Tennessee Coalition to End Domestic and Sexual Violence

Comptroller's Investigative Report

November 14, 2017

Justin P. Wilson, Comptroller

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DIVISION OF INVESTIGATIONS

Justin P. Wilson
Comptroller of the Treasury

JAMES K. POLK STATE OFFICE BUILDING, SUITE 1600
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7907
FAX (615) 532-4499

November 14, 2017

Board of Directors
Tennessee Coalition to End
Domestic and Sexual Violence
2 International Plaza Drive, Suite 425
Nashville, TN 37217

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Tennessee Coalition to End Domestic and Sexual Violence (coalition) for the period July 1, 2015, through June 30, 2016; however, we expanded the scope of the investigation as necessary. The results are presented herein.

Our investigation revealed the following deficiencies:

- Falsified time reporting and allocation practices resulted in questioned costs of $515,092 in federal and state grants administered by state agencies.

- A former employee received unearned leave and benefits from local, state, and federal grants totaling $13,524 that were not authorized by the coalition's personnel policies.

- Payroll charges totaling $19,993 were allocated to a federal grant based on false time reports.

- The executive director failed to adequately document time resulting in unallowable charges to grants totaling $25,945.

- Multiple deficiencies were noted in time reporting.

- The coalition created at least two invoices in the names of other entities to obtain reimbursement from state grants totaling $6,719.

- The coalition's *Business Team Operations Manual* is out of date, and board meeting minutes' lack details of salary and budget approvals.

Board of Directors
Tennessee Coalition to End
Domestic and Sexual Violence
November 7, 2017

- Not all board members have signed the required Board Member Agreement Form, and there is no annual conflict of interest disclosure for board members.

These findings and recommendations resulting from our investigation are presented in this report. These findings and recommendations have been reviewed with management to provide an opportunity for their response. Management responses are paraphrased in this report. Also, these findings, recommendations, and management responses have been reviewed with the district attorney general for the 20th Judicial District and the Office of the United States Attorney for the Middle and Eastern Districts of Tennessee.

Copies of this report are being forwarded to Governor Bill Haslam, the State Attorney General, the District Attorney General, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at http://www.comptroller.tn.gov/ia/.

Sincerely,

Comptroller of the Treasury

JPW/RAD

INVESTIGATIVE REPORT

Tennessee Coalition to End Domestic and Sexual Violence

BACKGROUND

The Tennessee Coalition to End Domestic and Sexual Violence (coalition) began in 1983 as the Tennessee Task Force on Family Violence. The coalition provides information and support, technical assistance, training, public policy advocacy, regional educational and networking opportunities, a resource library, speaker's bureau, a toll-free information line, and an immigrant legal clinic to domestic violence and sexual assault survivors and programs, community groups and organizations, criminal justice agencies, allied professionals (medical, legal, mental health, etc.), individuals seeking information and resources, and immigrant victims of domestic violence, stalking, or trafficking. The coalition's funding sources include state, federal, and local government grants as well as private grants and donations.

Management's responses and Comptroller rebuttals have been included in the Appendix at the end of this report. Our rebuttals have been updated to include information we received in October 2017 related to time reporting.

INVESTIGATIVE FINDINGS

FINDING 1 Falsified time reporting and allocation practices resulted in questioned costs of $515,092 in federal and state grants administered by state agencies

Time records for coalition employees were falsified and did not accurately reflect time worked as required by grant contracts; therefore, salaries totaling $515,092 paid to the coalition from grants are questioned costs. Questioned costs are costs an auditor questions because the costs either resulted from a violation or possible violation of grant requirements, were not supported by adequate documentation, or were unreasonable. Our examination of payroll records and interviews with employees revealed that employees were instructed to falsely allocate percentages of time worked on various grants based on calculations by the finance director, rather than the actual time employees worked on the grants. Coalition employees advised that time allocations and changes to time records were made after the pay period, with instructions provided via post-it notes or email. Employees allocated the falsified time based on these percentages and signed and submitted their time to reflect completion and approval as if it were prior to the end of the respective pay period. In several instances, these time sheet changes were made several months after the end of the pay period.

In accordance with federal and state award requirements, accurate time and attendance records for all personnel whose salary is charged to a grant must be maintained. Time records are required to include daily work hours charged to the grant. Furthermore, personnel working on more than one project must have sufficient records to show an accurate accounting of each project and program.

