

**OFFICE OF
THE
COUNTY
CONTROLLER**

**WOMANSPACE EAST, INC.
REPORT ON CONTRACT
COMPLIANCE PROCEDURES
FOR THE PERIOD FEBRUARY 1, 2007
THROUGH JUNE 30, 2009**

(Non-Audit Services)



March 24, 2010

MARK PATRICK FLAHERTY
CONTROLLER
COUNTY OF ALLEGHENY

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COUNTY OF ALLEGHENY

OFFICE OF THE CONTROLLER

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MARK PATRICK FLAHERTY
CONTROLLER

GUY A. TUMOLO
DEPUTY CONTROLLER

January 28, 2010

Mr. Marc Cherna
Director
Department of Human Services
One Smithfield Street, 4th Floor
Pittsburgh, PA 15222

SUBJECT: Womanspace East, Inc.
Report on Contract Compliance Procedures
For the Period February 1, 2007 through June 30, 2009

Dear Director Cherna:

We performed certain procedures to determine if Womanspace East was in compliance with its contracts #44977, #73903, #75549, #84996 and #89124 with the Allegheny County Department of Human Services (DHS). Womanspace East is a non-profit organization that provides temporary emergency housing services for homeless women 18 years of age and older and their dependent children who are in a crisis. Our compliance procedures covered the period of February 1, 2007 through June 30, 2009. These procedures were performed as a non-audit service. Therefore, this engagement is not covered by Generally Accepted Auditing Standards.

For the period February 1, 2007 through June 30, 2009, Allegheny County paid Womanspace East \$1,289,426 for the Emergency Shelter, Bridge Housing, and Transitional Housing programs.

Our procedures revealed that Womanspace East owes Allegheny County \$4,276 due to improperly invoicing emergency shelter nights (\$1,065), payroll (\$1,448), and fringe benefits (\$1,763). In addition, Womanspace East does not utilize a cost allocation plan

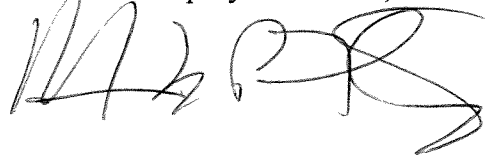
even though it receives funding from several different sources and this is required by DPW.

We believe that the implementation of our recommendations will improve Womanspace East's oversight of its program activities. The results of our engagement are provided in the report.

Very truly yours,



Lori A. Churilla
Assistant Deputy Controller, Auditing



MARK PATRICK FLAHERTY
Controller

cc: Honorable Richard Fitzgerald, President, County Council
Honorable William Russell Robinson, County Council
Honorable Dan Onorato, Chief Executive
Mr. James Flynn, Jr., County Manager
Ms. Amy Griser, Budget Director
Mr. Randolph Brockington, Deputy Director, Dept of Human Services
Mr. William Pagonis, Administrator, Department of Human Services
Ms. Tony Pendleton, Executive Director, Womanspace East, Inc.
Ms. Judith E. Saunders, President, Board of Directors of Womanspace East, Inc.
Mr. Joseph Catanese, Director of Constituent Services
Ms. Jennifer Liptak, Budget Director, County Council
Mr. Guy A. Tumolo, Deputy Controller
Ms. Pamela Goldsmith, Communications Director

EXECUTIVE SUMMARY

Purpose:

Our purpose was to analyze and review Womanspace East's expenditures funded by Allegheny County for the period February 1, 2007 through June 30, 2009.

Background:

Womanspace East, Inc. was incorporated in 1977 as a non-profit organization that provides temporary emergency housing services for homeless women (18 years of age and older) and their dependent children who are in crisis. The nature of their crisis may be the result of domestic violence, drug addiction, mental health issues, eviction, or natural disasters.

Womanspace East operates a 24 hour a day, 365 day a year housing facility. A 24 hour emergency hot line service is maintained to provide crisis intervention.

Womanspace East provides daily life skills development which includes counseling, parenting skills, cooking classes, preschool and structured activities for the children, and personal financial management.

