

COMMUNITY ADVOCATES FOR FAMILY & YOUTH

GRANT AUDIT
June 2021

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



THE PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Audits and Investigations

June 2021

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

COMMUNITY ADVOCATES FOR FAMILY & YOUTH,

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 the Community Advocates for Family & Youth, 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 and 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 "Nana K. Boadu".

Nana K. Boadu
Auditor-In-Charge

Community Advocates for Family & Youth

Community Advocates for Family & Youth (“CAFY”) is a 501(c)(3) nonprofit organization founded in 2003. It was established to minimize the impact the judicial system has on children. CAFY was built on the founder’s passion to help children, who through no fault of their own, had to provide testimony in the adult court.

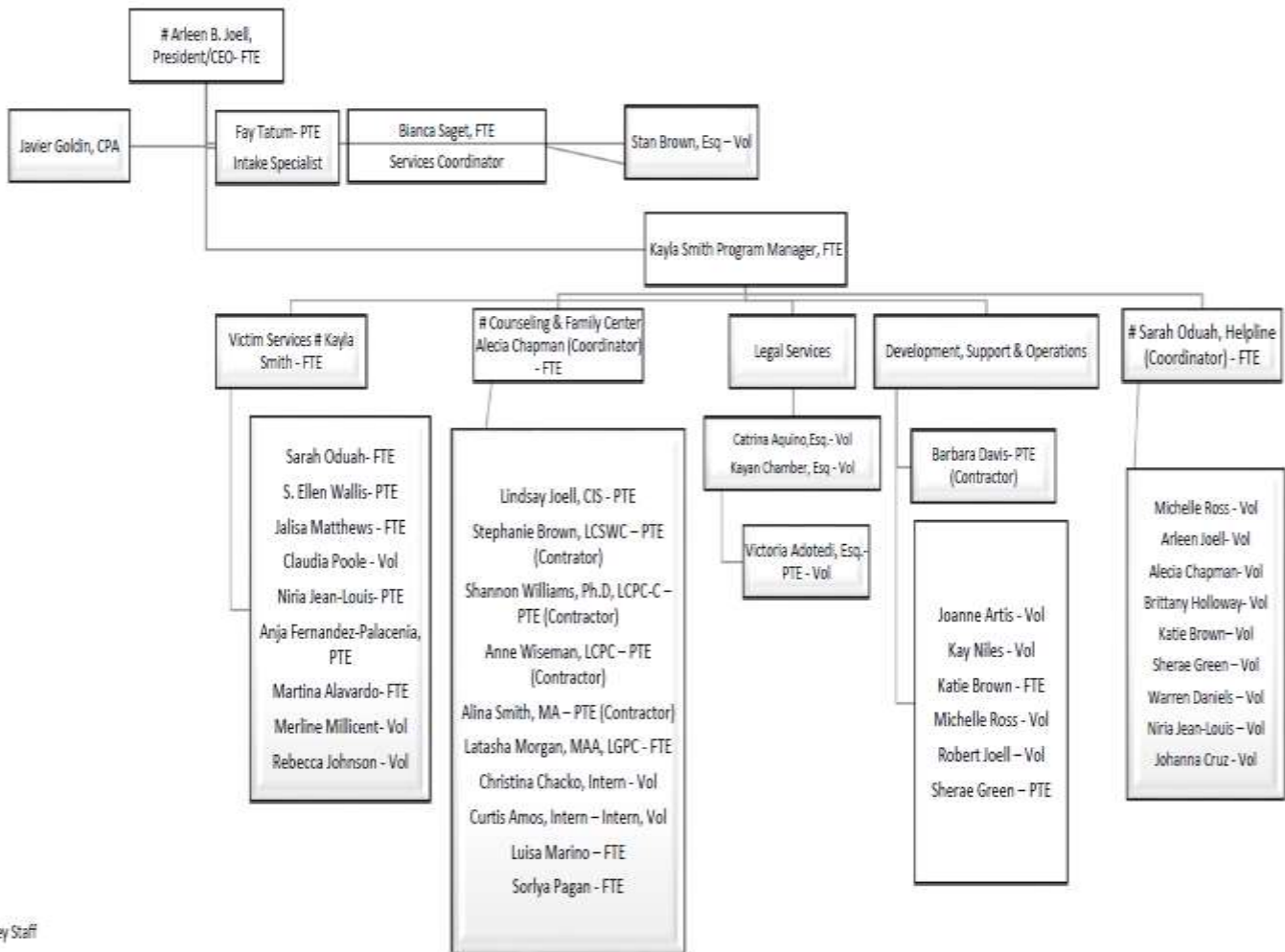
CAFY reports that it is a dedicated community-based victim service provider supporting anyone harmed in Prince George’s County. More than ten years later, CAFY reported that it serves all victims of crime, has been lauded by State and local officials for the work done, and is deemed the “social emergency room” by some. CAFY now serves the Prince George’s County Police Department along with the Laurel, Greenbelt, and Bowie Police Departments.