The coalition's method of allocating time to grants increases the risk that grants may be charged for time that was not actually spent working on the grant. Therefore, we question salary costs totaling $515,092 on grants administered by state agencies.

RECOMMENDATION

Personnel costs charged to grants should be based on time actually spent working on the grants, rather than false, arbitrary percentage. The coalition should establish and enforce adequate policies and procedures to ensure employees properly record actual time worked on each grant program.

FINDING 2 A former employee received unearned leave and benefits from local, state, and federal grants totaling $13,524 that were not authorized by the coalition's personnel policies

A former employee of the coalition received unearned leave and benefits from local, state, and federal grants totaling $13,524 that were not authorized by the coalition's personnel policies. Upon resignation in February 2016, the former employee exhausted earned leave balances; however, we noted the employee was paid for unearned vacation leave and continued to receive unearned personal leave from March through June 2016. Our review of personnel policies did not disclose a definition of this type of leave or other criteria for granting the leave (i.e., how it is earned, how it can be used, paid or unpaid leave).

We were advised that personal leave is granted at the discretion of the executive director, and that the executive director verbally instructed how much personal leave to provide to the employee. We noted that time records for this employee from August 2015 through June 2016 were completed and signed by another employee of the coalition and approved by the executive director. Payment of unearned leave and leave not authorized by personnel policies is a questionable use of grant funds.

RECOMMENDATION

The coalition should provide employees only with benefits authorized by its personnel policies. Time records should only be completed and signed by the employee.

FINDING 3 **Payroll charges totaling $19,993 were allocated to a federal grant based on false time reports**

Time records were falsified for the former director of development who was instructed to assign time to federal grant projects.[1] The employee's time was not charged to any grants from January 2016 through May 2016. The employee advised that she was "coached" by the executive director to say to Comptroller investigators that time records were prepared to document actual time worked on specific projects. However, the employee advised that she did not spend the allocated time on the federal grant as represented on her time records, but her time records were adjusted based on grants allocations subsequent to the pay period as provided by the finance director.

In July 2016, the employee was instructed to change time records from January 2016 through May 2016, up to five months after the pay period, resulting in the bookkeeper calculating and adjusting salary and benefits ($12,681) to a federal grant for a five-month period. In addition, time records for the employee were falsified to reflect the date and signatures of both the employee and the executive director as if the time records were completed and approved at the time of the respective pay period.

The employee was instructed to continue to assign a portion of her time to a federal grant for which she did not perform work from June 2016 through August 2016, resulting in federal grant charges totaling $7,312. Furthermore, we noted that employee time records for August 2016 did not reflect charges to the federal grant although coalition accounting records reflected a portion of the employee's salary to the federal grant.

In accordance with federal award requirements, accurate time and attendance records for all personnel whose salary is charged to grants must be maintained. Based on our review, $19,993 ($12,681 plus $7,312) of the employee's salary allocated to federal funds from January through August 2016 was based on falsified time records.

RECOMMENDATION

Personnel costs should only be charged based on accurate time reports prepared and approved on a current basis. Expenditures for employee time should be properly reflected in the accounting records and charged to the appropriate grant.

FINDING 4 **The executive director failed to adequately document time resulting in unallowable charges to grants totaling $25,945**

The executive director of the coalition did not have adequate documentation to support her time spent lobbying and fundraising during our period of review. Based on our test work, we noted 54 days in which we could not determine the amount of time the executive director spent lobbying the legislature or fundraising for the coalition. The executive director's time sheets and calendars did not include specific entries for lobbying or fundraising; however, we noted numerous days

[1]The director of development was terminated on October 4, 2016.

indicating the director attended House and Senate Meetings or was at the Legislative Plaza. The calendars also indicated attendance at meetings for at least one annual fundraising event.

According to federal guidance, costs of organized fundraising, financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions are unallowable. The executive director's time spent in fundraising meetings or attending fundraising events would be considered unallowable costs to a grant.

Federal guidance defines lobbying as an unallowable cost, which includes attempts to influence the outcome of elections, votes on proposed legislation, and legislative liaison activities. Legislative liaison activities include attendance at committee meetings or legislative hearings and gathering and analyzing legislation when preparing to lobby.

