



**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
COOPERATIVE AGREEMENT ADMINISTERED BY THE
HEALTH FEDERATION OF PHILADELPHIA
PHILADELPHIA, PENNSYLVANIA**

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

Audit Report GR-70-14-004
April 2014

**AUDIT OF THE OFFICE OF JUSTICE PROGRAMS
COOPERATIVE AGREEMENT ADMINISTERED BY THE
HEALTH FEDERATION OF PHILADELPHIA
PHILADELPHIA, PENNSYLVANIA**

EXECUTIVE SUMMARY

The Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of a cooperative agreement awarded by the Office of Justice Program's (OJP) Office of Juvenile Justice and Delinquency Prevention (OJJDP) to the Health Federation of Philadelphia (HFP), agreement number 2010-JW-FX-K011 and its supplements. The HFP was selected as one of ten recipients to serve as a pilot for the Safe Start Promising Approaches Project (S.E.L.F.). The purpose of the award was to test the efficacy of integrating S.E.L.F., a theory-based trauma intervention model, with an existing home-based Early Head Start Program to reduce the incidence and impact of children's exposure to violence, and to increase the protective factors afforded to children by strengthening primary caregivers' ability to provide safe, stable, nurturing relationships. At the time of our audit, the HFP was awarded \$750,000.¹

The objective of our audit was to determine whether reimbursements claimed for costs under the cooperative agreement were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the award. We also assessed the HFP program performance in meeting the award-funded objectives and overall accomplishments.

We reviewed the HFP's compliance with key award conditions and found that HFP did not meet all of the terms and conditions of the award. Specifically, we found that the HFP charged the agreement for a budgeted amount instead of amounts based on actual expenditures incurred for rent and utilities. The HFP officials responded by saying it intended to reconcile budgeted to actual expenditures semiannually. In our judgment, the use of budgeted amounts may result in potentially inaccurate financial reporting. In addition, we determined that the HFP reported inaccurate statistics on semi-annual progress reports because it misinterpreted the questions within those reports and erroneously calculated performance data. Because the HFP is participating in a pilot program with national implications, and data collected is used to determine the effectiveness of the program, we believe it is important to report complete and accurate data on the progress reports.

These items are discussed in detail in the findings and recommendations section of the report. Our audit objectives, scope, and methodology appear in Appendix I.

¹ The award solicitation provided for continuation funding for up to 4-1/2 years based on performance and availability of funds.

We discussed the results of our audit with HFP officials and have included their comments in the report, as applicable. Additionally, we requested a response to our draft report from the HFP and OJP, and their responses are appended to this report as Appendix II and III, respectively. Our analysis of both responses, as well as a summary of actions necessary to close the recommendations can be found in Appendix IV of this report.

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INTRODUCTION

The Department of Justice (DOJ) Office of the Inspector General, Audit Division, has completed an audit of a cooperative agreement awarded by the Office of Justice Programs' (OJP) Office of Juvenile Justice and Delinquency Prevention (OJJDP) to the Health Federation of Philadelphia (HFP), award number 2010-JWFX-K011 and its supplements. The HFP was selected as one of ten recipients to serve as a pilot for the Safe Start Promising Approaches Project (S.E.L.F.). The purpose of the award was to test the efficacy of integrating S.E.L.F, a theory-based trauma intervention model, with an existing home-based Early Head Start Program to reduce the incidence and impact of children's exposure to violence, and to increase the protective factors afforded to children by strengthening primary caregivers' ability to provide safe, stable, nurturing relationships. At the time of our audit, the HFP was awarded \$750,000.²

The objective of this audit was to determine whether reimbursements claimed for costs under the cooperative agreement were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the award. We also assessed the HFP program performance in meeting the award's objectives and overall accomplishments.

Office of Justice Programs

The Office of Justice Programs (OJP), within the Department of Justice, provides the primary management and oversight of the award we audited. According to OJP's website, its mission is to increase public safety and improve the fair administration of justice across America through innovative leadership and programs. OJP works in partnership with the justice community to identify the most pressing crime-related challenges confronting the justice system and to provide information, training, coordination, and innovative strategies and approaches for addressing these challenges.