The services provided by CAFY include:

- **Home Visits** - A CAFY Case Manager and/or Counselor will visit the client at home to assist them with services, including Victim Information & Notification Everyday (VINE), Criminal Injuries Compensation Board (CICB), and a Victim Service Plan.
- **Safe Transfer Exchange Program (STEP)** - This program allows the opportunity for custodial and non-custodial parents to have a safe and neutral place for a parent-child exchange, which is monitored by an appropriate third party.
- **24/7 Help Line** - Victims can call the 24 Hour CAFY Help Line—7 days a week.
- **Victim Assistance** – CAFY helps clients to plan the next steps and discuss victim rights, including assistance with Injury Compensation, Offender Status and preparation of Victim Impact Statements.
- **Counseling and Therapy Service** - Individuals, including children, youth, adults and families are served using trauma-focused modalities.
- **Legal Clinic** - Provides clients with legal consultation and representation for domestic violence peace and protective orders, custody, child support and school transfer issues.
- **Court Education** - Clients can participate in mock trials, and learn about witness rights, court proceedings, and court techniques.
- **Court Companionship** - At a client’s request, a CAFY Case Manager will accompany the client to the Courtroom for support during hearings, protective orders and court proceedings.
- **Financial Empowerment** - This program offers financial education, microenterprise support, loans, micro-loans, and match of savings for client bank accounts.

- **Client Assistance Fund** - The Client Assistance Fund assists clients who are seeking permanent housing stabilization and financial resources, depleted as a result of a crime.

CAFY is governed by a Board of Directors who serve without compensation. The Board is responsible for supervising, managing, and controlling all of the affairs, activities, and policies of the organization, including the Annual Budget, Policy Programs, and new Directors. The organization has nineteen (19) employees, five (5) contractors, and several volunteers that make up the workforce. An overview of CAFY’s organizational structure is shown in Figure 1 below.



(Figure 1)

The Prince George’s County Council appropriates funds to support nonprofit organizations throughout the County in the form of grants. The Domestic Violence Grant Program is a funding resource for programs that serve the housing, counseling, or advocacy needs of County residents who are victims of domestic violence. 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. The various County Council grants discussed are awarded through a formal application process.

The Local Development Council offers the Local Impact Grant, which are funds that are a portion of gaming revenue dedicated by law for use primarily in the communities in immediate proximity to MGM National Harbor. These grants are also awarded through a formal application process.

The Prince George’s County Government, by way of the Prince George’s County Council and the Office of the County Executive, awarded CAFY nine (9) grants totaling \$244,422 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 Amount</u>
10/26/2017	Domestic Violence	\$27,380
10/26/2017	Domestic Violence	63,500
10/27/2017	Non-Departmental	10,000
3/28/2018	Special Appropriation	1,000
11/14/2018	Non-Departmental	10,000
11/19/2018	Domestic Violence	36,000
11/19/2018	Domestic Violence	50,562
1/28/2019	Special Appropriation	1,000
6/14/2019	Local Impact	44,980
Total Amount Awarded		<u>\$244,422</u>

These grants were awarded to CAFY to support their core program functions. CAFY also receives funds from the Governor's Office of Crime Control & Prevention (GOCCP) such as grants from the Children’s Justice Act Committee (CJAC), Maryland Victims of Crime Fund (MVOC), Survivors of Homicide Victims Grant Program (SOHG), and Victims of Crime Act (VOCA), and through donations.