The executive director of the coalition is registered as a lobbyist with the Tennessee Ethics Commission and as such should maintain adequate supporting documentation for all activities related to fundraising and lobbying activities and should not charge grants for time spent lobbying. Because of the lack of documentation showing the number of hours spent lobbying or fundraising, we question the amount of the executive director's salary totaling $25,945 ($10,772 state grants plus $15,173 federal grants) that was charged to grants on days her calendar reflects house and senate meetings, attendance at the Legislative Plaza, and known fundraising activity meetings.

RECOMMENDATION

The executive director should maintain adequate time records to reflect lobbying and fundraising for the coalition to ensure grant funds are not inappropriately charged for these unallowable costs.

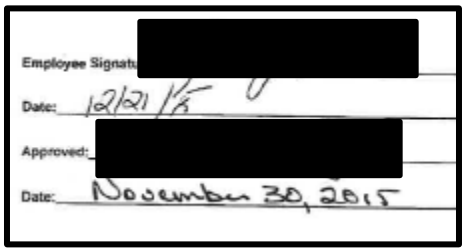
FINDING 5 Multiple deficiencies were noted in time reporting

Our examination revealed the following internal control deficiencies related to time reporting:

A. Employee time records did not accurately reflect time worked; rather employees prepared time records reflecting hours worked on specific projects based on percentages assigned by the finance director.

B. Some employee time records were backdated, and some of the time records were incorrectly dated before the end of the pay period. We noted that for 25 of 27 pay periods, time records for the executive director were signed as completed on Saturdays, holidays, and in two instances on days when the executive director was on vacation. Furthermore, in one instance the time record was approved by the board chair nearly a month prior to the director's signature of completion.

Executive Director's Timesheet
November 8, 2015 through November 21, 2015


Employee Signat[redacted]
Date: 12/21
Approved: [redacted]
Date: November 30, 2015

Source: Coalition records

C. Time records for the executive director were prepared by other coalition employees based on the executive director's calendar. Coalition policies require each employee to complete their own time sheet and state that "Filling out another employee's time record or falsifying any time records are serious offenses and constitute grounds for disciplinary action, including termination."

D. For at least one employee, time records were retroactively adjusted and subsequently falsified to reflect hours worked on a federal grant project.

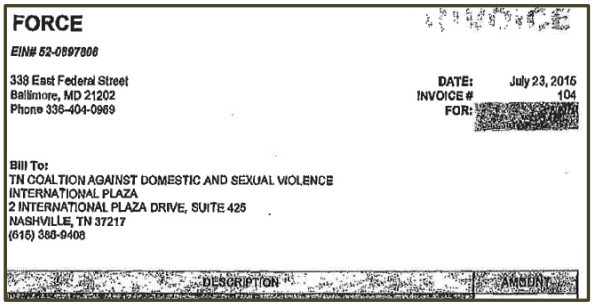
RECOMMENDATION

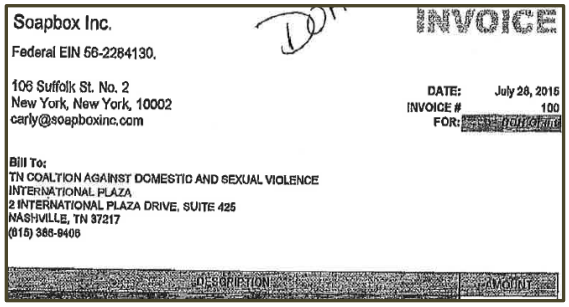
Time records should accurately reflect time worked. Employees should complete their own time records and submit the records at the end of each pay period. Retroactive adjustments to time records should only be made to accurately reflect time worked and be supported with adequate documentation.

FINDING 6 The coalition created at least two invoices in the names of other entities to obtain reimbursement from state grants totaling $6,719

The coalition created at least two invoices in the names of other entities to obtain reimbursement from the Tennessee Department of Health (TDOH) for transactions totaling $6,719 in July 2015. Our inquiry of coalition employees and vendors revealed that the original invoice was either not submitted or included unallowable costs. Coalition employees reproduced the invoices using an electronic template maintained on coalition computers to submit to TDOH for reimbursement. We determined that both vendors provided services and were paid with coalition funds. This practice could result in the coalition submitting reimbursement requests for expenses not incurred.

