in the accounting records for Grant Number 2009-WL-AX-0023. The accounting records included expenditures related to travel, supplies, and other expenses. We also judgmentally selected 3 months of payroll expenses for review: April 2011, March 2012, and November 2014, and tested the 15 associated payroll expense line items for salary and fringe benefits.
- **Budget Management and Control.** To ensure the House of Ruth was in compliance with the OVW Financial Guide requirements, we compared the actual amount spent in each budget category to the approved budgeted amounts in the same categories.
- **Drawdowns.** To assess whether the House of Ruth adequately supported grant drawdowns and managed grant receipts in accordance with federal requirements, we compared the total amount reimbursed to the total expenditures in the accounting records.
- **Federal Financial Reporting.** To determine whether the Federal Financial Reports (FFR) submitted by the House of Ruth accurately reflected the activity of the grant, we performed limited testing of the last four FFRs submitted. We compared the FFRs to the expenditures in the accounting records.

In conducting our audit, we performed sample-based audit testing for federal financial report expenses for salary, fringe benefits, travel, supplies, and other expenses; and for testing program performance progress reports. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous

facets of the grant reviewed, such as unique payroll and fringe benefits adjustments throughout the year. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected.

During our audit, we obtained information from the OVW's Grant Management System (GMS) as well as the House of Ruth's accounting system. 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

<u>QUESTIONED COSTS</u> <sup>4</sup>	AMOUNT	PAGE
<u>Unsupported Costs</u>		
Salaries	\$63,665	6
Fringe Benefits	\$12,508	6
<b>Total Unsupported Costs</b>	<u>\$76,173</u>	
<b>TOTAL QUESTIONED COSTS</b>	<u>\$76,173</u>	

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<sup>4</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.

**HOUSE OF RUTH MARYLAND, INC.  
BALTIMORE, MARYLAND  
RESPONSE TO DRAFT AUDIT REPORT**



HOUSE OF RUTH  
MARYLAND

Prevention • Intervention • Advocacy

July 9, 2015

John J. Manning  
Regional Audit Manager  
Washington Regional Audit Office  
Office of the Inspector General  
U. S. Department of Justice  
1300 N. 17<sup>th</sup> Street  
Arlington, VA 22209

Dear Mr. Manning,

House of Ruth Maryland, Inc. appreciates this opportunity to respond to the US Department of Justice (DOJ), Office of the Inspector General (OIG) draft audit report entitled "Audit of the Office on Violence Against Women Legal Assistance to Victims Grant Awarded to House of Ruth Maryland, Inc. Baltimore, Maryland" received on June 19, 2015.

House of Ruth Maryland, Inc. (HRM) is a not-for-profit organized and in good standing under the laws of the State of Maryland. Our principal office is located in Baltimore, Maryland. HRM is a public charity exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986. The House of Ruth leads the fight to end violence against women and their children by confronting attitudes, behaviors and systems that perpetuate it, and by providing victims with the services necessary to rebuild their lives safely and free of fear.

It is in support of this mission that we sought and received federal financial assistance from the Office on Violence Against Women under the Legal Assistance for Victims (LAV) grant program through grant number 2009-WL-AX-0023. This award comprises the original 3-year award and the current supplement for a total award of \$925,190 over a six year period slated to end 08/31/2015. House of Ruth Maryland was awarded these funds to provide comprehensive legal services through direct legal representation to low-income, high-risk victims of domestic violence in divorce and custody cases. The LAV grant specifically supported the HRM's Domestic Violence Legal Clinic's "Representation for Victims of Domestic Violence in Divorce and Child Custody Cases" project by funding two full-time staff attorneys who provided free legal representation to low-income, high-risk victims of domestic violence in divorce and custody cases. In accordance with the HRM's mission, the ultimate goal of the project was to help victims of domestic violence permanently establish safe and violence free lives through the provision of legal representation in custody and divorce cases.