Womanspace East operated three housing programs and one supportive service program during the engagement period which included:

- The Emergency Shelter Program (ES) was the initial program started by Womanspace East in 1977. The program has designated 10 rooms to serve emergency shelter families for 30 days of housing.
- The Bridge Housing Program (BH) provides consumers who have been in the emergency shelter for 30 days the opportunity to move to supportive long-term living arrangements. Womanspace East has four apartments to serve families in this housing program for up to one year. Consumers are required to pay 27% of their net income for rent. After one year, consumers can stay an additional six months with the approval from the Department of Human Services.
- The Transitional Housing Program (TH) began in 2002 to provide transitional housing and supportive services to homeless women and their dependent children in need of long-term housing. Womanspace East has ten apartments to serve families for up to two years.

EXECUTIVE SUMMARY

Consumers are required to pay one-third of their net income for rent.

- The Supportive Services Outreach Program (SSO) is a case management program to provide assistance to consumer families in making a smooth transition from the emergency shelter to permanent housing. Services include in home assistance, crisis intervention, service referrals, and supportive services for up to a period of six months to families that have been previously served.

The County paid \$1,289,426 to Womanspace East under the following contracts for the period February 1, 2007 through June 30, 2009.

Results in Brief:

Our testing revealed the following:

Finding #1:

Womanspace East billed for one consumer and her two children 22 nights of shelter stay in August 2007 for \$990. This consumer and her children were concurrently enrolled in the Bridge Housing Program and did not stay at the Emergency Shelter on those dates. Testing also revealed that Womanspace East billed \$75 for another consumer for five days in March 2008 even though this consumer had already been terminated from the program. Overall, \$1,065 is owed back to DHS.

Finding #2:

We noted 16 (5%) employee payroll discrepancies out of 300 employees totaling \$1,448. These discrepancies included 12 occurrences (\$980) in which the time sheets did not agree to what was billed to and paid by DHS. There were also 4 occurrences in which two employees of Womanspace East worked on multiple programs but did not properly allocate their hours on their time sheets. This resulted in Womanspace East being reimbursed twice for these same hours (\$468) for each program.

Finding #3:

Womanspace East does not utilize a cost allocation plan to determine how costs will be shared among its various programs. Womanspace East could not support \$1,763 in fringe benefits expenses billed to DHS nor could it show

EXECUTIVE SUMMARY

how the expenditures were allocated to the various programs.

Finding #4:

Womanspace East does not conduct a follow-up on consumers one year after their discharge from the programs as required by DHS and HUD.

Recommendations:

We recommend that Womanspace East management:

Recommendation #1:

- Reimburse DHS \$1,065 for the emergency shelter nights that were overbilled.
- Strengthen internal controls to ensure that DHS is billed for the correct number of shelter days. In addition, ensure that all consumers staying in the emergency shelter are properly entered into the HMIS system.
- Ensure that invoices are reviewed, reconciled and verified by someone who was not involved in preparing the invoice prior to it being submitted for payment.
- Obtain documentation from DHS noting the approval of the consumer's extended stay (beyond 60 days). This documentation should be maintained in the consumer's file.

We recommend that the Department of Human Services:

- Ensure that Womanspace East reimburses the County \$1,065 for the emergency shelter nights that were overbilled.

Recommendation #2:

- Reimburse DHS \$1,448 for salaries and wages that were overbilled.
- Strengthen internal controls surrounding the payroll process. The time sheets should accurately reflect time worked and should reconcile to the payroll register. Employees working on various programs should properly allocate those hours to ensure compliance with DHS and HUD regulations.
- Reconcile the invoices to the time sheets and payroll register before submitting to DHS for payment.

We recommend that the Department of Human Services:

- Ensure that Womanspace East reimburses the County \$1,448 for salaries and wages that were overbilled.

EXECUTIVE SUMMARY

Recommendation #3:

- Reimburse DHS for unsupported fringe benefits totaling \$1,763.
- Develop and implement a cost allocation plan to ensure proper compliance with DPW.
- Properly allocate expenditures in accordance with the cost allocation plan. Maintain documentation to support these charges.
- Obtain an opinion on the equitableness of its cost allocation plan from a public accounting firm as required by DPW.

We recommend that the Department of Human Services:

- Ensure that Womanspace East reimburses the County \$1,763 for unsupported fringe benefits.