Exhibit 2
Similar Invoices


FORCE
EIN# 52-0897806
338 East Federal Street
Baltimore, MD 21202
Phone 336-404-0969
DATE: July 23, 2016
INVOICE # 104
FOR: [redacted]
Bill To:
TN COALTION AGAINST DOMESTIC AND SEXUAL VIOLENCE
INTERNATIONAL PLAZA
2 INTERNATIONAL PLAZA DRIVE, SUITE 425
NASHVILLE, TN 37217
(615) 386-9406
DESCRIPTION
AMOUNT


Soapbox Inc.
INVOICE
Federal EIN 56-2284130.
106 Suffolk St. No. 2
New York, New York, 10002
carly@soapboxinc.com
DATE: July 28, 2016
INVOICE # 100
FOR: [redacted]
Bill To:
TN COALTION AGAINST DOMESTIC AND SEXUAL VIOLENCE
INTERNATIONAL PLAZA
2 INTERNATIONAL PLAZA DRIVE, SUITE 425
NASHVILLE, TN 37217
(615) 386-9406
DESCRIPTION
AMOUNT

Source: Coalition records

RECOMMENDATION

The coalition should never reproduce vendor invoices. The coalition should request vendors provide original invoices or forward a replacement invoice.

FINDING 7 The coalition's *Business Team Operations Manual* is out of date, and board meeting minutes lack details of salary and budget approvals

We noted the most recent job description in the *Business Team Operations Manual* was dated October 2003. One job description reflected a handwritten date of 2010, but no other updates were shown on the document. Salaries shown on the job descriptions of the executive director and the program manager were both shown as $35,000 - $45,000. For each year between 2010 and 2015, the executive director's salary exceeded the amounts in her job description, and for each year between 2011 and 2015, the program manager's salary exceeded the amounts in her job description. We attempted to review this same information for the finance director and legal counsel; however, there was no defined salary range for these positions.

The coalition's bylaws require the board of directors to set policy, develop goals and objectives, adopt budgets, approve contracts, change the charter and bylaws as needed, and hire an executive director. The coalition's bylaws state that the board treasurer's responsibilities include monitoring and accounting for all money received and expended by the coalition and ensuring no expenditures are made unless authorized by an approved budget.

We reviewed the board meeting minutes from February 2010 through May 2016 to determine whether any discussion of salaries, salary increases, and budgets approved occurred during meetings. For calendar years 2010 and 2011, the minutes show the financial report presented at each meeting but only noted approval in April 2010. While the board's meeting minutes for November 2012 and 2013, and December 2014 reflect budget approvals, neither the meeting minutes nor the budgets provide indications of salary discussions or increases. In November 2015, the meeting minutes reflect board approval of a 2.5 percent salary increase for the calendar year 2016 budget.

Due to the outdated information in job descriptions and the lack of detail in the board meeting minutes, we were unable to determine if the board approved salaries in excess of the position's job descriptions.

RECOMMENDATION

The coalition should update its *Business Team Operations Manual* to reflect accurate job duties and salary ranges. The board minutes should reflect details of budget discussions including, but not limited to, salaries and across the board salary increases.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCY

FINDING 8 Not all board members have signed the required board member agreement form, and there is no annual conflict of interest disclosure for board members

The coalition's *Business Team Operations Manual* requires each new board member to sign a Board Member Agreement Form. The agreement provides multiple responsibilities including agreeing to disclose any conflicts of interest to the coalition and recusing oneself from decisions related to the conflict.

We reviewed the Board Member Agreement Forms on file with the coalition and found that of the 18 current members, only seven have signed an agreement. Of the seven who have signed, four have not updated their information since 2010. It has been the coalition's practice to only have board members sign the agreement when they are initially appointed.

The coalition's conflict of interest policy provides for annual disclosure by employees and volunteers. However, we did not find a similar requirement for board members. Coalition staff told us that this will be an annual requirement going forward for the board members.

RECOMMENDATION

Each board member should sign the Board Member Agreement Form as required by the *Business Team Operations Manual*. The coalition should require regular updating of conflict of interest information to ensure board members are not voting on issues for which they have a conflict.