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The purpose of the award was to fund two full-time attorneys to provide legal representation and other related services to victims of domestic violence in divorce and custody cases in the four most-populous counties in Maryland. The three program objectives for the project were:

1. To provide legal representation for 500 high-risk, high-priority, low-income victims of domestic violence in divorce and custody cases;
2. To conduct an individualized assessment of collateral legal needs for 300 victims of domestic violence and provide
3. To provide litigation supervision, case oversight, and litigation and domestic violence training to LAV-funded attorneys to ensure high quality, sensitive legal representation for victims of domestic violence

HRM hosted OIG staff at our location in Baltimore and complied with all requests for documents requested by OIG for audit review for the period of grant inception (October 2009) through December 2014. As stated in the audit, "The objective of this audit was to determine whether costs claimed under the grant were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions. To accomplish this objective, we assessed performance in the following areas of grant management: financial management, program performance, expenditures, budget management and controls, drawdowns, and federal financial reports."

#### *Program Performance and Accomplishments*

The OIG auditors found that as of December 31, 2014, the HRM LAV project provided representation in divorce and custody cases to 746 victims, which exceeds the HRM goal of reaching 500 victims by the grant's performance period end date of August 31, 2015. The OIG auditors also found that the HRM LAV attorneys and ancillary staff provided 430 referrals for other legal services since the supplemental award began on August 27, 2012, which exceeds the overall goal of 300 referrals. Finally, the OIG auditors found, based on documentation provided that the LAV Legal Clinic Director has provided case oversight, quality assistance, and performance feedback to managing attorneys throughout the life of the grant. Overall, the OIG auditors concluded that the House of Ruth Maryland met the established goals and objectives of the award.

#### *Grant Financial Management, Expenditures, Budget Management and Controls, Drawdowns and Federal Financial Reports*

The OIG found that HRM had adequate controls in place to track, obligate and expend grant funds and had adequate segregation of duties over the financial management systems used to administer grant funds. The OIG noted one internal control weakness related to HRM's payroll practices which resulted in the three recommendations made in the draft audit. With regard to Budget Management and Controls, Drawdowns and Federal Financial Reports the OIG found that HRM complied with the budgeting requirements in the OVW Financial Guide, properly requested and received reimbursements through drawdowns and found no

discrepancies in the amounts reported on the Federal Financial Reports (FFR) and that HRM's cumulative expenditures in the last FFR matched our accounting records.

The internal control weakness noted by the OIG related to the timesheet documentation of actual hours worked on the grant for three staff (a supervising attorney, an accountant and a database manager) who had LAV duties as a portion, but not 100% of their duties. In the OIG's review of timesheets and payroll distribution records they found that the payroll costs charged to the grant were not supported by timesheets that track the amount of time actually spent working on the LAV grant but that efforts for these three staff were charged according to the budgeted figures. This finding lead to the following three recommendations to the OVW:

"We recommend that the OVW:

1. Remedy \$63,665 in unsupported salary costs.
2. Ensures that the House of Ruth implements procedures so that all future personnel costs charged to grants are supported through actual time and effort reports.
3. Remedy \$12,508 in unsupported fringe benefit costs."

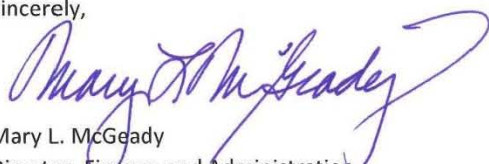
Recommendations # 1 and# 3 together seek remedy for "unsupported" salary costs. While HRM agrees that the total amount in question for the salary and benefits reflects the salary and benefits charged to the grant for the three employees who were not full time on the project, when we look at the totality of the circumstances of grant performance supported by all of the other audit findings, we believe these costs to be supported. The OIG found that the goal of the program to provide litigation supervision, case oversight, and litigation and domestic violence training to LAV-funded attorneys to ensure high quality, sensitive legal representation for victims of domestic violence was met and exceeded. Attaining this goal is the responsibility of the Supervising Attorney (15% effort on the grant). Maintaining and customizing the client database for reporting and production of data quantifying the legal efforts and representation goals for this project is supported by the database manager (5% effort on the grant) and the accountant's (5% effort on the grant) effort contributed to findings of no discrepancies in the accounting reported to and reimbursed by the OVW. Our current payroll system shows how each employee's time is allocated to each grant supporting that employee's effort. When the employee submits her/his time sheet, the employee attests to the fact that it accurately reflects how the employee spent her/his time on each grant. Each of these employees' time sheets reflects the amount of effort they spent on the LAV grant.

