

**COURT APPOINTED SPECIAL ADVOCATE (CASA)/
PRINCE GEORGE'S COUNTY, INC.**

**GRANT AUDIT
FEBRUARY 2020**

OFFICE OF AUDITS AND INVESTIGATIONS
Prince George's County
Upper Marlboro, Maryland



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

February 2020

The County Council and County Executive
of Prince George's County, Maryland

Council Resolution 51-1991, adopted June 25, 1991, requires the Office of Audits and Investigations to perform random financial audits of grants and transfer payments appropriated in the Non-Departmental section of the County's Approved Annual Current Expense Budget.

We have examined the books and records of

**COURT APPOINTED SPECIAL ADVOCATE (CASA)/PRINCE GEORGE'S
COUNTY, INC.,**

for the period July 1, 2017, through June 30, 2019. Our examination included such tests of the accounting records and such other auditing procedures, as we considered necessary under the circumstances.

We noted no matters involving the Prince George's County grant to CASA/Prince George's County, Inc., that led us to believe that the County grant funds were used for other than their intended purpose.

This report, in our opinion, fulfills the requirements of Council Resolution 51-1991 to perform random financial audits of grants and transfer payments made pursuant to the Non-Departmental section of the Prince George's County, Maryland, Fiscal Year 2018 through 2019 Approved Operating Budget.

A handwritten signature in blue ink, appearing to read "D. H. Van Dyke".

David H. Van Dyke, CPA
County Auditor

A handwritten signature in blue ink, appearing to read "Jisun Ahn".

Jisun Ahn
Auditor-In-Charge

Court Appointed Special Advocate (CASA)/Prince George's County, Inc.

Court Appointed Special Advocate/Prince George's County, Inc. ("CASA") is a 501(c)(3) nonprofit organization that was incorporated in 1992, and then reorganized in 2000, to establish and maintain a program to recruit, train and supervise court appointed volunteer advocates for children who are deemed to be children in need of assistance. CASA, located in Riverdale, Maryland, has operated with the goal to promote the timely placement of the children CASA serves in a safe, permanent home.

Court Appointed Special Advocate volunteers conduct independent investigations involving Children In Need of Assistance ("CINA"), factually and objectively report all relevant findings and observations to the Juvenile Court and CASA staff, represent the CINA's best interest in all judicial proceedings, monitor cases involving CINAs, and attend in-service training.

CASA is governed by a Board of Directors, who serve without compensation, that oversees the operational affairs of CASA and has the authority to establish and execute policies to ensure the effective governance and management of the organization. A current overview of CASA's organizational structure is shown in Figure 1.