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APPENDIX

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MANAGEMENT'S RESPONSES AND COMPTROLLER'S REBUTTALS

FINDING 1

MANAGEMENT'S RESPONSE –Kathy Walsh, Executive Director

The coalition has consistently sent staff to state and national training on financial management and continually seeks to improve time management and record keeping. Effective December 1, 2016, prior to the end of the audit, management implemented a new process for time reporting and allocation. Our new time reporting software, timesheets.com, has the ability to track all hours and descriptions by grant and project. We have also hired a new director of finance and administration who has invaluable experience in managing large state and federal grants. In addition to training staff on the new software, the director of finance and administration and the program managers are regularly meeting with employees to ensure staff are meeting the goals and objectives under each grant. The director of finance and administration will continue to keep track of salary expensed to the grant so it stays within budget. Regular meetings with staff will take place to make sure the appropriate amount of time is spent on each grant. Time sheets will be printed, approved, signed and dated the date of the signature by the appropriate parties. Time sheets will be given to the director of finance and administration weekly.

In reviewing Finding 1, we have been unable to replicate the $515,092. It is our understanding that the auditors believe this is the salary figure for state-funded grants for the audit period July 1, 2015, through June 30, 2016. Our records for the state-funded grants for the audit period July 1, 2015, through June 30, 2016, total $480,028. Included in this figure are certain employees whose time was funded 100 percent under a single grant, employees who were paid to do the same activities under multiple grants, and employees who filled in temporarily during staff vacancies. Not included is the 20 percent salary match for VOCA that includes a portion of time for five employees in our legal clinic.

Grant salaries allocation for the coalition is complicated and complex. The coalition operates in good faith and to the best of its ability to accurately reflect the correct allocation among grants. It is important to understand a number of state grants fund similar essential work functions for many of coalition staff. Some of the reasons salary percentages may be adjusted during the grant period include errors, staff vacancies, and miscommunication.

Each grant sets out the goals and objectives that are to be completed. The coalition has completed its goals and objectives on each grant during the audit period. Further, the coalition stayed within the allowable salary budgets for each grant during the audit period.

In addition, the Tennessee Office of Criminal Justice Programs, Tennessee Department of Health, and Metro Nashville Government monitor the coalition. The coalition also conducts an annual independent audit. The coalition has never before had any findings related to time reporting and allocation practices.

Management does not concur that a finding of questioned costs is appropriate as the work was completed and within budget.

COMPTROLLER'S REBUTTAL TO FINDING 1 MANAGEMENT'S RESPONSE

The time record of every employee we examined at the coalition was not a contemporaneous record of the time worked on any project. We had no reliable record to determine how much time each employee spent on a specific project, therefore, we question all salaries charged to federal and state grants within our scope. We compiled the amounts the coalition requested from other state agencies totaling $515,092. This amount included salaries, taxes, and benefits.

In October 2017, we obtained information from Coalition employees that timesheets are still prepared based on percentages provided by the financial director and are not based on time worked on specific projects.

FINDING 2

MANAGEMENT'S RESPONSE – Kathy Walsh, Executive Director

The benefits the employee received were authorized by the Coalition's Personnel Policy, Extraordinary Leave Policy, dated March 10, 2014, which was in effect during the audit period. Unfortunately, the auditors were erroneously provided with the incorrect Personnel Policy Manual, dated March 2015. The Personnel Policy Manual, dated March 2015, was a work in progress and was not in effect during the audit period. We do not understand how the $13,524 was calculated by the auditors. For example, vacation leave was listed at 5.25 hours with a total amount paid $880, which equates to an hourly rate $167.62. Personal leave is listed as 318.5 hours with a total amount paid $12,644, which equates to an hourly rate $39.70. In fact, the employee's hourly rate was $37.78 based on a 37.5-hour work week.

As the correct Coalition Personnel Policy, dated March 10, 2014, does authorize extraordinary leave, management does not concur with this finding.

COMPTROLLER'S REBUTTAL TO FINDING 2 MANAGEMENT'S RESPONSE

The coalition provided a personnel policy dated November 10, 2014 (rather than March 10, 2014) in place of the personnel policy previously provided to us dated March 2015. In the heading titled "Extraordinary Leave Policy," it states, "In extraordinary circumstances, the executive director may grant extraordinary leave." No other information is provided in the policy to include what the definition of extraordinary leave is, who qualifies, how it is earned, and whether the leave is paid or unpaid. Use of grant funds for payment of this leave is questionable.