Recommendation #4:

- Develop procedures to conduct follow-ups on consumers one year after discharge. This information should be maintained for review and submitted to DHS and HUD.
- Properly complete the after care plan for consumers as required by DHS.
- Utilize the follow-up information to improve the programs and expand other areas which are already operating effectively.

I. Introduction

Background:

Womanspace East, Inc. was incorporated in 1977 as a non-profit organization that provides temporary emergency housing services for homeless women (18 years of age and older) and their dependent children who are in a crisis. The nature of the crisis may be the result of domestic violence, drug addiction, mental health issues, eviction, or natural disasters.

Womanspace East operates a 24 hour a day, 365 day a year, housing facility. A 24 hour emergency hot line service is maintained to provide crisis intervention.

Womanspace East provides daily life skills development which includes counseling, parenting skills, cooking classes, preschool and structured activities for the children, and personal financial management.

Womanspace East operated three housing programs and one supportive service program during the engagement period which included:

- The Emergency Shelter Program (ES) was the initial program started by Womanspace East in 1977. The program has designated 10 rooms to serve emergency shelter families for 30 days of housing.
- The Bridge Housing Program (BH) provides consumers who have been in the emergency shelter for 30 days the opportunity to move to supportive long-term living arrangements. Womanspace East has four apartments to serve families in this housing program for up to one year. Consumers are required to pay 27% of their net income for rent. After one year, consumers can stay an additional six months with the approval from the Department of Human Services.
- The Transitional Housing Program (TH) began in 2002 to provide transitional housing and supportive services to homeless women and their dependent children in need of long-term housing. Womanspace East has ten apartments to serve families for up to two years. Consumers are required to pay one-third of their net income for rent.
- The Supportive Services Outreach Program (SSO) is a case management program to provide assistance to consumer families in making a smooth transition from

I. Introduction

the emergency shelter to permanent housing. Services include in home assistance, crisis intervention, service referrals, and supportive services for up to a period of six months to families that have been previously served.

The County paid \$1,289,426 to Womanspace East under the following contracts for the period February 1, 2007 through June 30, 2009 as followed:

<u>Contract</u>	<u>Period of Funding</u>	<u>Program Type</u>	<u>Amt. Paid</u>
44977	3/1/2007 – 2/28/2008	ES & BH	\$214,827
84996	3/1/2008 – 2/28/2009	ES & BH	329,894
73903	7/1/2007 – 6/30/2008	TH	341,402
81924	7/1/2008 – 6/30/2009	TH	311,116
75549	2/1/2007 – 1/31/2008	SSO	92,187

During the review period, Womanspace East provided services to 320 consumers from Allegheny County. The 320 consumers were serviced by the following programs:

- 272 (85%) Emergency Shelter Families
- 25 (8%) Bridge Housing Families
- 23 (7%) Transitional Housing

II. Scope and Methodology

Our procedures evaluated Womanspace East's compliance with its contracts #44977, #84996, #73903, #89124 and #75549 for the period February 1, 2007 through June 30, 2009. Specifically, we performed the following:

- Interviewed Womanspace East's personnel involved in the operations of the various programs to gain an understanding of the programs and billing processes.
- Interviewed the Department of Human Services personnel involved in the various programs to gain an understanding of DHS's contract and funding requirements.
- Reviewed the minutes of Womanspace East's Board meetings for the period of January 2007 through December 2009.
- Reviewed prior audit reports to identify revenue, expenditures and other financial data, as well as any concerns associated with Womanspace East's program and services, internal controls, and the status of recommendations to correct them.
- Examined records of Womanspace East as they pertain to the agreement and to determine compliance with the various programs.
- Reviewed consumer files relating to Womanspace East's programs and examined invoice payments.
- Reviewed the consumers' files to ensure that they met eligibility requirements for participation as outlined in the Homeless Assistance Program guidelines for the Emergency Shelter, Bridge Housing, and Transitional Housing programs.
- Verified through daily census count reports the number of consumers serviced by Womanspace East.
- Examined Womanspace East's records and documentation to support amounts charged to Allegheny County.