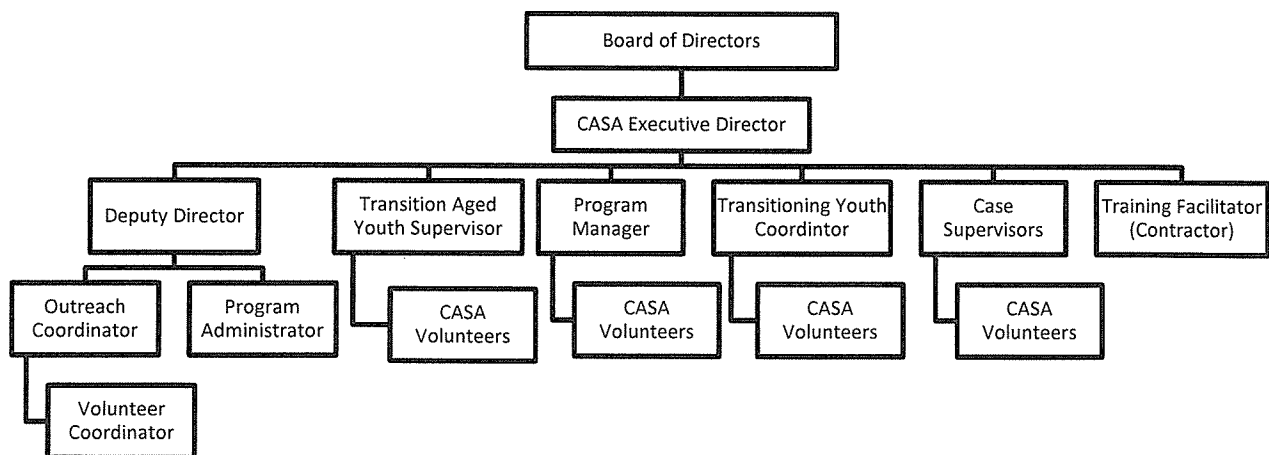


Figure 1

The Prince George's County Council appropriates funds to support nonprofit organizations throughout the County in the form of grants. The Non-Departmental budget included funds to fulfill grant requests received from County nonprofit organizations. Non-Departmental grant funds are to be used to support citizen/community-based programs and services that help address the human, social, education, recreation and other service needs of the County's citizens and communities. The Special Appropriation Grants are dispersed by Council Members to help support nonprofit organizations providing programs and services to Prince George's County citizens and communities. County Council grants are awarded through a formal application process.

The Community Partnership Grant is a grant initiative offered by the Office of the County Executive to qualified nonprofit organizations based upon a set of criteria, including the value added to the identified community, overall program costs, organizational stability and adequacy

of other funding sources. The Community Partnership Grant is awarded through a formal application process.

The Prince George's County Government, by the way of the Prince George's County Council and the Office of the County Executive, awarded CASA nine (9) grants totaling \$219,400 in fiscal years 2018 and 2019. A summary of the grants awarded is as follows:

<u>Disbursement Date</u>	<u>Grant Type</u>	<u>Grant Award</u>
11/09/2017 – FY18	Non-Departmental	\$75,000
12/11/2017 – FY18	Special Appropriation	\$1,000
04/16/2018 – FY18	Special Appropriation	\$2,500
07/12/2018 – FY18	Community Partnership	\$30,000
07/19/2018 – FY18	Special Appropriation	\$1,900
11/01/2018 – FY19	Special Appropriation	\$5,000
11/07/2018 – FY19	Non-Departmental	\$100,000
12/14/2018 – FY19	Special Appropriation	\$1,000
02/11/2019 – FY19	Special Appropriation	\$3,000
Total Amount Awarded		<u>\$219,400</u>

These grants were awarded to support CASA's general operations. CASA also receives funds from the State of Maryland's Administrative Office of the Courts grant, Maryland Victims of Crime Fund, Children's Justice Act, and other organizations.

OBJECTIVE, SCOPE AND METHODOLOGY

The objectives of our audit were to: (a) assess the adequacy of the system of internal and management controls over grant funds received and expended; (b) assess whether grant related transactions occurred in a manner consistent with CASA's grant request application and other generally accepted business practices; and (c) identify factors inhibiting satisfactory performance in these areas, and make recommendations to protect the County's interest concerning the grant funds.

The scope included all transactions related to the receipt and disbursement of the total grant funds received from July 2017 through June 2019 (a total of \$219,400).

The criteria used to evaluate the audit evidence gathered included:

- The grant applications submitted by CASA;
- The United States General Accountability Office Standards for Internal Control publication ([GAO-14-704G](#)); and
- [Maryland Nonprofit's Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector](#); and
- Internal Revenue Code (IRC)/Internal Revenue Service (IRS) guidelines.

The audit included interviews with key personnel of CASA and detailed tests including:

- An examination of the organization's monthly bank statements;
- A review of the organization's Federal Form 990 returns for 2018 and 2019;
- A review of available cash receipts and disbursements documentation; and
- A review of available minutes for meetings held by the Board of Directors.