Office of Juvenile Justice Delinquency and Prevention

The mission of the Office of Juvenile Justice Delinquency and Prevention (OJJDP), a component of OJP, is to provide national leadership, coordination, and resources to prevent and respond to juvenile delinquency and victimization. According to OJJDP's website, it supports states and communities in their efforts to develop and implement effective and coordinated prevention and intervention programs and to improve the juvenile justice system so that it protects public safety, holds offenders accountable, and provides treatment and rehabilitative services tailored to the needs of youth and their families.

² The award solicitation provided for continuation funding for up to 4-1/2 years based on performance and availability of funds.

Safe Start Promising Approaches Project

According to project materials, the Safe Start Promising Approaches Project was to support the development and study of practice enhancements and innovations to prevent and reduce the impact of children's exposure to violence in their homes and communities. Ten continuation projects were to serve as the practice pilots for a 10-site national evaluation using experimental and quasi-experimental research design to test the effectiveness of new approaches to improve outcomes for children exposed to violence. The national evaluation was being conducted by RAND Corporation (nonprofit institution) and supported through OJJDP research funding. The project was to help communities implement collaborative and evidence-based practices across services.

Health Federation of Philadelphia

According to its website, since 1983 the Health Federation of Philadelphia (HFP) has served as a network of the community health centers in Southeastern Pennsylvania, providing a forum for the region's federally qualified health centers and the Philadelphia Department of Public Health to collaborate and mobilize resources for their shared goals of improving the health of the population by expanding access to high quality care.

The HFP mission statement says that building on its work with health centers, HFP has developed additional programs and expertise. The HFP added a training and technical assistance arm that supports capacity building within the public health system and human service organizations throughout the Philadelphia region. Through direct service programs, the HFP services some of the neediest families in the Southeastern Pennsylvania community, focusing primarily on support for young children and their families.

OIG Audit Approach

We tested compliance with what we considered to be the most important conditions of the cooperative agreement. Unless otherwise stated in our report, we applied the OJP Financial Guide as our primary criteria during our audit. The OJP Financial Guide serves as a reference manual assisting award recipients in their fiduciary responsibility to safeguard award funds and ensure that funds are used appropriately and within the terms and conditions of the award. Additionally, the OJP Financial Guide cites applicable Office of Management and Budget (OMB) and Code of Federal Regulations (CFR) criteria that we also considered in performing our audit. We tested the HFP's:

- **Internal control environment** to determine whether the financial and accounting system and related internal controls were adequate to safeguard funds and ensure compliance with the terms and conditions of the grant.
- **Personnel and fringe benefit expenditures** to determine whether the personnel and fringe benefit expenditures charged to the award were

allowable, supported, accurate, and whether positions were within the approved budget.

- **Other grant expenditures** to determine whether the other costs charged to the cooperative agreement were allowable and adequately supported.
- **Budget management and control** to determine whether the HFP adhered to the OJP-approved award budgets for the expenditure of award funds.
- **Reporting** to determine whether the required periodic Federal Financial Reports and Progress Reports were submitted on time and accurately reflected award activity.
- **Drawdowns** (requests for funding) to determine whether requests for reimbursement, or advances, were adequately supported, and if the HFP managed award receipts in accordance with federal requirements.
- **Indirect costs** to determine whether appropriate indirect costs were charged to the cooperative agreement based on an approved rate.
- **Compliance with award special conditions** to determine whether the HFP complied with the terms and conditions specified in the award documents.
- **Program performance and accomplishments** to determine whether the HFP achieved award objectives and to assess performance and accomplishments.

Where applicable, we also tested for compliance in the areas of matching funds, program income, and monitoring of subgrantees. For this cooperative agreement, we determined that matching funds were not required, the award-funded programs generated no program income, and there were no subgrantees.

FINDINGS AND RECOMMENDATIONS

We reviewed the HFP's compliance with key award conditions and found the HFP generally met the terms and conditions of the award governing most of the management areas we tested. However, we found that the HFP charged the award for a budgeted amount instead of actual expenditures incurred for rent and utilities. In our judgment, the use of budgeted amounts may result in potentially inaccurate financial reporting and unallowable costs. In addition, the HFP reported inaccurate statistics on the progress reports we reviewed.

