



November 30, 2010

**TO:** Yolanda J. Butler, Ph.D.  
Acting Director  
Office of Community Services  
Administration for Children and Families

**FROM:** /Lori S. Pilcher/  
Assistant Inspector General for Grants, Internal Activities,  
and Information Technology Audits

**SUBJECT:** Results of Limited Scope Review at Broward County Community  
Action Agency (A-04-10-01082)

The attached final report provides the results of our limited scope review at Broward County Community Action Agency. In accordance with the Recovery Act, the Office of Inspector General (OIG) will provide oversight of covered funds to prevent fraud, waste and abuse.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that the Office of Inspector General (OIG) post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

Please send us your final management decision, including any action plan, as appropriate, within 60 days. If you have any questions or comments about this report, please do not hesitate to contact me at (202) 619-1175 or through email at [Lori.Pilcher@oig.hhs.gov](mailto:Lori.Pilcher@oig.hhs.gov). Please refer to report number A-04-10-01082 in all correspondence.

Attachment

Department of Health & Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**RESULTS OF LIMITED SCOPE  
REVIEW AT BROWARD COUNTY  
COMMUNITY ACTION AGENCY**



Daniel R. Levinson  
Inspector General

November 2010  
A-04-10-01082

# ***Office of Inspector General***

<http://oig.hhs.gov>

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The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health & Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

## ***Office of Audit Services***

The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

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# *Notices*

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**THIS REPORT IS AVAILABLE TO THE PUBLIC**  
at <http://oig.hhs.gov>

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site.

## **OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS**

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

## **EXECUTIVE SUMMARY**

### **BACKGROUND**

The Community Services Block Grant (CSBG) program was authorized by the Community Opportunities, Accountability, and Training and Educational Services Act of 1998, P.L. No. 105-285 (the CSBG Act), to provide funds to alleviate the causes and conditions of poverty in communities. Within the U.S. Department of Health & Human Services, the Administration for Children and Families (ACF), Office of Community Services administers the CSBG program. The CSBG program funds a State-administered network of more than 1,000 local Community Action Agencies (CAA) that create, coordinate, and deliver programs and services to low-income Americans. The CAAs provide services and activities addressing employment, education, housing, nutrition, emergency services, health, and better use of available income.

Under the American Recovery and Reinvestment Act of 2009, P.L. No. 111-5 (Recovery Act), enacted February 17, 2009, ACF received an additional \$1 billion for the CSBG program for States to alleviate the causes and conditions of poverty in communities. CSBG Recovery Act funds are distributed to CAAs using the existing statutory formula.

The Florida Department of Community Affairs (FLDCA) acts as the lead agency to carrying out State activities for the CSBG program. The FLDCA is responsible for approving the State's CAA Recovery Act grant applications and monitoring the CAAs for compliance with program regulations. FLDCA was awarded an additional \$29,060,460 in Recovery Act funds for the State of Florida's CSBG program.

The Broward County Community Action Agency (the Agency) provides assistance to low-income residents of Broward County, Florida, through the federally funded CSBG, CSBG/Recovery Act, and Low Income Home Energy Assistance Programs. During fiscal year 2009, FLDCA awarded the Agency \$1,222,517 in CSBG grant funds and a Recovery Act grant award totaling \$2,006,347. For fiscal year 2009, Broward County, as a whole, received total Federal grant awards of \$84,251,000.

### **OBJECTIVE**

The objective of our limited-scope review was to assess the Agency's financial viability, capacity to manage and account for Federal funds, and capability to operate the CSBG program in accordance with Federal regulations.

### **SUMMARY OF FINDINGS**

Based on our assessment, the Agency was financially viable. In addition, the Agency had the capacity to manage and account for Federal funds and the capability to operate the CSBG program in accordance with Federal regulations. However, the Agency had weaknesses with its time and effort certification and labor distribution systems. Also, the Agency had problems fully expending the CSBG/Recovery Act funds.

## **RECOMMENDATION**

In determining whether the Agency is appropriately managing and accounting for the Recovery Act grant funding, we recommend that ACF consider the information presented in this report in assessing the Agency's ability to operate a CSBG program in accordance with Federal regulations.

## **AGENCY COMMENTS**

In written comments on our draft report, the Agency described actions it had taken in response to our finding on time and effort certification and labor distribution weaknesses. Additionally, the Agency indicated that all funds allocated to it under the CSBG ARRA program had been fully expended by the close of the grant period. The Agency also stated that preliminary results showed 68 individuals obtained employment and 21 individuals obtained an increase in employment and/or benefits under the program.

The complete text of the Agency's comments is included as the Appendix.

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## **INTRODUCTION**

### **BACKGROUND**

#### **Community Services Block Grant Program**

The Community Services Block Grant (CSBG) program was authorized by the Community Opportunities, Accountability, and Training and Educational Services Act of 1998, P.L. No. 105-285 (the CSBG Act), to provide funds to alleviate the causes and conditions of poverty in communities. Within the U.S. Department of Health & Human Services, the Administration for Children and Families (ACF), Office of Community Services administers the CSBG program. The CSBG program funds a State-administered network of more than 1,000 local Community Action Agencies (CAA) that create, coordinate, and deliver programs and services to low-income Americans. The CAAs provide services and activities addressing employment, education, housing, nutrition, emergency services, health, and better use of available income.