We obtained our calculations by multiplying the gross salary, which we obtained from the payroll register, by the amount of personal leave granted to this employee as recorded on her time sheets. By this method, we calculated $13,309 in personal leave was charged to grants. The remaining $215 in unearned vacation time was calculated while reviewing the employee's vacation leave in which we noted an error in vacation carryover. The employee's leave was exhausted in the middle

of a week. The schedule provided to the coalition included an error in the classification of a portion of that week's salary. The total amount of $13,524 remained the same, and we have since corrected the classification.

FINDING 3

MANAGEMENT'S RESPONSE – Kathy Walsh, Executive Director

The employee was not "coached" by the executive director to falsify time records nor were false time reports used to allocate federal funds. The employee was asked by the director of finance and administration to revise her time sheets to accurately reflect the percentage of time she spent working on grant-funded activities. The employee did in fact perform duties outlined in the FVPSA Staff Work Plan last updated February 2016. The employee who was hired on January 4, 2016, was terminated for poor performance on October 4, 2016, prior to her interview with the auditors.

The employee was paid under both unrestricted funds and FVPSA funds. According to the FVPSA Staff Work Plan, page 9, a Goal/Objective is listed as "Provide information to the public about prevention of family violence, and dating violence, including information targeted to underserved communities." The List of Activities included in this goal is as follows:

Work with our programs on recognizing October as Domestic Violence Awareness Month. Activities include: distributing an October newsletter, distributing press releases to Tennessee newspapers, radio and television contacts; disseminating information to programs and other organizations on how to conduct awareness activities in their community; and participating in newspaper, radio, and /or television interviews. Staff assigned to these lists of activities included the employee.

Another List of Activities is *Include African-American, Hispanic, LGBT, and women's media outlets in our press releases*. Staff assigned to this list of activities also included the employee.

The FVPSA Staff Work Plan was last modified February 23, 2016. This shows a plan was in place in the beginning of 2016 for the employee in question to be included in completing work as identified in the goals and objectives with our FVPSA grant. The employee's revised time sheets reflect activities performed under the FVPSA work plan during the January-May time period. Her revised time sheets are supported by the following copies of emails:

- Writing press releases
- Working on website
- Pfizer Wish List and Donation Box
- Working with volunteers
- Materializing and completing annual report
- Summer newsletter
- Community Involvement
- Strategic planning
- Three events - Alias mass email blasts, Alias Chamber Music, and Chauhan (raising awareness)

- Pearls and Pinstripes Kick-Off Event (raising awareness)
- Nashville Chili Festival

The employee's time sheets from June 2016 through August 2016 reflect community education as she coordinated and participated in Gay Pride in downtown Nashville on June 25, 2016. The time sheets also reflect training volunteers for this event, as well as the coordination that went into the community outreach.

- Pearls and Pinstripes kickoff, seeking volunteers
- Coalition projects, revising newsletter and strategic planning
- Coordinating and participating in Gay Pride Nashville including community education

The draft report reads, "Furthermore, we noted that employee time records for August 2016 did not reflect charges to the federal grant although coalition accounting records reflect a portion of the employee's salary to the federal grant." The following is a list of documentation to support activities conducted by the employee and funded under the federal grant for this time period:

- Press release
- Website changes
- Pfizer event
- Working with volunteers
- Pass the Beauty 5K DV Walk Run
- NES Food Truck event
- Involvement with executive director meetings
- Interview about sexual assault
- Community Shares annual meeting
- Nashville Chili Festival for 2017

Management does not concur with this finding of false time reporting because the written documentation attached supports the employee worked on the federal grant.

COMPTROLLER'S REBUTTAL TO FINDING 3 MANAGEMENT'S RESPONSE

The employee's statement that she was "coached" was corroborated. We spoke with this employee during and after her time of employment with the coalition. Time records of this employee did not reflect actual time worked and were based on instructions for time allocations provided by management after the end of the pay period. The records for this employee were falsified to reflect the date and signatures of both the employee and the executive director as if the time records were completed and approved at the time of the respective pay period.

During our meeting with the executive director and board chair on December 12, 2016, the executive director acknowledged the former director of development was hired to focus on fundraising, and the total salary was to be paid with unrestricted funds. The executive director also acknowledged that she and the finance director decided that the time sheets of the former director of development would have to be changed because donations to the coalition's unrestricted funds for the fiscal year were not enough to cover the director of development's salary.