Internal Control Environment

Our audit included a review of the HFP's accounting and financial management system and Single Audit reports to assess the risk of non-compliance with laws, regulations, guidelines, and the terms and conditions of the award. We also interviewed management staff from the HFP and performed salary, fringe benefit, and other expenditure transaction testing to further assess risk.

According to the OJP Financial Guide, award recipients are responsible for establishing and maintaining an adequate system of accounting and internal controls. An acceptable internal control system provides cost and property controls to ensure optimal use of funds.

From our discussion with the Finance Director we were told that the HFP management believed an adequate system of internal controls was in place. In conducting this audit, we evaluated the HFP's internal controls that we considered significant within the context of our audit objectives and found no reportable issues.

Financial Management System

The OJP Financial Guide, incorporating the Code of Federal Regulations (CFR), requires recipients to maintain records to adequately identify the source and application of award funds provided for financially supported activities. These records must contain information pertaining to awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

We found the HFP maintained these records in a separate account. We determined that this account tracked obligations, outlays, and expenditures allocated to the cooperative agreement. We also determined that the accounting system in use by the HFP was adequate to record the receipt and expenditure of the federal funds we reviewed and tested for compliance.

Single Audits

We reviewed the HFP's Single Audit Reports prepared by an independent public accounting firm for its fiscal years (FY) 2010, 2011, and 2012. The Single Audits did not identify any findings or material weaknesses in the HFP's internal control environment within the context of our audit objectives

Personnel and Fringe Benefit Expenditures

We tested a judgmental sample of the HFP's salary and associated fringe benefit expenditures to determine if they were allowable, supportable, and accurate. To determine if expenditures were allowable, we compared the expenditures to the approved budget for these expenditures incorporated in the terms and conditions of the cooperative agreement. To determine if expenditures were supported and accurate, we tested salary and fringe benefit expenditures by evaluating the allocation of salaries and fringe benefits based on the requirements identified by OJP in the award document. We examined employee payroll records for 2 non-consecutive pay periods, and fringe benefit charges for 2 non-consecutive months. We found all payroll disbursements for salary and fringe benefits tested were allowable, supported, and accurate.

The HFP uses a combination of electronic and paper-based timesheets to document employees' hours worked. Both the electronic and paper-based timesheets accurately identified the time the employee worked on a particular grant or program and evidenced supervisory approval. We reviewed the timesheets, payroll register, charges for accrued vacation time, and the grant budget to ensure that the amount charged to the grant was accurate, allowable, and supported. We found that the salary charges to the award were allowable, supported, and accurate.

The HFP received approval for six fringe benefits in its award document: (1) social security, (2) unemployment insurance, (3) workers compensation, (4) health/dental/life insurance, (5) retirement, and (6) miscellaneous other fringe benefits. OJP approved each benefit as a percentage of salary, totaling 27 percent in the HFP's original award and 28 percent in the first supplement. According to HFP's Finance Director, the percentages submitted in the budget request and approved by OJP were based on prior year estimates. However, the amount actually charged to the award was determined by dividing the annual fringe benefits paid for all employees by the annual salaries paid to all employees for the given year.

We compared the budgeted fringe benefit expenditures based on the rates approved by OJP to the actual fringe benefits charged to the award for those employees working on the award-funded program. We found that the actual amount charged to the cooperative agreement exceeded the budgeted amount by no more than \$145 for the 2 months reviewed. Moreover, this exception was specific to only one of the eight employees we reviewed as part of our fringe benefit

testing covering 2 non-consecutive months and not a systemic problem. We considered the amount to be immaterial and do not report it as a questioned cost.

Other Grant Expenditures

In general, we found that the HFP properly recorded in the accounting records the non-personnel and non-fringe benefit expenditures we tested. Specifically, we selected 25 non-personnel and non-fringe benefit expenditure transactions, totaling \$16,874, for detailed review and analysis. To determine if the expenditures were properly recorded, we verified that amounts from the invoices and receipts were accurately recorded in the general ledger under appropriate cost center codes. To determine if expenditures were allowable, we compared the expenditures to the award budget, permissible uses of funds outlined in the OJP Financial Guide, and the terms and conditions of the award. To determine if expenditures were supported, we reviewed purchase documents, invoices, travel authorizations, and accompanying accounting system data. We found that the HFP could not provide specific support for a \$327 hotel charge, but we did not consider this lone exception to be indicative of a systemic weakness nor require the need for expanded testing. Moreover, we considered the amount immaterial and do not report it as a questioned cost.