Recommendation #2 addresses changes to procedures so that all future personnel costs charged through grants are supported through actual time and effort reports. HRM concurs with this recommendation. Based on conversations with the OIG about this issue during the OIG's fieldwork for the audit HRM is now requiring the staff who are not 100% on the project to complete an LAV specific paper timesheet as additional support to our existing payroll time and

activity tracking software. Staff who are 100% on the project are completing the required certification statements in compliance with OVW Financial Guidelines.

HRM greatly appreciates the opportunity to respond to the OIG's draft audit report and we look forward to working with the OVW to resolve any concerns it may have over the matters raised in the report. We continue to work daily to support victims of domestic violence and greatly appreciate OVW's continued commitment to fund free legal representation to low-income, high-risk victims of domestic violence in divorce and custody cases through the LAV grant program.

Sincerely,



Mary L. McGeady  
Director, Finance and Administration

Cc: Dorothy Lennig, Legal Clinic Director

OFFICE ON VIOLENCE AGAINST WOMEN  
RESPONSE TO DRAFT AUDIT REPORT



U.S. Department of Justice

Office on Violence Against Women

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Washington, DC 20530

July 21, 2015

MEMORANDUM

TO: John Manning  
Regional Audit Manager  
Washington 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 (OVW) Award to House of Ruth Maryland, Inc. Grant Number 2009-WL-AX-0023

This memorandum is in response to your correspondence dated June 19, 2015 transmitting the above draft audit report for House of Ruth Maryland, Inc. We consider the subject report resolved and request written acceptance of this action from your office.

The report contains three recommendations and \$76,173 in unsupported costs. The Office on Violence Against Women (OVW) is committed to working with the grantee to address and bring these open recommendations to a close as quickly as possible. The following is our analysis of the audit recommendations.

**1. Remedy \$63,665 in unsupported salary costs.**

OVW does agree with the recommendation. We have been in communications with the grantee in efforts to remedy this amount as quickly as possible. We will continue those efforts to ensure that they remedy the \$63,665 in unsupported salary costs.

**2. Ensure that the House of Ruth implements procedures so that all future personnel costs charged to grants are supported through actual time and effort reports.**

OVW does agree with the recommendation. We will coordinate with the House of Ruth to ensure that they implement procedures so that all future personnel costs charged to the grants are supported through actual time and effort reports.

**3. Remedy \$12,508 in unsupported fringe benefit costs.**

OVW does agree with the recommendation. We have been in communications with the grantee in efforts to remedy this amount as quickly as possible. We will continue those efforts to ensure that they remedy the \$12,508 in unsupported fringe benefit costs

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

Darla Sims  
Program Manager  
Office on Violence Against Women (OVW)

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

The OIG provided a draft of this audit report to the House of Ruth Maryland, Inc. (House of Ruth) and the Office on Violence Against Women (OVW) for review and official comment. The House of Ruth's response is included as Appendix 3 and OVW's response is included as Appendix 4 of this final report. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

**Analysis of House of Ruth and OVW Responses**

The House of Ruth provided an initial response to the draft report on July 9, 2015, that provided background on House of Ruth, general observations related to this audit, summary of each of the sections of the audit, and points addressing each audit recommendation, which are discussed below.

As part of its response, the House of Ruth expressed the view that because the OIG found that the grant goals were met and exceeded, and there were no discrepancies identified in the accounting reported to and reimbursed by the OVW, the salary and benefit costs associated with those employees responsible for meeting the goals, accounting for funds, and managing the database of goals and accomplishments and not assigned 100 percent of the time to the grant were supported. As part of its response, the House of Ruth also stated that its current payroll system shows how each employee's time is allocated to each grant. Further, the House of Ruth stated that when an employee submits her or his timesheet, the employee attests to the fact that it accurately reflects how the employee spent her or his time on each grant; and each of these employees' time sheets reflects the amount of effort spent on the LAV grant. Throughout the course of our audit, we examined timesheets and payroll distribution records, and found that the payroll costs charged to the grant were not supported by timesheets that track the amount of time actually spent working on the LAV grant. Instead, our testing confirmed that the House of Ruth charged personnel costs to the grant based on budgeted rather than actual amounts.