FINDING 4

MANAGEMENT'S RESPONSE – Kathy Walsh, Executive Director

The coalition does not use any state or federal funds to lobby or fundraise. Twenty percent of the executive director's salary is covered by unrestricted funds, and it is those funds that are used to support all lobbying and fundraising activities. The executive director keeps a schedule on her Outlook calendar of all lobbying and fundraising appointments.

Appointments with legislators are noted on her Outlook calendar. These meetings typically last anywhere from five to 15 minutes. In reviewing the executive director's Outlook calendar during the audit period from July 1, 2015, through June 30, 2016, she had a total of 11 appointments with legislators. The dates of those appointments are January 5, January 12, January 13, January 19, January 20, February 9, March 8, March 9, and April 5. Eleven appointments at 15 minutes each equates to roughly 2.75 hours spent lobbying legislators, which is far below 20 percent of her time. Attendance at committee meetings are also noted on the executive director's Outlook calendar. Time spent in committee meetings is limited to discussion of bills being monitored by the coalition. On a typical week during the legislative session, the executive director may spend a total of two hours monitoring bills. Again, this is far less than 20 percent of her time.

On days the executive director is at the Legislative Plaza, she is also doing grant-related activities such as answering email, reviewing reports, returning calls, participating in conference calls, supervising staff through phone calls and emails, networking with allied groups, and providing technical assistance on various issues. It is more cost effective and better use of her time to stay at the Plaza on days she is monitoring committees or has legislator appointments than to run back and forth between the office and the plaza in between meetings. This work is also reflected on the executive director time sheets.

Regarding fundraising activities, the executive director had two fundraising appointments during FY 2016 as noted on her Outlook calendar: March 10 and April 13. Each of these appointments lasted approximately 15 minutes. She also attended five Pearls and Pinstripes Planning Committee meetings noted on the following dates on her Outlook calendar: July 13, September 14, January 25, February 22, and May 18 that lasted approximately one hour each. She attended one Pearls and Pinstripes Gala during the audit period on October 2, 2015, lasting approximately four hours.

We agree that the documentation can be improved. Therefore, the executive director has already begun noting both the start time and the end time for each lobbying and fundraising activity on her Outlook calendar.

Management does not concur that the documentation weakness is sufficient to justify any questioned cost for this finding.

COMPTROLLER'S REBUTTAL TO FINDING 4 MANAGEMENT'S RESPONSE

The executive director's time was not adequately documented. The calendars provided reflected meetings with legislators of one hour each, not 15 minutes. Some days marked in the hard copy

calendar simply indicate, "Plaza" while the digital calendar reflected legislative meetings all day. The executive director was paid from grant funds and not solely from unrestricted funds on the days we questioned.

The executive director advised us that the only time she must count as lobbying is when she is asking a legislator for a vote on a specific bill. This statement conflicts with the federal and state award requirements for the definition of lobbying.

FINDING 5

MANAGEMENT'S RESPONSE – Kathy Walsh, Executive Director

A. We acknowledged deficiencies relative to internal controls and have addressed those deficiencies in our responses to Findings 1 and 3. A new timekeeping system has been implemented, and better management controls have been put in place. Time sheets will be completed and submitted weekly. Retroactive adjustments to time sheets will only be made to accurately reflect time worked.

B. Regarding the one instance of the time record being approved by the board chair nearly a month prior to the executive director's signature, this was simply an error. The executive director mistakenly dated the time record as December 21, 2015, when the correct date was November 21, 2015. The executive director will take more care in the future to avoid mistakes.

C. Another employee does provide clerical support to the executive director in preparing her time sheets. The employee copies information from the executive director's calendars on to the time sheet form. The executive director then reviews the time sheet and makes any additions or corrections before she signs the time sheet. Clerical assistance in this manner does not constitute a violation of coalition policy, and as a part of our on-going review of the personnel policy manual, we will consider whether any policy clarification is needed.

Management agrees to improve on these internal control deficiencies.

