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INTRODUCTION

Genesee County Community Action Resource Department (GCCARD), City of Flint entered into contract #CSBG-03-25012 with the Michigan Family Independence Agency (FIA) to provide programs to reduce poverty, revitalize low-income communities, and empower low-income families and individuals to become self-sufficient. The contract totaled $1,318,465 and covered the period from October 1, 2002 through September 30, 2003. The current year contract totaled $1,297,376 and covered the period October 1, 2003 through September 30, 2004. Genesee County Community Action Resource Department (GCCARD), City of Flint was reimbursed for actual costs incurred through the submission of monthly billings to FIA.

SCOPE

The Office of Internal Audit performed an audit of GCCARD for the period October 1, 2002 through June 30, 2004 to determine if the Agency's billings were accurate, and if the costs charged were allowable and properly supported by the accounting records and other supporting documentation, in accordance with the terms of the contract.

EXECUTIVE SUMMARY

Based on our audit, we conclude that Genesee County Community Action Resource Department (GCCARD), City of Flint has overbilled FIA a total of $23,342 for fiscal year 2003, and $120,867 for fiscal year 2004. The Fringe Benefits, Occupancy, Supplies and Miscellaneous expense were overbilled in fiscal year 2003, the Salaries and Fringe Benefits were overbilled in fiscal year 2004. Our report recommends that the Bureau of Community Action and Economic Opportunity initiate the process to recoup $23,342 from the GCCARD for fiscal year 2003. We also recommend that GCCARD revise the billings for the current year to adjust for the overbilled salaries and fringe benefits.

AGENCY RESPONSE

The management of Genesee County Community Action Resource Department (GCCARD) has reviewed the finding and recommendation included in this report and indicated in a letter dated September 23, 2004 that they agree with findings 3, 4, and 6 and disagree with 1,2,5,7 and 11. They indicated that corrective action was taken for findings 8,9,10. Finding #2 and 11 are SUTA costs that are billed quarterly by the State of Michigan, based on yearly wages instead of the normal cut off limit of $9,500. The controllers office was unable to supply GCCARD with written documentation. They are in agreement with reimbursing the state $14,409.

Fiscal Year 2003

FINDINGS AND RECOMMENDATIONS

Fringe Benefits - FICA Tax

1. CARD overbilled FIA $560 for FICA Tax because the amount billed is more than the amount recorded in the general ledger, which is the source document for the billings.

Fringe Benefits – Unemployment Tax

2. CARD overbilled FIA $3,948 due to the agency using the gross wages instead of the taxable wages per employee (max: $9,500) to compute the tax.

Occupancy/Space-Vehicle Repair

3. CARD overbilled FIA $1,314 for a vehicle repair of one of the agency's employee, which is not an allowable cost under the terms of the contract.

Supplies

Supplies- Unallowable Costs

4. CARD overbilled FIA $1,402 for supplies for a Teen Jury Celebration event. These costs are not allowable under the terms of the contract.

Supplies- General Ledger Totals

5. CARD overbilled FIA $414 because the amount billed was more than the amount recorded in the general ledger, which is the source document for the billings.

Miscellaneous Expense

Miscellaneous - Unallowable Costs

6. CARD overbilled FIA $11,693 for miscellaneous costs due to another departments costs being billed for under the CSBG contract.

Miscellaneous - General Ledger Totals

7. CARD overbilled FIA $4,011 because the amount billed was more than then the amount recorded in the general ledger, which is the source document for the billings.

WE RECOMMEND the Bureau of Community Action and Economic Opportunity initiate the process to recoup $23,342 ($560 + 3,948 + 1,314 + 1,402 +414 + 11,693 + 4,011) from the CARD.

Fiscal Year 2004

FINDINGS AND RECOMMENDATIONS

Salaries Improperly billed to the CSBG Grant

8. CARD overbilled FIA $21,670 for salaries expense that were inadvertently billed to the CSBG contract which were costs for another contract.

Unallocated Salaries

9. CARD overbilled FIA $70,439 for salaries that were not allocated by hours to the CSBG program, instead the total amount of payroll was billed to the CSBG contract.

Fringe Benefits –FICA Tax

10. CARD overbilled FIA $654 due to the amount in the general ledger being less than the billed amount.

Fringe Benefits – Unemployment Tax

11. CARD overbilled FIA $3,516 for unemployment tax due to the agency using the gross wages instead of the maximum wage limit per employee (max:$9,500).

WE RECOMMEND the Bureau of Community Action and Economic Opportunity instruct CARD to bill for actual cost incurred under the terms of the contract.

WE FURTHER RECOMMEND that the Bureau of Community Action and Economic Opportunity instruct CARD to submit revised billings to correct the overbilled costs mentioned above.