

A WIDER CIRCLE, INCORPORATED

**GRANT AUDIT
APRIL 2023**

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

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THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

April 2023

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 (A&I) 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:

A WIDER CIRCLE, INCORPORATED

for the period July 1, 2020, through June 30, 2022. 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 A Wider Circle, Incorporated, 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 2021 and 2022 Approved Operating Budget.



Turkessa M. Green, CPA, CIA, CISA
County Auditor



Larry V. Whitehurst Jr., CPA, MBA, CIA
Audit Manager



Jennifer Palmore, Ph.D.
Auditor

A Wider Circle, Incorporated

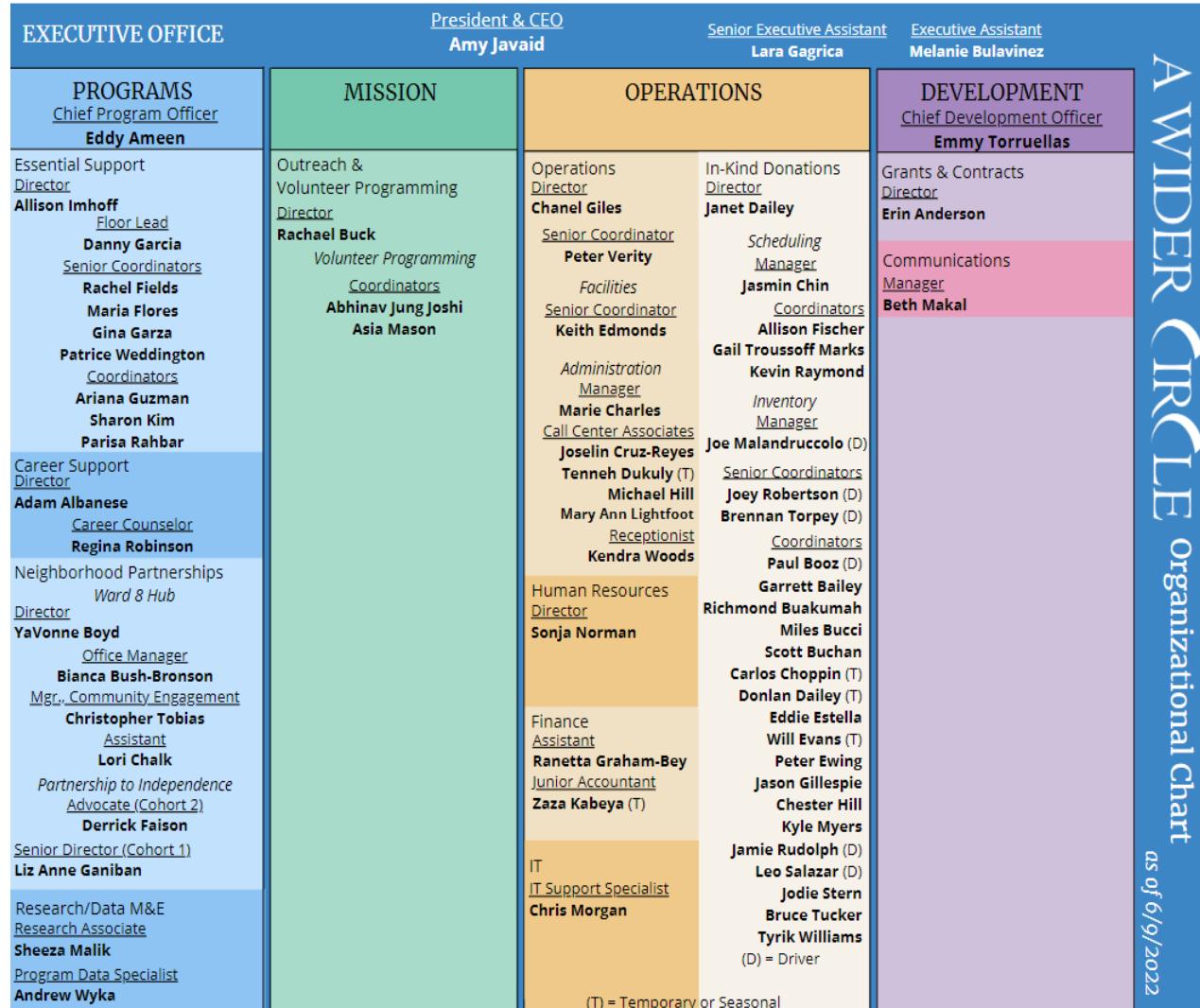
A Wider Circle, Inc. (AWC) is a 501(c)(3) charitable non-profit organization that was incorporated in the State of Maryland on October 1, 2001. The mission of AWC is to end poverty using a holistic approach that integrates on-the-ground services for the creation of stable homes, workforce development, and neighborhood revitalization. The organization also seeks to develop large-scale solutions that incorporate greater awareness and engagement by the community. AWC has two locations one at 9159 Brookville Road, Silver Spring, Maryland, and one located at 400 A-Atlantic Street, Southeast, Washington, D.C. Although their offices are located in Montgomery County, Maryland, and Washington D.C., they provide services to residents of Prince George's County because of their proximity to both locations.