FINDING 6

MANAGEMENT'S RESPONSE – Kathy Walsh, Executive Director

A contract between the coalition and Soapbox was created on May 25, 2015. The contract was signed by the coalition on June 24, 2015, and signed by Carly Romeo (Soapbox) on June 29, 2015. The contract sets forth the coalition will pay $2,000 for speaker, Paulina Hernandez (Soapbox) to speak at the Rape Prevention Education Institute on July 23, 2015. This service was completed by Soapbox and was paid by the coalition. The contract is sufficient documentation for authorization for payment; however, staff also created an invoice because of a misunderstanding of what documentation was needed.

A speaker agreement between the coalition and FORCE was created June 15, 2015. The speaker agreement was signed by the vendor, Hannah Branco (FORCE) on June 29, 2015. The speaker agreement states the coalition will reimburse FORCE as follows: a speaker fee of $2,500 for presenting and participating in the Rape Prevention Education Institute on July 21-23, 2015, two travel days at $49.50 per day and per diem at $66 for three speakers for two days, and a van rental (with the invoice of van rental). This service was completed by FORCE and was paid for by the coalition. As with the Soapbox contract, this agreement was sufficient for authorization for payment; however, staff also mistakenly created an invoice because of a misunderstanding of what documentation was needed.

In addition, it should be noted that the reimbursement figure of $6,719 is incorrect. Of this amount, $226.33 was actually paid by unrestricted funds and not state funds. See Invoice #104. No unallowable costs were charged to grants.

Management concurs that the invoices should not have been created; however, we do not concur that the $6,719 should be a questioned cost because the work was performed, and we had a signed contract for the incurred cost.

COMPTROLLER'S REBUTTAL TO FINDING 6 MANAGEMENT'S RESPONSE

We are not questioning that the work was not performed; however, the creation of invoices for reimbursement purposes should never occur.

FINDING 7

MANAGEMENT'S RESPONSE – Kathy Walsh, Executive Director

The auditors were given an outdated *Business Team Operations Manual* that is no longer in use. This occurred because the executive director was out of the office when the auditors arrived, and new staff was confused about which documents were the most current.

The coalition stopped putting salary ranges on job descriptions as early as 2003. Since the inception of the coalition in 1983, the board of directors has always approved the annual budget, which includes salary increases. In addition, the board treasurer reviews the budget and quarterly financial statements along with the director of finance and administration and the executive director prior to each board meeting.

The board meeting minutes from December 2014 and November 2015, include a discussion of salary increases. While previous meeting minutes are not that detailed, we affirm salary increases were always discussed when the board approved the budget.

In addition, the coalition bylaws, Article IV.A., empower the executive director to carry out the daily operations of the coalition, which include hiring and supervising staff and setting their compensation in accordance with the annual budget approved by the board of directors.

Management concurs that the *Business Team Operations Manual* is out of date. We acknowledge the older minutes do not contain as much detail on salary increases, but as evidenced in the December 2014, November 2015, and November 2016 minutes, we have already improved our documentation of salary approvals.

COMPTROLLER'S REBUTTAL TO FINDING 7 MANAGEMENT'S RESPONSE

Management's response is contradictory. The first paragraph of management's response indicates auditors were given an outdated manual because the executive director was out of town when auditors requested this document; however, management admits in the last paragraph that the manual is out of date.

FINDING 8 - INTERNAL CONTROL AND COMPLIANCE DEFICIENCY

MANAGEMENT'S RESPONSE – Kathy Walsh, Executive Director

The coalition requires board members to sign a Board Member Agreement Form that includes a conflict of interest disclosure. Management concurs that not all board members have signed the required form. Moving forward, the coalition will require all board members to sign the form annually.

GENERAL RESPONSE – Kathy Walsh, Executive Director

The Tennessee Coalition to End Domestic and Sexual Violence takes very seriously the findings set out in the Comptroller's draft report. The coalition acknowledges that the auditors have brought to our attention, weaknesses in procedures that we have already begun to aggressively address. The coalition welcomes and appreciates any feedback or suggestions from any of our state or federal auditors. Prior state or federal audits did not suggest or recommend any changes in our procedures in time reporting and allocation practices. We have provided a complete and comprehensive response to the draft report.

Finally, of utmost importance to the coalition, is that we adequately convey that the weaknesses uncovered by the audit are just that: weaknesses. The coalition's only intent is and has always been to use the funds we receive to work tirelessly to advocate for victims of rape and abuse and ultimately realize our mission to end domestic and sexual violence in Tennessee.