II. Scope and Methodology

- Analyzed the bank accounts to ensure that Allegheny County payments were properly deposited by Womanspace East.
- Verified that the housing facility utilized for the homeless assistance and supportive housing programs met all applicable health and safety requirements.
- Examined and verified a sample of payroll hours to ensure the hours and rates were properly calculated and supported.
- Performed sample testing on expenditures to ensure that they were allowable and properly supported.
- Interviewed consumers served by Womanspace East to determine if they were satisfied with the level of services provided.

We performed these procedures from October 2009 through January 2010. We provided a draft copy of this report to the Director of Allegheny County Human Services and to the Executive Director of Womanspace East for comment (pages 19 and 20).

III. Findings and Recommendations

Finding #1
**Emergency Shelter Nights
Not Properly Invoiced**

Womanspace East operates an Emergency Shelter facility. It is reimbursed \$15 per night for each Allegheny County consumer's stay by the Allegheny County Department of Human Services (DHS). According to the HUD XII Continuum of Care Scope of Services, Womanspace East is required to maintain supporting records and is responsible for entering all appropriate dates into the Homeless Management Information System (HMIS). Each Case Manager is responsible for updating the system. A monthly report is generated from the system which documents the names of the consumers that are staying in the Emergency Shelter facility and their date of departure. Womanspace East also maintains a Daily Census Sheet that records each consumer's stay by date at the shelter.

We reviewed 11 invoices to determine whether the units billed for emergency shelter housing nights were provided to these consumers. We noted discrepancies with 2 (18%) invoices. We found that Womanspace East billed for one consumer and her two children for 22 nights of stay in August 2007 for \$990. This consumer and her children were concurrently enrolled in the Bridge Housing Program and did not stay at the Emergency Shelter on those dates. Testing also revealed that Womanspace East billed \$75 for another consumer for five days in March 2008 (March 26, 2008 through March 31, 2008) even though this consumer had already been terminated from the program. Overall, \$1,065 is owed back to DHS.

Further testing of 260 consumers also revealed:

- 42 instances (16%) where the consumers' daily stay was not recorded on the Daily Census Sheet.
- 8 (3%) of the consumers had stayed in the program beyond the 60 days allowed. There was no documentation in the consumer's file noting the approval of the extended stay by DHS as required by the contract.
- 7 consumers' stays could not be traced to the HMIS system.

III. Findings and Recommendations

According to Womanspace East personnel, the Emergency Shelter invoice is prepared using client case information, the daily census sheet, and other supporting documentation. However, because the data on the invoice is not reconciled to the data in the HMIS system and other records, variances are not detected.

Recommendations

We recommend that the Management of Womanspace East:

- Reimburse DHS \$1,065 for the emergency shelter nights that were overbilled.
- Strengthen internal controls to ensure that DHS is billed for the correct number of shelter days. In addition, ensure that all consumers staying in the emergency shelter are properly entered into the HMIS system.
- Ensure that the invoices are reviewed, reconciled and verified by someone not involved with preparing the invoice prior to its being submitted for payment.
- Obtain documentation from DHS noting the approval of the consumer's extended stay (beyond 60 days). This documentation should be maintained in the consumer's file.

We recommend that the Department of Human Services:

- Ensure that Womanspace East reimburses the County \$1,065 for the emergency shelter nights that were overbilled.

III. Findings and Recommendations

Finding #2
**Employees Hours
Not Properly Recorded**

OMB Circular A-122 Cost Principles for Non-Profit Organizations require that salaries and wages reimbursed for the Housing Assistance Program and the Supportive Housing Program be documented through payroll records approved by a responsible official of the agency. In addition, the payroll records must be supported through personnel activity reports and/or time sheets. These records must be maintained for all staff members whose compensation is charged, in whole or in part, directly to these programs.

Our review of the payroll records disclosed that the timesheets did not always agree to the amounts reported on the payroll register. In addition, the amount billed to DHS was not supported by these records. We examined 8 monthly payroll invoices (33%) from a total of 24 invoices submitted to determine if the amounts billed for salaries and wages by Womanspace East were in agreement with supporting documentation. We noted 16 instances (5%) out of 300 test cases with discrepancies totaling \$1,448. These discrepancies included 12 occurrences (\$980) in which the time sheets did not agree to what was billed to and paid by DHS. There were also 4 occurrences in which two employees of Womanspace East worked on multiple programs but did not properly allocate their hours on their time sheets to the proper programs. This resulted in Womanspace East being reimbursed twice for these same hours (\$468) for each program.

