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**OFFICE OF THE
DISTRICT ATTORNEY
COUNTY OF MENDOCINO**

INTER-OFFICE MEMORANDUM

TO: David Eyster
District Attorney

FR: *Kathryn Cavness*, MBA
Administrative Services Manager I

RE: Ongoing Problems re Auditor's Office
Adjusting Journal Entries – Cal OES Grant Funded Programs

I need to update you on another issue that has been simmering with the Auditor's Office regarding two DA Victim Services Cal OES grant supported programs, in particular the Victim Witness Assistance Program (VV 0464) and the Underserved Needs Program (VG 0448).

Four Victim Witness advocate positions are assigned to the Victim Witness Assistance Program and one Victim Witness advocate position is assigned to the Underserved Needs Program. MUNIS assigns personnel expenses according to the program the position is in; however, an advocate with our Victim Witness Assistance Program (VV 0464) will provide services for an Underserved Needs Program (VG 0448) client, when needed; for example, when our Underserved Needs advocate is not available to help the client and visa versa.

Cal OES mandates that employees supported by Cal OES grant funding must maintain functional timesheets to record daily hours and types of services provided for each of the two programs, which we do religiously. Quarterly requests to Cal OES for reimbursement from our grant funding for services rendered are based on those our functional timesheets. I personally enter quarterly adjusting journal entries (AJE) into MUNIS based on personnel expenses/hours recorded on the Victim Witness functional time sheets. I do this in order to accurately adjust expenses assigned to each program. I have been doing it this right way for many years with no pushback or opposition for the Auditor's Office.

However, on Thursday, July 22, 2021, I entered an AJE into MUNIS, as described above, transferring personnel expenses from the Victim Witness Program (VV 0464) to the Underserved Needs Program (VG 0448) for the three month period of April through June 2021. When I finished, I emailed Carla Williams, an Auditor's Office employee, a copy of the AJE print-out as entered into MUNIS, along with a memo explaining the journal entries and a spreadsheet as backup documentation.

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Thereafter, I was surprised, to say the least, when Ms. Williams first notified me that I was not allowed to adjust journal entries as I had done. Then Chamise Cubbison chastised me that I would have to make an aggregate lump sum adjustment for the personnel expenses, posting them as a debit to the Underserved Needs Program (VG 0448) 2000 Series Operational Expense Category, line item 85-2239 Special Department Expense, and also as a credit to a Victim Witness Revenue account, *which curiously she had yet to create as no such line item for this purported credit currently existed.*

I tried to explain to Ms. Cubbison on Monday, July 26, that we are held accountable by Cal OES and Federal OVC grantors and that there is a very specific requirement separating Personnel and Operating Expense categories pursuant to the rules and regulations for receiving their funding. As I have been trained, I have a detailed process and create an audit trail based on monthly employee functional timesheets with pay periods and the County-generated management reports by organization for each pay period. The requests for reimbursement from allocated grant funding are based on these calculations on an accrual basis. Entering the Personnel Expense AJE as a debit for grant-funded Underserved Needs Program (VG 0448) in the operating category and as a credit in a Revenue account for the grant-funded Victim Witness Program (VV 0464) will not be acceptable to the funding agencies and will likely cause us an adverse audit exception.

Ms. Cubbison's response, on July 26, to my adverse audit exception concerns was as follows:

You may do your labor cost apply this year the way you have in the past. You are the only department [sic] that is being given that exception and that exception may not be granted in the future. Other departments [sic] have been able to handle processing their salary/cost applies for their programs and grants successfully through their 2000 series. Please take that change into consideration when you apply for new grants and submit new budgets.

Given Ms. Cubbison's not so veiled threat, I contacted my Cal OES Victims Services Program Specialist and expressed my frustration with our Auditor's Office lack of understanding of basic accounting principles mandated and required by Cal OES. Our VSP Specialist said she would discuss this situation with her supervisor, who is Cal OES Victim Witness & Prosecution Unit Chief Susan Grace. Unfortunately, my staying on top of this was delayed because, as you know, I tested positive for COVID-19 and was quarantined at home pursuant to DA office rules and Public Health Department directives.

When I was allowed to return to work, I was able to re-engage and speak with Chief Grace. Chief Grace confirmed that my accounting process and procedures were correct and met the mandates of the Cal OES grants that we were awarded. I was told that the original Auditor's Office directions were wrong and would create audit exceptions for our grants if I were to follow

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them.

Chief Grace provided and referred me to the appropriate regulation should the Auditor's Office attempt to take away the purported "exception" tenuously "granted" us by Ms. Cubbison. Chief Grace also asked that I keep her informed as to whether our Auditor's Office needs to talk with her office and be provided "clarification" of what is required.

Though you may not be interested in getting down this far in the weeds, the language provided by Chief Grace to me is as follows:

3.085 ALLOCATION OF TIME TO MULTIPLE FUND SOURCES.

Costs for salaries and benefits of personnel funded by more than one Grant Subaward to the Subrecipient must be allocated proportionately to each Grant Subaward (or funding source) based on the actual percentage of time spent on each Grant Subaward. Functional timesheets and a Cost Allocation Plan must be maintained which support the time allocated to Grant Subawards (see Section 3.090 for guidelines on creating a functional timesheet, see Section 4.010 for guidelines regarding the elements of a written Cost Allocation Plan). Contact your Cal OES Program Specialist for examples of functional timesheets. Functional timesheets must reflect actual time spent working on activities specific to the applicable Grant Subaward, and support personnel costs up to the amount approved in the Grant Subaward that are allowable and reimbursable.

I will keep you informed if and when the Auditor's Office tries to push us into an adverse audit exception, as has been threatened.