Under the American Recovery and Reinvestment Act of 2009, P.L. No. 111-5 (Recovery Act), enacted February 17, 2009, ACF received an additional \$1 billion for the CSBG program for States to alleviate the causes and conditions of poverty in communities. CSBG Recovery Act funds are distributed to CAAs using the existing statutory formula.

#### **Florida Department of Community Affairs**

The Florida Department of Community Affairs (FLDCA) acts as the lead agency to carrying out State activities for the CSBG program. The FLDCA is responsible for approving the State's CAA Recovery Act grant applications and monitoring the CAAs for compliance with program regulations. FLDCA was awarded an additional \$29,060,460 in Recovery Act funds for the State of Florida's CSBG program.

#### **Broward County Community Action Agency**

The Broward County Community Action Agency (the Agency) provides assistance to low-income residents of Broward County, Florida, through the federally funded CSBG, CSBG/Recovery Act, and Low Income Home Energy Assistance Programs. During fiscal year 2009, FLDCA awarded the Agency \$1,222,517 in CSBG grant funds and a Recovery Act grant award totaling \$2,006,347. For fiscal year 2009, Broward County, as a whole, received total Federal grant awards of \$84,251,000.

#### **Requirements for Federal Grantees**

Pursuant to 45 CFR § 74.21, grantees are required to maintain financial management systems that contain written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award. Grantees must maintain accounting records that are supported by source documentation and must maintain financial systems that provide for accurate and

complete reporting of grant-related financial data. Grantees are also required to compare outlays with budget amounts for each award and may use grant funds only for authorized purposes.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

The objective of our limited-scope review was to assess the Agency's financial viability, capacity to manage and account for Federal funds, and capability to operate the CSBG program in accordance with Federal regulations.

### **Scope**

We conducted our audit for the limited purpose described in the objective; thus, the audit would not necessarily have disclosed all material weaknesses. Accordingly, we do not express an opinion on the Agency's overall system of internal accounting controls. We performed limited tests and other auditing procedures on the Agency's financial management system to assess its ability to administer federally funded projects.

We performed our fieldwork at the Agency's offices in Ft. Lauderdale and Coral Springs, Florida during June 2010.

### **Methodology**

To accomplish our objectives, we:

- reviewed relevant Federal laws, regulations, and guidance;
- reviewed the Agency's fiscal procedures related to accounting documentation and preparation of financial reports;
- reviewed grant award documentation to determine the Agency's Federal funding;
- reviewed the Agency's audited financial statements for its fiscal years 2007, 2008, and 2009;
- reviewed the Agency's Financial Status Report, dated July 1, 2010, which reflects cumulative financial activities as of June 2010;
- performed liquidity and stability analyses of the Agency's financial records;
- interviewed the Agency management and case workers;
- reviewed a sample of case files to assess determinations of participant eligibility;
- observed a demonstration on the use of software used to track certain program goals; and

- reviewed supporting documentation for data reported on quarterly progress 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 objective.

## **FINDINGS AND RECOMMENDATION**

Based on our assessment, the Agency was financially viable. In addition, the Agency had the capacity to manage and account for Federal funds and the capability to operate the CSBG programs in accordance with Federal regulations. However, the Agency had weaknesses with its time and effort certification and labor distribution systems. Also, the Agency had problems fully expending the CSBG/Recovery Act funds.

### **TIME AND EFFORT CERTIFICATION AND LABOR DISTRIBUTION WEAKNESSES**

The Office of Management and Budget (OMB) Circular A-87 requires that employees who work on a single Federal award certify that their salaries and wages are solely for the program charged. Such certifications must be performed on at least a semi-annual basis and must be signed by the employee or a supervisor with first-hand knowledge of the employee's work. Employees who work on multiple activities must support the distribution of their salaries or wages by personnel activity reports or equivalent documentation.<sup>1</sup> Personnel activity reports or equivalent documentation must reflect an after-the-fact distribution of the employee's total activity, must be prepared at least monthly (coinciding with at least one pay period), and must be signed by the employee.

However, the Agency did not require its employees who worked on Federal awards, including the CSBG/Recovery Act program, to submit after-the-fact certifications of their efforts. The Agency employees who worked on only one activity did not certify their effort. Similarly, employees who worked on more than one activity did not reflect their activity on monthly after-the-fact activity reports (or equivalent documentation). The Agency employees reflected some of their project activities within the calendar feature of Microsoft Outlook software; however, this was an informal procedure and the documentation maintained did not meet the standards of OMB Circular A-87.

As a result, salaries and wages charged to the contract may not have reflected actual effort of Agency employees. Administrative expenses, which include salaries and wages, reported on the latest financial status report represented 7.7 percent (\$79,087) of total contract expenditures (\$1,021,076).

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<sup>1</sup> A statistical sampling system or other substitute system may be used if approved by the cognizant Federal agency.