Womanspace East has a payroll cycle which runs from Sunday to Saturday. However, the payroll is reported to the payroll processing company on Friday. Staff working the weekend have their hours reported to the processing company based on scheduled hours instead of actual hours worked. Therefore, changes to payroll over the weekend due from staff changes and call offs results in corrections having to be made to the payroll on a routine basis. These corrections are not always reflected on the timesheets resulting in variances between the timesheets and the payroll register which Womanspace East uses to invoice for salaries and wages.

III. Findings and Recommendations

Recommendations

We recommend that the Management of Womanspace East:

- Reimburse DHS \$1,448 for salaries and wages that were overbilled.
- Strengthen internal controls surrounding the payroll process. The time sheets should accurately reflect time worked and should reconcile to the payroll register. Employees working on various programs should properly allocate those hours to ensure compliance with DHS and HUD regulations.
- Reconcile the invoices to the time sheets and payroll register before submitting to DHS for payment.

We recommend that the Department of Human Services:

- Ensure that Womanspace East reimburses the County \$1,448 for salaries and wages that were overbilled.

III. Findings and Recommendation

Finding #3
**Cost Allocation Plan
Needs to be Implemented**

The Pennsylvania Department of Public Welfare Homeless Assistance Program (HAP) requires that “service providers with more than one funding source for services to persons who are homeless or near homeless must have a written cost allocation plan that demonstrates equitable cost distribution. The cost plan must be implemented and available for inspection by the Department upon request”.

A written cost allocation procedure should be a part of any agency’s written accounting procedures. These procedures should provide a clear description of how funds are to be allocated when an agency receives more than one funding source. Allocating costs is the process of assigning to two or more programs the costs of an item shared by the programs. This allocation of shared resources can be met by using logical and rational methods to ensure that each program is paying only its fair share of the cost of an item used in common, and that no program is subsidizing another.

Womanspace East receives various funding sources and operates several housing programs for the homeless. Therefore, the staff assignments involve working on multiple housing programs. Womanspace East received over \$1.2 million from DHS and additional funding from the City of Pittsburgh, the Community Development Block Grant (CSBG) and other funding providers to provide homeless services. However, Womanspace East does not utilize a cost allocation plan to determine how costs will be shared among its various programs.

We examined 8 invoices (33%) submitted throughout the 24 month period and noted that Womanspace East could not support \$1,763 in fringe benefits expenses billed to DHS nor could it show how the expenditures were allocated to the various programs. According to personnel at Womanspace East, a cost allocation plan is currently being developed.

III. Findings and Recommendation

Recommendations

We recommend that Womanspace East Management:

- Reimburse DHS for unsupported fringe benefits totaling \$1,763.
- Develop and implement a cost allocation plan to ensure proper compliance with DPW regulations.
- Properly allocate expenditures in accordance with the cost allocation plan. Maintain documentation to support these charges.
- Obtain an opinion on the equitableness of its cost allocation plan from a public accounting firm as required by DPW regulations.

We recommend that the Department of Human Services:

- Ensure that Womanspace East reimburses the County \$1,763 for unsupported fringe benefits.

III. Findings and Recommendation

Finding #4
**Annual Consumer Follow-ups
Not Being Performed**

The Allegheny County Department of Human Services, Office of Community Services and the Bureau of Hunger and Housing Services HUD XII require that the provider perform follow-up procedures on consumers for one year after discharge from its program. The provider is required to document the consumer's status after discharge and report statistics on consumer outcomes to DHS and to HUD. According to DHS's personnel, these requirements apply to consumers enrolled in the Bridge Housing Program and the Transitional Housing Program. Additionally, there is a program after care plan that must be completed and updated with the information on contacts made with the prior consumers.

Through discussion with the personnel of Womanspace East, we were informed that consumers are only contacted once within two weeks after they leave the Bridge Housing or Transitional Housing program. According to Womanspace East management, funding was received to perform follow-ups on consumers for up to one year. However, this annual follow-up did not continue after the funding stopped.

