



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER

PAGE 1 OF

6

DATE: 9/25/2012

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT FOR GRANT
COMPLIANCE - AIDS OUTREACH CENTER**

***** CONSENT AGENDA *****

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's report of the Grant Compliance - AIDS Outreach Center.

BACKGROUND:

The Auditor's Office performs routine monitoring to ensure that the AIDS Outreach Center (AOC) has complied with federal requirements. During this monitoring, the Auditor's Office observed that eighty (80) percent of the administrative funding provided to the AOC was billed to the County in the first four (4) months of the grant year (March-June 2012). Therefore, the Auditor's Office expanded its review and found that the AOC did not have evidence supporting the Executive Director's salary billed to the County for reimbursement from grant funding. The Auditor's Office recommended that the AOC refund Tarrant County or offset future requests for reimbursement in the amount of \$19,114.05 for the Executive Director's salary charged to the grants since March 2012.

Attached to this report is a written response from the AOC.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY

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September 10, 2012

Ms. Kelly Smith, President, Board of Directors, AIDS Outreach Center
Mr. Anthony Powell, Past-President, Board of Directors, AIDS Outreach Center
The Honorable District Judges
The Honorable Commissioners Court
Tarrant County, Texas

Re: Auditor's Report – Review of Grant Compliance, AIDS Outreach Center

SUMMARY

The Auditor's Office performs routine monitoring to ensure that the AIDS Outreach Center (AOC) has complied with federal requirements. During our monitoring, we observed that 80% of the administrative funding provided to the AOC was billed to the County in the first four months of the grant year (March-June 2012). Therefore, we expanded our review and found that the AOC did not have evidence supporting the Executive Director's salary billed to the County for reimbursement from grant funding.

The Auditor's Office and the AOC agreed to an allocation method to charge salaries for individuals who work *directly* on program activities and other operating expenses. We reviewed the Executive Director's timesheets and interviewed other AOC staff and found no evidence indicating that he had worked *directly* on qualified program activities. Therefore, the AOC should refund Tarrant County or offset future requests for reimbursement in the amount of \$19,114.05 for the Executive Director's salary charged to the grants since March 2012. We also recommend that all employees who charge their salary, in whole or in part, to a grant either provide (1) detailed work activities on their timesheets, or (2) maintain detailed activity reports, as required by OMB Circular A-122.

We discussed this issue, along with some minor unreported issues, with the Board of Directors President and Past-President on September 12, 2012. Attached is a letter from the AOC stating that they will reimburse the County for this amount by offsetting a future request for reimbursement.

BACKGROUND

The Commissioners Court approved the following grant funding to the AOC for FY 2012-2013:

Ryan White – Part A	\$1,416,932
Ryan White – Part B	101,043
Ryan White – Part C	134,416
Ryan White – Part D	171,411
H.O.P.W.A	18,658
State Services	<u>173,711</u>
Total grant funding to AOC	<u>\$2,016,171</u>

The terms of the contracts state that the “*County retains the right of access to the records or the right to obtain copies for audit, litigation, or other circumstances that may arise.*”

OBSERVATION AND RECOMMENDATIONS

The AOC did not provide evidence supporting the Executive Director's salary billed to the County for reimbursement from grant funding.

Background

In the fall 2011, the Health Resources and Services Administration (HRSA) presented Technical Assistance webinars to introduce the National Monitoring Standards. These standards are a compilation of all major Ryan White Program documents used for Compliance, Oversight and Expectations, designed as a set of minimum guidelines for use by all Part A & Part B grantees and sub grantees on program administration and fiscal monitoring.

According to OMB Circular A-122, Attachment B, Item 8, m., Support of salaries and wages, “*charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, as prescribed in subparagraph (2)*”. Subparagraph (2) states:

Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. Reports maintained by non-profit organizations to satisfy these requirements must meet the following standards:

- (a) The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.*

- (b) Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.*
- (c) The reports must be signed by the individual employee, or by a responsible supervisory official having first-hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.*
- (d) The reports must be prepared at least monthly and must coincide with one or more pay periods.*

Observation

The AOC billed the County more than \$115,000, or 80%, of the administrative budget of the Ryan White Part A grant during the first four months of the grant year (March 2012 – June 2012). The AOC billed up to 52% of the Executive Director's salary each month to the administrative budget of the grant although only 15% had been budgeted. Therefore, we expanded our review to include Ryan White Part B, Part C, Part D, H.O.P.W.A., and State Services grants.

The AOC could not provide evidence that supports the Executive Director's salary charged to "administrative expense" and billed to the County for reimbursement from grant funding. Specifically, we reviewed the Executive Director's timesheets and found that detail was not adequate to determine whether he had worked directly on qualified program activities. Furthermore, we interviewed the Executive Director, as well as each of the Department Directors, as we attempted to support the salary charged to the grants. No evidence was provided that supported *any* charges to the grants for the Executive Director's salary.

Recommendations

The AOC should reimburse Tarrant County \$19,114.05 for the Executive Director's salary charged to the grants since March 2012 by either refunding the amount or offsetting a future request for reimbursement, as follows:


Ryan White – Part A	\$15,300.32
Ryan White – Part B	1,869.32
Ryan White – Part C	-0-
Ryan White – Part D	1,097.05
H.O.P.W.A	-0-
State Services	847.36
Total Refund Due	<u>\$19,114.05</u>

In accordance with OMB Circular A-122, all employees who charge their salary, in whole or in part, to a grant should provide (1) detailed work activities on their timesheets, or (2) maintain detailed activity reports.

CLOSING REMARKS

We appreciate the cooperation of the AOC staff during our review. Please call me if you have any questions regarding the contents of this report.

Sincerely,



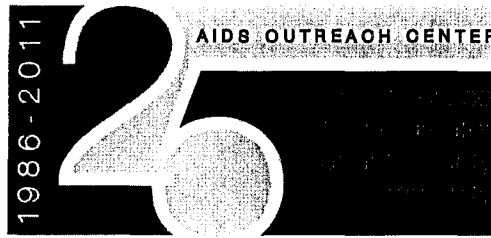
S. Renée Tidwell, CPA
County Auditor

Attachment: Management's Response dated September 18, 2012

Audit Team: Kim Trussell, Audit Manager
Patti Shosid, Grants Manager
Gerald Murray, Grants Auditor

Distribution: Shannon Hilgart, Interim Executive Director, AOC

September 18, 2012



Renee Tidwell
Tarrant County Auditor
100 East Weatherford Street, Suite 506
Fort Worth, Texas 76196

Dear Ms. Tidwell,

I am writing on behalf of AIDS Outreach Center Board of Directors in response to your letter dated September 10, 2012 regarding your review of grant compliance, specifically, AIDS Outreach Center's billing of administrative costs March 2012-June 2012. We appreciate your time during this review and your visit with us to review your findings on September 12, 2012.

AIDS Outreach Center will comply with all recommendations you made in your letter, and would request that we repay the \$19,114.05 by off-setting future payments from these contracts. We will work with the Tarrant County Auditor's Office to ensure that we comply with an agreed method of billing administrative costs, and will comply with recommendations to record detailed work activities on timesheets or maintain detailed activity.

If you have any questions regarding our response or have questions, please contact me at 817-916-5206 or by email at shannonh@aoc.org.

Sincerely,

Shannon Hilgart
Interim Executive Director

Kelly Smith
President, Board of Directors



www.aoc.org

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*Interim
Executive Director*



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