In addition, we found that after the initial monthly rent and utilities actual expenditures were charged to the award, HFP charged a budgeted amount of \$299 instead of actual amounts for rent and utilities. To arrive at the \$299 monthly charge, the HFP divided the first year's rent and utilities amount by 12 and charged that amount to the award monthly. Because utilities expenses may vary from month to month, we found this practice to be inadequate.

According to the OJP Financial Guide, adequate accounting systems must support financial reporting that is accurate. The budgeted amount posted to the accounting system may not be the correct amount of the charge for that period. In our judgment, if actual expenditures are not posted to the accounting system, the accounting system cannot aid in accurate financial reporting and costs charged to the award may be unsupported. The HFP Finance Director confirmed that the amount charged was a budgeted, not actual amount. In addition, according to the HFP Finance Director, the HFP will reconcile the budgeted charges to actual rent and utilities semiannually. During our review, the HFP had not yet performed any reconciliations or adjustments to the award for rent and utilities expenditure charges. However, we also determined from our limited review that the difference between budgeted rent and utilities and actual expenditures was not material and do not report it as a questioned cost. We recommend that the HFP charge only actual expenditures to the cooperative agreement.

Budget Management and Control

Criteria referenced in the OJP Financial Guide and established in 28 C.F.R 66 § 30 addresses budget controls surrounding awardee financial management systems. According to the criteria, awardees are permitted to make

changes to their approved budgets to meet unanticipated program requirements. However, the movement of funds between approved budget categories in excess of 10 percent of the total award must be approved in advance by the awarding agency. In addition, the criteria requires that all awardees establish and maintain program accounts that will enable separate identification and accounting for funds applied to each budget category included in the approved award. Budget management controls ensure federal funds are not exposed to unauthorized expenses, misuse, and waste.

OJP approved an itemized budget for the award that included budget categories for salary, fringe benefits, travel, supplies, consultants/contracts, other, and indirect costs.³ The award was still in progress at the time of our audit fieldwork, but our testing demonstrated that, as of July 2013, the HFP remained within the approved budget allowances for each budget category.

According to the Finance Director, the HFP grant program and human resources staff worked together to formulate the budgets submitted with the cooperative agreement application. The salaries were based on the salaries paid to other employees in similar positions within the organization; fringe benefits amounts were based on the benefits paid for employees within the organization; and the other line items were estimates based on prevailing costs. In addition, the HFP created a spreadsheet to track budget versus actual expenditures. The spreadsheet was updated monthly and reconciled to the accounting system records to ensure that expenditures stay within the approved budget.

We compared the total expenditures from the HFP's accounting records to the expenditures OJP approved in the Financial Clearance Memorandum accompanying the award. As of July 2013, the HFP grant expenditures were within the approved budget categories.

Reporting

Federal Financial Reports

The financial aspects of the award are monitored through Federal Financial Reports (FFRs). FFRs are designed to describe the status of award funds and should be submitted within 30 days of the end of the most recent quarterly reporting period. For periods when there have been no program outlays, a report to that effect must be submitted. Funds for the current award or future awards may be withheld if reports are not submitted or are excessively late.

We were told the Finance Director completed FFRs using monthly general ledger reports from the accounting system taking the sum of the expenses for the 3 months in the quarter. We sampled and reviewed five FFRs between January 1, 2012 and March 31, 2013. We concluded that the five reports tested were accurate because the total expenditures reported in the FFRs agreed with the totals reported

³ The "Other" category included costs for cellular phones, rent, and utilities.

in the HFP's accounting records. We also tested each FFR for timeliness using the criteria noted above and we found officials submitted each FFR timely.

Progress Reports

According to the OJJDP Grant Program Specialist, OJJDP award recipients are instructed to periodically report performance measures in the OJJDP system. The HFP, however, was exempt from this requirement but was still required to submit progress reports in accordance with the OJP Financial Guide.