The purpose of the yearly follow-up for consumers that have been discharged from the program is to document the consumer's current status. This information can be used to report statistical information on consumer outcomes and the effectiveness of services provided by Womanspace East.

Recommendations

We recommend that Management of Womanspace East:

- Develop procedures to conduct follow-ups on consumers one year after discharge. This information should be maintained for review and submitted to DHS and HUD.
- Properly complete the after care plan for consumers as required by DHS.

III. Findings and Recommendation

- Utilize the follow-up information to improve the programs and expand on areas which are already operating effectively.

ALLEGHENY COUNTY DEPARTMENT OF HUMAN SERVICES

Marc Cherna, Director

Dan Onorato, Allegheny County Executive

Executive Office
Human Services Building – Suite 400
One Smithfield Street
Pittsburgh, PA 15222-2225



Ph.: 412-350-5701
Fax: 412-350-4004
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www.alleghenycounty.us/dhs

March 11, 2010

Mark Patrick Flaherty, Controller
Office of the Controller
104 Courthouse, 436 Grant Street
Pittsburgh, PA 15219-2498

*cc: Pagonis
Adeboye
rtw - Brockington*

Dear Mr. Flaherty,

We have reviewed your draft copy of the contract compliance report for Womanspace East, Inc. Based upon our review of findings 1, 2, and 3, the Department of Human Services will collect \$4,276.00 of disallowed costs identified in the report.

The Department of Human Services will also conduct a follow up review with Womanspace East, Inc. to ensure all recommendations identified in this report are being implemented.

Should you have any questions regarding this response, please contact Randolph W. Brockington, Deputy Director at 412.350.5203.

Sincerely,

A handwritten signature in black ink, appearing to read "Marc Cherna".

Marc Cherna
Director

Cc. Lori Churilla, Assistant Deputy Controller, Auditing
✓ Randolph W. Brockington, Deputy Director



Womanspace East, Inc.

P.O. Box 3826 Pittsburgh, PA 15220 (412) 765-2661 Fax: 765-3830

"Serving Women and Children In Crisis"

March 22, 2010

Ms Lori Churilla
Assistant Deputy Controller, Auditing
Office of the Controller
104 Courthouse – 436 Grant Street
Pittsburgh, Pennsylvania 15219-2498

Dear Ms. Churilla:

Please find attached the Womanspace East, Inc. response to the internal audit findings by the auditors from the Allegheny County Controller's Office.

Should you have any other questions regarding this matter, I can be contacted at (412) 765-2665 at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Toni K. Pendleton". The signature is fluid and cursive, with a large loop at the beginning.

Toni K. Pendleton
Executive Director

/tp

Attachment

WOMANSPACE EAST, INC
RESPONSE TO INTERNAL AUDIT

Response to Findings #1

As stated in the auditors' findings, Womanspace East, Inc. billed DHS \$990.00 for one consumer and her two children for 22 nights in emergency shelter, as well as, the same 22 nights in the bridge housing program. The consumer was placed in our bridge program due to lack of space in our emergency shelter program. Staff accepted this consumer for emergency shelter and the 22 days were supposed to be billed to emergency shelter only.

In cases of domestic violence or cases of other emergencies, when WSE is contacted by other organizations or police departments and asked to assist with an emergency WSE will utilize any available space on a temporary basis. This consumer was entered on our census incorrectly and should not have been charged to our bridge housing program for the 22 days.

The auditors testing also revealed that WSE billed \$75.00 for a consumer for five days in March 2008 that had been terminated. The consumer was terminated, however, all of the consumer's clothing and personal effects were left in the room. The consumer was not able to remove her personal effects until 5 days after she was terminated. Since the actual date of termination was not recorded correctly on the census, the staff was not aware that the consumer had been terminated since the room was still occupied. WSE allows a consumer 24 hours after they exit to remove all items from their room.

WSE will further strengthen internal controls to ensure that all clients are properly entered into and exit out of the HMIS system on correct dates and assure that DHS is billed for the correct number of days in emergency shelter and bridge housing programs.

Response to Findings #2

The auditors findings revealed that of the 300 employee time sheets that were reviewed (16) showed discrepancies. Twelve employee time sheets did not agree with what was billed to and paid by DHS. The audit also noted (4) discrepancies in employee time sheets where two employees worked in multiple programs and did not properly allocate their time sheets.