CASA contracts an accounting firm to maintain their financial records using QuickBooks and contracts an independent Certified Public Accountant (CPA) to perform an annual audit of its financial statements and prepare tax documents. The organization operates on a July 1 through June 30 fiscal year. We noted that the organization is registered with the Maryland Secretary of State's Charity Division, as required by law, and is in compliance for fiscal year 2018. The law requires organizations to file certain information annually, including a signed copy of their IRS Form 990 and a copy the independent certified public accountant's financial review or audit (when applicable), for the last completed fiscal year to remain in compliance. Organizations have up to 11 months after the end of their fiscal year to file the required information with the Maryland Secretary of State's Charity Division.

The Office of Audits and Investigations (A&I) examined the books and records maintained by CASA and performed tests of the accounting records and other auditing procedures, as deemed necessary. Consideration was given to the fact that the records of the organization were reviewed and included in the scope of the financial audit conducted by Kahn, Berman, Solomon, Taibel & Mogol, P.A. for the period of June 30, 2018 and June 30, 2019, and no discrepancies or irregularities were disclosed. A&I's examination included a review of expenditures and supporting documentation to ensure that payment amounts were properly approved and corresponded to related invoices. The field work related to the audit was completed on November 19, 2019. **A&I noted no instances that led us to believe that County grant funds were used for other than their intended purpose.** However, A&I noted several areas for improvement as it relates to the governance and fiduciary responsibility of the Board of Directors for the organization.

A&I reviewed the organization's 2018 Form 990 and noted that the organization reported that committee minutes were maintained. However, during our audit we learned that committee minutes had not been prepared and maintained by the organization during fiscal years 2018 and 2019.

A&I also noted that as of January 2020, there were 10 members on the Board of Directors. However, the organization's Bylaws state that there be a minimum of eleven Directors and no more than fifteen on the Board. Also, while reviewing the organization's Board minutes A&I noted that there were three (3) Board members with lapsed terms. The organization's Bylaws allows for an outgoing Board member to serve an additional/consecutive two-year term if agreed to by a majority of the Board and continue until an election of a successor. *Maryland Nonprofit's Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector* states, "The board should establish a rigorous board development strategy for recruiting and selecting new members and ensuring that the board has an appropriate mix of talent, connections to the community, and diversity."

Furthermore, based on our review of the organization's Board minutes we were unable to determine whether the Treasurer reported or provided input on the organization's financial reports to the Board, as required by the organization's Bylaws, or reviewed and approved the organization's transactions on a semi-annual basis, as required by the organization's fiscal policies.

Therefore A&I recommends that:

- 1. Committees established by the Board of Directors record and maintain accurate minutes reflecting actions taken by the Committees.**
- 2. The Board of Directors seek to fill the vacancy on the Board to ensure that it is in full compliance with the current governing documents of the organization. The Board should also establish a succession plan to ensure a thorough process for recruiting and developing new members to replace members who have left or whose terms have expired.**
- 3. The Treasurer should review, approve, and present financial reports at each regular Board meeting. Additionally, the Treasurer should review and approve the organization's transactions on a semi-annual basis, as required by the organization's fiscal policies. All reviews and approvals should be documented, either through meeting minutes or by signing or initialing appropriate documents.**

The attached Statement of Revenues and Expenditures for the periods ending June 30, 2018, and June 30, 2019, shows the activities of the organization for the period in which the grant funds were received.

Schedule 1

**CASA/PRINCE GEORGE'S COUNTY, INC.
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE PERIODS ENDING
JUNE 30, 2018 AND JUNE 30, 2019
(ACCRUAL BASIS)**

	<u>2018</u>	<u>2019</u>
REVENUES:		
Contributions	\$667,379	\$642,308
Prince George's County Grants	110,400	109,000
Special Event	11,922	13,849
Rental Income	0	2,220
Miscellaneous Income	4,032	0
Interest Income	28	181
Total Revenues	\$793,761	\$767,558
EXPENDITURES:		
Program Services	\$593,003	\$655,546
Administration	67,155	68,852
Fundraising	52,256	51,388
Total Expenditures	\$712,414	\$775,786
Excess Revenue Over/(Under) Expenditures	\$81,347	(\$8,228)