The OJP Financial Guide states that the progress report is to be prepared twice a year, and is used to describe the performance of activities or the accomplishments of objectives as set forth in the approved award application. Progress reports must be submitted within 30 days after the end of the reporting periods, which are June 30 and December 31, for the life of the award.

We reviewed the semi-annual progress reports the HFP submitted, covering the period January 2011 to December 2012, and found the HFP submitted each progress report within the required time period specified by the OJP Financial Guide. The reports included, among other things, a narrative of what the HFP accomplished during the reporting period and its progress towards meeting the award's goals.

Drawdowns

Drawdown is a term to describe when a recipient requests funding for expenditures associated with an award program. The OJP Financial Guide establishes the methods by which DOJ makes payments to awardees. Advances are allowed, but non-block funding must be used for expenditure disbursements within 10 days of the transfer funding request.

At the time of our field work, the HFP had requested funding for \$320,081 of the \$750,000 grant, or 43 percent of the award. We examined drawdowns the HFP made between November 2011 and March 2013. To determine if drawdowns were completed in advance or on a reimbursement basis, we interviewed the Finance Director, analyzed bank statements, and reviewed documentation supporting actual expenditures. We determined that award funds were requested on a reimbursement basis and the HFP's drawdown procedures were adequate and complied with award requirements.

Indirect Costs

According to the OJP Financial Guide, indirect costs are the costs of an organization that are not readily assignable to a particular project, but are necessary to the operation of the organization and the performance of the project. In order for an awardee to be reimbursed for indirect costs, it must first establish an appropriate indirect cost rate.

The Department of Health and Human Services (HHS) issued the HFP a 14 percent indirect cost rate in 2007 that was current at the time of our audit fieldwork. According to the indirect cost rate documents we reviewed, indirect costs should be computing based on direct salaries and wages including all fringe benefits.

We judgmentally sampled 2 months of salary and fringe benefit expenditures to determine if the HFP charged the award the correct indirect costs. We calculated the total salary and fringe benefits charged to the award for those 2 months and applied the corresponding indirect cost rate. We found that the HFP correctly charged the appropriate indirect costs.

Compliance with Other Award Conditions

Award requirements are included in the terms and conditions of a cooperative agreement and special conditions may be added to address special provisions unique to an award. We reviewed the special conditions found in the award documents and found that the HFP fully complied with the awards special conditions within the context of our audit objectives.

Program Performance and Accomplishments

As previously stated, this cooperative agreement was awarded in conjunction with the Office of Justice Programs Safe Start Promising Approaches Project. The Safe Start Promising Approaches Project (S.E.L.F.) supports the development and study of practice enhancements and innovations to prevent and reduce the impact of children's exposure to violence in their homes and communities. The HFP was 1 of 10 grantees elected to participate in a national evaluation using experimental research designed to test the effectiveness of new approaches to improve outcomes for children exposed to violence.

With the award, the HFP was to test the efficacy of integrating S.E.L.F, a theory-based trauma intervention model, with an existing home-based Early Head Start Program. According to the program narrative, the goals were to reduce the incidence and impact of children's exposure to violence and increase the protective factors afforded to children by strengthening primary caregivers' ability to provide safe, stable, nurturing relationships. To accomplish its goals, the HFP said it would provide intervention services to 48 families.

According to the OJJDP Grant Program Specialist for this award, OJJDP recipients are required to report performance measures in OJJDP's data reporting tool, known as DCTAT. The HFP, however, was exempt from this requirement. Being exempt from submitting DCTAT reports did not release the HFP from its responsibility to submit progress reports in accordance with the OJP Financial Guide.

According to the OJP Financial Guide, progress reports are used to describe the performance activities or the accomplishments of objectives as set forth in the

approved award application. The reports identified 16 categories of quantitative data that the HFP used to report its program activities. We reviewed the progress reports submitted for the periods ending June 30 and December 31, 2012, for accuracy.