Management officials agreed to implement new policies and procedures requiring employees to support their work activities.

## **INABILITY TO FULLY EXPEND FUNDS**

At the time of our fieldwork, the Agency had expended just over \$1.02 million, or 51 percent, of the awarded funds. Current projections reflected in Agency financial reports showed that approximately 63 percent of the \$2 million awarded would be expended by the contract end date (September 30, 2010).

Agency management officials and a State program official stated that delays in the execution of the contract made it difficult to expend all of the funds in the given period. The executed contract period was July 1, 2009, through September 30, 2010; however, the Agency was restricted by its policies and procedures from incurring expenditures prior to the contract execution date of September 25, 2009, when the State signed the contract.

Following contract execution, the Agency stated that it incurred additional delays while it trained case workers responsible for administering the program services. According to the Agency, new progress reporting requirements increased the training demands for these individuals.

The Agency's Executive Director said that he was in the process of hiring up to three more individuals to help administer the program; however, even with the additional staff, the Agency would still not be able to ensure funds would be fully expended. The Agency's shortage of office space would not support the hiring of any additional staff (above the three anticipated).

As a result of the Agency's inability to fully expend program funds, the Agency could not ensure all enrolled participants received benefits and could not successfully meet all program goals.<sup>2</sup>

At the time of our fieldwork, the Agency had 191 applicants on a waiting list for services. Additionally, the Agency's latest quarterly status report, dated April 2010, showed that some National Performance Indicators were well below expectations. For example, the Agency estimated that it would help 80 participants achieve employment; however, only 19 had done so. Similarly, the Agency estimated that it would help 20 participants obtain an increase in employment income and/or benefits; however, only 2 had done so.

## **RECOMMENDATION**

In determining whether the Agency is appropriately managing and accounting for the Recovery Act grant funding, we recommend that ACF consider the information presented in this report in

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<sup>2</sup> Another factor that affected achievement of program goals, as cited by the Agency, was the number of jobs available for participant placement was lower than anticipated due to the slower than expected economic turnaround in Broward County.

assessing the Agency's ability to operate a CSBG program in accordance with Federal regulations.

### **AGENCY COMMENTS**

In written comments on our draft report, the Agency described actions it had taken in response to our finding on time and effort certification and labor distribution weaknesses. Additionally, the Agency indicated that all funds allocated to it under the CSBG ARRA program had been fully expended by the close of the grant period. The Agency also stated that preliminary results showed 68 individuals obtained employment and 21 individuals obtained an increase in employment and/or benefits under the program.

The complete text of the Agency's comments is included as the Appendix.

# **APPENDIX**

## APPENDIX: AGENCY COMMENTS



Human Services Department  
**FAMILY SUCCESS ADMINISTRATION DIVISION**  
115 S. Andrews Avenue, Room 311 • Fort Lauderdale, Florida 33301 • 954-357-6367 • FAX 954-468-3579

Via HHS Portal Transmittal

October 11, 2010

Peter J. Barbera  
Regional Inspector General for Audit Services  
Office of Audit Services, Region IV  
61 Forsythe Street, SW Suite 3T41  
Atlanta GA 30303

RE: Report Number A-04-10-01082

Dear Mr. Barbera:

The following is the response of the Broward County Family Success Administration Division to the findings outlined in the aforementioned report by the U.S. Department of Health and Human Services, Office of the Inspector General entitled *Results of Limited Scope Review of Broward County Community Action Agency*.

### **Finding 1** : Time and Effort Certification and Labor Distribution Weakness

**Response:** While Broward County does require that all time and attendance be documented and signed on a bi-weekly basis for regular employees and weekly for temporary staff with a signed review by the employee's supervisor, the capacity to clearly delineate the effort assigned to each grant is not noted. In response to this finding and in an effort to effectively comply with the requirements the time and attendance sheets have been color coded per program with the program identified on the time sheet that is signed by both the staff person and the supervisor. The after the fact review by the employee and supervisor will be completed for each bi weekly pay period. In addition the FSAD Weekly Service Activity Logs will reflect on a daily basis the service activities and services that are delivered for each program.

### **Finding 2:** Inability to Fully Expend Funds

**Response:** All funds allocated to Broward County for the CSBR ARRA program were fully expended by the close of the grant period. Although the CSBG ARRA March report on the National Performance Indicators was below expectations and there were 191 persons that were noted as being on the waiting list, by the end of the grant 140 of these individuals were provided service with the hiring of more Case Managers. In addition, the CSBG ARRA Work Plan was amended and contained an expectation that 65 individuals would obtain employment. Based on a preliminary review of the grant files, it appears that 68 individuals obtained employment and 21 obtained an increase in employment and/or benefits.

Thank you for the opportunity to review the draft report and to respond to the findings as outlined. It may also be important to note that the Florida Department of Community Affairs did in fact complete a review of the grants files and expenditures of the Community Action Agency grants in August, 2010.

Sincerely

A handwritten signature in blue ink that reads "Patricia G. West".

Patricia G. West  
Division Director