During FY 2021 AWC provided services to 1,954 County residents, and 330 County residents were served during the first quarter of FY 2022. Some of the services that AWC provides include the following:

- **The Essential Support Program** addresses immediate needs by providing beds, furniture, and home goods to thousands of children and adults who are leaving homelessness, fleeing domestic abuse, or otherwise living without the essentials. Hundreds of local social service agencies refer their clients for this service, which reinforces housing stability, helps support the safety net of the entire region, and serves as a critical first step in the journey toward financial self-sufficiency. Each day, 10-15 families come to the community center to receive the items they need, free-of-charge. Everything that is distributed is in "dignity condition" - free of rips, stains, or broken pieces. Clients leave not only with essential items, but also with a sense of community, confidence, and hope. Once basic needs are met, stable and substantive employment is critical in attaining financial self-sufficiency and life beyond poverty.
- **The Workforce Development Program** offers jobseekers individualized support, including one-on-one coaching, peer workshops, and the provision of professional clothing. These skills and resources are critical to securing stable employment which includes labor market navigation, social and professional capital building, networking, and emotional intelligence skill-building. They also provide an array of online workshops and a roster of volunteer coaches.
- **The Neighborhood Partnerships Program** encourages collaboration between the local community and A Wider Circle. Through surveys, Community Advisory Council, community-based microgrant programs, and one-on-one conversations, AWC works with residents to build service menus that address needs specific to each community. The service framework includes employment, housing, financial management, health and wellness, and community building. A significant portion of their work centers on the health of the community which works through the Family Success Center. This program integrates work into the programs established by other partners.

The County Council and County Executive
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A Wider Circle, Incorporated is governed by a Board of Directors that consists of 21 members who serve without compensation. The Board manages the affairs of the organization and has all the powers and duties necessary or appropriate for the administration of the affairs of the organization. A Wider Circle, Incorporated's organizational structure is shown below.



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 County Council grants are awarded through a formal application process.

The Prince George's County Government, by way of the Prince George's County Council, awarded A Wider Circle, Incorporated grants totaling \$35,000 in fiscal years 2021 and 2022.

A summary of the grants awarded is shown below:

<u>Disbursement Date</u>	<u>Grant Type</u>	<u>Grant Award Amount</u>
6/10/2021	Non-Departmental	\$10,000
3/24/2022	Non-Departmental	25,000
Total Amount Awarded		\$35,000

These grants were awarded for the purpose of serving Prince George's County residents to end poverty and homelessness through on-the-ground programs and services. AWC's goal is to engage the community through programs such as the Essential Support Program, The Workforce Development Program, and The Neighborhood Partnership Program. AWC receives funding from grants, donations, and fundraising events. The Prince Georges County grants accounted for less than 1% of the organization's revenue in FY 2021 and FY 2022.

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 A Wider Circle, Incorporated's grant request applications 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 1, 2020, through June 30, 2022 (a total of \$35,000).

The criteria used to evaluate the audit evidence gathered included:

- The grant applications submitted by A Wider Circle, Incorporated;
- The United States General Accountability Office Standards for Internal Control publication ([GAO-14-704G](#));
- [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 A Wider Circle, Incorporated and detailed tests including:

- An examination of the organization's monthly bank statements;
- A review of the organization's Federal Form 990 returns for the periods ending September 30, 2020, and September 30, 2021;
- A review of available cash receipts and disbursements documentation; and
- A review of available minutes for meetings held by the Board of Directors.

A Wider Circle, Incorporated operates and reports on a fiscal year ending September 30th, however, our examination was conducted on a fiscal year consistent with county operations. For report purposes, the attached Statement of Activities (**Schedule 1**) is presented on a fiscal year consistent with A Wider Circle, Incorporated's operations and shows the financial activities of the organization for the periods ending September 30, 2020, September 31, 2021, and September 31, 2022.

We examined the books and records maintained by A Wider Circle, Incorporated, 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 Farmers & First P.C. for the periods ending September 30, 2020, and September 30, 2021, 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 and receipts. **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 the following finding.