We found that when compared to the supporting documentation, 8 of the 16 categories were inaccurate for the report ending June 30, 2012, and 2 of the 16 categories were inaccurate for the report ending December 31, 2012. According to HFP officials, the inaccuracies occurred for several reasons, including misinterpreting the report questions and erroneously calculating the number of sessions conducted. Because the HFP was participating in a pilot program with national implications, and data collected was to be used to determine the effectiveness of the program, we believe it is important to report accurate data on the progress reports. However, based on the overall supporting documentation reviewed, we concluded that the HFP was demonstrating progress on achieving the objectives of the grant.

Conclusion

We found the HFP generally met the terms and conditions of the award we reviewed. Specifically, our audit results showed that the HFP used award funds for their intended purposes, appropriately managed and reported the use of those funds, and demonstrated progress in meeting the goals and objectives of the award-funded program.

However, we found that the HFP charged the grant budgeted amounts instead of the actual rent and utilities costs incurred. In addition, the HFP submitted inaccurate data on its progress reports. As a result, we make two recommendations to address these findings.

Recommendations

We recommend that OJP:

1. Ensure that the HFP only charges actual expenditures incurred to the cooperative agreement.
2. Ensure that the HFP establishes policies and procedures to ensure that complete and accurate data is reported on its periodic progress report submissions.

OBJECTIVE, SCOPE, AND METHODOLOGY

The purpose of the audit was to determine whether reimbursements claimed for costs under the cooperative agreement and its supplements were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the awards, and to determine program performance and accomplishments. The objective of our audit was to review performance in the following areas: (1) internal control environment, (2) personnel and fringe benefit expenditures, (3) other grant expenditures, (4) budget management and control, (5) reporting, (6) drawdowns, (7) indirect costs, (8) compliance with other award conditions, and (9) program performance and accomplishments.

We conducted this performance audit in accordance with generally accepted government auditing standards. These 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.

In conducting our audit, we used sample testing while testing award program expenditures. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the award reviewed, such as high dollar amounts or expenditure category based on the approved grant budget. This non-statistical sample design does not allow for the projection of the test results to the universes from which the samples were selected.

We audited a total of \$750,000 provided through the Office of Justice Programs awarded to the Health Federation of Philadelphia (HFP). Our audit concentrated on, but was not limited to the initial award of the grant in October 2010, through the end of our fieldwork in September 2013.

We tested compliance with what we considered to be the most important conditions of the award. Unless otherwise stated in our report, the criteria we audited against are contained in the Code of Federal Regulations: 28 CFR § 66, Uniform Administrative Requirements for Grants, incorporated in the Office of Justice Programs Financial Guide, and the award documents. We also reviewed the HFP's Single Audit for fiscal years 2010, 2011, 2012 and identified no findings that could impact the grant funding we audited.

In conducting our audit, we tested the HFP's award activities in the following areas: internal control, personnel and fringe benefits, other expenditures, budget management and controls, reporting, drawdowns, indirect costs, compliance with other award conditions, and program performance and accomplishments. In addition, we reviewed the internal controls of the HFP's financial management system specific to the management of DOJ funds during the award period under review. However, we did not test the reliability of the HFP's financial management system as a whole. We also performed limited tests of source documents to assess

the accuracy and completeness of reimbursement requests, Federal Financial Reports, and progress reports.

HEALTH FEDERATION OF PHILADELPHIA RESPONSE TO THE DRAFT AUDIT REPORT



Thomas O. Puezer
Regional Audit Manager
Philadelphia Regional Audit Office
Office of the Inspector General
US Dept. of Justice
701 Market Street, Suite 201
Philadelphia, PA 19106

Dear Mr. Puezer:

The Health Federation of Philadelphia is in receipt of and has reviewed the draft audit report of the Health Federation Safe Start Project, agreement number 2010-JW-FX-K011.

We concur with the recommendations in the report and following our are plans for corrective action. We have no other comments or requested changes to the report

Recommendation 1 - Ensure that Health Federation of Philadelphia (HFP) only charges actual expenditures incurred to the cooperative agreement.

HFP Response: HFP has reconciled the amounts charged to the cooperative agreement. The rent expense that was allocated to the cooperative agreement for the first year was, in fact, actual expenses summarized from the previous twelve months. Our estimate for rent and utilities for subsequent months was made monthly, using the prior year actual expenses and charged to the grant monthly beginning in December 2012. We have since reconciled those amounts to reflect the actual expenses incurred. HFP has also changed our procedure to charge rent and utilities based on the actual expenses incurred, rather than using an estimated amount.