The discrepancies that were noted in the auditors' findings occurred due to improper documentation of part-time weekend employees. WSE submits their payroll to the accountant bi-weekly (every other Friday) at the close of the business day. The accountant submits the payroll to DHS the following Monday. Since WSE operates 24 hours a day, 7 days a week, there must be staff coverage for three shifts (7 am – 3 pm; 3 pm – 11 pm; and 11 pm – 7 am) each day in two buildings. During the weekend, part-time staff covers these shifts. If an employee calls off one of the shifts, the person that has covered the prior shift will work an additional eight hours if a relief can not be found. Since the payroll has already been submitted to the accountant on Friday, the extra hours that the part time person worked on the weekend would not be documented on the payroll sheet for that pay period. The part time employee may only work weekend shifts and

would only be scheduled for 16-24 hours per week. The employee that worked the extra hours neglected to document the hours, however, the hours would be reported on the Page (2)

following payroll. In many instances, the employee that worked the extra hours will call the following Monday to report these hours. If the hours are reported before the accountant has submitted the payroll hours on the invoice to DHS, the hours will be added to the payroll sheet by the accountant. However, the employee may not have documented her time sheet to reflect the hours that were worked and billed for.

Since WSE operates multiple programs, employees may be rotated to cover shifts where needed. An employee may work the 3 pm – 11 pm shift in the transitional program. Should an employee that was scheduled to work the 11 pm -7 am shift in the emergency shelter call off, the employee that worked the 3 pm – 11 pm shift in the transitional program may have to work the 11 pm – 7 am shift in the emergency shelter program.

WSE can not close our doors and leave consumers alone due to liability purposes. There must be an employee on duty each shift in each building. The discrepancies noted in the auditors' findings were due to improper documentation of staff time sheets by employees. There were no double payments made to an employee. DHS was not over-billed. WSE is a small agency that does not have a time clock. Everything is done by hand and these discrepancies in documentation of time sheets were oversights.

WSE has strengthened its internal controls regarding the payroll process. Payroll will be turned in on Monday instead of Friday. This will allow for any employees that work extra shifts on the weekend to document the additional hours worked on their time sheets. The Director will review all time sheets on Monday and sign them before they are given to the accountant to submit for invoicing for DHS.

Response to Findings #3

Womanspace East has always allocated costs among its various programs and maintained documentation to support all expenses; however, a formal cost allocation plan had not been documented or followed in a consistent manner. All costs billed to DHS have been legitimate expenses of the organization. With respect to the \$1,763 in fringe benefits noted by the auditors as not having support, the billing of those expense occurred during the transition of accountants for the organization. Not having a formal cost allocation plan and the learning curve for the new accountant allowed this expense to slip through the cracks. Consequently, as a result of the audit, Womanspace East realizes the value and importance in developing and implementing a formal cost allocation plan to ensure proper compliance with DPW. Womanspace East will work with its public accounting firm as well as the County's Department of Human Services in developing and ensuring the equitableness of a cost allocation plan which will help the organization to properly allocate expenditures.

Womanspace East will maintain appropriate documentation to support not just the expenditures alone but the allocation of those expenditures by program.

Response to Findings # 4

Womanspace East, Inc. procedure for follow-up with Bridge and Transitional Housing consumers that have exited the programs is as follows:

- 1.) Seven days (7) after the consumer exits the program, the CM attempts to contact the consumer by telephone or letter if the consumer left a phone number or an address. Information regarding the contact is documented in the consumers file as to whether the consumer was reached and their status.
- 2.) The CM attempts a second contact with the consumers (6) months after they exited the program. Information regarding the status of the consumer is documented in the file if the consumer is reached. If the CM cannot reach the consumers, due to phone numbers being disconnected, a letter is sent if there is a forwarding address.
- 3.) Letters are sent to all prior Bridge and Transitional Housing consumers that have left forwarding addresses twice annually informing them of upcoming events.

Womanspace East, Inc. will amend the current follow-up procedures to incorporate annual follow-up on consumers as recommended by the audit report and DHS. The information will be maintained in house and be available for review as well as submitted to DHS and HUD annually.