Lack of Written Procedures/Formal Timekeeping Process

A Wider Circle, Incorporated (AWC) lacked written procedures and a formal timekeeping process to document employee work hours and the subsequent supervisory approval. During the audit period, A Wider Circle, Incorporated's hourly employee work hours were completed by hand by each employee and then submitted to the Finance Manager to facilitate the processing of payroll. This informal timekeeping practice did not include a requirement for the retention of this paperwork and signatures from either the employee or the employee's supervisor. As a result, the only documentation that was presented to support the hours worked by the two hourly employees included in our sample were payroll reports and not the actual informal timesheets that were completed by hand. However, in April 2022, during the audit period, AWC implemented a system that requires each hourly employee to punch in and out via an electronic time clock in addition to having the option for supervisory approval. AWC provided timesheets from this system confirming its usage which included supervisory approval.

According to the Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector *“A nonprofit should have written, board-approved personnel policies and procedures that govern the work, actions, and safety of all employees and volunteers of the organization. The policies should cover the basic elements of the relationship (e.g., working conditions, telecommuting (if applicable), employee benefits, vacation, and sick leave). The policies should address orientation to the organization, employee evaluation, supervision, hiring and firing, grievance procedures, employee growth and development, and confidentiality of employee, client, and organization records and information.”*

Additionally, in the publication on standards for internal controls (GAO-14-704G) (09/14) the Government Accountability Office (GAO) states the following in reference to appropriate documentation of transactions and internal control activities:

“Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.”

The organization was unaware of the importance of establishing written procedures/formal processes to address employee work hours. The lack of written procedures and a formal timekeeping process could cause AWC to have inaccurate timekeeping practices. Sound timekeeping practices would suggest that there be a system and processes in place that would support payroll/timekeeping functions such as maintaining appropriate documentation that reflects hours worked, employee signature, and a supervisor's signature/approval.

We recommended that AWC take the necessary steps to ensure that formal written procedures and processes are in place to address documenting employee work hours. Additionally, maintaining appropriate documentation that reflects hours worked, employee signature, and a supervisor's signature/approval is recommended. As mentioned previously, AWC implemented a formal electronic timekeeping system along with supplemental procedures to address this finding.

Overall Audit Rating	Total County Grant Funding*
	\$ 35,000

- No Significant Findings Noted – Opportunities for Improvement Identified
- Some Deficiencies Noted – Eligible for Funding
- Significant Deficiencies Noted – Ineligible for Funding

Schedule 1

A WIDER CIRCLE, INCORPORATED
STATEMENT OF ACTIVITIES
FOR THE PERIODS ENDING
SEPTEMBER 30, 2020, SEPTEMBER 30, 2021, and SEPTEMBER 30, 2022
(ACCRUAL BASIS-AUDITED)

	<u>2020</u>	<u>2021</u>	<u>2022*</u>
REVENUES:			
Prince George's County Grant	\$ -	\$ 10,000	\$ 25,000
Other Grants	4,646,840	7,105,230	6,164,484
Special Event revenue/Federal Grant PPP	367,521	604,914	162,813
In-kind support	14,010,902	1,347,292	310,841
Other income/loss	37,672	176,900	7,770
Total Revenues	\$ 19,062,935	\$ 9,244,336	\$ 6,670,908
EXPENDITURES:			
Salaries	\$ 3,111,545	\$ 3,255,013	\$ 3,411,385
Payroll taxes	243,941	245,875	252,232
Benefits	129,407	111,295	951,977
Grant	-	1,281,294	-
Furniture and household supplies	13,935,064	1,190,920	260,784
Professional fees	294,133	457,510	82,397
Rent	218,720	384,210	551,414
Depreciation	111,322	190,343	-
Community outreach and supplies	115,794	141,548	-
Fees	74,790	92,099	32,283
Printing and reproduction	87,554	91,276	
Insurance	81,968	90,572	59,459
Interest	109,762	89,951	-
Technology, internet, and web	106,856	76,390	96,608
Building maintenance and renovations	-	49,499	97,903
Postage and delivery	51,110	29,154	-
Telephone	34,609	18,677	94,753
Staff development	16,033	4,548	-
Travel	10,476	1,183	1,444
Dues and memberships	7,173	3,235	-
Family assistance	5,267	6,680	-
Non capitalized equipment	-	9,621	-
Miscellaneous	9,030	17,229	791,200
Total Expenditures	\$ 18,754,554	\$ 7,838,122	\$ 6,683,839
Excess Revenue Over/(Under) Expenditures	\$ 308,381	\$ 1,406,214	\$ (12,930)

*AWC provided draft financials for FY22; FY22 audited financials were unavailable at the conclusion of our audit.