Recommendation 2 – Ensure that HFP establishes policies and procedures to ensure that complete and accurate data is reported on its periodic progress report submissions

HFP Response: HFP has put several measures in order to ensure that accurate reporting is occurring on an ongoing basis.

1. HFP has clarified with RAND, the organization conducting the cross-site evaluation, and with the DOJ Project Officer the precise interpretation of each data category
2. HFP has revamped its internal excel database which is used to capture real time data that goes into the semi-annual report in order to more accurately track data that is required for the report
3. HFP has put into place a mechanism whereby the Enhanced Home Visitation Specialists are communicating weekly with the Evaluation Specialist about all of their scheduled and

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completed service sessions. This serves as a double check for the information which is maintained in the clinical charts.

We hope this addresses all of the concerns and recommendations outlined in the audit. Please feel free to contact me if you need any additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Natalie Levkovich". The signature is fluid and cursive, with a large, stylized initial "N" and a long, sweeping tail.

Natalie Levkovich
Chief Executive Officer
Health Federation of Philadelphia
1211 Chestnut, Suite 801
Philadelphia, PA 19107

OFFICE OF JUSTICE PROGRAMS RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice


Office of Justice Programs

Office of Audit, Assessment, and Management

Washington, D.C. 20531

MAR 20 2014

MEMORANDUM TO: Thomas O. Puerzer
Regional Audit Manager
Philadelphia Regional Audit Office
Office of the Inspector General

FROM: 
LeToya A. Johnson
Acting Director

SUBJECT: Response to the Draft Audit Report, *Audit of the Office of Justice Programs Cooperative Agreement Administered by the Health Federation of Philadelphia Philadelphia, Pennsylvania*

This memorandum is in reference to your correspondence, dated February 28, 2014, transmitting the above-referenced draft audit report for the Health Federation of Pennsylvania (HFP). We consider the subject report resolved and request written acceptance of this action from your office.

The draft report contains **two** recommendations and **no** questioned costs. The following is the Office of Justice Programs' (OJP) analysis of the draft audit report recommendations. For ease of review, the recommendations are restated in bold and are followed by our response.

1. **We recommend that OJP ensure that HFP only charges actual expenditures incurred to the cooperative agreement.**

OJP agrees with the recommendation. We will coordinate with HFP to obtain a copy of policies and procedures developed and implemented to ensure that only actual expenditures incurred are charged to the cooperative agreement.

2. **We recommend that OJP ensure that HFP establishes policies and procedures to ensure that complete and accurate data is reported on its periodic progress report submissions.**

OJP agrees with the recommendation. We will coordinate with HFP to obtain a copy of policies and procedures developed and implemented to ensure that data reported on future semi-annual progress reports is complete and accurate.

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.

cc: Jeffery A. Haley
Deputy Director, Audit and Review Division
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**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 Health Federation of Philadelphia (HFP) and the Office of Justice Programs (OJP). The HFP's response is incorporated in Appendix II and OJP's response is incorporated in Appendix III of this final report. The following provides the OIG analysis of the responses and summary of actions necessary to close the report.

Recommendation:

- 1. Ensure that the HFP only charges actual expenditures incurred to the cooperative agreement.**

Resolved. The HFP and OJP concurred with our recommendation. The HFP stated in its response that it has reconciled the rent and utilities amounts to reflect the actual expenses incurred and has changed its procedure to charge rent and utilities based on the actual expenses incurred, rather than using an estimated amount.

This recommendation can be closed when we receive documentation showing the reconciliation of the rent and utilities amounts and the implementation of the revised procedure for charging rent and utilities based on actual expenses.

- 2. Ensure that the HFP establishes policies and procedures to ensure that complete and accurate data is reported on its periodic progress report submissions.**

Resolved. The HFP and OJP concurred with our recommendation. The HFP stated in its response that it has implemented several measures to ensure that accurate reporting is occurring on an ongoing basis.

This recommendation can be closed when we receive documentation of the policies and procedures developed and implemented to ensure that data reported on future semi-annual progress reports is complete and accurate.