In its response, the OVW concurred with our recommendations and indicated that it considered the audit resolved. The OVW did not request closure of the recommendations and stated that it will coordinate with the House of Ruth to address our recommendations.

## Summary of Actions Necessary to Close the Report:

### Recommendation:

#### 1. Remedy \$63,665 in unsupported salary costs.

Resolved. The OVW agreed with our recommendation. The OVW stated that it has and will continue to coordinate with House of Ruth to remedy the \$63,665 in unsupported salary costs.

While the House of Ruth agreed that the amount questioned reflected the salary charged to the grant for the employees who were not full time on the project, it neither agreed nor disagreed with the recommendation. As part of its response, the House of Ruth maintained that when you consider the totality of the circumstances of grant performance supported by all of the other audit findings, it believed the costs were supported. Specifically, the House of Ruth stated that attaining the goal of the program, which the OIG found was met and exceeded, is the responsibility of the Supervising Attorney, who charges 15 percent to the grant. Maintaining and customizing the client database for reporting and production of data quantifying the legal efforts and representation goals for the project is supported by the database manager, who charges 5 percent to the grant. Finally, the House of Ruth stated that the accountant, who charges 5 percent to the grant, contributed to findings of no discrepancies in the accounting reported to and reimbursed by the OVW.

Grant rules require that salaries charged to a federal award must be based on payroll records approved by responsible officials. In particular, when grant recipients work on multiple grant programs or activities, a reasonable allocation of costs to each activity must be made based on time and effort reports, such as timesheets. We found that the payroll costs charged to the grant were not supported by timesheets that track the amount of time actually spent working on the LAV grant. Therefore, we consider the salary costs associated with those employees who were not assigned to the grant at 100 percent as unsupported salary costs. Given OVW's response, this recommendation can be closed once we receive evidence that the OVW has coordinated with the House of Ruth to remedy the \$63,665 in unsupported salary costs.

#### 2. Ensures that the House of Ruth implements procedures so that all future personnel costs charged to grants are supported through actual time and effort reports.

Resolved. The OVW agreed with our recommendation. The OVW stated that it will coordinate with the House of Ruth to ensure that the grantee implements procedures so that all future personnel costs charged to grants are supported through actual time and effort reports.

The House of Ruth concurred with our recommendation. As part of its response, the House of Ruth stated that it is now requiring staff whose time is not 100 percent dedicated to the project to complete an LAV specific paper timesheet as additional support to its existing payroll time and activity tracking software. Further, the House of Ruth stated that those staff whose time is 100 percent dedicated to the project are now completing the required certification statements. While it appears that the House of Ruth has taken steps to address our recommendation, this recommendation can be closed when we receive: (1) an updated copy of the implemented time and effort procedures; (2) evidence that timesheets are completed for those employees that are not assigned to the project 100 percent of the time; and (3) evidence that employees working on the grant 100 percent of the time are completing the required semi-annual certification statements.

**3. Remedy \$12,508 in unsupported fringe benefit expenses.**

Resolved. The OVW agreed with our recommendation. The OVW stated that it will coordinate with the House of Ruth to remedy the \$12,508 in unsupported fringe benefit expenses.

While the House of Ruth agreed that the amount questioned reflected the benefits charged to the grant for the employees who were not full time on the project, it neither agreed nor disagreed with the recommendation. As part of its response, the House of Ruth maintained that when you consider the totality of the circumstances of grant performance supported by all of the other audit findings, it believed the costs were supported. Grant rules require that benefits charged to a federal award must be based on payroll records approved by responsible officials. Because the calculation of fringe benefit expenses is directly based on salary expenditures that remain questioned, we consider the fringe benefit costs associated with those employees who were not assigned to the grant at 100 percent as unsupported costs. Given the OVW's response, this recommendation can be closed once we receive evidence that the OVW has coordinated with the House of Ruth to remedy the \$12,508 in unsupported fringe benefit expenses.



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