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 CAFY'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 \$244,422).

The criteria used to evaluate the audit evidence gathered included:

- The grant applications submitted by Community Advocates for Family & Youth;
- The organization's accounting policy and procedure manual;
- 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 CAFY and detailed tests including:

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

The organization maintains its financial records using QuickBooks and hires an independent Certified Public Accountant (CPA) to perform an annual audit of its financial statements. The organization operates on a January 1 through December 31 calendar 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 through 2018.

We examined the books and records maintained by CAFY and included tests of the accounting records and other auditing procedures, as we determined 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 F.S. Taylor & Associates, P.C. for the period of December 31, 2018, and no discrepancies or irregularities were disclosed. Our examination included a review of expenditures and supporting documentation to ensure that payment amounts were properly approved and corresponded to related invoices. Our examination also included a review of performance outcomes of the organization. **We noted no instances that led us to believe that County grant funds were used for other than their intended purpose.**

However, we did note a lack of segregation of duties within the organization. For example, according to CAFY's financial policies, bank reconciliations are performed by the Financial Manager from the contracted accounting firm Goldin Group LLC. The financial policies also state that the Financial Manager is responsible for approving the invoices (as indicated by initialing) and making payments. The Board Treasurer is tasked with receiving quarterly statements of checks paid on all accounts and also verifying the reconciliation of the bank accounts on at least a quarterly basis. There was no evidence to indicate who prepared the bank reconciliation, and whether the reconciliation was verified by the Board Treasurer. We therefore recommend that:

- 1. The Executive Director/CEO, along with the Board, establish policies and procedures to ensure that key financial responsibilities are properly segregated, where practical and the Treasurer verify the reconciliation of the bank accounts as stated in the financial policies. Preparers and reviewers should indicate that their responsibilities have been met, as indicated by initialing and dating the document that was prepared and/or reviewed.**

While reviewing documentation for expenditures selected for testing, we also noted several instances where the organization had inadequate documentation. There were nine (9) instances where transactions were not supported by client assistance application forms, receipts/invoices, or the invoice amount did not match the amount paid. While conducting the audit we noted one (1) instance of a campaign contribution; a \$120 payment for a luncheon in support of a candidate for County Executive. Under the Internal Revenue Code, all section 501(c)(3) organizations are absolutely prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office.

CAFY also did not follow the purchase approval process that is written in their financial policies, for any of the transactions selected for testing.

We recommend that:

- 1. The organization follow the written policies and procedures as it relates to cash disbursement, purchasing, and the documentation and retention of support for all grant funds received and/or dispersed by the organization.**
- 2. The organization does not contribute to or engage in any political activity as a nonprofit entity.**
- 3. The Executive Director/CEO review the established policies and procedures to ensure that key financial responsibilities are being properly followed.**

The attached Statement of Activities shows the revenues and expenditures of the organization for the periods ending December 31, 2018, and June 30, 2019.

**COMMUNITY ADVOCATES FOR FAMILY & YOUTH
STATEMENT OF ACTIVITIES
FOR THE PERIODS ENDING
DECEMBER 31, 2018 AND JUNE 30, 2019
(ACCRUAL BASIS)**

	CY 2018*	CY 2019 (as of 6/30/19)
REVENUES:		
Contributed	\$ 13,401	\$ 7,679
Government Grants	800,701	367,152
Non-Government Grants	122,483	13,590
Program Service Income	1,185	-
Fundraising	18,615	8,035
In-Kind Income	211,100	33,200
Total Revenues	\$ 1,167,485	\$ 429,655
EXPENDITURES:		
Program Services Expenses	\$ 62,706	\$ 25,921
Payroll and Related Expenses	684,916	347,940
Professional Fees & Services	21,131	8,157
In-Kind Goods/Services	211,100	33,200
Business & Org	52,367	34,722
Office & General Exp	85,954	58,354
Total Expenditures	\$ 1,118,174	\$ 508,294
Excess Revenue Over/(Under) Expenditures	\$ 49,311	\$ (78,639)

*Note: CAFY received \$90,880 in awards in calendar year 2017 that were included in the scope of the audit but are not included in the Statement of Activities above since the organization operates on a calendar year.